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Implementation of and follow-up to major United Nations conferences and summits: follow-up to the International Conference on Financing for Development

Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the World Bank, the International Monetary Fund, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 14 and 15 April 2014)

I. Introduction

1. The special high-level meeting of the Economic and Social Council with the World Bank. International Monetary Fund (IMF), the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD) was held in New York on 14 and 15 April 2014. The overall theme of the meeting was “Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda”. The meeting featured the opening address by the Deputy Secretary-General of the United Nations and statements on behalf of the Trade and Development Board of UNCTAD, the joint Development Committee of the World Bank and the IMF, the International Monetary and Financial Committee of IMF, and WTO.

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** E/2014/100.

2. The meeting was organized around a Ministerial segment, two thematic debates and a multi-stakeholder dialogue. Each of these was followed by an interactive discussion. The Ministerial segment focused on the theme “World economic situation and prospects”. The thematic debates were organized around the following themes: “Mobilization of financial resources and their effective use for sustainable development” and “Global partnership for sustainable development in the context of the post-2015 development agenda”. The multi-stakeholder dialogue on the way forward discussed all the above three themes. The meeting had before it a note by the Secretary-General (E/2014/53), which provided background information and suggested possible questions for discussion under the three themes.

3. The special high-level meeting was preceded by preparatory consultations and meetings between the Bureau of the Economic and Social Council and the Executive Boards of the World Bank and IMF, as well as intergovernmental representatives and senior management of WTO and UNCTAD. In the course of those consultations and meetings, the agenda and format of the special high-level meeting were discussed and agreed upon.

4. Speakers at the Ministerial segment included three speakers at the Ministerial level, two Central Bank Governors, and one European Commissioner. A significant number of Executive and Alternate Directors of the Boards of the World Bank and IMF attended the meeting. Also participating were high-level governmental officials in the areas of finance, foreign affairs and development cooperation, as well as senior staff of organizations of the United Nations system, and other international organizations, including the major institutional stakeholders. Representatives of civil society and the business sector also participated actively in the entire meeting.

II. Opening of the special high-level meeting

5. The opening of the meeting featured statements by the President of the Economic and Social Council, Mr. Martin Sajdik (Austria) and the Deputy Secretary-General of the United Nations, Mr. Jan Eliasson.

6. The President of the Economic and Social Council welcomed participants to the meeting and emphasized that it was taking place at a critical moment when the UN was engaged in shaping the post-2015 development agenda in New York. He began by noting that, according to the United Nations flagship publication, the “World Economic Situation and Prospects 2014”, world gross product was expected to grow by 3 percent this year. However, some European countries still faced tough challenges, with unemployment rates at 27 per cent and youth unemployment over 50 per cent. Extremely high structural unemployment also existed in North Africa and Western Asia, particularly among the youth. The President also stressed that the post-2015 development agenda would require a comprehensive financing framework to ensure the mobilization of all financing sources and their effective use for sustainable development. He noted that the work of the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) was expected to have a decisive bearing on the intergovernmental deliberations on financing for development in support of

the post-2015 development agenda. He pointed out that a comprehensive financing strategy should incorporate all forms of financing, including public and private, domestic and international. However, ultimately, financing for development in most countries would be generated domestically. Policymakers will need to think creatively about how to appropriately incentivize investors to put money into sustainable development. The environment for investors must be stimulating and this is only achievable through good governance, transparent public institutions and the rule of law. At the same time, traditional development cooperation, and Official Development Assistance (ODA) in particular, will continue to play an important role, especially for least developed and other vulnerable countries. Lastly, Mr. Sajdik noted that the ECOSOC could promote synergies between various processes and events leading towards a global development agenda beyond 2015. He stated that this new development agenda, with poverty eradication and sustainable development at its core, needs to be based on a strengthened global partnership for development that reflects the changes in the global development landscape and engages all actors. It also needs strong monitoring and accountability mechanisms. He pointed out that the DCF High-level Symposium on accountability and effectiveness of development cooperation, held three weeks earlier in Berlin, Germany, underscored the need for such a global "umbrella" framework for accountability in development cooperation.

7. In his opening address, the Deputy Secretary-General of the United Nations remarked that inequalities had grown as a result of the global crisis. Therefore, macro-economic policies worldwide must focus on a strong, balanced and sustainable recovery, with a particular emphasis on jobs. In this respect, strengthened multilateralism is important, particularly in the areas of global trade and macroeconomic policies. He called for strengthening efforts to accelerate progress towards the MDGs, even while the international community has started to set the direction beyond 2015 by shaping a new development agenda. The Deputy Secretary-General welcomed the beginning of deliberations on the means of implementation of the post-2015 development agenda, particularly on financing. He noted that the United Nations Secretary General, in his meeting with the multilateral development banks just a week before, had urged further cooperation with Member States and the UN system to strengthen strategies for development financing. The Deputy Secretary-General highlighted that ODA remained critical, particularly for those countries most in need. He underlined that developed countries should deliver on both ODA and climate finance commitments. He stressed that countries also need to strengthen and develop long-term, stable and inclusive domestic financial systems. He emphasized that expanding tax revenues in an equitable manner in developing countries would not only increase domestic resources available for development, but also promote accountability and public oversight. Moreover, the world could not continue to ignore illicit financial flows which deprived countries of much needed revenue and reinforced corruption and criminality. He emphasized that it is essential that this issue be tackled not only in the countries of origin but also in the countries of destination. The Deputy Secretary-General concluded that the task ahead was two-fold: to ensure that hard-won development gains are preserved, and to put the world on a sustainable development path that is underpinned by a new global partnership for development based on equity, cooperation, and above all, accountability. The role of ECOSOC and the organizations present today would be crucial in these endeavors. He stressed that the upcoming third international conference on financing for development would provide a unique opportunity to foster sustainable development.

III. Ministerial segment on theme 1: "World economic situation and prospects"

8. The morning session featured a high-level panel on the theme of the "World economic situation and prospects", followed by an interactive discussion. The panel started with a presentation by Mr. Thomas Helbling, Chief of the World Economic Studies Division of the IMF; followed by interventions by Ms. Kristalina Georgieva, Commissioner for International Cooperation, Humanitarian Aid and Crisis Response, European Union; Mr. Mogens Jensen, Minister for Trade and Development Cooperation, Denmark; Mr. Sacha Sergio Llorentty Solíz, Permanent Representative of the Plurinational State of Bolivia to the United Nations (speaking on behalf of the G-77 and China); Mr. Ewald Nowotny, Central Bank Governor, Austria; Mr. Moraja Buhlaiga, Vice Minister of Finance, Libya; Mr. Muhammetguly Muhammedov, Deputy Finance Minister, Turkmenistan; Mr. Abdelrahman Hassan Badelrahman Hashim, Central Bank Governor, Sudan; and Mr. Murat Karimsakov, President of the Eurasian Economic Club of Scientists.

9. Mr. Thomas Helbling, Chief of the World Economic Studies Division of the International Monetary Fund, presented the highlights of the latest IMF World Economic Outlook. He noted that global growth had strengthened in the second half of 2013 and was expected to accelerate further in 2014-15. However, emerging markets and developing economies were expected to strengthen only modestly, with increased risks due to a changing external environment. Looking forward, he predicted that advanced economy fiscal policy would be less tight in 2014 and 2015, except in Japan, and monetary accommodation would continue, with US interest rates expected to start rising in 2015. Global growth was expected to strengthen to 3.6 percent in 2014 and 3.9 percent in 2015, though these were still well below potential. The speaker noted that, in the case of emerging markets, exports were expected to be supported by stronger demand from advanced economies, though this would be offset by tighter financing conditions. Emerging markets growth was expected to slow in general, with growth in China expected to moderate. However, he noted that the fundamentals in most countries remain reasonable, with high foreign exchange reserves, low inflation and a still positive aggregate current account balance. Many emerging market currencies have depreciated, helping adjustment and aggregate capital inflows still remain positive and likely to pick up further. However, uncertainties remain due to the crisis in Ukraine which could have negative impact on the world economy. In conclusion, Mr. Helbling recommended that policies for emerging and developing countries should include exchange rate flexibility to better absorb shocks, well anchored inflation rates, a fiscal policy that is geared to medium-term objectives pertaining to public and external debt, and structural reforms to raise medium-term growth.

10. Ms. Kristalina Georgieva, Commissioner for International Cooperation, Humanitarian Aid and Crisis Response, European Union, warned that the risks arising from natural disasters and conflicts were not sufficiently taken into consideration in the assessment of the world economic situation. Natural disaster costs for instance had quadrupled in the last quarter century, with the steep upward trend bound to continue in coming decades. Ms. Georgieva stressed that disasters had both fiscal consequences and supply chain consequences. Conflicts, such as in Syria or the Central African Republic, had additional negative macroeconomic and microeconomic impacts, and were tearing apart the social fabric of countries. To address these issues, the European Union was assessing its own risks and had put in place investment policies to address them within Europe. Furthermore, in its

development policies and humanitarian aid, the EU had made fragility a priority, focusing on countries at risk of disasters and conflict.

11. H.E. Mr. Mogens Jensen, Minister for Trade and Development Cooperation, Denmark, stressed that growth was key for poverty eradication, but that it needed to be inclusive. Most importantly, this entailed job creation. Government and the private sector both had complementary roles in driving forward these goals. In this regard, he also highlighted the dramatic changes in the landscape of development finance, such as much greater expectations on the role of private sector financing in development. Given the role of private financing, it is critical that labor rights be upheld, and other challenges, such as illicit flows and aggressive tax planning, be addressed. At the same time, he asserted that ODA would continue to play an important role, in particular in the least developed countries.

12. Mr. Sacha Sergio Llorentty Solíz, Permanent Representative of the Plurinational State of Bolivia to the United Nations (speaking on behalf of the G-77 and China), noted that this year's meeting was important as it was taking place in the context of the follow-up process to Rio+20, the preparatory process for the third international conference on financing for development, and the discussions on a post-2015 development agenda. In this context, he noted that the Economic and Social Council should be strengthened to allow it to play a coordinating role on development issues. The speaker further stressed that the international monetary and financial system should be reformed, to be more effective, transparent and legitimate. The international financial architecture would need to give more voice to developing countries, and the financial system would need to be duly regulated. He called for a far-reaching reform of the Bretton Woods institutions, especially with a view to increasing the representation of developing countries in the decision-making processes of these institutions. Lastly, he stressed that the spirit of the Monterrey Consensus should be maintained, while common but differentiated responsibilities should be the guiding principle for a new global partnership for development. Effective means of implementation would be at the heart of a renewed and strengthened global partnership. The representative of the G-77 and China urged developed countries to meet their ODA commitments, in particular 0.7 per cent of GNI, as well as the objective of 0.15 to 0.20 per cent of GNI for least developed countries (LDCs). He added that the United Nations should remain the center for coordination of a follow-up process for financing for development.

13. Mr. Ewald Nowotny, Central Bank Governor, Austria, noted that advanced economies were back on the recovery track, while emerging markets were under pressure. Eastern Europe and Russia, have witnessed considerable capital outflows in consequence of the situation in Ukraine. In addition to long-term structural factors, cyclical factors were at play, including through the tapering of monetary policies in the US which had an impact on global financial markets. In particular, he pointed out that tapering had a substantial impact on emerging markets. Mr. Nowotny stated that problems in emerging markets were rooted in the period of easy finance after 2008, which took advantage of capital flowing out of developed countries and led to credit booms and asset price increases. In his view, this resulted in diminishing the impetus for reform and deterioration in current accounts. Emerging markets would have to be better prepared for the normalization of policies in the advanced economies. Moreover, to maintain investor confidence, it is of utmost importance to avoid further complications such as the escalation of geopolitical tensions.

14. Mr. Moraja Buhlaiga, Vice Minister of Finance, Libya, noted that the meeting would contribute to reaching agreement on a post-2015 development agenda. He asserted that the UN system must play a critical role in coordinating international efforts to mobilize resources for sustainable development finance. He also highlighted that common but differentiated responsibilities must remain the guiding principle for development cooperation. Mr. Buhlaiga stated that the global financial and economic crisis had revealed a malfunction in global economic governance, and highlighted the need to strengthen the role of the United Nations in the international economic and financial realm. Stronger efforts would be needed to create a financial system that would seek to channel investment towards sustainable development. The speaker further stated that ODA commitments should be fulfilled and debt restructuring facilitated. In this regard, Mr. Buhlaiga emphasized that the Monterrey Consensus and the Doha Declaration on Financing for Development represented a comprehensive framework which should guide such efforts in the future.

15. Mr. Muhammetguly Muhammedov, Deputy Finance Minister, Turkmenistan, spoke of his country's policies aimed at attaining sustainable development. Turkmenistan adopted a medium-term development plan in line with the MDGs, with the aim to change the country into a modern economy in harmony with its traditions and values. This sustainable development model supported by pragmatic state regulations was yielding good results. He wished similar success to other countries.

16. Mr. Abdelrahman Hassan Badelrahman Hashim, Central Bank Governor, Sudan, welcomed the spirit of the financing for development agenda. He deplored the lack of achievement towards attaining the MDGs in some African countries, including his own. He noted that the obstacles included the high debt burden, which has persisted in some countries despite the HIPC initiative. More debt relief was therefore needed for achieving the MDGs in Sudan and some other countries.

17. Mr. Murat Karimsakov, President of the Eurasian Economic Club of Scientists, provided information about his association, which was established in 2008 in Astana, Kazakhstan, to pool the efforts of researchers in order to find ways for overcoming the crisis. The Anti-Crisis World Conference held last year in Astana, Kazakhstan, adopted the Astana Anti-Crisis Plan. The second conference is to take place in May 2014 in Astana and will support the push to achieve the MDGs by 2015, as well as to define a new post-2015 development agenda. He proposed that ECOSOC be the main coordinating body for implementing the Anti-Crisis Plan and invited all to the second conference in Astana in May.

18. In the ensuing interactive discussion, speakers affirmed that the Monterrey Consensus and Doha Declaration provide a strong foundation for a financing strategy for sustainable development. Speakers asserted that stronger cooperation was needed at the global level to avert major risks and promote sustainable development. There was a need for adequate policy space and an enabling global environment that would include development-oriented policies in the areas of trade, finance and debt, but also better representation of developing countries and emerging economies in the governance of the international financial system.

19. Some participants emphasized that the underperformance of the world economy was partly owing to excessive austerity. In this regard, they stressed that problems relating to unemployment, including youth unemployment, and inequality needed to be addressed.

20. While participants recognized that all sources of financing would need to be tapped to achieve sustainable development, they also stressed that ODA would remain a key component of international development finance. There were calls for donor countries to meet their ODA commitments, and for better alignment of aid flows with country priorities. They noted that the private sector had abundant financial resources, yet public and private finance were distinct and should be seen as complements, not substitutes.

21. Speakers, particularly those from G77 countries, also highlighted that the means of implementation for the post-2015 agenda should consist of a mix of financial resources, technology transfer and capacity building, and should be delivered in accordance with the principle of common but differentiated responsibilities.

22. There was also recognition that climate change was an immediate challenge, and that the green climate fund would need to be capitalized urgently. In this context, several participants noted that the financing for development track from Monterrey and Doha and the climate change financing track were separate. As Rio+20 called for a comprehensive development agenda, the question was raised as to whether and how these streams should be integrated.

IV. Statements by institutional stakeholders

23. The morning session concluded with statements by H.E. Mr. Triyono Wibowo (Indonesia), President, Trade and Development Board, UNCTAD; Mr. Jorge Familiar Calderon, Vice President and Corporate Secretary, World Bank Group, and Acting Executive Secretary of the IMF/WB Development Committee; Mr. Calvin McDonald, Deputy Secretary of the IMF and Acting Secretary of the International Monetary and Financial Committee (IMFC); and Mr. Yi Xiaozhun, Deputy Director-General, World Trade Organization.

24. H.E. Mr. Triyono Wibowo (Indonesia), President, Trade and Development Board, UNCTAD, reported that UNCTAD's forecast for the world economy foresaw below potential global growth, slightly more pessimistic than the IMF forecast. He argued that proactive demand-driven policies could lead to better and more stable growth benefiting every country. In this context, UNCTAD believed that income-protecting policies deserved special consideration. In addition, developing countries should focus on investment and diversification. He pointed out that, with regard to the mobilization of financial resources, achieving existing and new development goals would require significant investments, well above current levels. In that regard, private finance would need to be increased. Indeed, foreign direct investment was already six times higher than ODA. The right policy framework and conditions needed to be created to facilitate additional investments, both at the national and at the global level. Lastly, Mr. Wibowo noted that ECOSOC's role in developing a post-2015 agenda had to be strengthened, along with the voice of developing countries in discussions in the international arena, and that more reforms were needed in the areas of debt and tax cooperation.

25. Mr. Jorge Familiar Calderon, Vice President and Corporate Secretary, World Bank Group, and Acting Executive Secretary of the IMF/WB Development Committee, reported on recent discussions in the Development Committee on the global economy and the progress of implementation of the World Bank's new strategy. He stated that the Committee recognized that fostering strong and inclusive growth would require policy adjustments. The Committee further agreed on the importance of social inclusion, capacity building and integration of environmental concerns in the context of sustainable development and poverty eradication. The Committee also discussed and strongly supported the World Bank's reforms and its new strategy to achieve its goals – ending poverty and achieving shared prosperity. He noted that, among other measures, the Bank created global practices, so that knowledge gains in one country would be available globally.

26. Mr. Calvin McDonald, Deputy Secretary of the IMF and Acting Secretary of the International Monetary and Financial Committee (IMFC), noted that the recovery of the global economy, while ongoing, remained uneven. The IMF would continue to analyze the implications of unwinding monetary support in developed countries, and would assist countries in dealing with it. The full range of financial facilities, including precautionary facilities, would remain available. On the fiscal front, the IMF would continue to work on policy advice, and would advance reform options on sovereign debt restructuring, as well as contribute to the global debate on tax issues. He also noted that on financial sector policies, the IMF would continue to assess the impact of regulatory fragmentation, advance the discussion on cross-border resolution regime, the impact of shadow banking, and macro-financial risks, as well as addressing data gaps. On the issues of policy coherence and coordination, the IMF would continue to monitor the impact of country policies through its spillover reports and integrated surveillance mechanism. Lastly, he reiterated that IMF quota reforms remained a priority, and urged the United States to ratify these reforms at the earliest opportunity.

27. Mr. Yi Xiaozhun, Deputy Director-General, World Trade Organization, stated that so far, the discussions around the SDGs lacked a specific focus on trade. Yet, trade had a critical role to play in achieving the MDGs, and in economic growth more generally. Trade could lead to employment creation, and to the creation of better and more decent jobs, since employment in export-oriented industries typically pays higher wages than employment in other sectors. Trade liberalization was critical for some of the fastest growing economies in the world. However, it needs to be supported by other reforms such as improved property rights and supply capacity to yield such results. For this reason, he argued that the role of trade must not be downplayed in the post-2015 development agenda. Instead, trade should be an integral part of the SDGs, as a development policy instrument and as an enabler of socio-economic development. The Bali package and the Doha round work programme could also support the delivery of SDGs, for example in the area of financing.

V. Thematic debate on theme 2: "Mobilization of financial resources and their effective use for sustainable development"

28. The first thematic debate featured presentations by H.E. Mr. Pertti Majanen (Finland) and Mr. Mansur Muhtar (Nigeria), Co-chairs of the Intergovernmental Committee of Experts on Sustainable

Development Financing (ICESDF), and Mr. Mahmoud Mohieldin, Special envoy on the MDGs and Financial Development (World Bank Group).

29. H.E. Mr. Pertti Majanen (Finland) and Mr. Mansur Muhtar (Nigeria), Co-chairs of the ICESDF, referred to the work of the Committee, which was established in follow-up to Rio+20 Conference, and is currently discussing options on an effective sustainable development financing strategy. Mr. Majanen began by emphasizing the foundations of the Committee's work, which constituted the Millennium Declaration, the Monterrey Consensus and the outcome of the United Nations Conference on Sustainable Development held in Rio de Janeiro in 2012. He then referred to the state of the work of the Committee, pointing out that both Co-chairs have been collaborating with the Co-chairs of the Open Working Group on Sustainable Development Goals to ensure that the reports of the two processes, which will both be presented to the General Assembly in September, are coordinated. He mentioned that the Committee had decided to organize its work in three clusters on (1) "Assessing financing needs, mapping of current flows and emerging trends, and the impact of domestic and international environments"; (2) "Mobilization of resources and their effective use"; and (3) "Institutional arrangements, policy coherence, synergies and governance". Mr. Majanen pointed out that all three clusters would be submitting to the Co-chairs reports on their findings by 25 April 2014. While the Committee will be delivering its final report to the General Assembly in September 2014, he pointed out the areas where broad agreements among its members are evident. For instance, the preliminary findings of cluster 1 suggest that global savings, estimated to be about US$18 trillion annually, are sufficient to meet the very large estimated sustainable development needs. The challenge thus lies in promoting a financial system that incentivizes a percentage of public and private savings towards sustainable development needs. Mr. Majanen also emphasized that the Committee has benefited greatly from the inputs of outside experts and from its interactions with other stakeholders, including civil society and the private sector. In this regard, he referred to the recent outreach event of ICESDF in Helsinki on "Co-creating new partnerships on financing for development". Participants at the event included senior representatives from the private sector, civil society, governments, as well as other experts on partnerships. He cited some of the conclusions from the meeting, including the need to turn principles for investing, such as human rights, environment, anti-corruption and responsible investment into concrete actions. This paradigm shift can be facilitated by, among other things, making sustainable development an essential element in company strategies, making better use of synergies between public/private financing and creating innovative partnerships leading to development-enhancing investments that are fair to taxpayers. Mr. Majanen indicated that a summary of the discussions at the outreach event had been prepared and would be available on the website of ICESDF.

30. Mr. Muhtar addressed the issue of the financing sources for the post-2015 development agenda. He pointed out that there was agreement in the Committee that, as specified in the Monterrey Consensus, countries are responsible for their own development, and that the international environment should play a supportive role. It was therefore necessary to strike the right balance between domestic resource mobilization and country ownership, and international obligations and commitments. Domestic resource mobilization is a critical element of public financing, but has to be addressed according to each country's capacity. Sustainable growth is a precondition for raising these resources, while at the same time there is a need to combat illicit flows and facilitate international tax

cooperation. Mr. Muhtar emphasized that while official development assistance would remain crucial for the eradication of extreme poverty, especially in the poorest countries, it alone would not be sufficient to meet sustainable development needs (even if all donor countries meet their commitments.) Private investment would have to play an essential role in meeting sustainable development needs. However, to date, private sector investment has been insufficient and not been incentivised to undertake long-term investments in sustainable development activities. Mr. Muhtar stressed that public policies will be needed to set the right incentives to attract private investment in sustainable development, together with an enabling domestic and international environment. He referred to the potential role of public finance in leveraging private flows into key development sectors. At the same time, there is a need for governance reforms at the global level, promoting a fair and rules-based multilateral trading system and a stable global financial system. Mr. Muhtar also highlighted the importance of efforts to mobilize additional and innovative sources of finance for sustainable development, including through the implementation of a financial transactions tax and a carbon tax, as well as remittances. He felt more work was needed in these areas, including on the scalability and replicability of some initiatives, as well as on measurement and additionality issues.

31. Mr. Mahmoud Mohieldin, Special envoy on the MDGs and Financial Development (World Bank Group), presented an overall framework on financing for development post-2015. In the context of this framework, sound policies and institutions would make more effective use of existing resources and leverage additional financing. The pillars of this framework include enhancing domestic resource mobilization, having better and smarter aid, and drawing on the domestic and external private and financial sectors. Innovative financing and innovation is at the core of the framework with the goal of leveraging additional resources and improving efficiencies. In order to strengthen domestic resource mobilization, he recommended improved taxation capacity, better collection of natural resource revenue, curbing illicit financial flows and increasing expenditure efficiency. He stated that the private sector should be viewed as a partner in development, through its role in job creation and income growth, through measures to utilize and leverage private finance into key development-enhancing sectors, and through mobilizing philanthropy and encouraging corporate social responsibility. Mr. Mohieldin referred to the challenges of mobilizing finance at the country level, pointing out that countries needed to determine their policy and financing strategies to implement post-2015 development goals, given scarce financial resources and levels of access to private finance. Countries also faced the challenge of mobilizing private long-term finance for infrastructure. According to the speaker, key measures included putting in place an adequate legal and regulatory framework, ensuring a pipeline of quality projects, mainstreaming the use of risk sharing mechanisms with support from multilateral financial institutions, having appropriate financial regulation and developing domestic capital markets. He pointed out that attracting the large pool of untapped resources from institutional investors could scale up development finance. Mr. Mohieldin also emphasized the importance of well-structured initiatives with a diverse range of partners to help governments raise the large sums of capital required to meet infrastructure needs. Finally, he highlighted the need for continuing global dialogue at all levels and among all actors on new paths for development finance.

32. During the discussion, participants underlined the need to attract private investment into sustainable development sectors. The importance of having effective insurance coverage for foreign

direct investors was mentioned, as was the need to have effective models for public-private partnerships. Curbing crime and corruption were also referred to as important conditions for attracting FDI and fostering the development of the local private sector. In this regard, a speaker stated that the rule of law and fighting crime should be incorporated as separate goals for post-2015 development agenda and SDGs. At the same time, the private sector would also benefit from a coherent and predictable policy environment.

33. While noting that countries should have primary responsibility for their own development, participants highlighted the continuing importance of ODA for poverty reduction. Some stressed that ODA would not be enough to meet projected sustainable development needs even if donors met their aid commitments. The importance of South-South cooperation for sustainable development was also stated, keeping in mind that it should be voluntary and should not be viewed as a substitute for ODA from developed countries.

34. Some participants emphasized the importance of implementing reforms of the governance structures of the international financial institutions. In particular, they stressed that the 2010 IMF quota reforms should be implemented to ensure the credibility of the Fund when it advises other countries on policy reforms. Speakers also mentioned the need for enhancing the funding of IFIs and regional development banks.

35. There were calls for a fair and rules-based multilateral trading system, and for a stable global financial system. These and other systemic issues were also deemed to be important to incorporate in the post-2015 agenda. There were calls for greater international cooperation on tax matters to curb tax evasion and illicit financial flows.

36. It was emphasized that financing for sustainable development should build on the Monterrey Consensus and Doha Declaration on Financing for Development. The work of the ICESDF would provide important inputs to the preparatory process of the third international conference on financing for development.

VI. Thematic debate on theme 3: "Global partnership for sustainable development in the context of the post-2015 development agenda"

37. The second thematic debate featured presentations by Mr. George Wilfred Talbot (Guyana), Co-facilitator on the preparations for the third international conference on financing for development, and Mr. Serge Tomasi, Deputy Director, Development Co-operation Directorate, OECD.

38. H.E. Mr. George Wilfred Talbot (Guyana) began by outlining the experience of the current global partnership for development and its role in promoting the implementation of the MDGs. The concept of a global partnership for development as a set of commitments on promoting development has a long history at the United Nations. He pointed out that the global partnership for development called for in Goal 8, which was underpinned by the Monterrey Consensus, galvanized international momentum in mobilizing a wide range of stakeholders to help achieve the MDGs. The speaker stated

that despite making significant contribution, the global partnership remained an unfinished business. Its potential in advancing the other goals had been constrained by its own shortcomings. For instance, momentum in reaching the UN target of allocating 0.7 per cent of GNI to development aid stalled in recent years. In addition, the global trading system remains complex and fragmented, and the world still lacks a comprehensive framework for resolving debt problems. In the same vein, there is still a need for greater access to affordable essential medicines to accelerate the progress being made on the achievement of the health-related goals. Greater technology transfer and access to technologies, particularly for climate change mitigation and adaptation and disaster risk reduction and resilience are also required. Looking ahead, Mr. Talbot stressed that a new global partnership for development would need to address new challenges and integrate the economic, social and environmental dimensions of sustainable development. It would also require a strengthened and more robust monitoring mechanism, to track progress in implementation and the fulfillment of commitments by Member States.

39. Mr. Talbot shared his views on the potential contribution of the forthcoming third international conference on financing for development to the post-2015 development agenda. He stated that a broad and comprehensive financing framework for sustainable development should build on the Monterrey Consensus and the Doha Declaration and go further in addressing new challenges and emerging issues. In this respect, the framework must also take into account the important work of the ICESDF Moreover, he emphasized the potential of the third international conference on financing for development to provide a firm foundation for a global partnership for sustainable development in the context of the post-2015 development agenda.

40. Mr. Serge Tomasi, Deputy Director, Development Co-operation Directorate, OECD, spoke on the work being undertaken in the OECD-DAC on new ways to measure development finance. He stressed that the definition of ODA had hardly changed since it was defined by OECD-DAC in 1969, apart from being clarified and supplemented by other concepts such as Country Programmable Aid (CPA) or other official flows (OOF). At the same time, the financing for development landscape has radically altered. For instance, the number of developing countries meeting the eligibility criteria to receive ODA has fallen sharply and some developing countries have emerged as new economic powers, themselves providing increasing amounts of foreign aid. At the same time, the sources of finance beyond ODA are becoming more prominent, especially FDI and remittances. In the 1970s, ODA comprised more than 50 per cent of all external funding of developing countries, while at present it represents only 18 per cent. According to Mr. Tomasi, this gap between rapid economic development and the relative stability of the ODA definition had led to growing criticism of the indicator. He introduced some of the main considerations in the ongoing discussions taking place in the OECD-DAC on this matter. One of the proposals envisions a two circle approach from an aid provider’s perspective. At the core of this would lie a modernized ODA measure focusing on a grant equivalent. This modernized ODA measure would be part of a broader measure encompassing total official support for development, which could include all public development financing instruments used by countries, regardless of their concessionality degree. It would therefore also incorporate market mechanisms such as guarantees, private equity from development banks and debt cancellations. An issue under discussion is whether this broader measure should also include private finance mobilized by official action.

41. During the subsequent interactive discussion, a number of participants stressed that ODA is an important source of finance for many developing countries. It was also pointed out that it should not just be used for leveraging private capital, which in any case needed to be undertaken in a considered and balanced manner. However, it was also reiterated that ODA, while important, would not be sufficient on its own for financing sustainable development.

42. The importance of developing innovative public-private partnerships was emphasized. Participants stressed the need for capacity building to enable developing countries to develop a pipeline of bankable projects. In this regard, the need for developing effective processes at country level to better identify key projects was also mentioned. It was pointed out that the global partnership for development is a work in progress and should be strengthened. The need to better incorporate the private sector and civil society in the global partnership was emphasized. However, with regards to the private sector, it was asserted that companies needed to take note of human rights and poverty reduction objectives when undertaking operations. In addition, there should be an appropriate regulatory framework ensuring that the activities do not adversely affect sustainable development.

43. Participants noted the absence of a suitable measure of economic vulnerability and fragility. GDP per capita does not take into account vulnerability and fragility and there is a need for a broader measure incorporating conflict, as well as external economic challenges and natural disasters.

44. The need for greater coherence in the international policy making arena was highlighted. It was stated that multilateral organizations should work cooperatively to achieve the goal of sustainable development.

VII. Multi-stakeholder dialogue on the way forward

45. The second morning featured a multi-stakeholder dialogue on the way forward, during which the discussion of the previous day on the three themes of the meeting continued. The multi-stakeholder dialogue included presentations by Mr. José Antonio Ocampo Gaviria, Chair of the Committee for Development Policy, and Director of Economic and Political Development Concentration, School of International and Public Affairs, Columbia University; Ms. Erika Karp, Founder and Chief Executive Officer, Cornerstone Capital Inc.; and Mr. Aldo Caliari, Director, Rethinking Bretton Woods Project, Center of Concern, followed by an interactive discussion.

46. Mr. José Antonio Ocampo Gaviria, Chair of the Committee for Development Policy, presented the conclusions of a recent meeting of the Committee for Development Policy (CDP). The Committee made two major policy recommendations: greater international cooperation on tax matters and the need for a debt workout mechanism. It also emphasized that international tax cooperation was necessary to mobilize more public resources for sustainable development. Asymmetry between the mobility of capital and labor had generated an erosion of tax bases. Over time, the shifting of taxation towards labor incomes generated regressive tax systems. This tendency could only be reversed through international cooperation. One of the specific proposals was to upgrade the UN Committee of

Experts on International Cooperation in Tax Matters into an intergovernmental organ. Mr. Ocampo proceeded to discuss the issue of external debt and pointed out that over-indebtedness affected developing and developed countries alike. Existing mechanisms currently in place did not work as well as they should. Collective action clauses faced serious aggregation problems since they were not universally applied, while voluntary negotiations faced serious challenges through potential litigation. In this respect, he referred to the proposal of the Monterrey Consensus to move towards a sovereign debt restructuring mechanism.

47. Mr. Ocampo then highlighted the principles proposed by the CDP for rethinking the global economic governance system, namely: (1) common but differentiated responsibilities and respective capabilities; (2) subsidiarity; (3) inclusiveness, transparency and accountability; and (4) coherence. He further called for more active use of IMF Special Drawing Rights (SDRs) as an international monetary system and put forward the recommendation of the development of a multi-layered architecture for international monetary cooperation. He emphasized the importance of regional and intraregional development banks to provide a set of powerful monetary arrangements that would support the IMF. The speaker also asserted that the use of country groupings in the international development discourse had frequently weak analytical foundations, such as the notion of the group of fragile states. Overall, the LDC category, which incorporates three criteria, namely, per capita GDP at market prices, human asset and vulnerability indices, was the best, in terms of a sound analytical foundation and general legitimacy, since it had been adopted by the General Assembly. Mr. Ocampo further underscored the importance of the Development Cooperation Forum (DCF) as a premier forum that could help create synergies between different development cooperation processes and explore the increasing role of multi-stakeholder partnerships. More effective accountability in development cooperation remained a major issue and better mechanisms were important to follow-up on the post-215 development agenda. According to the speaker, the DCF should also promote further work on the links between development cooperation and the provision of global public goods.

48. Ms. Erika Karp Founder and Chief Executive Officer, Cornerstone Capital Inc. stated that, from the perspective of the private sector, capitalism could deliver economic growth and sustainable development if capital markets are appropriately regulated to serve the needs of the real economy. Leveraging the resources of the private sector was critically important for ensuring adequate financing for the implementation of the post-2015 development agenda and achieving sustainable development, given the enormous needs to tackle emerging issues such as climate change, which outpaces public sector resources. She cited the fact that today the largest one thousand companies account for 7.8 per cent of revenues and 8 per cent of jobs in OECD countries and possessed a large pool of funds invested in capital markets. The speaker drew attention to technological innovations such as big data and social media that were transforming the way business was done. In particular, the heightened level of transparency in the corporate world was offering new opportunities for influencing their activities for the good of the society. The most responsible companies were interested in contributing to socially desirable goals by investing in projects with high social returns. According to Ms. Karp, the key to unlocking their potential lied in finding innovative ways for incentivizing them. The world was also witnessing an inter-generational transfer of an enormous amount of wealth, which was made evident by the pool of some $50 trillion financial assets. The challenge is to find the right ways to direct the available funding to the companies whose objectives are aligned with sustainable

development. That includes most of the largest companies that valued corporate excellence and corporate sustainability, which presupposed, in turn, inclusiveness, transparency and collaboration. Generally speaking, Ms. Karp stressed there was no inherent conflict between profit and sustainable development in the long-run.

49. Mr. Aldo Caliari Director, Rethinking Bretton Woods Project, Center of Concern, discussed the potential for institutional investors, including pension, mutual funds, private equity, and sovereign wealth funds to provide financing for sustainable development. Mr. Caliari questioned the view that global savings could be simply "unlocked" to underwrite long-term financing needs. For example, infrastructure had been considered as an asset class that could generate high risk-adjusted returns, on the one hand, and helped ensure returns by diversifying the portfolios of asset managers, on the other. However, evidence for both of these effects was highly contested among researchers as was the soundness of attributing uniform properties to an asset class covering a heterogeneity of sectors and instruments that could be considered infrastructure investments. He further emphasized that infrastructure investments came with considerable risks that could end up being transferred to taxpayers and users of infrastructure, especially in developing countries. One channel through which this occurs would be through public-private partnerships (PPPs), which were the main mechanism for channeling private investment into infrastructure. Mr. Caliari referred to a number of studies which show that a major reason why PPPs were chosen as an investment modality is because they helped conceal the budgetary and fiscal impacts of infrastructure projects. Poor governance and institutional environments, including a lack of transparency, allowed governments and investors to avoid scrutiny, increasing the chances that risks materialize. Indeed, according to Mr. Caliari, PPP contracts were rarely, if ever, disclosed to the public. Also, some inherent characteristics of PPPs introduced a layer of complexity that defeated efforts to advance transparency and accountability, including the fact that PPPs were generally long-term contracts and that government risks were off-budget (contingent liabilities).

50. According to Mr. Caliari, greater public indebtedness was another channel through which risk linked to infrastructure investment would be transferred to the public. The parameters that defined "debt sustainability" in low-income countries had been gradually relaxed, thereby allowing those countries to contract growing levels of public debt, particularly for infrastructure. It was important to recognize that low-income countries faced an impossible choice between under-investing in infrastructure or mobilizing the necessary funds in any way possible. However, their increased levels of borrowing for infrastructure could represent the seeds of a new debt crisis. The risks generated by the pursuit of debt-financed investment were, as it happened with PPPs, magnified in poor governance environments. In short, the reliance on institutional investments to finance infrastructure could only be advised for countries where there were highly developed legal and institutional frameworks and systems of checks and balances that include high levels of transparency and public engagement.

51. During the discussion that followed, delegates underscored the importance of mobilizing all sources of financing for sustainable development to support the post-2015 development agenda. The upcoming third conference on financing for development was highlighted as a unique opportunity to engage all stakeholders for this objective. In that context, participants called on each other to avoid a

duplication of efforts among different intergovernmental processes and to support a robust and open preparatory process, involving all relevant stakeholders.

52. The view was expressed that the success of the post-2015 development agenda would largely depend on ensuring increased ODA for vulnerable countries to assist them with reducing poverty and tackling new challenges, such as climate change. Such an agenda should also include trade, FDI and technology transfer-related commitments to help developing countries achieve poverty eradication.

53. Moreover, participants underscored the need for an international sovereign debt resolution mechanism. It was suggested that such a mechanism could be negotiated within the IMF, but would function independently, similar to an investment dispute resolution. This mechanism would allow time-limited voluntary negotiations, followed by mandatory arbitration. Some speakers stressed the importance for further debt relief beyond the HIPC initiative, especially for countries suffering the consequences of conflicts and natural disasters or those lagging behind in their achievement of the MDGs. They emphasized the importance of honoring existing commitments of ODA, which still accounts for 70 per cent of the external financing for LDCs.

54. Some participants urged more effective monitoring of ODA commitments and expressed their opposition to any downward revision. Several participants highlighted the importance of not politicizing aid and emphasized that unilateral sanctions would impede progress towards achieving the MDGs.

55. Some participants from the business sector and civil society expressed their concerns about the lack of social protection, human rights abuses, and wasteful military expenditures in many countries. They criticized government bail outs of financial institutions that were deemed “too big to fail”. Some speakers emphasized that a partnerships between the private and public sectors were highly desirable, but their success depended on good governance and proper and effective institutional arrangements.

56. Participants highlighted the need to improve global governance structures to prevent tax evasion and transfer mispricing, and to ensure that international trade agreements did not prevent the regulation of cross-border capital flows for prudential reasons. One delegate put forward the idea of introducing a global minimal floor for corporate tax rates.

VIII. Concluding remarks by the President of ECOSOC

57. The President of ECOSOC, Mr. Martin Sajdik (Austria), thanked all the participants for the positive spirit of engagement and the high quality of their contributions. He noted that the deliberations on the state and prospects of the world economy highlighted the need for greater cooperation and coherence in macroeconomic policies. Moreover, the deliberations during the meeting highlighted that the mobilization of resources for sustainable development would depend on strengthened international cooperation anchored in a coherent financing framework for sustainable development. He also echoed the calls made for a renewed and strengthened global partnership for sustainable development to mobilize a wide range of stakeholders in support of the post-2015 agenda. He also expressed the view that in light of the recently adopted reforms of ECOSOC, a strengthened

Council would be able to play an effective coordinating role and meaningfully support the implementation of the post-2015 development agenda.

58. The President of ECOSOC proceeded to briefly summarize the main features of the discussions during the past two days. These included the following points:

- The need for a stable and prosperous global economy for achieving sustainable development was highlighted. Discussions in the Ministerial segment on the World Economic Situation and Prospects confirmed the recovery from the global economic and financial crisis was under way, even though it was uneven between countries. In particular, it was noted that while advanced economies were back on the recovery track, emerging markets were under significant pressure. In addition to long-term structural factors, cyclical factors were at play, including through possible adaptions to monetary policies in the United States.
- Speakers identified the period of easy finance after 2008 at the root of problems in emerging markets. Expansionary policies took advantage of capital outflows of developed countries, leading to credit booms and asset price increases. At the same time, the impetus for reform diminished and current accounts deteriorated, making these economies vulnerable to capital outflows.
- To address these concerns, it was noted that strengthened multilateralism would be needed. The ECOSOC was seen by many as a platform to provide such improved cooperation.
- Discussants also cautioned that despite improved global growth, the global employment situation remained bleak and inequalities continued to grow, but there were also some signs of improvement.
- During the thematic debate on the “Mobilization of financial resources and their effective use for sustainable development”, the importance of work of the Intergovernmental Committee of Experts on Sustainable Development Financing was highlighted.
- Several speakers emphasized the importance to build on the Monterrey Consensus and the Doha Declaration as a conceptual basis for an updated financing framework for the post-2015 agenda. Many participants emphasized the importance of employing the full range of financing sources and non-financial means available, including private and public, domestic and international, while taking into consideration their different characteristics, rationales and specific strengths.
- Participants agreed that Official Development Assistance would remain important, particularly for the least developed countries. All welcomed the recent rise in ODA, which follows a two-year long downward trend. However, it was stressed that more progress was needed to meet the 0.7 per cent target.
- Some speakers pointed to the uncertainties that could emanate from the present tensions between Ukraine and Russia, with considerable capital outflows – also from the latter – and currency depreciations in recent weeks.
- There were calls for governance reforms at the global level, for a fair and rules-based multilateral trading system, and for a stable global financial system. There were calls for greater international cooperation on tax matters to curb tax evasion and illicit financial flows.
- Many speakers also highlighted the great potential of private sector financing to contribute to sustainable development. However, public policies would need to set the right incentives to support private sector investment in sustainable development. In this regard the rule of law, good governance and transparent institutions play a crucial role. The importance of private public partnerships was emphasized based on coherent policies at all levels and sufficient policy space.

- In the second thematic debate on a “Global partnership for sustainable development in the context of post-2015 agenda”, participants highlighted that the agenda would need to be based on a renewed and strengthened global partnership for development. Such a partnership would need to contain strong monitoring and accountability mechanisms.
- The upcoming third international conference on financing for development was highlighted as an important occasion to provide the new global partnership with a holistic and comprehensive financing framework.
- Many speakers stressed that global economic governance and the voice and representation of developing countries in economic decision making bodies would need to be improved as a matter of urgency.
- During the “Multi-stakeholder dialogue on the way forward”, the discussions reiterated many of the themes touched upon in the earlier sessions and focused on the way forward. Specific proposals included a sovereign debt restructuring mechanism, improved international tax cooperation to address tax avoidance, and the more extensive use of special drawing rights. The potential of the private sector to provide long-term investments in areas critical for sustainable development was highlighted, while there were also calls for strong institutional frameworks and transparency in the engagement of public with private actors.

59. The President pointed out that the record of the MDGs is generally a good one, but more must be achieved. To this end, the international community must mobilize a set of dynamic multi-stakeholder partnerships to achieve its common goals, with strengthened intergovernmental cooperation at the center. The post-2015 agenda should define the critical elements of such collaborative approach. He expressed his hope for continued support and cooperation from all parties in order to move towards an ambitious post-2015 development agenda that will enable the international community to achieve sustainable development for all.