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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 Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 22 April 2013)

I. Introduction

1. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD) was held in New York on 22 April 2013. 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, the keynote address by the Special Envoy and Representative on the Millennium Development Goals and Financial Development of the World Bank Group and statements on behalf of the Trade and Development Board of UNCTAD, the joint Development Committee of the World Bank and the International Monetary Fund (IMF), the International Monetary and Financial Committee of IMF, and WTO.

2. The meeting was organized around one high-level panel and two thematic debates. The high-level panel focused on the theme "World economic situation and prospects in the wake of the world financial and economic crisis". The thematic debates were organized around the following themes: "Financing for sustainable development, including through leveraging private capital, in the context of the

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follow-up to the outcome of the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012" and "Global partnership for development in the context of the post-2015 development agenda". Each thematic debate included initial presentations by senior staff of the World Bank, UNCTAD, WTO and the Department of Economic and Social Affairs of the United Nations Secretariat, followed by an interactive discussion. The meeting had before it a note by the Secretary-General (E/2013/52), which provided background information and suggested possible questions for discussion under the three themes.

3. The speakers at the high-level panel included one Prime Minister, one First Vice Prime Minister, a Deputy Prime Minister, a Vice-President of the European Commission, five Ministers and two Central Bank Governors. A significant number of Executive and Alternate Directors of the Boards of the World Bank and IMF participated in 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. Representatives of civil society and the business sector also participated actively in the high-level panel and the two thematic debates.[1]

4. The meeting was preceded by consultations within the Economic and Social Council and between its President and other members of its Bureau and the management of the Bretton Woods institutions, WTO and UNCTAD, and by the preparatory meeting of the members of the Bureau with members of the Executive Board of the World Bank and the Executive Board of IMF. In the course of those consultations and meetings, the agenda and the format of the special high-level meeting were discussed and agreed upon.

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. Néstor Osorio (Colombia), 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 highlighted a few substantive points under each of the selected themes. First, in the wake of the world financial and economic crisis, the world economic situation and prospects had remained grim. The global slowdown had implied high levels of unemployment across the world, a slower pace of poverty reduction and a narrowing of fiscal space for investments in areas that were critical for achieving the Millennium Development Goals. In addition, downside risks included the possibility of the spiralling of geopolitical tensions and of a climate shock leading to a spiking in world food prices. He called for more forceful and concerted policy actions at both national and international levels to mitigate major systemic risks linked to a fragile global economy and ensure a stronger and sustained economic recovery. He also highlighted the need for an effective strategy of financing for sustainable development that should support inclusive economic growth that was environmentally, economically and socially sustainable. Such a strategy would require domestic resource mobilization, the fulfilment of all official development assistance (ODA) commitments, the use of innovative mechanisms of

[1] For the list of delegations, see document E/2013/INF/1.

financing, measures to leverage private finance through risk-sharing and other measures to better align private incentives with public goals. He stressed that it would also be necessary to promote financial stability in order to facilitate long-term investments in crucial sectors for sustainable development such as infrastructure. Moreover, he highlighted the need for a renewed global partnership for development within the post-2015 development agenda that should go beyond its present framework to embrace the changing development landscape and enable transformative change. He further emphasized that there was a need for a more accountable, inclusive and coherent system of global economic governance, which entailed effective arrangements for collective decision-making among diverse stakeholders at the international level. Such a system would also enhance the global partnership for development through ensuring the participation of all relevant actors in international policymaking and dialogue. Within the United Nations system, the Economic and Social Council, including through the special high-level meeting, had a critical role to play in increasing coherence, coordination and cooperation in that regard.

7. The Deputy Secretary-General addressed the meeting. He highlighted the ongoing effects of the global financial crisis, which continued to impede economic recovery worldwide, causing the ongoing jobs crisis, especially among youth, and deepening inequality problems. He stressed that Member States had agreed that poverty eradication was the greatest global challenge facing the world today, while the global slowdown had narrowed the space for necessary investments in education, health, sanitation and other drivers of development. He also called on the Economic and Social Council to play a crucial role in promoting dialogue among Member States on the post-2015 development agenda, including addressing the question of financing for sustainable development and promoting renewed commitment to the Monterrey Consensus and the Doha Declaration on Financing for Development. He emphasized the important objectives of the new intergovernmental committee of experts nominated by Member States to propose options on an effective financing strategy. He further emphasized the importance of the work of the Council in promoting South-South cooperation, as an additional form of partnership, exchange of experience and also financing mechanism. That and the coming year would represent very important opportunities for the strengthening of the enablers and intergovernmental arrangements for sustainable development. In addition to those pressing matters, particular attention should be given to the role and format of the High-level Political Forum launched in Rio de Janeiro in 2012. He encouraged participants to contribute to a future direction and vision, bold yet practical, for truly equitable and sustainable global development.

III. High-level Panel on theme 1: “World economic situation and prospects in the wake of the world financial and economic crisis”

8. The morning session featured a high-level panel on the first theme: “World economic situation and prospects in the wake of the world financial and economic crisis”, followed by an interactive discussion. The Panel featured interventions by Commodore Josaia Voreqe Bainimarama, Prime Minister, Fiji; Mr. Djoomart Otorbaev, First Vice Prime Minister, Kyrgyzstan; Mr. Mauricio Cárdenas Santamaria, Minister of Finance and Public Credit, Colombia; Mr. Olli Rehn,

Vice-President of the European Commission and Commissioner for Economic and Monetary Affairs and the Euro, European Union; Mr. Abdul-Rahman Dirar, State Minister, Ministry of Finance and National Economy, Sudan; Ms. Jutta Urpilainen, Deputy Prime Minister and Minister of Finance, Finland; Mr. Claus J. Raidl, President of the Austrian National Bank; Mr. Yaseen Anwar, Governor of the State Bank of Pakistan; Ms. Gunilla Carlsson, Minister of Development Cooperation, Sweden; Mr. Seyed Shamseddin Hosseini, Minister of Economic Affairs and Finance, Islamic Republic of Iran; Mr. Luis Arce Catacora, Minister of Economy and Public Finance, Plurinational State of Bolivia; and Ambassador Mark Espat, Special Envoy of the Prime Minister, Belize.

9. Commodore Josaia Voreqe Bainimarama, Prime Minister of Fiji, speaking on behalf of the Group of 77 and China, stressed the importance of broad consultations, involving all stakeholders, including civil society and academia, while recognizing the leading role of the intergovernmental process in formulating global economic governance. He noted, in particular, that the international financial and monetary system needed substantive reforms to reflect the twenty-first century role of developing countries in the world economy. Those reforms should concern properly regulating financial systems and capital markets for achieving growth and sustainable development, using special drawing rights (SDRs) for the benefit of developing countries, further expanding those countries' voting rights in the Bretton Woods institutions, and obtaining more concessionary debt restructuring and technology transfer for them. Renewed international partnerships for development were the basis for such people-centred international cooperation, which had started with the adoption of the Monterrey Consensus. The Group of 77 and China particularly emphasized the continuing critical catalytic role of ODA in achieving sustainable development and the urgency of completing the Doha Round of multilateral trade negotiations. The upcoming WTO Ministerial Conference to be held in Bali, Indonesia, in December 2013 should aim at achieving concrete results that are equitable and take into full consideration the priorities of developing countries such as trade, aid, foreign direct investment (FDI) guarantees targeting productive sectors and supply-side capacity-building, especially in the least developed countries.

10. Mr. Djoomart Otorbaev, First Vice Prime Minister, Kyrgyzstan, criticized the unilateral expansionary policies pursued by developed countries that hurt the competitiveness of developing countries, and called for more coordinated international policymaking to make the world fairer and more equal. He was particularly critical of donor countries' failure to honour their commitments, citing that only 1 out of the 13 targets of the aid-effectiveness agenda was fulfilled, despite the substantial progress achieved by developing countries. He suggested that the Economic and Social Council consider convening another high-level forum on aid effectiveness. He also advocated countering the spillover effects of developed countries' unilateral policies by raising the role of the emerging market economies, especially of the BRICS countries (Brazil, the Russian Federation, India, China and South Africa), in multilateral development banks. Developing countries should get more voting power in the Bretton Woods institutions. Competition in the design of policy advice was highly welcome in today's more complicated world. He welcomed the historic adoption of the outcome document of the United Nations Conference on Sustainable Development "The future we want" (General Assembly resolution 66/288, annex), and briefed the meeting on his country's achievements in that area.

11. Mr. Mauricio Cárdenas Santamaria, Minister of Finance and Public Credit, Colombia, shared his country's experience of working to achieve the Millennium Development Goals and emphasized the importance of building on Millennium Development Goals successes in formulating the post-2015 development agenda. He stated that Colombia had met the Millennium Development Goals, with gross domestic product (GDP) growth the main driver behind meeting them. He noted that success in developing countries depended not just on good domestic policies but also on a benevolent external environment. In that connection, he expressed concern over the expansionary monetary policies pursued by reserve currency countries, which could generate difficulties in other countries. Colombia strongly supported the concept of sustainable development goals, including commitments on climate change. He said that his country was reducing subsidies on oil products and was devoting 20 per cent of the tax on oil producers to environmental protection. He said that the new development agenda should be guided by the priorities of sustainable development, including the objective of closing the per capita income gap between developed and emerging market developing countries. In addition, emerging market and middle-income countries' representation at the Bretton Woods institutions should be upgraded. He also stressed the overwhelming importance of raising productivity in developing countries as the main factor of growth convergence and developmental catch-up, and called for increased attention to the related investment and infrastructure needs, as well as measurable indicators to monitor progress.

12. Mr. Olli Rehn, Vice-President of the European Commission and Commissioner for Economic and Monetary Affairs and the Euro, European Union (EU), welcomed the emerging convergence of views on sustainable development goals to succeed the Millennium Development Goals and expressed the Union's strong support for the post-2015 development agenda. He assured that EU, as the largest donor accounting for over 50 per cent of global ODA, would continue to work hard for the implementation of the agenda of the Group of 20 in partnership with developing countries, including the endorsement of a larger role of developing countries in global governance, increased quota and representation at IMF. The Union was committed to effective multilateralism and recognized the centrality of the United Nations role in global economic governance, as stated in the Treaty of Lisbon. He called for more effective and closer cooperation between the United Nations and the Group of 20 in favour of developing countries and for achieving tangible progress at the Doha trade negotiations to help with faster world economic recovery. He also briefed the representatives on the current EU actions aimed at tackling the crisis in Europe, emphasizing the importance of improving the competitiveness of affected countries for getting out of the current stagnation. He stressed, inter alia, that fiscal solvency was essential for sustainable growth, but it was equally important to progress at an appropriate pace within a medium-term framework and in the context of other structural reforms. He said that fiscal deficits in the region had been halved to 3 per cent from 6 per cent in 2011 thanks to the fiscal consolidation efforts by member countries. According to him, that fiscal consolidation, in combination with actions of the European Central Bank, had restored financial market stability, while the recent reforms further strengthened confidence and improved EU governance.

13. Mr. Abdul-Rahman Dirar, State Minister, Ministry of Finance and National Economy, the Sudan, drew attention to the Financing for Development process and the outcome document of the 2012 International Conference on Financing for Development, especially concerning the needs of least developed countries, as

forming the basis of the post-2015 development cooperation framework. He also stressed the need for drawing adequate lessons from the experience of the world economic crisis, which laid bare the shortcomings of global governance. He expressed particular concern about the post-conflict countries' debt impeding their development efforts, and spoke of his country's urgent need for international support, following the successful reconciliation with the newly created South Sudan. He also appealed for intensive fast-track efforts to achieve the Millennium Development Goals in the remaining period ahead of the 2015 deadline, and stated that the Sudan was against the policies of economic sanctions and austerity.

14. Ms. Jutta Urpilainen, Deputy Prime Minister and Minister of Finance, Finland, pointed out that sustainable development implied intergenerational fairness. She noted, in that connection, that tackling youth unemployment, which reached over 50 per cent in some countries following the crises, was as important as tackling environmental degradation. To prevent the advent of a lost generation, Europe was introducing a programme of guaranteed employment or training after four months of unemployment, and such policies should be emulated elsewhere to help the 600 million unemployed youths worldwide. She also criticized that fossil fuel subsidies, often defended on the basis of social objectives, mostly benefited the well-to-do, and called for their cancellation. She also advocated closer international cooperation to fight the still widespread tax evasion that sapped resources from development-oriented uses.

15. Mr. Claus J. Raidl, President of the Austrian National Bank, drew attention to what he called an often-heard misunderstanding that the euro was the reason for the sovereign debt and banking crises in Europe. In his view, the introduction of the euro was an unqualified success, allowing all member countries to benefit from low inflation and capital inflows that boosted growth and development. The euro's reserve currency status was undisputed and its share in countries' reserves was still increasing. Many parts of Europe, with the notable exception of Central and Eastern Europe, were growing as fast as Asia and the United States of America. The balance-of-payments imbalances in Europe had stabilized; now the challenge was to restore competitiveness in deficit countries. He also addressed the involvement of Austrian banks in Central and Eastern Europe and said that the involvement of Austrian banks there was beneficial, though there were some problems, which banks needed to hold reserves against.

16. Mr. Yaseen Anwar, Governor of the State Bank of Pakistan, stated that global economic stability was a common good, requiring shared responsibility for its preservation. However, developing countries lacked shock absorbers and were threatened with budgetary crisis, reserves drawdown and debt distress unless the international community could come up with an adequate response to assist them. Pakistan faced additional economic and political difficulties stemming from the war on terrorism and the presence of over 4 million Afghan refugees on its territory. He said that the new post-2015 development agenda should continue to focus on poverty eradication and also on supporting home-grown economic plans and mobilization of domestic resources to promote self-reliance in developing countries. He also criticized the stalled dialogue in WTO and the soft-pedalling on institutional reforms in the global economic system, and called for differential treatment for small island States and the least developed countries. Of particular importance was delivering modern energy services to people in poor countries. In that connection,

the launching of the Sustainable Energy for All Initiative by the Secretary-General of the United Nations was very welcome.

17. Ms. Gunilla Carlsson, Minister of Development Cooperation, Sweden, stated that eradicating poverty was no longer just a dream, and this year's annual meeting of the Bretton Woods institutions was a reflection of that optimism. The way forward now was through achieving people's empowerment and accountable governments, especially relying on mobilization of domestic tax revenues and remittances, with ODA playing a catalytic role. The multilateral system needed to improve its efficiency to come up with effective solutions for tackling global challenges out of reach of national governments. In that context, it was important for the United Nations system to embrace results-oriented modern management culture and improve its cooperation with the Bretton Woods institutions. Coordination at the country level through cooperation between resident coordinators in areas such as capacity-building for democratic governance, gender equality and improving statistics offered the biggest potential for arriving at such development solutions.

18. Mr. Seyed Shamseddin Hosseini, Minister of Economic Affairs and Finance, Islamic Republic of Iran, highlighted that development financing had been the most critical challenge for developing countries before and after the crisis. Therefore, non-inflationary financing for reducing poverty, inequality and environmental degradation was critical for achieving sustainable development. In particular, 80 per cent of infrastructure investment in developing countries was funded by public resources, and such investment needs were projected to reach $1,000 billion per year by 2020. Despite the progress achieved, poverty and environmental degradation were prevalent, especially in Africa and South Asia. Given the limited availability of public resources, innovative models such as public-private partnerships needed to be explored. He also highlighted that Iran's human development indicator rose from 0.654 in 2000 to 0.742 in 2012, while the Gini coefficient dropped from 0.368 to 0.343 in urban areas, and from 0.398 to 0.362 in rural areas. He criticized the sanctions imposed by Western Governments on Iran with far-reaching adverse consequences for its people and trading partners. In particular, he lamented the World Bank's refusal to lend to Iran despite the presence of a good investment environment and many bankable projects in the country. Moreover, that refusal was in violation of the Articles of Agreement of the World Bank, which required equal treatment for all members. As a chairman of the Movement of Non-Aligned Countries, Iran supported strengthening the Economic and Social Council as the main consultation framework to promote international economic cooperation.

19. Mr. Luis Arce Catacora, Minister of Economy and Public Finance, Plurinational State of Bolivia, was of the view that no effective and permanent solution had been found against the United States- and EU-induced financial, energy, food and climate crises that fed on each other. A bold response to tackling the consequences of those crises required rejecting the capitalist orthodoxy and should involve fiscal stimulus for global growth, a tax on financial transactions and other high profit sectors and debt restructuring. Likewise, duty- and quota-free market access for least developed countries and other developing countries, dependent on commodity exports, was critical since those countries were especially vulnerable to external shocks. He emphasized that inequality was increasing, even in the United States, as evidenced by a drop in real wages. Those trends would add to global pessimism. The speaker further emphasized the need for proper government interventions in the economy to

improve the current low investment environment and help to boost investor confidence.

20. Ambassador Mark Espat, Special Envoy of the Prime Minister, Belize, called for ensuring equitable representation of all States in international economic governance. He emphasized that the Group of 20 should pay attention to the General Assembly as the universal, inclusive and truly legitimate forum for global policy processes. He addressed the difficulties of middle-income countries, which were particularly vulnerable to the volatility of the current economic and financial environment. Those countries, such as the small island States, required better liquidity access from multilateral development banks. In that context, he called for indexing those countries' debt repayment to their exports and terms of trade changes. He also said that unscrupulous lenders should share the burden of unsustainable debt.

21. During the interactive discussion, some representatives noted the increased role of emerging market economies as providers of capital flows. That paradigm shift should be reflected in the governing structure of the Bretton Woods institutions and other relevant economic financial forums. Some representatives asked what specific measures those institutions were considering with regard to climate change and how they were going to coordinate their actions with the United Nations.

22. One speaker expressed his opinion that the Chinese economy was likely to slow, with a definite negative impact on commodity-exporting developing countries. He also thought that the effectiveness of the Japanese monetary expansion would be offset by adverse demographic trends and the United States shale gas boost would be partly neutralized by fiscal constraints. Most importantly, EU austerity policies were wrongheaded and could lead to an Argentine-type crisis. Under those circumstances, international financial institutions and large corporations should plan for worst-case scenarios and crisis management.

23. It was further stated that the hoped-for reforms in financial regulation had not materialized, and the financial system needed to be shrunk by separating investment and commercial banking, to avoid moral hazard associated with being too big to fail. Additional measures needed included using SDRs for climate change financing, setting up resolution funds for loss absorption, revisiting the proposal for sovereign debt restructuring mechanisms, and conducting derivatives transactions only through exchanges, with product screening for consumer protection.

24. It was highlighted that debt servicing was becoming a big drag on the economies of finance-deprived developing countries. In that context, one speaker proposed that the Economic and Social Council sponsor a conference of creditors to least developed countries. He also called for more capacity-building measures in the post-2015 development agenda for those countries.

25. Some speakers noted that the Monterrey Consensus was more relevant today than ever, as the risks that had inspired it were more prevalent now, while both the official and private sector were unprepared. In that connection, it was proposed to create a global risk mitigation solutions centre with a network of national risk centres, somewhat similar to the underutilized World Bank facility. One speaker also expressed his view that the Monterrey Consensus emphasized the priority of the mobilization of domestic resources, not ODA or external debt for economic growth

and development, and that rule of law, business-friendly investment environment and secure property rights were more important than international factors.

26. It was stressed that the coming two years were critical in terms of preparing the post-2015 agenda and ensuring adequate financing for the implementation of the Secretary-General's action plan for sustainable development.

IV. Keynote address

27. The morning session also featured a keynote address from Mr. Mahmoud Mohieldin, Special Envoy and Representative on the Millennium Development Goals and Financial Development, World Bank Group, on "Introduction to the post-2015 development agenda from the World Bank perspective, with a special focus on financing for development". The speaker emphasized that the original Millennium Development Goals were articulated independently of a financing framework, which came later in the shape of the Monterrey Consensus. Therefore, in a context of fiscal consolidation, the discussion of post-2015 goals must be integrated with the consideration of supporting financing. The speaker highlighted that costing the Millennium Development Goals required too many assumptions and should not be a major objective of the exercise of formulating a post-2015 development agenda.

28. Good policies and credible institutions would enhance the impact of available resources and leverage additional resources from both domestic and foreign sources. He recommended that developing countries design targeted evidence-based policies and support sound institutions, generate more revenues, ensure efficient public spending and promote financial deepening and inclusion. At the same time, the international community should support those actions by maximizing the impact of ODA, supporting new development partners, leveraging the private sector, tapping into new sources of finance, and delivering global public goods. The speaker highlighted that no quantity of financing, whether grant, concessional or non-concessional, could achieve the development goals without supporting policies and a credible commitment to combating poverty. Finally, he underscored that financial instruments had different properties and comparative advantages. Selecting the right combination of instruments to meet a given goal, in a given country context, might be one of the most important tasks ahead to enable the full implementation of the next development framework post-2015.

V. Statements by intergovernmental representatives of institutional stakeholders

29. The morning session concluded with statements by Mr. Mukhtar Tileuberdi (Kazakhstan), President, Trade and Development Board, UNCTAD; Mr. Jorge Familiar Calderón, Vice-President and Corporate Secretary, World Bank Group, and Acting Executive Secretary of the IMF/World Bank Development Committee; Ms. Patricia Alonso-Gamo, Deputy Secretary of IMF and Acting Secretary of the International Monetary and Financial Committee (IMFC); and Mr. Shishir Priyadarshi, Director, Development Division, WTO.

30. The President of the Trade and Development Board of UNCTAD emphasized the importance of trade as an engine of development and highlighted the need for

expeditious and successful realization of the development objectives of the Doha Round of multilateral trade negotiations. He highlighted the need for a development-centred and inclusive system of international trade, as emphasized in the outcome of the Thirteenth Ministerial Meeting of UNCTAD, held in Doha, Qatar, in April 2012. He also pointed to the importance of ensuring the coherence and consistency of the international economic architecture. The crisis had highlighted the need to put in place transparent systems for timely resolutions of debt crises to minimize welfare losses and spillover effects to other countries. He further emphasized the need to build productive capacities, including through technological learning and innovation. A much more concerted effort was needed to mobilize investment into productive innovation across large parts of the developing world.

31. The Vice-President and Corporate Secretary of the World Bank reported on the outcome of the meeting of the Development Committee. The Development Committee endorsed a framework for guiding the planning and implementation of the World Bank Group's activities. Five principles would guide strategy of the World Bank in the future: serve poor and vulnerable people in a sustainable manner everywhere; recognize the diversity of clients; work as one World Bank Group; focus on development solutions; and exercise dynamic selectivity. Moreover, the Development Committee highlighted the historic opportunity to end extreme poverty within a generation and endorsed the global target of reducing the extreme poverty rate — the percentage of people living on less than $1.25 a day — to 3 per cent by 2030. Achieving that goal would require strong growth across the developing world, as well as translation of growth into poverty reduction to an extent not seen before in many low-income countries. It would also require overcoming institutional and governance challenges, and investing in infrastructure and in agricultural productivity. Moreover, the Committee equally endorsed the goal to promote shared prosperity, which would entail fostering income growth of the bottom 40 per cent of the population in every country. The speaker stressed that sustained economic growth needed a reduction in inequality. In that context, the importance of the relationship between the World Bank and the United Nations was also emphasized.

32. The Deputy Secretary of IMF and Acting Secretary of the International Monetary and Financial Committee (IMFC) reported on the outcome of the meeting of IMFC. The discussions focused on the latest global economic developments, key risks for the global economy, and policy actions required to mitigate them, as well as the role of IMF in supporting its membership in addressing those challenges. The overall assessment of the global economy was that an uneven recovery was emerging but growth and job creation remained week. Global growth in 2013 was not expected to be higher than in 2012. Going forward, the Committee called for a collective action to restore the global economic resilience by decisively addressing medium-term structural challenges, including: the need for financial sector reform; the need for durable fiscal adjustment and institutional reform to deal with the future trajectory of public and private debt; the need to stimulate job creation and inclusive growth; and worries over currency valuations and competitive depreciation in view of exceptionally accommodative monetary policy in key advanced economies.

33. The Director of the Development Division of WTO reported on the present state of the Doha Round of multilateral trade negotiations and prospects for the

forthcoming Ministerial Conference in Bali, Indonesia. Even though the agreement on the Doha Round was not close, especially in view of decreasing growth in international trade, there had been progress in terms of the scope and depth of the deal, which were much broader and deeper than in previous rounds. For Bali, there were prospects to have agreement on several issues, including trade facilitation, agriculture and specific issues for the least developed countries. Given the important contribution that trade-led economic growth had provided to increasing domestic revenue generation, it was essential that any post-2015 development agenda must necessarily include economic growth as an essential pillar of its means of implementation.

VI. Thematic debate of the whole on theme 2: "Financing for sustainable development, including through leveraging private capital, in the context of the follow-up to the outcome of the United Nations Conference on Sustainable Development, held in Rio de Janeiro, Brazil, from 20 to 22 June 2012"

34. The first thematic debate featured presentations by Ms. Shamshad Akhtar, Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs of the Secretariat; Mr. James Zhan, Director, Division on Investment and Enterprise, UNCTAD; and Mr. Chris Lane, Division Chief, Low Income Countries Division, Strategy, Policy and Review Department, IMF, followed by an interactive discussion.

35. Ms. Akhtar emphasized that a financing for development strategy was an urgent priority as the international community moved forward to formulate a post-2015 sustainable development agenda. The outcome document of the United Nations Conference on Sustainable Development recognized the need for significant mobilization of resources to promote sustainable development. Governments were now in the process of establishing an intergovernmental committee to focus on an effective sustainable development financing strategy. That strategy would have to move its emphasis from external to national domestic resource mobilization and should place more emphasis on directing private flows for development purposes. A prerequisite for that would be to ensure the financial system was stable with an enabling policy environment to effectively and efficiently allocate resources. Financing gaps were especially large in areas that the private sector had not found attractive on a risk-reward basis, including four categories: (a) long-term investments, such as infrastructure; (b) riskier investments, including low-carbon investments, innovation, and financing of small and medium-sized enterprises as well as other forms of inclusive finance; (c) financing of international cooperation, including maintenance of the global commons; and (d) additional financing for human development. Despite the ever-increasing need for long-term financing, especially for infrastructure, the long time frame necessary for many types of investments was outside the investment parameters of many investors, even for those considered to be long-term investors.

36. The diagnostic long-term financing report for the Group of 20, a collaborative effort of the World Bank, IMF, the Bank for International Settlements (BIS), the

Organization for Economic Cooperation and Development (OECD), the United Nations and other agencies, pointed out that the availability of long-term financing had declined since the financial crisis. While the issue of a long investment horizon arose with traditional infrastructure investment, it was particularly relevant for low-carbon infrastructure projects. The speaker highlighted that both private and public finance, as well as public sector policies and international cooperation, would be necessary to finance those large and growing needs. A fundamental challenge would be to ensure complementarities across different sources of finance, as each type of financing had unique investment objectives, fiduciary responsibilities, and associated incentives. Public-private partnerships had become increasingly looked to as a mechanism to leverage official resources with private finance through risk-sharing. Moreover, domestic financing would also be key. Strengthening local financial systems and encouraging a more effective allocation of resources was important. However, domestic capital and financial markets needed to be monitored and regulated to minimize risks to the real economy, including those associated with short-term volatile capital cross-border flows. In addition, financial inclusion and access to financial services by poor and vulnerable population groups had been found to be beneficial for economic and social development. Moreover, although not sufficient, official financing would remain crucial, both directly as well as to leverage private resources. Donor countries should aim at fulfilling their ODA targets and be actively engaged with the United Nations in developing financing strategies for sustainable development. National, regional and multilateral development banks could also play a catalytic role in mobilizing long-term investment financing, as well as countercyclical policies that could help to reduce volatility associated with financial markets.

37. Mr. Zhan made a presentation on “Leveraging private investment for sustainable development: challenges and policy actions”. The speaker emphasized that, currently, foreign direct investment (FDI) did not serve as the locomotive of the world economy. Indeed, FDI had declined by 18 per cent in 2012 and its recovery would take longer than expected. Yet, in 2012, developing countries had surpassed developed countries in FDI inflows by some $130 billion. The speaker further highlighted that transnational corporations played a significant role in the global economy, moreover, they were sitting on a record amount of cash reserves. The challenge was therefore to mobilize FDI for inclusive, responsible and green growth. In that context, the current global investment regime was not functioning effectively. More coherence and consistency was needed. Most importantly, the transfer of technologies should be further encouraged.

38. Looking ahead, the speaker laid out four policy challenges: (a) mainstreaming sustainable development into the investment policy regime; (b) promoting investment in inclusive growth; (c) promoting responsible investment; and (d) channelling investment into green growth and infrastructure development. Mainstreaming sustainable development in national and international investment regimes should follow an “Investment Policy Framework for Sustainable Development”, as laid out by UNCTAD, that would be anchored in core principles, guidelines for national investment policies, options for international investment agreements and investment policy hubs and reviews. Promoting investment in the poor, for the poor and with the poor was the goal of the Joint UNCTAD/International Chamber of Commerce Initiative on Pro-Poor Investment. The Initiative promoted viable and sustainable investment in poverty alleviation, the production of accessible and affordable goods

and services, and the fostering of business linkages with small and medium-sized enterprises and microenterprises. The speaker also referred to the Entrepreneurship Policy Framework. The Framework identified policy objectives and options in the form of recommended actions, proposed checklists, case studies and good practices, provided an interactive online inventory of good practices, offered a user guide and methods for policy monitoring and evaluation and provided a set of indicators to measure progress. The panellist further elaborated on the work of UNCTAD in promoting responsible investment for sustainable development. He mentioned the potential for new tools to channel investment into green growth and infrastructure development, which might include engaging sovereign wealth funds, impact investment or including a sustainable development goal for investment.

39. Mr. Lane shared the work of IMF on "Financial Assistance and Policy Support to Low-Income Countries". His presentation emphasized the importance of self-sustained financing, improving facilities and sharpening policy advice. The purpose of IMF concessional financing was to address balance-of-payments problems arising from external shocks, e.g., commodity prices, capital outflows, and domestic shocks and vulnerabilities, which included macroeconomic imbalances, natural disasters, States in fragile situations and small and very small States. The speaker highlighted that the Average Annual Lending Commitments for the Poverty Reduction and Growth Trust (PRGT) rose from 0.9 billion SDRs for the period 1988-2000 to 1.6 billion SDRs for 2009-2012. Debt relief had led to a declining debt burden, which in turn had created space for higher poverty-reducing spending. Total external debt (in percentage of GDP) had gone down and was projected to remain relatively stable over the next few years, while debt service decreased and poverty-reducing expenditures (in percentage of GDP) had risen steadily, except for a small dip during the world financial and economic crisis. Citing IMF research, the speaker projected that for 2013-2035, the demand for IMF concessional financing could follow a low demand scenario of 1.1 billion SDRs or increase slightly from the current demand of 1.6 billion to 1.7 billion in a high-demand scenario.

40. The speaker underscored that there was an ongoing need for PRGT financing for countries with balance-of-payments needs. PRGT financing would require a mixed resources base with contributors providing loan resources and a self-sustained trust fund with subsidy resources. Achieving a self-sustained PRGT would be anchored in a "three-pillar strategy". The first pillar would provide the baseline envelope with SDR 1.25 billion (average) lending per year; the second pillar would provide contingent measures which were available following years of exceptional need; and the third pillar would follow the principle of self-sustainability, which would include future modifications to low-income countries' facilities. Looking ahead, the speaker mentioned that the baseline lending capacity for PRGT was projected to be 1.25 billion SDRs with windfall gold profits; however, without windfall gold profits, it would only reach 0.9 billion SDRs. The speaker focused on measures that could help to improve IMF facilities. He highlighted that the new facilities were generally found to be working well and, consequently, only refinements were necessary. Those refinements included providing subsidies to the poorest and most vulnerable low-income countries and greater lending flexibility. Finally, it was crucial to sharpen policy support. The strategic priority was to achieve higher sustainable growth. That would call for scaling-up investment, managing natural resources, creating broad-based inclusive growth and recognizing fragile and small States' needs.

41. During the interactive discussion, participants underscored that there was a need for an integrated approach to financing for sustainable development. It was emphasized that financing for sustainable development should build on the Monterrey Consensus and the Doha Declaration on Financing for Development as major reference points for development cooperation. The work of the intergovernmental committee on financing a sustainable development strategy would provide an important contribution to formulate a coherent mechanism.

42. In that context, it was emphasized that the commitments on financing for development, especially those on ODA, should be met. Least developed countries, in particular, suffer from recent declines in ODA. Public resources would have to come from a variety of international, regional and national sources. However, given the size of the financing needs for sustainable development, it was clear that official sources of financing would not be sufficient.

43. Many speakers stressed that the bulk of funds would likely have to come from the private sector. In that context it was emphasized that the challenge would lie in redirecting global assets towards sustainable development. Resources were not being effectively allocated by the private sector for long-term investment in sustainable development owing to a number of institutional, financial, regulatory, and technical barriers.

44. There was some discussion as to whether debates on financing of sustainable development should include global commons. Some delegations were of the view that that was a sovereign issue and should not distract from commitments related to financing for development, while others emphasized the need to address all climate change through international cooperation.

45. Several speakers in both that and the earlier sessions voiced their support for more debate on an international debt restructuring mechanism.

46. It was also emphasized that the implementation of financing strategies needed to leave policy space for nationally owned development strategies for accountable and transparent policies.

47. There was a convergence of views that complementarities across different sources of finance should be strengthened, as each type of financing had unique investment objectives, fiduciary responsibilities and associated incentives. Those differences needed to be better understood in order to design policies that could effectively leverage private financing and align private sector incentives with public goals.

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

48. The second thematic debate featured presentations by Mr. Jos Verbeek, Lead Economist, World Bank; Mr. Richard Kozul-Wright, Officer-in-Charge, Division on Globalization and Development Strategies, UNCTAD; and Mr. Shishir Priyadarshi, Director, Development Division, WTO, followed by an interactive discussion.

49. Mr. Verbeek presented the *Global Monitoring Report 2013: Rural-Urban Dynamics and the Millennium Development Goals* (The World Bank Group, 2013).

He illustrated that countries with higher levels of urbanization had been more successful in lowering poverty. For example, in Brazil, 84 per cent of the population was urban, while 15 per cent was rural and the poverty rate was 6 per cent in 2009. In Uganda, during the same year, the reverse held true — 84 per cent of the population was rural, and 15 per cent was urban, while the poverty rate was a higher 38 per cent. In general, according to the speaker, absolute poverty rates were lower in urban centres than in rural areas. In 2010, 76 per cent of the world's poor lived in rural areas and, according to 2008 figures, 11.6 per cent of the total urban population was poor in comparison with 29.4 per cent of the total rural population. Mr. Verbeek pointed out that disparities were also large between rural and urban areas for other Millennium Development Goals. For example, with respect to sanitation, 80 per cent of urban residents versus 50 per cent of rural residents had access to a toilet in 2010.

50. Overall, according to the panellist, poverty was located along a spectrum from rural to urban, with many types of settlements from small to large towns. That was a more realistic representation than the simplified division into rural and urban areas. In general, according to the speaker, the smaller the town the higher the incidence of poverty and the less stellar the access to Millennium Development Goal-related services. While urbanization could help to pull people out of poverty and advance progress towards the Millennium Development Goals, it needed to be managed well since it could also lead to problems such as the burgeoning growth of slums. Mr. Verbeek advocated an integrated strategy to better manage the planning-connecting-financing nexus of urbanization. He also referred to a rural-urban dynamic whereby a combination of well-managed urbanization and rural development could serve to reduce poverty and accelerate progress towards the Millennium Development Goals.

51. Mr. Kozul-Wright stated that, while the Millennium Development Goals did an outstanding job in reinvigorating the donor community and galvanizing aid flows, success in meeting the goals could not be attained by aid flows alone. He pointed out that growth must be a central component of any meaningful development agenda. However, it was important to ensure that growth was inclusive and sustainable. Looking ahead, he pointed out that while the Millennium Development Goals were devised and evolved in an environment driven by finance-led globalization, the post-2015 development agenda was being framed in a very different global environment and needed to break away from the "business as usual" policies that had led to the increasingly fragile growth path of the past decade. He also argued that the existing Millennium Development Goal framework did not provide an understanding of the systemic risks and dangers that could constrain, damage or derail development prospects in the coming years. The speaker stressed the need to take a hard look at some of the basic concepts that frame our thinking about the challenges ahead. He expressed concern at the fact that industrial development had not figured in Millennium Development Goal discussions. Similarly, he mentioned that sustainability must have an economic dimension and that distributional issues were also key to sustaining virtuous economic cycles. There was also a need to talk seriously about employment policies, industrial policies and fiscal policies as part of an integrated framework.

52. Mr. Kozul-Wright also stated that the international community needed to discuss Goal 8 and how to better integrate it with an inclusive and sustainable development agenda. According to him, a fundamental rethink on global

partnerships for development was warranted. He pointed to the need for a global new deal that would benefit developed as well as developing countries. The key was to tame the financial system so that it turned into the servant rather than the master of the real economy and got back to the business of providing security for savings and mobilizing resources for productive investment. Regional cooperation would also have a much larger role to play in a more balanced international architecture. The panellist also underscored that new partnerships had emerged around the idea of South-South cooperation. However, they would face challenges over the next decade as developing countries faced their own development challenges as well as the need to mobilize huge amounts of resources for infrastructure. In that context, Mr. Kozul-Wright pointed out that the recently announced BRICS Bank was a huge step forward in South-South cooperation but should not be seen as a substitute for more effective multilateral mechanisms.

53. Mr. Priyadarshi made the case that economic growth had been a major factor in human development and that engaging in trade in a diversified basket of products was central to maintaining both growth and employment over the long run. He emphasized the importance of economic growth in the post-2015 agenda, both substantively, given its interrelationship with social objectives, and politically, given aspirations for income growth. He cited research by the Michael Spence Commission on Growth and Development, which had found that, since 1950, virtually all cases of rapid large-scale human development had been marked by a high average rate of economic growth. The Spence Commission also found that all countries transformed by sustained high growth had used the open world economy to drive their development. Moreover, Mr. Priyadarshi stated, the latest *Human Development Report* (2013) also showed a positive correlation between an open global trade regime and achieving higher human development.

54. According to Mr. Priyadarshi, the post-2015 development agenda must include economic growth as a central pillar of its strategy while at the same time ensuring that economic growth and development were made sustained and sustainable. It needed to reflect the fact that virtually all cases of large-scale human development had been marked by a high average rate of economic growth, and that the open global economy, entrenched in the multilateral trading system, had played a multifaceted role as a driver of growth in all of them. A new development framework must therefore help other countries to emulate that success, and growth, trade, diversification and value added must figure prominently within the post-2015 development agenda. In terms of practical measures, Mr. Priyadarshi emphasized the need to enhance both the demand and supply-side environments to allow countries to grow quicker by tapping into the global economy. He mentioned that the WTO Ministerial Conference in Bali in December 2013 would present an opportunity to harvest deals on trade-related issues that would facilitate trade. In addition, the Fourth Global Review of Aid for Trade would provide an opportunity to review progress on Aid for Trade and give a fresh mandate and vigour to the initiative. Overall, the speaker stressed the importance of there being a strong focus on economic aspects of development in the contours of the post-2015 development and poverty alleviation agenda.

55. In the discussion that followed, a participant argued that growth on its own was not sufficient in all cases for improving the well-being of poor people. The growth experienced in many countries had proven to be unsustainable and needed to be accompanied by socially inclusive policies, improved access to finance and other

measures to reduce inequality. In Brazil, for instance, the sharing of prosperity and socioeconomic inclusion were equally important in addressing poverty. In that context, the point was also made that measures geared towards increasing people's ownership of the process of development would also lead to greater awareness of environmental sustainability.

56. Some delegations emphasized the importance of ensuring the active participation of all relevant stakeholders, including non-State stakeholders such as civil society and the private sector, in the global partnership for development.

57. Participants stressed the need to broaden and strengthen the voice and participation of developing countries in multilateral frameworks and norm-setting, which was deemed a priority on the global policy agenda. Mention was also made of the need to strengthen the voice and participation of African countries in the Bretton Woods institutions.

58. The important role of aid on leveraging other forms of finance was underscored. In particular, reference was made to improve the quantity and quality of ODA in a manner that served to mobilize private finance. In that regard, mention was also made of the need to rethink public-private partnerships, including those relating to infrastructure projects. Speakers also asserted the need to support both South-South and North-South cooperation, and that South-South cooperation should not preclude North-South cooperation.

59. There was discussion pertaining to the Millennium Development Goals. A participant stated that Goal 8 (Develop a global partnership for development) missed out important issues such as economic growth and global governance. It was also argued that Goal 3 (Promote gender equality and empower women) needed to be prioritized alongside the other goals. Mention was also made of the need to accelerate progress towards the Millennium Development Goals, especially in rural and lagging areas and conflict-affected States.

60. The importance of having a credible accountability and monitoring mechanism within the framework of the post-2015 development agenda was also emphasized. It was highlighted that the Economic and Social Council should be seen as a mechanism for reviewing progress pertaining to the post-2015 development agenda. Mention was also made regarding the need for greater transparency of financial flows.