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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, 12 and 13 March 2012)

I. Introduction

1. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (UNCTAD) was held in New York on 12 and 13 March 2012. The overall theme of the meeting was “Coherence, coordination and cooperation in the context of financing for development”. The meeting featured an address by the Secretary-General 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 the World Trade Organization (WTO).

2. The meeting was organized around two informal thematic debates on the following themes: (a) “Promoting sustained, inclusive and equitable economic growth, job creation, productive investment and trade” and (b) “Financing of sustainable development”.

3. Each 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 on the selected theme, followed by an interactive discussion. The

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meeting had before it a note by the Secretary-General (E/2012/7), which provided background information and suggested possible questions under the two themes.

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 videoconference with members of 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.

5. A significant number of Executive and Alternate Directors of the Boards of the World Bank and IMF participated in the high-level 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 two thematic debates.[1]

II. Opening of the meeting: statements on behalf of intergovernmental bodies

6. The opening of the meeting featured statements by the President of the Economic and Social Council, Miloš Koterec (Slovakia); the President of the General Assembly, Nassir Abdulaziz Al-Nasser (delivered by the Chef de Cabinet of the President of the Assembly, Mutlaq Al-Qahtani); the President of the Trade and Development Board of UNCTAD, Anthony Mothae Maruping (Lesotho); the Secretary of the Board and Acting Secretary of the Development Committee, Jorge Familiar Calderón; the Secretary of IMF and Secretary of the International Monetary and Financial Committee, Jinhai Lin; and the Director of the Development Division, WTO, Shishir Priyadarshi.

7. The President of the Economic and Social Council highlighted the uncertainty facing the global economy, which called for a coordinated economic stimulus, including measures to spur job creation. While fiscal consolidation was important in the medium term, premature fiscal tightening should be avoided since it might worsen economic and employment conditions. Attention should also be given to establishing modernized, equitable and effective tax systems, enhancing the access of the poor to basic financial and non-financial services, promoting private sector development and facilitating productive investment in both physical and social infrastructure. The international community should ensure the requisite levels of technical assistance and the fulfilment of commitments made by donors regarding official development assistance (ODA). He also highlighted the need to address the external debt concerns of poorer countries and to move towards a more equitable and universal trading system.

8. The speaker underlined the need for an effective and coordinated policy response by Governments that made sustainable development the centre of national and global policies. In that connection, the Economic and Social Council system could play a pivotal coordination role. Considerable resources were needed for a

[1] The list of delegations will be issued in E/2012/INF/1.

transition to a green economy. A sizeable part of the investments would need to be made through a catalytic collaboration among the public and private sectors, multilateral institutions and the international community, including around risk mitigation, the transfer of new green technologies and capacity-building. Indeed, the private sector would be expected to provide a significant share of the resources needed to move to a green economy. However, there was a need to provide stronger incentives for private sector involvement in sustainable development activities.

9. The President of the General Assembly emphasized that both developing and developed countries were struggling with the impacts of the global financial and economic crisis while facing the defining challenge of the twenty-first century: building a sustainable future. That implied providing the means for a productive healthy life to current and future generations. The President of the Assembly proposed that a high-level thematic debate be held in May 2012 to discuss the current economic and financial developments and challenges. In addition, the thirteenth session of UNCTAD (UNCTAD XIII) would provide an opportunity for much-needed reflection on the impact of the crisis on trade and development, in particular for developing countries.

10. The United Nations Conference on Sustainable Development (Rio+20) offered a historic opportunity to catalyse a more equitable, resilient, low-carbon economy. There had been important achievements in financing for development since the Monterrey Conference and the Doha Review Conference but there was also considerable scope for even more decisive and effective action. In the wake of the world financial and economic crisis, improving global economic governance was critical for ensuring greater international financial stability. In that regard, the legitimacy of the United Nations conferred incomparable value to its discussions, negotiated agreements and operational activities.

11. The President of the Trade and Development Board of UNCTAD pointed out that the effects of the financial and economic crisis continued to have an adverse impact on developing countries, especially the least developed countries. He called for bold, coordinated and coherent approaches to address the global financial and economic problems. He also called on the Economic and Social Council to enhance its collaboration with UNCTAD, WTO and the Bretton Woods institutions, since their mandates were complementary. He noted that orthodox policy measures seemed to have been unable to elicit the expected responses from the economy. Monetary, fiscal and income policy instruments should be applied with the right mix, timing and dosage, and in a coherent manner. Effective financial supervision and regulation should be put in place.

12. According to the speaker, all forms of financing for development, namely, ODA, foreign direct investment (FDI), improved sovereign debt management, remittance flows and domestic resources, should be brought into play. Aid for Trade, in particular, should be intensified. The crisis had revived protectionist pressures that should be tamed. Moreover, the Doha Round of multilateral trade negotiations should come to its logical conclusion, since the world needed updated rules and regulations that best fitted the current and future nature of the multilateral trading system. In the build-up and aftermath of the crisis, the financial economy had continued to thrive while the job-creating real economy had languished. To understand and help to reverse these trends, UNCTAD XIII would address the theme:

"Development-centred globalization: Towards inclusive and sustainable growth and development".

13. The Vice-President and Secretary of the Board of the World Bank, speaking in his capacity as Acting Secretary of the Development Committee of the World Bank, noted the importance of enhancing cooperation with the Economic and Social Council for greater cohesion and results. He reaffirmed the World Bank's commitment to working cooperatively to achieve the Millennium Development Goals by 2015 and to supporting the poor in developing countries through the period of instability and in the long term. In that spirit, the World Bank Group had committed nearly $200 billion to developing countries over the past four years. In low-income countries, the World Bank had been working on building human safety net programmes to shield the most vulnerable from downturns. The *Global Monitoring Report 2012: Food Prices, Nutrition and the Millennium Development Goals* analysed the impacts of food prices on several Goals, both in the short and long terms, and reviewed policy responses, including domestic social safety nets, nutritional programmes, agricultural policies, regional trade policies and support by the international community.

14. The upcoming Development Committee meeting would be held under the overarching theme of poverty reduction and economic growth in the face of global economic challenges. The speaker also highlighted the importance of the private sector in advancing job creation and economic development. The private sector drove job creation, productivity, innovation and the accumulation of wealth. It was those jobs, and the fiscal resources derived from the formalized private sector activity, that provided the foundation for the bulk of poverty alleviation. The World Bank Group as a whole could help to leverage the private sector to advance development through a stronger and expanded partnership among the World Bank Group institutions, their member Governments and the private sector.

15. The Secretary of the International Monetary and Financial Committee outlined key developments and reforms over the past year with regard to the following four areas: financial support to member countries; policy analysis and advice; technical assistance; and governance reforms. The IMF work agenda was aimed at developing and coordinating solutions to global challenges and covered many interrelated areas, such as multilateral surveillance, the global financial safety net, supporting low-income countries, strengthening the international monetary system, and further governance reform. Important reports had been released in 2011 on global spillovers, multilateral surveillance and the vulnerability of low-income countries. The debt sustainability framework had also been revised and IMF staff had been supporting the efforts of the Group of Twenty (G-20) to sustain international economic cooperation through the G-20 mutual assessment process. Nevertheless, much remained to be done.

16. IMF would continue to enhance the global financial safety net through new resources and had reviewed such lending instruments as the flexible credit line, the precautionary and liquidity line and the rapid financing instrument. It would also continue supporting low-income countries and strengthening the long-term stability of the international monetary system, covering gaps in analysis of cross-country spillovers, risk assessments, financial and external stability and uneven traction with country authorities. Governance reform would also continue. The forthcoming

meeting of the International Monetary and Financial Committee would provide an opportunity to redouble efforts to tackle those global challenges.

17. The Director of the WTO Development Division emphasized that the special high-level meeting could make a contribution to the elaboration of the post-2015 global development agenda. That agenda must include sustainable, inclusive and equitable economic growth as one of its key elements. Trade remained one of the most important engines of national, regional and global growth. However, the most recent WTO report on G-20 trade measures noted that trade protectionism was gaining ground in some parts of the world as a political reaction to current local economic difficulties. He stated that protectionism would hurt global growth and perpetuate uncompetitive industries. There was a need for coordinated action to address the structural problems that underpinned the persistent unemployment, static growth and unstable financial markets.

18. The international community must come together to ensure that all countries, including the weaker developing countries, could benefit from trade. In that context, Aid for Trade continued to make a crucial contribution. Coherence had to be strengthened between Aid for Trade and other sectoral policies in which trade was an important component, such as food security, intellectual property rights, regional integration and climate change. In the long run, the challenge ahead of WTO member States was to conclude the Doha Development Round. To that end, it was necessary to conduct a political assessment of the right balance between trade-related rights and commitments of countries at different levels of development across the Doha agenda. In the meantime, the international community must deliver on areas where convergence could be reached, such as trade facilitation and issues relating to least developed countries. The collective endeavour was to ensure that the year 2012 marked a step forward towards that goal.

III. Address by the Secretary-General

19. The Secretary-General emphasized that declining prospects for economic growth, weak global labour markets and environmental degradation called for decisive action to invest in people and green technology. Promoting decent jobs with decent incomes would boost purchasing power and global demand. In particular, small and medium enterprises were responsible for most employment and income generation opportunities. ODA continued to be of critical importance in many poor developing countries, while greater attention needed to be given to the principles of responsible borrowing and lending. To move forward, the international community would need to address the building blocks of sustainable development, from food and nutrition security to sustainable energy for all and universal access to safe drinking water and sanitation.

20. Investing in people and clean technologies could foster job creation and finance sustainable development. To provide resources at the scale needed, a mix of public and private finance was needed. Moreover, measures at the international level to scale up financing for sustainable development should facilitate free or low-cost access to technology. The Secretary-General also highlighted the need for progress on sustainable energy. His “Sustainable Energy for All” initiative set three clear targets for 2030: ensure universal access to modern energy services; double the rate of improvement in energy efficiency; and double the share of renewable energy in

the global energy mix. He also called for climate change mitigation and adaptation action on the ground, which would set public and private funds on a trajectory to reach the agreed $100 billion by 2020.

IV. Thematic debate I: Promoting sustained, inclusive and equitable economic growth, job creation, productive investment and trade

21. The first thematic debate featured presentations by Martin Rama, Director and Lead Author, *World Development Report 2013: Jobs*, World Bank; Heiner Flassbeck, Director, Division on Globalization and Development Strategies, UNCTAD; Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development, Department of Economic and Social Affairs of the Secretariat; Shishir Priyadarshi, Director, Development Division, WTO; and Robert Vos, Director, Development Policy and Analysis Division, Department of Economic and Social Affairs.

22. Mr. Rama outlined the key focus, preparatory process and expected outcomes of the World Bank's upcoming flagship publication, *World Development Report 2013: Jobs*. The speaker underlined that recent world events, including the global economic crisis, had highlighted that jobs were at the centre of development, through their impacts on living standards, productivity and social cohesion. Rethinking development policies through the jobs lens helped to address the difficult questions faced by developing countries. The report would take into account that some jobs did more for development than others, especially those that empowered women. Mr. Rama argued that development policies should address the market imperfections and institutional failures that had led to too few good jobs from the development perspective.

23. With regard to the preparatory process of the report, Mr. Rama emphasized the importance of consultations with countries and international organizations (such as the International Labour Organization (ILO), IMF, the International Trade Union Confederation and the Organization for Economic Cooperation and Development (OECD)). The report would also draw on country case studies led by independent local teams, as well as a survey of workers around the world, regarding all dimensions of jobs, values and aspirations. The preparation process would, moreover, include inputs from an advisory panel, comprising experts and policymakers, and from academic research. According to Mr. Rama, the expected outcomes from the report would include a framework for analysis that, without focusing exclusively on wage employment and labour markets, would provide a practical typology of job challenges around the world, thereby helping practitioners to identify priorities. The report would also establish a data agenda, building on various surveys, and a policy agenda that would provide answers to a number of complex questions.

24. Mr. Flassbeck focused his presentation on "Inclusion and participation: a new agenda for the globalized economy". He pointed out that, in most developed countries, family income expectations had recently hit an unprecedented low. He further emphasized that employment cycles were closely associated with output growth cycles and that data for the past three decades had showed a strong positive correlation between investment in fixed capital and employment creation in most countries. He therefore concluded that growth and investment, rather than wages, were the more critical drivers of employment. Mr. Flassbeck emphasized the benefits

of more heterodox macroeconomic policies for job creation. The past several decades had showed that expansionary monetary policies such as those adopted in East and South-East Asian countries encouraged domestic demand more effectively than policies that sought to prevent inflation by keeping real interest rates consistently higher than growth rates (such as those adopted in parts of Latin America and Africa).

25. Mr. Flassbeck challenged the common notion that employment levels determined inflation. He argued that there was a close empirical relationship between unit labour costs and inflation. According to the speaker, annual growth rates of unit labour costs and inflation rates had followed each other during the past four decades in all the countries of the world. At the same time, data showed that the share of wages in national income in a number of countries had been on a declining trend. However, if wages grew at a slower rate than productivity, the supply potential in the economy might end up growing faster than domestic demand, thereby discouraging productive investment and job creation. Over the past 50 years, within the euro zone, the divergence of unit labour costs had opened a huge gap of competitiveness. On the one hand, that was owing to a tendency to keep labour costs as low as possible, with reliance on external demand in such countries as Germany. On the other hand, wage growth in Southern Europe was above the growth of productivity and the euro zone inflation target. The speaker emphasized that, with a reasonable wage policy and balanced foreign trade, countries such as Germany would be better off.

26. Mr. Jomo asserted that fiscal consolidation had impeded and continued to threaten robust and sustained economic growth and employment prospects. He argued that the harsh austerity measures implemented in parts of the world had led to lower demand, for instance by slashing wages and cutting public investment, and had adversely affected the economic recovery. While such efforts had often been justified as having been necessary to boost investor confidence, it was unlikely that depressed demand and greater instability could inspire investors. The United Nations had warned of the pitfalls of the severe austerity measures currently being pursued. According to the speaker, Governments needed to boost domestic demand in the short run by investing in infrastructure, renewable energy, food production, health, education and social protection. Those public investments would induce rather than crowd out productive private investments. Mr. Jomo called for a Marshall Plan for our times to respond to the challenges of our age. He emphasized the importance of resisting protectionism and addressing long-term structural issues. In many countries, Mr. Jomo pointed out, improving tax administration and reforming tax structures was crucial to enhance domestic resource mobilization and fiscal space. He emphasized that international tax cooperation should be strengthened.

27. Mr. Jomo emphasized that a universal social protection floor was an important medium-term priority and that such a mechanism might serve as a crucial basis of trust between the governed and their Governments. Trust between workers and employers was also critical. In that regard, he argued that the drastic erosions of real wages and labour standards would hinder the attainment of a strong sustained and inclusive recovery. He emphasized that trade offered an opportunity to grow through exports. However, reaping the benefits of trade required productivity growth and investment in infrastructure, education, skills, science and technology. In addition, assistance was necessary for developing countries, especially the least developed countries, to improve their productive capacity and access to markets. Mr. Jomo

called for a new social compact within and among nations to rebuild the trust and cooperation needed for sustained and inclusive growth and productive job creation. He argued that, in view of the modest progress made in recent years, such a spirit of cooperation was more essential than ever.

28. Referring to the 2011 report of the Millennium Development Goal Gap Task Force entitled *The Global Partnership for Development: Time to Deliver*, Mr. Priyadarshi emphasized that the multilateral trading system had helped to restrain protectionism in the midst of the global financial and economic crisis. The report urged an early conclusion of a development-oriented Doha Round and mentioned that any early harvest would need to include progress in providing full duty-free and quota-free market access for the least developed countries. The report also highlighted the role of Aid for Trade in supporting supply-side capacity, and stressed the need to boost the incomes, productivity and market access of farmers in developing countries. The speaker emphasized that those issues would remain an important part of the global development agenda in the future.

29. Mr. Priyadarshi underlined the need to implement an agenda that linked growth to environmental sustainability. Addressing that challenge required strengthening development partnerships and global rules not only on trade, but also on climate change, food security and natural resources. The multilateral trading system would need to continue working on a range of issues, including reducing the remaining barriers to trade, making the rules of trade more equitable and sustainable, monitoring protectionism, and building trade capacity and trade-related infrastructure. Mr. Priyadarshi emphasized that continued and sustained economic growth had been one of the main forces in reducing poverty in developing countries in the past several decades. Consequently, any development agenda would have to include economic growth as a central pillar of its strategy. In view of the emergence of global value chains, trade would increasingly be viewed as a multidimensional tool of economic growth, which involved policy areas such as intellectual property, banking and investment regulations, and procurement.

30. In his presentation, Mr. Vos emphasized that the world economy was currently at a critical juncture. There was the risk of a double-dip recession in major developed economies. In addition, growth in emerging economies was moderating. Persistent high unemployment and the contagion of the sovereign debt crisis, combined with fragility in the banking sector, were major downside risks. Mr. Vos characterized the persistent global jobs crisis as the Achilles heel of recovery. In developed countries, there was continuing high unemployment, rising long-term unemployment and high youth unemployment. According to him, employment levels in developing countries had recovered, but employment rates remained below pre-crisis levels. In addition, developing countries were facing rising vulnerable employment and long-term unemployment as well as high youth unemployment and skill mismatches in labour markets. Moreover, a growing global labour force was increasing the jobs deficit worldwide.

31. Mr. Vos emphasized that, in order to deal with the global jobs crisis, policy responses should avoid premature fiscal austerity and provide more short-term stimulus. Policy measures required more forceful international coordination. They should focus on job creation and investments in sustainable development, including through fiscal incentives for job creation, investment in infrastructure related to renewable energy, sustainable agriculture and economic diversification, and

enhanced market access and adequate development finance for low-income countries. Implementing such policies would enhance both economic growth and employment.

32. During the discussion that followed, many speakers stressed that job creation was at the heart of development and poverty eradication. There was an urgent need to rethink economic and development policies through the jobs lens. In that regard, some participants pointed out that the social impact of employment also deserved consideration. For instance, under certain circumstances, job creation might enhance the economic and financial inclusion of women and help to reduce crime. Moreover, it was argued that the definition of employment should not include jobs that contravened the human rights of workers.

33. Several participants emphasized the need for effective policies at the national level to promote sustained and inclusive growth and employment. Such policies should include investment in social and physical infrastructure, education, health and social protection. The importance of sound fiscal and monetary policies was also stressed, as was the need for social inclusion. A number of delegations also argued that country-specific and regional circumstances should be taken into account when devising appropriate policies.

34. Small and medium enterprises were identified by many speakers as an important driver of employment. It was pointed out that, in many countries, small and medium enterprises had been hit hard by the financial and economic crisis and urgently required assistance. According to some participants, such enterprises would benefit from policies to improve the legal and regulatory environment of businesses, measures to enhance the provision of trade finance, and efforts to strengthen their access to financial services.

35. Some speakers emphasized the importance of an enabling international environment. The importance of having economic and financial stability at the global level was stressed. In that regard, several delegations pointed to the need to further reform and strengthen the international financial and monetary system, including such areas as financial regulation and multilateral surveillance. The need to further reform the major international financial institutions and to strengthen the capacities of regional financial institutions was emphasized.

36. Some participants stressed the need for enhanced coordination of international economic policies in support of growth and employment. In that respect, it was argued that premature fiscal austerity would be counterproductive and should be avoided. Some delegations also stressed the need for enhanced engagement among the United Nations, the Bretton Woods institutions, WTO and the G-20.

37. Some speakers emphasized that FDI was a vital complement to national development efforts and contributed to the financing of long-term economic growth. However, in order to maximize its development impact, FDI needed to be coupled with favourable domestic policies and local economic opportunities.

38. Several participants stressed the importance of having a universal, rules-based, open, non-discriminatory and equitable multilateral trading system. A timely completion of the Doha Round of multilateral trade negotiations would support growth in global trade and new market access opportunities for developing countries. Aid for Trade should help to enhance supply-side capacities and trade-related infrastructure, particularly in the least developed countries. It was also

important to implement the decision to grant duty-free and quota-free market access for all products from least developed countries. There were numerous calls on countries to refrain from protectionist measures.

39. It was pointed out that many larger donors remained below the ODA target of 0.7 per cent of gross national income. One speaker emphasized that the Fourth High-level Forum on Aid Effectiveness, held in Busan, Republic of Korea, was a key event in strengthening the effectiveness of development cooperation. In addition, the potential of innovative financing mechanisms to complement traditional ODA was underlined.

40. Amid sovereign debt and banking risks in some advanced economies, a number of participants emphasized the need for an international debt work-out mechanism. In that regard, a speaker argued in favour of revisiting an earlier proposal for a sovereign debt restructuring mechanism made by the former First Deputy Managing Director of IMF, Anne Krueger.

41. Some participants highlighted the role of effective tax systems in generating revenues to invest in growth and jobs. In that regard, there was a need to strengthen international tax cooperation, including by strengthening of the Committee of Experts on International Cooperation in Tax Matters.

42. The role of the private sector in financing for development was emphasized, including through public-private partnerships. A speaker pointed out that such partnerships could play an important part in promoting investments in such critical areas as highways, railroads, telecommunications and information technology. The public and private sectors could also effectively collaborate in enhancing technology, research and vocational skills.

43. Some delegations called for a strengthening of the financing for development follow-up process, which should be more results-based and should include policy reviews and performance benchmarks at the country level. To that end, there was a call for setting up an effective decision-making mechanism on financing for development.

V. Thematic debate II: Financing of sustainable development

44. The second thematic debate featured presentations by Rachel Kyte, Vice-President, Sustainable Development Network, World Bank; Marianne Fay, Chief Economist for Sustainable Development and lead author of the *World Bank Green Growth Report*; David O'Connor, Chief, Policy Analysis and Network Branch, Division for Sustainable Development, Department of Economic and Social Affairs; and Michael Clark, Interregional Adviser, UNCTAD.

45. Ms. Kyte highlighted that 20 years after the Rio Conference, the world was a different place. Countries had made substantial progress against extreme poverty but faced greater environmental challenges through expanded global consumption. Rio+20 must embrace the opportunity to rise to the challenge for a transformation towards a sustainable future for all. The speaker delineated a framework for action in the run-up to Rio+20. States should strive for agreements on development strategies consistent with the concept of green and more inclusive growth. She also called for the implementation of a global methodology and process for incorporating natural capital and ecosystems into national accounts by 2030 at the latest.

Moreover, Rio+20 should produce a discrete set of sustainable development goals by 2030 to complement the Millennium Development Goals, for example, for sanitation, water, land and oceans, reinforcing the agreements on biodiversity reached at the 10th meeting of the Conference of the Parties for the Convention on Biological Diversity, held in Nagoya, Japan.

46. Ms. Kyte suggested that the transformation should rely on green growth and priority actions in three areas: (a) “urban scape”; (b) “land scape”; and (c) “ocean scape”. Urban scape referred to tremendous win-win opportunities for improving energy efficiency, reducing greenhouse gas emissions, improving air and water quality, improving social inclusion and tackling urban poverty. Land scape referred to the nexus among food, water and energy. Efforts should steward water while achieving a triple win of increasing agricultural yields, increasing livelihoods and mitigating climate change. Ocean scape referred to the importance of oceans for food, jobs and pharmaceutical resources and the fact that oceans were the planet’s main carbon sink. The formation of the new Global Partnership for Oceans would confront widely documented problems of over-fishing, marine degradation and habitat loss and help countries to develop and implement improved ocean management. The speaker further highlighted the importance of the public sector in setting the playing field for private sector-led development and to encourage best practices for sustainability by the private and financial sectors.

47. Ms. Fay emphasized that green growth was not a new paradigm but aimed to operationalize sustainable development by enabling developing countries to achieve robust growth without locking themselves into unsustainable patterns. Green-growth policies should identify required actions in the next 5 to 10 years to avoid lock-in and irreversible environmental damage. World GDP had doubled over the past 25 years. While that had allowed for a massive decline in global poverty, there was a need for continued rapid and inclusive economic growth to keep up with the needs of a greater population. Green growth was required to make development sustainable. Environmental policies could be a potential source of growth and could bolster resilience and protect physical capital, strengthen labour supply and productivity, promote innovation and create new markets. The speaker highlighted the need to ensure that the poor benefited from green growth. In that connection, she emphasized that replacing fuel subsidies with better targeted safety nets would help the poor and generate enormous cost savings for Governments.

48. Ms. Fay identified policy areas with a high risk of irreversibility and excellent synergies, such as sustainable land-use planning, public urban transport and fisheries catch management. She argued that, although green growth was necessary, efficient and affordable, its implementation was challenging because of governance failures, entrenched behaviour and financing constraints. In that sense, tailored strategies to promote smart behaviour and tackle upfront financing needs were required. Smart prices and regulation policies should aim to get “prices” right but recognize political economy constraints and create alternatives to improve price elasticity. In terms of resources, she highlighted the potential of financing mechanisms that leverage resources from international financial institutions, engage private banks and local governments, and impose charges on environmental services.

49. Mr. O’Connor outlined the role of finance in achieving the transition to a green economy. He recalled that flows from current sources of finance were clearly

insufficient to meet the requirements of such a transition. Moreover, the proliferation of channels for public finance was not the most effective means of improving financial flows. He further underlined that the link between instruments and uses was potentially the weakest link in the finance supply chain. There was a delivery issue around funds coming from centralized sources to highly diffused uses. The speaker argued in favour of exploring new and innovative sources of finance for sustainable development and for acknowledging large pools of private and mixed capital waiting to be redirected. Innovative and traditional sources of finance must be complemented by clear policy signals from Governments.

50. Mr. O'Connor emphasized that risk instruments could play a critical part in leveraging private investment by subsidizing investments, employing risk mitigation tools, altering payback periods and co-investing. Potential public finance sources included currency, carbon and transport taxes. Moreover, the reduction or elimination of distortionary subsidies, for example on fossil fuels, could generate more than $400 billion (according to the International Energy Agency's estimates for 2010). The speaker also proposed enhancing the roles of development banks and aid agencies through leveraged shareholder equity and new instruments, including green earth or climate bonds. Furthermore, there were proposals to utilize a modest portion of existing special drawing rights (SDR) allocation to finance climate-related investments that could mobilize $75 billion. The extension of carbon markets and greater sustainability emphasis for sovereign wealth funds could also generate enormous resources. The wide range of existing channels that currently delivered public and private finance for sustainable development could be extended, streamlined or consolidated. Finally, financial market governance needed to be reformed to promote long-term, sustainable investment.

51. Mr. Clark presented a new approach to facilitate North-South technology-sharing. He stressed that the main impediment to cost reduction for renewable energy mechanisms was scale. However, Governments could implement the transition to green growth with a one-time, mostly self-financed $1 trillion expenditure spread out over 10 years. To that end, he proposed a firm-level, commercial approach to technology-sharing that rested on six pillars. First, commercial viability required changing the scale of the market. Developing countries needed to be brought in with different terms of access recognizing that market-making came at a cost that should be compensated. Second, the most urgent need was to lower transaction costs for both owners of environmentally sound technologies and those who wished to access them. Moreover, developing countries should not be charged the costs of access (royalties) until the technologies became commercially viable. Third, an open-ended (plurilateral) convention (under the United Nations Framework Convention on Climate Change, for climate technologies) with a minimum critical mass of participants was necessary to achieve market scale.

52. Fourth, the speaker proposed to establish, under the aegis of the United Nations, a patent pool with a capacity to raise funds to acquire licensing rights for relevant technologies and provide no-cost access until they became commercially viable. Fifth, it was important to build out national as well as regionalized infrastructures for knowledge development and experience-sharing (for example, based on the model of the Consultative Group on International Agricultural Research) related to the commercialization of these technologies. Sixth, regional and national financing capacity should be strengthened within a well-defined,

sectoral industrial development approach. Lastly, he noted that more constrained principles of eco-equity should govern international public finance. According to the speaker, the proposed approach would lead to a “win-win-win” situation. Holders of intellectual property rights would gain new large-scale markets, cost-sharing partners and new arms-length framework for intellectual property rights protection. At the same time, developing countries would receive low-cost access to technologies at the pre-commercial stage, insertion into knowledge-sharing cycles and gains in global sustainability, including an accelerated transition to carbon-free primary energy supply.

53. In the discussion that followed, many speakers emphasized that environmental damages had reached a scale at which they were threatening both economic growth prospects and progress in social areas. In that context, they emphasized that Rio+20 would provide an opportunity for renewed political commitment to sustainable development. The integration of the economic, social and environmental pillars was mentioned as the major challenge of Rio+20. Building sustainable productive capacity could be the common factor that would bring them together.

54. In general, the main sources for green-growth financing would include private investment, taxes and redirected subsidies, bond issuances, greening of existing capital, international cooperation and innovative sources. Reforming the governance of private finance and public procurement could help to enhance green investments and foster the transition to a green economy. The need for socially responsible corporate behaviour and environment-friendly corporate management was also mentioned by several participants.

55. Many speakers emphasized that the public sector should provide effective risk-mitigation or revenue-enhancing instruments to attract environmentally and socially sustainable private investment. Complementary public policies were needed so that the poor could benefit as well. The need for targeted industrial policy and technology transfer to develop renewable energy sectors was highlighted.

56. Mobilization of new, additional, stable and predictable financial resources was referred to as a priority in the preparations for Rio+20. The need to prioritize the provision of financial resources, technology transfer and capacity-building in line with national development priorities was highlighted. Many speakers emphasized that donors should deliver on their ODA commitments. Innovative sources of finance such as guarantees, financial transaction taxes, diaspora bonds, carbon taxes and air travel levies were also mentioned as potential sources of new and enhanced funds.

57. Several participants emphasized that “leapfrogging” in technological terms could facilitate the transition to green growth. In that context, it was stressed that the removal of trade barriers was a cost-effective way to gain access to technology. Several participants highlighted the importance of flexible intellectual property rights in respect of green technology deployment.

58. There were calls for a rules-based trading system that was open and non-discriminatory and in which countries desisted from protectionist policies. The importance of Aid for Trade and integration into the global economy was also mentioned. The financialization of commodity markets was further highlighted as a major disturbance and calls were made to regulate it appropriately.

59. Some speakers highlighted the particular vulnerabilities of small island developing States. There was a call to enhance their fiscal space and debt sustainability through increased access to concessional finance.

60. On several occasions, speakers emphasized the need for greater coordination of international organizations around sustainable development. Several participants highlighted the importance of sharing experiences and policy options to foster inclusive green growth. Many speakers called for greater coherence between green economy initiatives and international agreements. In particular, an agreement around non-actionable subsidies was considered a key priority.

61. Some speakers emphasized that instead of creating a new institution for sustainable development, there should be an effort among institutions to work together more effectively, with the ECOSOC playing a facilitating role.

VI. Closing of the meeting: next steps

62. In his concluding remarks, the President of the Economic and Social Council put forward the idea of setting up a small, joint working group that would explore concrete ways to further enhance collaboration and cooperation between the Council and the major institutional stakeholders in the financing for development follow-up process, in particular in the area of financing for sustainable development. One proposal was to hold more frequent meetings during the year between the Council and the other institutional stakeholders. That proposal came out of informal consultations among a group of participating United Nations Ambassadors, the Executive Directors of the World Bank and IMF and other high-level officials from the institutional stakeholders participating in the meeting.