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Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development

Provisional summary record of the 7th meeting

Held at Headquarters, New York, on Tuesday, 13 March 2012, at 3 p.m.

President: Mr. Koterec. . . . . (Slovakia)

Contents

The meeting was called to order at 3.15 p.m.

Coherence, cooperation and coordination in the context of financing for development (*continued*) (E/2012/7)

Thematic debate of the whole on Theme 2: "Financing of sustainable development" (*continued*)

Presentation by Mr. David O'Connor, Chief, Policy Analysis and Network Branch, Division for Sustainable Development, Department of Economic and Social Affairs

1. **Mr. O'Connor** (Chief, Policy Analysis and Network Branch, Division for Sustainable Development), accompanying his statement with a digital slide presentation, said that financing for the transition to a green economy in the context of sustainable development and poverty eradication did not encompass all financing for development but was limited to investment by the public and private sectors in the move towards lower-carbon, more efficient sources of energy.

2. Financial flows from both the public and the private sector for the transition to a green economy were channelled through a variety of intermediaries, including development banks, international financial institutions and export credit agencies. The instruments used included debt-for-equity swaps and mezzanine financing. There appeared to be a greater willingness in the current circumstances to consider innovative financial mechanisms.

3. The proliferation and fragmentation of channels for green financing had given rise to some concern. At an early stage in the process such a situation was almost inevitable. There would eventually be a consolidation phase, when less successful mechanisms would fall by the wayside and a more coherent financing architecture would emerge.

4. The main sectors requiring green economy and sustainable development finance included energy, renewable energy infrastructure, low-carbon transport infrastructure, and water infrastructure, including desalination. According to UNEP, clean energy took up the largest share of resources, followed by transport and green buildings.

5. Some three quarters of financial flows from developed to developing countries for the green economy came from private sources. Official development assistance (ODA) was focused on climate change. Various organizations estimated the new financing needs in developing countries to approach or exceed a trillion dollars per annum. While there had been much talk about the governance of public institutions, greater attention should be paid to the governance of private financing, markets and actors.

6. Public financing had an important role to play in leveraging private financial flows. Risk instruments, such as loan guarantees and policy insurance, were an important means of achieving a multiplier effect. Brokering could be useful in aggregating many small-scale projects in order to diversify risk. There had been much debate about leverage ratios and work was needed to develop a common metric.

7. Vehicles for raising new public financing might include a financial transaction tax, a carbon tax and a levy on international transport. Development banks and aid agencies, which could boast of leverage ratios of between 3:1 and 4:1, could issue earmarked bonds or pool resources for concessional financing. The capitalization of IMF special drawing rights had the potential to mobilize up to $75 billion.

8. Existing carbon emissions trading schemes should be expanded and new schemes introduced. Action was needed to address carbon market price volatility and the currently depressed carbon price in order to generate adequate and predictable financial flows through, inter alia, the Clean Development Mechanism. Negative factors were the uncertainty about the future of the Kyoto Protocol and weak demand for carbon credits. A recent positive development was the decision by the United Kingdom to introduce a floor price for carbon on 1 April 2012.

9. The greening of existing capital could be achieved by introducing sustainability indices on stock exchanges and applying sustainability criteria to the investments of sovereign-wealth funds. The High-level Panel on Global Sustainability (A/66/700) had produced a number of key recommendations on finance, relating, inter alia, to the adoption of voluntary sustainability principles by the business sector and the need to explore new innovative sources of finance for sustainable development.

10. Given that substantial pools of private and mixed capital were waiting on the sidelines to be reinvested, it was important for Governments and multilateral institutions to give clear policy signals.

11. **Mr. Berger** (Germany) said that the transition to a green economy required substantial private investment, as Governments could not provide all the necessary financing on their own. However, the shift to greener growth did not simply mean greater costs for the private sector; it also promised substantial benefits in terms of job creation.

12. With regard to climate financing, strong ownership by developing countries was indispensable. Continued efforts should be made to identify potential sources of climate financing and to seek greater synergy between the various institutions active in that field. In the light of budgetary constraints, it was necessary to scale up finance from a wide variety of sources, without reducing traditional official development assistance. His country provided some €1.8 billion for climate adaptation and mitigation measures worldwide, and used public resources and carbon market finance to mobilize both additional capital market funds and private sector investments. In order for the Global Climate Fund to be the central instrument for climate finance, it was necessary to speed up the operationalization of the Fund and to ensure that it provided added value. With the aims of mobilizing domestic resources and ensuring good financial governance, Germany supported the International Tax Compact, which helped to combat tax evasion and provided an international platform for dialogue and action aimed at assisting developing countries to establish fair and efficient tax systems. It also supported the UNDP/United Nations programme on “South-South Sharing of Successful Tax Practices” as an important initiative in South-South cooperation.

13. He would be especially interested to hear the views of panellists on the strengthening of coherence and coordination in the United Nations system in the field of financing for development.

14. **Mr. Dhanapala** (Observer for Sri Lanka) said that the Bretton Woods institutions should listen to the United Nations, whose Member States tended to be more in tune with the realities of the world. Unfortunately, past interventions by the Bretton Woods institutions to stimulate local economies had led to crises and even rioting in the streets. Those institutions should make every effort to avoid repeating past failures.

15. **Mr. Soussi** (Observer for Morocco) noted that the World Bank asserted that ample financing was available for sustainable development but that the challenge was to ensure the effectiveness of aid, which was a matter within the purview of Governments. The Group of 77 took a different view, however, and hoped that the upcoming United Nations Conference on Sustainable Development (Rio+20) would result in the provision of the additional resources that were needed for the achievement of sustainable development. A representative of the World Bank had asserted at a previous meeting that the first Rio Conference in 1992 had been about the transfer of know-how from the North to the South, whereas Rio+20 would be concerned with transfers in all directions. He hoped that the World Bank might elaborate on that view. He would also like to know what the World Bank’s position was on innovative financing and funding for the Green Climate Fund, and wondered why the World Bank had a marked preference for bilateral over multilateral arrangements.

16. **Mr. dos Santos** (Brazil) said that one of the major outcomes expected of Rio+20 was the definitive mainstreaming of sustainable development across the development agenda. The new paradigm should embody a renewed economic model that combined sustained economic growth, social inclusiveness and environmental sustainability.

17. The overall objective of greening the economy and promoting investments in green technology should not entail an unbalanced focus on environmental sustainability or, worse, result in environmentally based “green” conditionalities.

18. Developing countries had accounted for most of the economic growth that had occurred in recent years. The World Bank’s green growth report placed too much emphasis on patterns of growth, without the necessary focus on the need to change patterns of production and consumption in developed and developing countries alike.

19. “Green growth” would not be sustainable if it did not cater for the social dimension of development and should therefore be replaced with the broader, more comprehensive concept of sustainable development.

20. A more coherent approach to development would also require improved coordination among the many different financing mechanisms. Their current fragmentation and verticalization prevented them from providing the required responses to an integrated development agenda. Improved governance, especially

through more inclusive, democratic, member-driven and transparent decision-making processes, was fundamental to enhanced coordination and coherence of financing structures.

21. Given the ongoing economic and financial crisis, the integrated framework provided by the Monterrey Consensus and the Doha Declaration constituted a useful platform for international cooperation in economic and financial issues and the promotion of sustainable development.

22. The transition to a more integrated approach would undoubtedly require additional, predictable and stable flows of resources. Since the Monterrey Conference, developing countries had made significant strides in mobilizing additional domestic resources for development and had actively given priority to inclusive pro-poor policies and social welfare initiatives in the pursuit of poverty and hunger eradication and sustainable development. Governments played a significant role in mobilizing domestic resources for development and attracting productive investments. They must be able to implement transparent, appropriate and effective regulations, including capital control measures, in order to ensure stable and predictable flows.

23. Given the impact of the economic and financial crisis on the developing countries and the pressing need to transition to a more sustainable development model, the limited availability of international resources was a cause for concern. Existing financial commitments, especially for official development assistance, were far from being fulfilled, while financial mechanisms resulting from negotiated outcomes, such as the Global Environment Fund, the Clean Development Mechanism and the Climate Investment Funds, remained under-resourced.

24. Brazil recognized the potential of foreign direct investment and the flow of private resources, but they would be more effective if more coherent policies were put in place. The international trade and investment system and the intellectual property rights regime must be balanced with a more pro-development perspective that multiplied the effects of financing for sustainable development.

25. The Millennium Development Goals (MDGs) were achievable provided that international support was forthcoming. Continued efforts were needed to finance the transition to a more sustainable development paradigm integrating the economic, social and environmental pillars in a new set of sustainable development goals (SDGs). The Bretton Woods institutions, WTO and UNCTAD would play a crucial role in galvanizing international support for the SDGs, including by providing additional resources.

26. **Mr. Kaganda** (Observer for the United Republic of Tanzania) said that the world was passing through a period of changed economic scenarios, with intense interaction between countries in the areas of investment, trade and movements of the factors of production. The models and policy frameworks of the past could not withstand the challenges of the twenty-first century. Reform in developing countries was predicated on the development of a rules-based market economy. Developing countries, especially the least developed among them, therefore, trusted that the early conclusion of the Doha Round would support their integration into the global economy.

27. The early conclusion of WTO negotiations and operationalization of Aid for Trade were key objectives. Green growth was a worthy objective but it should not divert support for the efforts by developing countries, especially the least developed, towards integration into the global economy. In spite of ongoing economic upheaval, Aid for Trade, which addressed supply-side issues, must receive the attention it deserved.

28. **Mr. O'Connor** (Chief, Policy Analysis and Network Branch, Division for Sustainable Development), responding to the comments made by members and observers, said that he had perhaps not emphasized enough the critical role of Governments and public policy in setting the framework for investment decisions by the private sector. Without such government guidance and involvement, there would be no flows of resources for the green economy and sustainable development. International policy was influential in the areas of intellectual property and the development and sharing of technologies for the green economy.

29. With regard to the Doha Round and the Aid-for-Trade initiative, there were opportunities to be seized in the export of green products and produce. Aid for Trade could enable the developing countries to build capacity to create markets and reap the benefits of international trade.

30. He did not feel best placed to answer the questions concerning the policies of the World Bank or coherence within the United Nations system, which could perhaps be addressed by others at a later stage.

Presentation by Mr. Michael Clark, Interregional Adviser, United Nations Conference on Trade and Development

31. **Mr. Clark** (Interregional Adviser, United Nations Conference on Trade and Development), accompanying his statement with a digital slide presentation, said that the mobilization of financing for sustainable development, on the one hand, and technology sharing, on the other, were two aspects of the same problem. An integrated, holistic approach was required across the United Nations system. If financing costs could be reduced, risks could also be reduced and it would be possible to better target financial resources mobilized at the multilateral level.

32. A key target for sustainable development was the reduction of carbon emissions. Renewable energy was a driver of inclusive development inasmuch as it enabled developing countries to overcome energy poverty. Fuel price volatility for traditional energy sources had an adverse effect on stability and growth, whereas renewable energy was job-intensive.

33. What developing countries sought therefore was not financing per se — which was only a means to an end — but participation in twenty-first-century industries and in the manufacturing of relevant technologies. Much transfer of know-how took place through participation in the production process.

34. The High-level Advisory Group on Climate Change Financing convened by the Secretary-General had explored the feasibility of mobilizing $100 billion a year by 2020. The Group had concluded that to do so was feasible but quite challenging. Its estimates of potential sources of carbon finance were predicated on the assumption that broad multilateral agreement could be secured for a reasonable carbon price, which he himself believed was highly unlikely. Given the right environment, however, private investment was potentially unlimited. It might be said that the Advisory Group had, in fact, asked the wrong question. Instead of trying to determine how public funds could be used to leverage financing for sustainable development, it might have focused on identifying the most efficient use of such financing as could be raised in order to trigger the transition to a low-carbon energy system.

35. There had been some confusion in the Advisory Group over the source of credit quality. It was assumed that the multilateral development banks needed to be enlisted because they possessed the necessary credibility to induce rich countries to trust the credit ratings so that leveraging could occur. In reality, the credit rating of bonds issued by a multilateral development bank did not depend on the credit rating of the countries that provided its funds.

36. The promotion of renewable energy sources was not purely a financing problem. The main problem that had to be faced was that renewable energy was not cost competitive at the current stage. Renewables required large capital outlays up front, since they did not fit readily into the existing power grid. There were other problems that had to be solved, but they were solvable and did not require some major scientific breakthrough. Governments must recognize the cost problem and provide necessary investment, as well as take action to create an enabling environment.

37. The market for renewable energy was growing, with some 70 per cent of all investments in renewable energy occurring in developing countries, much of it self-financed. Cost-competitiveness was very much a function of the scale of the market. If the cost of maintaining and updating the existing energy infrastructure — which had a life cycle of around 40 years — was taken into account, renewable sources of energy were very near to being competitive. A one-time investment of approximately $1 trillion in public funding over 10 years, most of it from self-financing, should suffice to bring about the transition.

38. Developing countries needed to have access to technologies without having to pay for them before they were commercially viable. It was not reasonable to expect them to subsidize the development of technologies in the North, where much of the intellectual property was held. A new international trade agreement under WTO auspices was needed to foster access for the South to technology while providing a reasonable return for the North. A new institutional mechanism was also needed; it could take the form of a commercial entity capitalized by sovereign-wealth funds that could live comfortably with returns on the order of 4 per cent, as against the 18 per cent that venture capitalists expected. Such an

entity, which would acquire licensing rights and make them available to entities in developing countries, could be responsible to the Global Climate Fund, or some alternative arrangement might be adopted. The holders of intellectual property rights would have greater confidence in an entity operating on a commercial basis, which could be counted on to secure payment of royalties and, unlike international organizations, could be sued in case of a dispute. Efforts to develop national and regional capabilities for technology absorption were essential to ensure the project's success.

39. It might also be necessary to rethink the principles on which grant transfers were made. Multilateral development institutions had a tendency to favour large projects in large countries with well developed capacity. The perverse result was that countries which least needed assistance received the biggest share. The fact was that not all developing countries needed equal access to international financing. An alternative approach could be based on cost-sharing partnerships and an arms-length credible framework for patent protection. Low-cost access for developing countries to technologies at the pre-commercial stage would compensate those countries for their contributions to the development of the technologies. Such an approach would unleash regional and interregional collaboration for a major deployment of renewable energy sources that would change the energy pricing structure.

Interactive dialogue

40. **Ms. MacEachron** (Business Council for the United Nations, accredited through the Financing for Development Process) said that the Business Council for the United Nations was a programme of the United Nations Foundation that aimed to advance the common interests of the United Nations and the business community. Its members had played a key role in setting priority topics in high-level forums, including the International Conference on Financing for Development, held in Monterrey in 2002, and the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha in 2008. The statements made by the Secretary-General and Member States on the need for the involvement of the business sector in development efforts were encouraging. Business Council members were ready to engage with Member States to invest in growth and sustainable development, and, in that regard, wished to stress the importance of transparency and accountability in creating an appropriate environment for trade. The Business Council looked forward to discussing its objectives at Rio+20.

41. **Mr. Busuttil** (Observer for the European Union) said that the Rio+20 discussions must include the participation of civil society, as called for in the principles for the green economy. The mobilization of domestic and external resources together with an enabling environment were the key drivers of development. The involvement of both public and private sectors were essential to achieving sustainable development: the private sector, including small and medium-sized enterprises, large corporations and multi-stakeholder partnerships could play a key role in the transition to a green economy, while the public sector could create an enabling business environment through a regulatory framework that would encourage long-term investments and corporate social and environmental responsibility.

42. In addition to investment, other forms of financing, such as risk-sharing instruments and concessionary loans, would be needed to transition to a green economy; there were already several examples of how financing had been leveraged to support sustainable development. While traditional forms of financing remained important, new sources of funding were also needed to address development needs. In addition, established funding commitments should not be abandoned. The European Union would be playing an active role in the Rio+20 process in order to ensure successful outcomes to improve financing for sustainable development.

43. **Mr. Ovalles-Santos** (Observer for the Bolivarian Republic of Venezuela) asked whether any of the objectives set out in the Programme of Action for the Least Developed Countries for the Decade 2001-2010 could be used as a basis for discussing the transfer of technologies to developing countries at the Rio+20 negotiations.

44. **Mr. Yamazaki** (Japan) said that the transition to a green economy offered a new model for growth that could help all countries achieve sustainable development. A green economy fuelled investment and created new job markets while also protecting the environment and fostering poverty reduction, low-

carbon living, energy security and resilience to the effects of climate change. While the transition to a green economy might entail new burdens, the benefits, including the possibility of leapfrogging stages in the development process would outweigh any such burdens in the long term.

45. Governments should seek to share experiences and successful policies that could be tailored to a country's particular stage of development in the process of transitioning to a green economy. For example, in the area of green financing, States could share information about policies that had succeeded in creating subsidies for financing environmental upgrades with a view to promoting investment in the environment or in establishing voluntary guidelines for the regulation of financial transactions. Market-based policy tools could also be considered in areas such as green procurement and environmentally friendly corporate management.

46. The landscape of financing and implementation had undergone great changes over the past 20 years. While traditional donors continued to play an important role, the expertise and experience of the private sector, civil society, foundations and especially emerging economies should be utilized more effectively. Rio+20 offered an opportunity to forge a partnership that included many stakeholders and transcended the traditional paradigm of developed countries providing aid to developing countries; the goal of sustainable development could not be met without such new forms of cooperation.

47. **Ms. Dong** Zhihua (China) said that most developing countries did not have the technology, capacity or funding needed to make the transition to a green economy and would face an undue burden if appropriate funding was not made available. Rio+20 should focus on achieving tangible results to address those needs, including by identifying how new resources could be made available to developing countries. Furthermore, developed countries should honour their ODA commitments to provide predictable and adequate funds to developing countries, while IMF, the World Bank and other development banks should strive to coordinate and increase their contributions to sustainable development.

48. Noting that all of the panellists presenting on Theme 2 had emphasized the role of the private sector in innovative financing, she stressed that stakeholders should not lose sight of the public sector's leading role in financing domestic initiatives. Efforts to explore sources of innovative financing should take into account countries' varying financial capacities and levels of development. Developing countries should not bear any additional burdens, even indirectly, of a double-dip recession.

49. Recalling that one of the panellists had stated that 70 per cent of global investment in renewable energy occurred in developing countries, she pointed out that some of those countries were in fact subject to trade retaliations. She asked what international policy measures were being taken to ensure that countries of the South could develop a renewable energy sector.

50. **Ms. Miranda** (Red Latinoamericana de Deuda y Desarrollo (LATINDADD), accredited through the Center of Concern) said that she welcomed the focus on financing for sustainable development, which was a substantial challenge given the existing need for greater resources for poverty eradication and climate change mitigation. Coordinated and sustained efforts would be required from Governments, international organizations, civil society and the private sector.

51. The debt crisis in Europe, the push to increase debt among developing countries and the reduction in ODA threatened to undermine development. Instead of continuing to rely on the traditional system of loans and debts, the international community should focus on instituting more just and progressive domestic tax systems and reforming the international fiscal system.

52. The large capital flows into Latin American countries to support extraction of non-renewable resources must genuinely promote sustainable development that included production and energy infrastructure. The region's significant economic growth in recent years had not reduced inequality or improved social indicators. In addition, measures must be taken to reduce the risks associated with the considerable assets invested in developed countries by Latin American countries.

53. Recalling that the private sector had been identified as an important source of resources for development, she questioned how those resources would be monitored to ensure that they in fact contributed to reducing poverty and inequality in developing countries. In that regard, she called for a sovereign, democratic and accountable system for financing development which offered transparent loans

and cooperation without conditionalities and which included the participation of civil society. She welcomed the review of the new framework for debt sustainability and expressed the hope that the new system would consider capacity to pay and integrate a focus on sustainable development.

54. She expressed concern at the financialization and commoditization of nature and wondered whether it was possible to continue thinking in terms of constant economic growth given the finite natural resources on the planet and the existing problems caused by climate change. Free trade and investment, which had brought about the present situation, could not be counted on to provide the solutions. Stakeholders should also give thought to how the green economy would be regulated.

55. **Mr. Dance** (NGO Committee on Financing for Development, accredited through Passionists International) said that the thematic debate had provided a vision of how a transition to a new future could be made. The high-level meeting offered a unique forum in which voices from countries like Jamaica, Nauru and Peru would be heard by representatives of the Bretton Woods institutions and UNCTAD, with potential implications on international policy.

56. Inequality was growing as the financial crisis continued. The preparations for Rio+20 should take into account the lessons of the past: in 2002, two major world conferences on development had taken place, one on financing for development and the other on sustainable development, but there had been no effort to establish contact or dialogue between the two. The international community must consider the system of financing for development in its totality in order to reorient it more directly towards sustainable development. He welcomed the comments made by the representatives of Brazil and Mexico at the prior day's meeting (E/2012/SR.4) concerning the need to avoid a false dichotomy between environmental issues and social issues. If the goal of sustainable development was to be achieved, the institutional framework must be expanded to include intermediary and local non-governmental organizations.

57. The transition to a green economy could serve as the catalyst for integrating the environmental, economic and social pillars of a sustainable world. Financing sustainable development called for levels of cooperation that had not been seen before; a social compact based on trust was therefore all the more important. The major hurdle was not a matter of ideology but of capacity. Those responsible for financing development were more comfortable as managers of money than as facilitators of development. None of the institutional players — the United Nations system, the Bretton Woods institutions or the Group of Twenty — could hope to achieve development based on the three pillars without effective partnerships that would bring financing resources to the areas where the most change could be achieved. Civil society and the private sector must therefore be consistently involved in the chain that delivered such resources.

58. A number of measures were recommended to achieve appropriate financing for development. The deplorable failure by most developed countries to meet their ODA commitments must be addressed; more robust multilateral support was also needed. In addition, as the new chair of the Group of Twenty, Mexico should not set aside the proposal by France to institute a financial transaction tax as an innovative source of financing. He also supported the recommendation that UNCTAD should be given control of stock prices for agricultural raw materials, which would remove speculation on those commodities and halt the dangerous financialization of food markets. Analysis, cooperation and implementation of initiatives at the grass-roots level were the only means left for achieving the Millennium Development Goals.

59. **Mr. Gyan** (NGO Committee on Financing for Development, accredited through Church World Service) said that the ethical implications of financing for development must not be forgotten. The sense of urgency generated by the financial and economic crisis was dissipating; the bank bail-outs had given many the impression that the crisis had been contained, while, in reality, most of the world was still suffering from its effects.

60. It was important to recognize that meeting ODA commitments was the only way to take the necessary urgent actions. He supported the Group of 77 and China in its efforts to urge the fulfilment of those targets, which was also a test of the credibility of the United Nations as an institution.

61. While he welcomed the focus on a partnership for renewable energy that would be beneficial to all involved, he requested more information on the challenges that had been mentioned and the ways in

which civil society could help to overcome them. The United Nations system consistently provided brilliant proposals but often lacked the means to bring parties together to implement them.

62. **Mr. Clark** (Interregional Adviser, United Nations Conference on Trade and Development) said that Governments and commercial entities had an equally important role to play in integrating financing for development in a green agenda. The current economic environment was not conducive for leadership from the private sector; Governments must take the lead. Any new industrial sector required Government to play a large role by developing targeted industrial policy. That was a historical fact, not a political position. The view of UNCTAD was that a "developmental State" approach must be taken, in which Government fostered development. Only public authorities could organize a collective decision to move a country's economy in a particular direction.

63. North-South collaboration presented a new opportunity and a new set of challenges. Distributed value chains were simply a different way of competing for dominance in economic markets; they were not created to provide free transfer of technologies, but could have that effect if the right strategy was employed. Sharing experiences in targeted areas was one of the most powerful tools available to Governments. For example, India had successfully reformed its national telecommunications industry and expanded access to technology by bringing together the private sector and Government representatives from other developing countries, and had found a low-cost solution to expanding access to telecommunications. North-South, South-South and triangular collaboration must cease to be ad hoc and should be institutionalized, particularly for the benefit of least developed countries.

64. Bringing industrial policy back to the agenda would entail a review of trade arrangements. A plurilateral agreement did not require full multilateral participation. However, an understanding of trade agreements and targeted special regimes for intellectual property as well as knowledge-sharing at the commercial level would be needed from participants in such an agreement. While competition could occur at the level of intellectual property rights, the goal of a plurilateral agreement should be to reduce the operating cost of renewables and create a commitment for the systematic sharing of information for at least 10 years.

65. With regard to the role of civil society, he noted that renewables offered the potential to transform the notion of established "natural monopolies". The distribution of renewables would not have to occur through large centralized entities but could instead involve all types of organizations, including cooperatives and non-profit organizations as commercial operating entities. UNCTAD was planning a workshop in May 2012 to develop those ideas, with a view to bringing proposals to Rio+20 that would include civil society organizations, which had on-the-ground experience in implementing different models for energy distribution.

66. The role of financing was a complicated but decisively important issue. He stressed that the amount needed could, in fact, be less than the $100 billion per year proposed by the High-level Advisory Group on Climate Change Financing. In many countries, if production and management capacity was developed, much more could be done with smaller investment. Greater consensus concerning international financing could be built if more accurate figures were available and if it was made clear that only a one-time investment was required. Transforming the issue from subsidy problem to a financing problem would help to make renewables competitive.

67. **Mr. Liu** Wei (Policy Analysis and Network Branch, Division for Sustainable Development, United Nations Department of Economic and Social Affairs), replying to questions regarding the sources of financing for a green economy and sustainable development, said that the particular sources would depend on the country and its level of development. For more fragile States, the financing gap would need to be filled by ODA. Generally speaking, financing for other States would come from new taxes, ODA flow commitments and bond issues, and by redirecting subsidies and capital flows, in essence, by "greening" existing capitals.

Concluding comments and closure of the special high-level meeting

68. **The President**, noting that a significant number of senior managers and Executive and Alternate Directors of the Boards of the World Bank and the International Monetary Fund had participated in the

special high-level meeting, said that the discussions that had taken place would provide valuable contributions for preparations for the thirteenth session of the United Nations Conference on Trade and Development (UNCTAD XIII) and the United Nations Conference on Sustainable Development (Rio+20).

69. In his statement at the opening meeting, the Secretary-General had stressed that the weak global labour market and environmental degradation called for decisive action to invest in green technology, promote decent work and foster growth of small and medium-sized enterprises. More attention also needed to be devoted to ODA targets and to the principles of responsible borrowing and lending. Laying an appropriate foundation for sustainable development, which encompassed issues ranging from food security to sustainable energy, must be the focus of the international community going forward. Measures to facilitate free or low-cost access to technology and a mix of public and private financing would also be needed. The Secretary-General had also called for climate change mitigation and adaptation measures.

70. The statement delivered on behalf of the President of the General Assembly by his Chef de Cabinet had drawn attention to the General Assembly's high-level thematic debate planned for May 2012, which would address the challenge of building a sustainable future in the face of the global financial and economic crisis. In addition, UNCTAD XIII would provide an opportunity for reflection on the impact of the crisis on trade and development, while Rio+20 offered a historic opportunity to catalyse actions to create a more equitable, resilient, low-carbon economy. The statement had also asserted the value that the United Nations legitimacy brought to international discussions, agreements and operational activities.

71. The President of the UNCTAD Trade and Development Board had called for bold and coherent approaches to address the global financial and economic situation, which was having a particularly adverse impact on the least developed countries. Monetary and exchange rates and fiscal and income policy instruments should be applied in a coherent manner, in the right combinations and at the appropriate time. All forms of financing for development — ODA, foreign direct investment, improved sovereign debt management, increased remittances flows and domestic resources — should be explored, and Aid for Trade in particular should be intensified.

72. The Vice-President and Corporate Secretary of the World Bank Group, speaking as Acting Executive Secretary of the Development Committee, had reaffirmed that the World Bank was committed to supporting achievement of the Millennium Development Goals (MDGs) by 2015 and to assisting the poor in developing countries in the long term. In fact, over the past four years, the World Bank Group had committed nearly $200 billion to developing countries. The upcoming Development Committee meeting would focus on the theme of poverty reduction and economic growth in the face of global economic challenges. The Vice-President had also stressed the importance of the private sector in advancing job creation and economic development. The Secretary of IMF and Secretary of the International Monetary and Financial Committee (IMFC) had outlined key developments at IMF concerning its financial support to member countries, policy analysis and advice, technical assistance and governance reforms. The IMF agenda, which aimed to coordinate solutions to global challenges, covered many interrelated areas such as multilateral surveillance, global safety nets, support for low-income countries, strengthening of the international monetary system and additional governance reforms.

73. The Director of the Trade and Development Division of the World Trade Organization (WTO) had focused his remarks on the global development agenda beyond 2015, emphasizing that it must include sustainable, inclusive and equitable economic growth as one of its key elements. Coordinated action was needed to prevent protectionism and to address structural problems in the trade system, which were underlying causes of the persistent unemployment, static growth and unstable financial markets worldwide. The international community must ensure that more vulnerable developing countries could benefit from trade; the Aid-for-Trade initiative continued to make crucial contributions in that regard. WTO members should pursue tangible progress in areas where convergence could be reached, such as trade facilitation issues affecting least developed countries, with a view to concluding the Doha Round.

74. In the debate on Theme 1, "Promoting sustained, inclusive and equitable economic growth, job creation, productive investment and trade", job creation had

been highlighted as a critical aspect of development and poverty eradication. Economic policy needed to be viewed in the context of employment, including the potential social impact. For example, job creation could enhance the economic inclusion of women and help to reduce crime. It had also been argued that the definition of employment should include respect for the human rights of workers.

75. Effective national policies were needed to promote sustained and inclusive growth and must include provisions for investment in infrastructure, education and social protection. The need to take into account country-specific and regional circumstances had also been emphasized. Small and medium-sized enterprises, an important source of employment, had been hit hard by the economic and financial crisis and urgently required assistance in the form of policies that would improve the regulatory environment, measures to enhance the provision of trade finance and efforts to strengthen their access to financial services. Foreign direct investment was a vital complement to national efforts to finance long-term economic growth; however, such investment needed to be coupled with favourable domestic policies and local economic opportunities.

76. The need for a universal, open and equitable multilateral trading system had been stressed. There had also been numerous calls for States to refrain from protectionist measures. A timely completion of the Doha Round would support the growth of global trade and provide market access opportunities for developing countries. Trade agreements must be complemented by technical assistance and capacity-building to support supply-side capacities and trade-related infrastructure, particularly in the least developed countries. Those countries must also be granted duty-free and quota-free market access.

77. It had been pointed out that many donor countries had not met the ODA target of 0.7 per cent of gross national income. Innovative financing mechanisms had been identified as a potential complement to traditional ODA. The Fourth High-level Forum on Aid Effectiveness, held in Busan from 29 November to 1 December 2011, had been recognized as a key event that had strengthened the effectiveness of development cooperation. In the context of sovereign debt and banking risks in some advanced economies, the need for an international debt work-out mechanism had been emphasized.

78. The international financial and monetary system required further reform and strengthening, particularly in terms of financial regulation and multilateral surveillance, in order to create an enabling international environment and economic stability at the global level. Some delegations had called for more forceful coordination of international economic policies, including fiscal policies, with the aim of supporting growth and employment and avoiding premature fiscal consolidation. Enhanced engagement on the part of the United Nations, the Bretton Woods institutions, WTO and the Group of Twenty had also been identified as a pressing need. The reform of tax systems would generate revenues to invest in growth and jobs. International tax cooperation, including the Committee of Experts on International Cooperation in Tax Matters, needed to be further strengthened. Many speakers had stressed the need to strengthen the follow-up process on international financing for development, which should be more results-based and include policy reviews at the country level.

79. In the debate on Theme 2, “Financing of sustainable development”, attention had been drawn to the large-scale environmental damage that threatened growth prospects and social progress. Rio+20 provided an opportunity for renewed political commitment to sustainable development. A practicable agreement would emphasize forward-looking actions and include goals to foster the transition to sustainable growth in areas such as sanitation and biodiversity. In the preparations for Rio+20, priority must be given to the provision of new, additional, stable and predictable financial resources to support implementation of activities in developing countries. The major challenge of the Conference would be the integration of the social, environmental and economic pillars of sustainable development; productive capacity could be the common factor that would incorporate them all.

80. Access to the most recent technological developments could facilitate the transition to green growth. In that context, it had been stressed that the removal of barriers to trade was a cost-effective way to gain access to technology. There had been calls for a rules-based trading system that was open and non-discriminatory and would prevent protectionist policies. The financialization of commodity markets had been highlighted as a significant problem that must be appropriately regulated.

81. Donor countries should honour their ODA commitments; such assistance should be provided to the countries that needed it most and should be aligned with their development priorities. Innovative sources of finance, such as guarantees, financial transaction taxes, diaspora bonds, carbon taxes and air flight levies, had been mentioned as potential sources of new funds.

82. Some speakers had highlighted the irreversible nature of environmental damage and the need for States to avoid getting locked into non-sustainable urban planning and infrastructure investments. Green growth policies should promote robust growth without creating unsustainable patterns in economies. Governance failures, entrenched behaviours and financing constraints were the core challenges to green growth. National accounts should include natural wealth and ecosystems valuations. The environment should be considered a production input as its protection could decrease natural disasters, bolster resilience and create new markets.

83. The public sector should provide effective risk-mitigation or revenue-enhancing instruments to attract environmentally and socially sustainable private investments. Complementary public policies and interventions were needed in order for the poor to benefit as well. The particular vulnerabilities of small island developing States had been highlighted and there had been a call to enhance their fiscal space and debt sustainability through increased access to concessional finance. Several speakers had emphasized that instead of creating a new institution for sustainable development, stakeholders should aim to work better together, with the Economic and Social Council playing a facilitating role.

84. During the informal consultations, a group of permanent representatives to the United Nations, Executive Directors of the World Bank and IMF, and other high-level officials had discussed how to enhance coordination to follow up on the Monterrey Consensus on Financing for Development, including in the area of sustainable development. Most had supported the idea of forming a joint working group that would examine the ways in which collaboration between the Council and the other major institutional stakeholders could be enhanced during the follow-up process. Such a group could provide a valuable mechanism for sharing best practices and knowledge and promoting a coherent approach in the preparation for and follow-up to the annual special high-level meeting of the Council with the Bretton Woods institutions, WTO and UNCTAD. There had also been a proposal to hold several meetings between the Council and the other institutions throughout the year in order to improve coordination on financing for development.

85. He declared closed the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development.

The meeting rose at 6 p.m.