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President: Mr. Oh Joon (President) .... (Republic of Korea)

Contents

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The meeting was called to order at 9.10 a.m.

Agenda item 5: High-level segment (*continued*)

(d) Thematic discussion (E/2016/70)

Theme: "Infrastructure for sustainable development for all"

1. **The President** said that building resilient, sustainable and inclusive infrastructure was a challenge shared by all countries, and infrastructure was a cross-cutting theme of the 2030 Agenda for Sustainable Development. Integrated national approaches to infrastructure-building would be needed to meet the requirements of all three dimensions of sustainable development, and strategies must be coordinated regionally and globally. The global infrastructure gap presented significant challenges and would demand targeted efforts, in particular for countries in special situations. States had a collective responsibility to bridge gaps and achieve balanced integration of the economic, social and environmental spheres, and the current meeting was an opportunity to share policy recommendations.

2. **Ms. Chinchilla Miranda** (Member of the Club de Madrid, former President of Costa Rica), delivering a keynote address, said that domestic and social infrastructure had changed significantly over time. The most advanced infrastructure had been developed by those who had conquered other territories. At some point in their history, humans had thought they could subjugate other nations and species and live with no regard for others, but in reality they would always depend on others and on their environment. Societies had also become far more complex, which had brought benefits such as the technological revolution, increased life expectancy, and faster and cleaner modes of transport. Therefore, human societies today were vulnerable yet complex. She was both optimistic and cautious about the ability of infrastructure to meet those two needs.

3. Humans now understood that infrastructure development should not be an end in itself but rather should respond to people's needs and avoid environmental damage. In addition, engineers and scientists should be the focus of resources, since science could help humanity harmonize environmental protection and efficiency. Nevertheless, it was a paradigm in progress. Not every infrastructure project respected or protected the environment. Short-sighted policymaking, sectoral interests and corruption were responsible for environmental disasters and the erosion of communities' rights.

4. The 2030 Agenda was a step in the right direction. Whether the State should be the main developer of infrastructure remained an ideological question, but in order to perform its regulatory role, the State would need to become less corrupt and less bureaucratic. Today, States had less capacity and fewer resources to develop sustainable infrastructure on their own, which made it even more important to forge alliances with other partners. One such initiative, the Latin American Water Funds Partnership, had been very successful in improving water security in Latin American cities by directing investment towards green infrastructure.

5. In its Shared Societies Project, Club de Madrid emphasized that societies belonged to everyone, not just one sector of society. In early 2016, Club de Madrid had set up a working group to consider the relationship between environmental sustainability and inclusive shared societies. Involving people in decision-making resulted in better choices and outcomes, as could be seen in Costa Rica, where the entire population had set itself the goal of carbon neutrality and was therefore committed to achieving it.

6. Such issues had been brought into sharper focus by the 2030 Agenda. The Sustainable Development Goals were all interrelated: implementation of Goal 9 on infrastructure should take into consideration the impact on the sustainable use of ecosystems while other Goals could be jeopardized by poorly planned infrastructure development. The shared societies working group had identified seven critical questions to be addressed in any plan or programme to implement the 2030 Agenda: whether all sectors were involved; whether all stakeholders had full access to information; who gained and who lost; what the impact on the environment would be; how marginalized groups would be affected; what the long-term consequences would be; and who would bear the cost of reversing any negative outcomes. The same questions should be incorporated into any monitoring system for follow-up of the 2030 Agenda.

7. It was clear which choices would lead to sustainable infrastructure for all, such as investment in public transport. However, for political or other reasons, infrastructure projects were often delayed or inappropriate projects selected. The Council therefore had a fundamental role to play in continuing to call for sustainable infrastructure, in guiding policymakers and in urging States to prioritize the issue.

8. **Mr. Kharas** (Senior Fellow and Deputy Director, Global Economy and Development Program, Brookings Institution), moderator, said that infrastructure would be a key driver of almost all the Sustainable Development Goals. The academic community had identified three types of obstacles to delivering the infrastructure States wanted. The first concerned the selection of infrastructure projects. Fossil fuels continued to be subsidized, zoning sometimes damaged sustainable ecosystems, and time was often factored into the economic analysis of projects, meaning that the benefits to richer members of society were greater than those to poorer members. The second obstacle was financing. There was a tendency to emphasize the volume of financing over its quality, in particular the way risk was spread across different types of financing, while the cost of financing was a critical variable that could affect technology choices. Thirdly, it was vital to scale and speed up responses to infrastructure gaps. Many projects would take more than a decade to implement, which left only a few years in which to initiate projects that would deliver results by 2030. With regard to scaling up, a central question was how to make the transition from infrastructure projects to programmes.

9. **Mr. Ibrahim** (Minister of Environment and Energy, Maldives), panellist, said that infrastructure was a key component of such global instruments as the 2030 Agenda, the Sendai Framework for Disaster Risk Reduction 2015-2030 and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. While infrastructure was specifically addressed by Sustainable Development Goal 9, it was also a cross-cutting theme. The Addis Ababa Action Agenda had made it clear that the infrastructure gap was vast, and the SIDS Accelerated Modalities of Action (SAMOA) Pathway (Samoa Pathway) spoke to the need for improved infrastructure in small island developing States, in particular in the transportation, water and energy sectors. Without such improvements, it would be difficult to achieve sustainable economic prosperity. In the case of Maldives, its sea-locked population was heavily reliant on transportation infrastructure for access to food, health care and work, and the resilience of its infrastructure was also critical given its exposure to natural disasters.

10. Private finance was difficult to procure since small island developing States were often considered high risk and, as a middle-income country, Maldives was ineligible for concessionary financing, but that categorization did not account for structural vulnerabilities. Long-term infrastructure projects therefore remained out of reach without international assistance. Small island developing States were also held back because they did not have the knowledge, tools and human capacity to build and maintain infrastructure. Thus, while public-private collaboration on projects would be essential, it should consist of national ownership with capacity and investment provided by interested partners.

11. One island in Maldives with a population of 256,000 was to be the site of a project financed by the Green Climate Fund, which would later be expanded to at least 48 other islands. The purpose of the project was to achieve integrated water management, and it was expected to bring water independence to those communities and to save money and emissions. That partnership would feed into the Maldives long-term climate change adaptation plan.

12. **Mr. Ssekamatte-Ssebuliba** (Head, Population and Social Sector Planning, National Planning Authority, Uganda), panellist, said that Uganda had undertaken a review report to assess the country’s readiness to implement the 2030 Agenda. In that context, the review report had assessed the extent to which infrastructure development was integrated into the national planning and implementation frameworks with a view to identifying any gaps that needed to be addressed.

13. Uganda had been fortunate that the start date of its new national development plan had coincided with the adoption of the 2030 Agenda. Its new plan aimed to strengthen Ugandan competitiveness by bringing down the cost of doing business in the country in order to attract foreign investment and thus improve living standards. The overarching development paradigm was to exploit the country’s abundant resources through

investment in certain strategic areas of the economy, in which infrastructure would play a big role. The plan targeted agriculture, tourism and minerals, oil and gas, and therefore focused on developing the infrastructure that was directly linked to the exploitation of those resources. A further strategic area of the economy was human capital development, for which the infrastructure priorities were transport, energy and information and communications technologies. The rationale was to select projects with greater multiplier effects in terms of returns on investment, in the hope of attracting private sector investment and creating jobs. There were three possible financing strategies: public-private partnerships; bilateral and multilateral partnerships with development partners; and short-term fiscal expansion. Fiscal expansion was an unpopular option, as borrowing destabilized the macroeconomic framework. Nevertheless, short-term destabilization caused by borrowing to invest in projects with high returns could be offset by higher productivity and employment in the medium to long term.

14. Sustainable development was a balancing act involving the environment, society and economics. Its impact on people's livelihoods therefore had to be given full consideration and environmental impact assessments were conducted for all projects. The long-term national planning framework, Uganda Vision 2040, had established a baseline mapping of all environmental systems to ensure they would not be disrupted by infrastructure projects.

15. **Ms. Fraser-Moleketi** (Special Envoy on Gender, African Development Bank), panellist, said that the African Development Bank was leading efforts to bridge the infrastructure gap in Africa through mechanisms such as the Global Infrastructure Forum and was focusing on five strategic goals: “light up and power Africa”; “feed Africa”; “industrialize Africa”; “integrate Africa”; and “improve the quality of life for the people of Africa”. In that connection, the Bank had recently adopted new strategies in the areas of energy, agriculture and industrialization, and developing the right infrastructure would be central to achieving each of them. “Light up and power Africa” was driven by the need to achieve Sustainable Development Goal 7, and would entail the provision of 160 gigawatts of new capacity, 75 million new off-grid connections and access to clean cooking for 150 million households. The annual investment required was estimated to be between $60 and $90 billion and the Bank would be investing $12 billion of its own resources in the energy sector over the following five years. However, infrastructure did not meet the needs of all people and its benefits did not accrue to everyone equally. There were clear inequalities in the design of infrastructure and who it served.

16. South Africa had recently hosted a summit on inclusive infrastructure, at which a number of important points had been made about the risks and costs of financing. There was a gap between investors and infrastructure demand, as well as a lack of well-structured projects. Owing to a dearth of public resources, States had to raise funds through public-private partnerships and other similar initiatives. Transaction advisers in Africa were relatively inexperienced. Furthermore, as one of the riskiest investments, development funding was limited, and there was little smart capital for the early stages of project development apart from that provided by development finance institutions. In addition, the annual requirement for smart capital was $2.5 billion while available funds amounted to only $50 million.

17. Development finance institutions should support feasibility studies through grant funding, support a new generation of regional development finance institutions such as Africa50 and support Governments in developing local capital markets, while the African Development Bank should focus on developing its own capacity to mainstream gender in the design and delivery of infrastructure investment. Greater coordination was needed between multilateral development banks and member countries in building such capacity and in achieving greater gender equality in infrastructure prioritization, planning and delivery, which was an issue that should be addressed by the Global Infrastructure Forum.

18. In conclusion, infrastructure was fundamental to Africa's sustainable development and the Bank was ready to lead regional efforts. It was, however, vital to recognize the work that remained to be done to ensure that the benefits of infrastructure accrued to all Africans and led to inclusive and sustainable development.

19. **Mr. Carter** (World Bank Lead for Infrastructure Forum, Senior Director, Public-Private Partnerships, World Bank), panellist, said that, in 2015, only

13 infrastructure projects with private participation had been carried out in just seven of the 56 International Development Association-only countries. Over the past five years, less than half of those countries had had even one project. Much needed to be done quickly to involve the private sector in infrastructure, given how long preparation times were in that area. Without drawing upon the management capacity and financing sources of private investors and financiers, the Sustainable Development Goals in the area of infrastructure would not be achieved.

20. During the Global Infrastructure Forum, a set of commitments had been agreed for follow-up on infrastructure. One commitment was to improve data to facilitate better infrastructure planning. As part of the *Doing Business* report series, work was underway to prepare a report on public-private partnership procurement, examining the time and processes involved in procuring such partnerships in 82 countries. A second commitment was promoting capacity development and standardization through the development of certification and tools. For example, multilateral development banks had jointly launched a public-private partnership certification scheme. A set of tools had also been developed for assessment of the fiscal impact of public-private partnerships, prioritization of potential infrastructure projects, country diagnostics and project preparation. A third commitment was strengthening project preparation. In the last year, several multilateral development banks, including the Africa50 Infrastructure Fund, the African Development Bank, the European Bank for Reconstruction and Development and the Global Infrastructure Facility, with the support of donor countries, had set up or expanded project preparation facilities. Finally, a commitment had been made to do more to promote financing for infrastructure and collaboration with new sources of financing. Greater involvement was needed in the next Forum, focusing on the agenda of the regional development banks, the regional development finance institutions and domestic institutions. The governance of institutions needed to be addressed, with a focus on quality, not just quantity.

21. **Mr. Bhattacharya** (Senior Fellow, Global Economy and Development Program, Brookings Institution), panellist, said that public-private investment and sustainable infrastructure were powerful ways of supporting global growth, not only producing demand in the short term, but also boosting productivity and long-term growth. Over the next 20 years, the investments made would be extremely long-lasting and very large, because of ageing infrastructure in advanced economies, higher growth in and the growing weight of emerging markets and developing countries, and structural changes across the world, in particular urbanization. Sustainable infrastructure was absolutely essential to support the increasing number of people living in cities. Upwards of $90 trillion would need to be invested in infrastructure during that time, mostly in emerging markets and developing countries. How such infrastructure was built would make a huge difference to its efficiency and enduring impacts.

22. The window for making decisions was extremely short. There were opportunities: the world had never seen such low interest rates, the pools of financing were huge and the power of technology in building and using technology was tremendous. For example, the World Bank had highlighted the gains made in terms of solar energy: the latest bid for solar energy had come in at 2.9 cents/kWh.

23. Action was needed to eliminate to address the most immediate impediments to change, namely the massive distortions resulting from fossil fuel subsidies and the lack of carbon pricing. Taking such action would unlock huge untapped potential. Policy and institutional impediments could then be addressed.

24. The tremendous strides that had been made in the building of infrastructure in terms of cost and improving sustainability, particularly with regard to renewable energy, had not really spread across world. Needs could not be met without financing, which required risk mitigation instruments and the ability to deal with the costs of financing. In developing countries and emerging markets, the cost of financing remained high, because they did not enjoy zero real interest rates, suffered from long-term financing problems and lacked global safety nets, which led to high sovereign risk.

25. The multilateral, regional and national development banks were best placed to act as intermediaries to deal with sovereign and project risk as well as demand-side constraints. They must focus more on sustainability and risk leverage and

management, and put together platforms that allowed for scaling up.

26. **Mr. Gass** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs), lead discussant, said that the 2030 Agenda had redefined the word “sustainability” to mean not just the integration of the economic, social and environmental dimensions, but also a shift of accountability from recipient to donor and from State to people. That approach had highlighted inclusiveness and the importance of reducing inequalities.

27. He asked for some examples of good quality projects and approaches in the context of the 2030 Agenda and wondered what the quality criteria were for sustainable job creation. Were there examples that demonstrated how the involvement of populations and local authorities had increased the quality and resilience of projects and their response to minority groups? Had the durability and maintenance of infrastructure projects improved when local populations were included?

28. With respect to public-private partnerships, he wondered whether the 2030 Agenda and the Sustainable Development Goals required the application of new quality criteria; whether public-private partnerships were fit for purpose; and if such partnerships reduced inequalities, shared the risk adequately and built the kind of resilience needed going forward.

29. **Mr. Kharas** (Senior Fellow and Deputy Director, Global Economy and Development Program, Brookings Institution) asked what was being done to put in place a set of standards that was commonly accepted in relation to sustainable infrastructure and how quickly that could be done. He also asked what could be done to generate more public-private partnerships, not just in International Development Association-only countries, but also in very vulnerable countries like the Maldives, where they simply did not have access to such financing.

30. **Mr. Carter** (World Bank Lead for Infrastructure Forum, Senior Director, Public-Private Partnerships, World Bank) said that some tools had been developed, but they had not yet been well socialized. The Global Infrastructure Forum could encourage multilateral development banks and development finance institutions to use and improve similar tools and elicit feedback from investors to see how the tools were being used. The Forum could serve as a platform for accelerating the socialization of tools and feedback.

31. Accelerating the roll-out of the certification approach would help raise awareness of the environmental and social treatment of infrastructure. Stakeholders should be involved in a more standardized way in the early stage of infrastructure planning. Expectations should be moderated with respect to public-private partnerships, which were only one tool. Some Organization for Economic Cooperation and Development (OECD) countries were moving away from public-private partnership units to infrastructure units. They were engaging in infrastructure planning, but then selecting a subset of projects that would be suitable for private participation, which was an approach with great potential. There were tools around standard clauses and risk assessment for public-private partnerships, which could be used to reduce transaction costs.

32. **Mr. Kharas** (Senior Fellow and Deputy Director, Global Economy and Development Program, Brookings Institution) asked whether the development community was already doing more on the ground to help Uganda strengthen its infrastructure planning, or whether Uganda was still not receiving the kind of assistance it desired.

33. **Mr. Ssekamatte-Ssebuliba** (Head, Population and Social Sector Planning, National Planning Authority, Uganda) said that when the horizon of planning was extended to cover spillover and multiplier effects, more stakeholders became interested in the end result. For example, when planning for agriculture, two dimensions were considered: access roads to areas of production and value addition, because the crops produced were not just the end result, but also added value such as roads and energy. The private sector and stakeholders were likely to become interested and involved at those various stages.

34. **Mr. Kharas** (Senior Fellow and Deputy Director, Global Economy and Development Program, Brookings Institution) asked Ms. Fraser-Moleketi to elaborate on how she saw the new form of accountability in sustainable infrastructure taking shape.

35. **Ms. Fraser-Moleketi** (Special Envoy on Gender, African Development Bank) said that the African

Development Bank already had its own standard in-house processes to take forward work on accountability. In 2010, the Bank, in partnership with the Government of Ghana, had been involved in a Fufulso-Sawla community development project, which included the building of a 147 kilometre road. The project had also involved socioeconomic infrastructure, with primary and direct beneficiaries, including communities in the vicinity of the road. A participatory approach had been taken in the project identification, design and implementation processes, involving public consultations with select communities, which had included 40 per cent women. Before the road had been built, it had taken up to four hours to reach the local hospital, whereas it now took just one hour. The project had also encompassed potable water, because there had been over 200 cases of Guinea worm in that area of the country owing to a lack of access to potable water.

36. **Mr. Kharas** (Senior Fellow and Deputy Director, Global Economy and Development Program, Brookings Institution) asked Mr. Ibrahim how he felt about the follow-up to and implementation of agreements pertaining specifically to small island States. For example, what kind of accountability would be required to implement the Samoa Pathway and to drive the sustainable infrastructure needs of those States forward?

37. **Mr. Ibrahim** (Minister of Environment and Energy, Maldives) said that there was little interest in public-private partnerships involving major infrastructure in small island States, on the one hand, owing to the smallness of the islands and, on the other, because such projects were not seen as profitable. Projects to protect the islands from erosion and to supply them with water and electricity were mostly funded through public or government spending, because there was little initiative or interest in public-private partnerships. International support was needed to find solutions to the infrastructure funding gap in small island States.

38. **Mr. Kharas** (Senior Fellow and Deputy Director, Global Economy and Development Program, Brookings Institution) asked Mr. Bhattacharya how he saw the balance between the use of public-private partnerships and the need for some public investment.

39. **Mr. Bhattacharya** (Senior Fellow, Global Economy and Development Program, Brookings Institution) said that sustainability standards and criteria were in evolution. Harvard University had, under the Zofnass Program for Sustainable Infrastructure, developed specific sustainability criteria for infrastructure, which the Inter-American Development Bank had applied to a series of its projects. Many sector-specific standards were also being developed. Since the multilateral development banks were implementers, there should be some independence in the way that standards were set.

40. Although public-private partnerships were very important, they were not a panacea. The smartest Governments saw management of ownership as an instrument and decided at which cycle public sector ownership was most practical. In developing countries and emerging markets, it was difficult to attract and make a good deal with the private sector during the construction phase when the risks were very high: costs and revenue streams were not known and time overruns could be very large. It was better to involve the private sector once those factors became known. The new approach must centre on management of infrastructure with public-private partnerships as an instrument. Given that 100 per cent of public-private partnerships were publicly procured, the criteria for public-private partnerships could be established by Governments.

41. Very few Governments used sustainability criteria, such as the total cost of operation approach, shadow pricing and empowerment or involvement in a proactive way. Although a great deal of effort was being put into green procurement, very few countries in the South actually practiced that owing partly to capacity constraints. Simplified standardized approaches were probably better than striving for perfection in that area.

42. **Mr. de Zoysa** (Observer for Sri Lanka) said that in 2015 a group of experts in Sri Lanka had formulated the sustainability compliance standards framework, which included 40 environmental, social, economic and good governance standards, to assess the Megapolis Western Region Master Plan. The objective of the framework was to ensure that all development projects and activities were assessed and approved using a compliance framework that provided guidance on how to identify, avoid, mitigate and manage risks and impacts. Sri Lanka would shortly be passing the Sustainable

Development Act, which would require all public agencies, including ministries, local governments, provincial governments and implementing agencies, to adopt standards for sustainable development projects.

43. **Mr. Nizar** (Observer for Maldives), speaking on behalf of the Alliance of Small Island States, said that the infrastructure financing gap in developing countries posed additional and context-specific challenges to countries in special situations, particularly small island developing States. For those States, the spillover effects of physical infrastructure were tremendous, with effects on health, education, natural hazards response and all other social sectors. Transport infrastructure was vital in small island developing States given their geographical spread, sea-locked nature and high dependence on transport-intensive imports for much of their consumption needs.

44. Given that small island developing States were usually characterized as high risk countries, attracting private sector financing was especially challenging for them. The private sector within those States also remained underdeveloped and confined to micro, small or medium enterprises, meaning that public sector financing for longer-term resilient infrastructure required a great deal of support from the international community. Additionally, most small island developing States were categorized as middle-income countries, making them ineligible for concessionary financing. Generating finance for modern, resilient infrastructure was a prerequisite for developing their economies, shielding them from the effects of climate change, preparing their workforce and integrating them into the global economy. That required a spirit of partnership, mutual benefit and mutual respect.

45. **Mr. Muharemi** (Observer for Croatia) said that, since billions of people could be expected to move to urban areas in the next decades, a new technological leap and new ways of building were needed to enable fast, sustainable urbanization. The Council was well positioned to collect knowledge on faster, cheaper and more efficient ways of building housing. Such knowledge could then be shared with those in need to help their societies achieve faster, more efficient and better urbanization and, consequently, the Sustainable Development Goals.

46. **Ms. Ghartey** (Observer for Ghana) said that the participation in the discussion of the African Development Bank’s Special Envoy on Gender was welcome and gave her confidence that efforts would henceforth be focused on mitigating the effects of infrastructure development on girls and women. She asked Ms. Fraser-Moleketi how African countries were being positioned to ensure that they were ready when funds became available through the flagship projects under the Agenda 2063. More broadly, she asked the panellists how funding and the provision of support could ensure that countries were ready for projects.

47. **Ms. Hua** Ye (China) said that infrastructure was an important component of the Sustainable Development Goals, and it provided employment, expanded domestic demand and improved the livelihood of the people. Her delegation had several recommendations. First, the international community should strengthen cooperation in the area of infrastructure, respect each country’s independent development, and advocate for relevant strategies that took national conditions into account. Second, international development financing agencies should be encouraged, via such platforms as the Global Infrastructure Forum, to play a greater role by using their funding, experience and knowledge to explore diverse modes of cooperation and leverage more and better-quality long-term financing for global infrastructure investment. Third, support for developing countries’ infrastructure projects and relevant rules and regulations should be stepped up and common development promoted.

48. As the world’s largest developing country, China had always made development a top priority, and recognized the crucial role of infrastructure in national economic and social development. The One Belt, One Road cooperation initiative announced by President Xi Jinping in 2013 was fully consistent with the 2030 Agenda, and had garnered the attention and positive responses of the international community. The recently established Asian Infrastructure Investment Bank and Silk Road Fund, in conjunction with such multilateral development institutions as the Asian Development Bank and the World Bank, were improving the level of regional infrastructure financing. In the future, China would continue to be open and inclusive in its promotion of such initiatives as One Belt, One Road, and deepen cooperation in international development and infrastructure.

49. **Ms. Courtes** (Observer for Cameroon) said that viable infrastructure would play an important role in achieving sustainable development, in particular in Africa. However, mayors and other local authorities would also play an important role by integrating national development plans within local plans and ensuring the level of local appropriation necessary to carry out such strategies. With that understanding, local authorities should be involved in the implementation and monitoring of public-private partnerships, in particular private sector investments in African infrastructure.

50. **Mr. Ibrahim** (Minister of Environment and Energy, Maldives) said that high-level discussions, in particular on sustainable infrastructure, were important to small island developing States, given their need to build resilience against climate change.

51. **Mr. Ssekamatte-Ssebuliba** (Head, Population and Social Sector Planning, National Planning Authority, Uganda), responding to the remarks made by the representative of Cameroon, said that local communities should be involved in national infrastructure development plans. Moreover, economies of scale could be useful in terms of financing.

52. **Ms. Fraser-Moleketi** (Special Envoy on Gender, African Development Bank), responding to the comments made by the representative of Ghana, said that her office had been leading work on inclusive infrastructure, which would hopefully result in greater change. Noting that the 2030 Agenda implementation review process borrowed quite heavily from the African Peer Review Mechanism, she cautioned against separating the regional vision from the global vision of development planning because doing so would impede the international community from achieving its goals.

53. Her office was taking measures to obtain the necessary support, including reviewing grant facilities to support Governments in making infrastructure projects attractive to private investors. Work was also being done on partial risk guarantees. The purpose of Africa50, for example, was to assist in readying projects with a view to obtaining the financing required.

54. Ultimately, the international community would need to work together to take development forward. Attention should be focused on the industrialization strategy, which included increasing support to promising value chains in every part of Africa in order to unleash much wider economic development.

55. **Mr. Carter** (World Bank Lead for Infrastructure Forum, Senior Director, Public-Private Partnerships, World Bank) said that he would be interested in learning more about the approaches promoted by the representative of Sri Lanka. For their part, the multilateral development banks had implemented a platform, the Public-Private Partnership Knowledge Lab, which aimed to enhance the visibility of useful tools from any country. The banks were working diligently to operationalize the 2030 Agenda around infrastructure through support for Governments, tools, certification and capacity-building.

56. Public-private partnerships were controversial in part due to a lack of information. A recently conducted survey revealed that only 25 per cent of the 82 countries involved required the disclosure of public-private-partnership contracts. However, increased disclosure would reduce suspicion and clarify whether private sector involvement was yielding the expected efficiency gains.

57. **Mr. Bhattacharya** (Senior Fellow, Global Economy and Development Programme, Brooking Institution), responding to the comments made by the representative of China, said that the Brooking Institution was working with the Department of Economic and Social Affairs to organize a session on new institutions at the Global Infrastructure Forum. The Asian Infrastructure Investment Bank had just announced new projects, while the New Development Bank had just held its first annual meeting and launched initial projects in renewables, financed by yuan green bonds. Manifestly, beneficial changes were taking place, but more than finance, policies, institutions and capacity-building were necessary. Therefore, having a large network working together provided a basis for aiming high and scaling up quickly.

(c) Development Cooperation Forum (E/2016/65)

Opening statements

58. **The President** declared open the Development Cooperation Forum of the Economic and Social

Council at its 2016 session. The Forum was focused on the growing role of development cooperation, including for achieving the Sustainable Development Goals. During its current cycle, the Forum had provided valuable input to intergovernmental negotiations on the 2030 Agenda and the Addis Ababa Action Agenda and their early implementation phases. It had helped to shape the Global Partnership for Sustainable Development in mobilizing financing and other means of implementation and would play a role in the follow-up and review process. Moreover, the Forum provided a multi-stakeholder platform for action-oriented debate in trends and progress in international development cooperation, enabling the sharing of opportunities, challenges, failures, best practices and lessons learned.

59. The 2016 Forum was the culmination of an extensive preparatory process, including symposiums in the Republic of Korea, Belgium and Uganda, and would result in concrete guidance and recommendations for policymakers at all levels. States would use the opportunity to exchange ideas and early experiences on aligning development cooperation and institutions with the 2030 Agenda, including in the monitoring and review processes. A development cooperation perspective would also be brought to specific challenges and opportunities in South-South cooperation, private development cooperation and blended finance, technology transfer and capacity-building. The outcome of all deliberations would be shared in a President’s summary, containing key messages and policy guidance on development cooperation in the context of the 2030 Agenda and the Addis Ababa Action Agenda.

60. **The Deputy Secretary-General** said that they were living in turbulent and uncertain times: global economic growth was sluggish; inequalities among and within countries were deep; and conflicts and terrorism were threatening the entire international community. Global temperatures were rising, and many regions were feeling the impact of climate change. Experts warned that extreme weather events were likely to become less predictable, more frequent and more severe in the years to come.

61. Although there was an uncertain future ahead, Member States had built a strong foundation in Sendai, Addis Ababa, New York and Paris from which to work. International development cooperation was based on the recognition that none could survive global challenges in isolation. Collective support for the poorest and most vulnerable was in the interest of all. In such times of crisis, solidarity was more necessary than ever.

62. That solidarity and common responsibility was embodied in the major global agreements reached in the previous year: the Sendai Framework, the Addis Ababa Action Agenda; the 2030 Agenda; and the Paris Agreement under the United Nations Framework Convention on Climate Change. Together, they formed an action plan for people, planet, peace, prosperity and partnership.

63. Those historic agreements demanded new thinking and concrete action at the local, national, regional and international levels. They also required better coordination and collaboration between countries and regions — which was the unique and critical contribution of the Development Cooperation Forum.

64. The first goal of development cooperation must be to protect the poorest and the most vulnerable from the problems that arose when conflicts raged, natural disasters struck, markets failed and when people were left behind in the path of progress. By aligning priorities and goals, opportunities could be created for everyone to benefit from sustainable development. The sources of development finance were more diverse than ever before. The Addis Ababa Action Agenda recognized the key role of the private sector in sustainable development. That could take the form of private direct investment, remittances from migrants and funding from philanthropic foundations and charities. Such diversification made cooperation and alignment around the goal of supporting the most vulnerable even more important. Official development assistance (ODA) also needed to be scaled up and targeted more effectively. It should support those whose needs were greatest and who were least capable of mobilizing resources. Progress had already been seen in that direction, not least at the Mid-Term Review of the Istanbul Programme of Action for the Least Developed Countries in May. In Antalya, development partners had recommitted to the target of allocating between 0.15 and 0.2 per cent of gross national income as ODA to the least developed

countries. Some indicated that they would make least developed countries even more of a priority. Those were welcome developments that must be built upon.

65. Second, development cooperation should create partnerships in all areas of development. That ranged from mobilization of financial and non-financial resources to technical cooperation and innovation, to South-South and triangular cooperation, and to strengthened regional integration. The United Nations development system had a key role in nurturing those vital partnerships. It would need to adapt to the new broader and interrelated agenda. Member States had recently reached a consensus within the Council that the core functions of the United Nations development system must adapt more readily to different country contexts. For example, in middle-income countries, the United Nations development system should focus its partnership efforts on providing policy and technical support. The Forum should consider creative ways to move forward in that area.

66. Third and finally, development cooperation should promote coherence among different development agendas and activities, so that there was effective support to the implementation of the 2030 Agenda. That was essential given the challenges ahead, the breadth and interconnectivity of the Sustainable Development Goals, and the often limited resources available. For example, donor countries had spent record amounts in recent years on humanitarian aid and on supporting refugees. The number of people displaced by conflict had risen to the highest level since the Second World War.

67. There was a vital and unquestioned need for such aid. However, it should not come at the expense of long-term investment for sustainable development, which had an important role in building stable societies and preventing future conflict. The strategic use of development cooperation should help to find a balance between those various priorities and programmes, on which so many millions of people depended.

68. Development cooperation had a great potential to be a catalyst for the implementation of the 2030 Agenda. At its best, development cooperation brought lessons learned in one context to be applied in others. It tied policies closely to implementation, review and feedback, adding to accountability. It gave developing countries greater ownership of strategies and programmes.

69. All of the above gave even greater urgency to deliberations over the coming days. The Forum was an opportunity to pinpoint critical progress and areas for new or intensified efforts. He called on everyone to draw on their ingenuity, resources and political will — and their strong spirit of solidarity.

70. **Mr. Wang** Bingnan (Assistant Minister, Ministry of Commerce, China), delivering a keynote address, said that, in the context of the widening gap between North and South and the poverty still plaguing many countries, the 2030 Agenda represented a solemn commitment and a progressive blueprint. All parties to development cooperation should therefore prioritize poverty eradication. Increased resources would guarantee that the Sustainable Development Goals would be met; to that end, developed countries should deliver their ODA on schedule. North-South cooperation should be upheld as the main channel for such assistance, while South-South and triangular cooperation should be deepened. The choices of developing countries concerning their paths and strategies should be respected, and targeted support should be provided, as capacity-building was an essential means of sustainable development. Partners should strengthen coordination and governance, increase the representation of developing countries, and ensure equal participation in rule-making to ensure mutual benefit in development cooperation.

71. Although China had become one of the world’s largest economies, it still faced daunting challenges in poverty reduction as well as tremendous pressure to achieve the Sustainable Development Goals. Its thirteenth five-year plan had aligned the country’s mid- to long-term development programme with the 2030 Agenda, and relevant education and publicity campaigns would be introduced. A domestic coordination mechanism was now in place to ensure smooth implementation by 43 governmental departments. In the context of the Group of 20 (G-20) summit to be held in Hangzhou in 2016, China would encourage G-20 members to support the industrialization of African and other least developed countries, and would look to the major economies of the world to collectively provide momentum and safeguards for the delivery of the 2030 Agenda and support the efforts of the developing countries. China had been an active participant in the international development system for more than 60 years, providing

an enormous amount of assistance to many countries and organizations. South-South cooperation had grown in recent years to become a useful complement to North-South cooperation, and had unique advantages in that sovereignty was respected, political conditions were not attached, and there was no interference in the internal affairs of other countries.

72. A series of pragmatic measures for South-South cooperation had been announced by President Xi Jinping in September 2015, many of which were now operational. In areas including education, women's and children's health, poverty reduction, agriculture, trade, ecological preservation and climate change mitigation, China had partnered with such international organizations as the United Nations Development Programme and the World Bank, as well as developed-country donors including the United States and New Zealand. It had also joined forces with United Nations development agencies to address the Ebola epidemic, the food crisis in Africa and the refugee crisis. China had not only shared in the dividends of peace and development, but had also felt the blows of economic crises; it had witnessed the rise of developing countries, but also stark imbalances between North and South; it was encouraged by successes in reducing poverty, but concerned that hundreds of millions were still starving. China would continue to put justice first and take the interests of others into consideration, fulfil its commitments to assistance, and share development experience in order to help other developing countries implement the 2030 Agenda.

73. **Mr. Silberhorn** (Parliamentary State Secretary to the Federal Minister for Economic Cooperation and Development, Germany) said that although agreement on the 2030 Agenda marked the beginning of a new culture of shared responsibility and partnership, the fundamental question of how to achieve the Agenda remained. More goal orientation, knowledge-management, funding, evidence-based cooperation and ownership, among others, were needed.

74. Germany was contributing in three ways. First, it was aligning its national sustainable development strategy with the Agenda. Secondly, it was supporting its development cooperation partners and working to achieve sustainable development at the international level, including through advocating for climate protection policy, and trade and financial market regulations. Lastly, Germany was advocating for strong verification and monitoring mechanisms, and would be launching a relevant initiative in the fall.

75. With the understanding that the 2030 Agenda would require financing to the tune of $1 trillion, Germany stood by its goal of providing 0.7 per cent of its gross national income in ODA. However, such assistance was not enough to achieve the level of transformation sought under the Agenda. Germany therefore encouraged private finance for sustainable development. The volume of investment in developing countries would have to be stepped up considerably and the international community would also need new financial instruments to channel private financing into investments in the global public good. As generating funding domestically was crucial to sustainable development, more revenue should also be sought through taxation. Developing countries lost $1 trillion per annum due to money laundering and tax avoidance. There was therefore enough money available, but it was up to the international community to take it and use it for schools, hospitals and other infrastructure. International cooperation on taxation should be expanded and efforts made to curb illegal financial flows.

76. Patterns of consumption and production should become fairer and more sustainable, and policymaking should be facilitated through the establishment of the necessary framework. For example, Germany had developed a partnership for sustainable textiles in cooperation with businesses, trade unions and partner countries. The goal was to arrive at a point where environmental, labour and social standards were implemented along the entire supply chain.

77. The United Nations and all of its Member States were encouraged to maintain the political momentum generated by the adoption of the 2030 Agenda, adjust the Organization's structures appropriately and make sustainable development the mission of the system.

78. **Mr. Wu** Hongbo (Under-Secretary-General for Economic and Social Affairs), introducing the report of the Secretary-General on trends and progress in international development cooperation (E/2016/65), said that the overarching theme of the report was the importance and tremendous potential of development cooperation as a lever for effective implementation of the 2030 Agenda. He drew attention to the key

recommendations and conclusions in paragraphs 59 to 65 of the report.

79. **Ms. Robinson** (President of the Mary Robinson Foundation — Climate Justice), delivering a keynote address, said that in the new era of development cooperation that had emerged through the adoption of the 2030 Agenda, the Paris Agreement and the Addis Ababa Action Agenda, institutions and funding mechanisms would need to be refreshed and reformed in order to be fit for purpose. Climate action on the scale required to achieve the goals of the Paris Agreement was necessary to ensure development gains; uncontrolled climate change was incompatible with the eradication of poverty. Climate action would be a part of education, health care, agriculture and water management, and was essential for the achievement of all 17 Sustainable Development Goals. The response to climate change, which was aimed at improving the resilience of communities affected by ever greater climate-related threats, required an integrated approach including humanitarian and development actions informed by disaster risk reduction, insurance, climate smart agriculture, food and nutrition, security and gender.

80. Complex global issues such as HIV/AIDS and the ozone layer had been successfully addressed in the past. However, no country had yet achieved sustainable development, and siloed responses based on oversimplification of interconnected issues, such as in the case of the hunger crisis, had not solved the problems. An integrated approach was also at the core of climate justice, which linked human rights and development, safeguarded the rights of the most vulnerable people, shared the burdens and benefits of climate change and its impacts, and was informed by science. Development cooperation could simultaneously support the implementation of the Paris Agreement and the achievement of the Sustainable Development Goals while advancing climate justice, as long as clear priorities were spelled out.

81. First, providers of development cooperation should recognize the unprecedented opportunities to shape a more equitable and just world. The universal nature of both the Paris Agreement and the Goals called for a commensurate response. Countries at lower levels of development were being asked to lift their people out of poverty without the use of fossil fuels — something that had never been done before. That would require the absolute support of the international community in the form of cooperation in technology, finance, skills and systems. All countries needed to participate in the transition to renewable energy, otherwise the carbon budget would be exceeded and countries without means would be consigned to an expensive and polluted future. Climate finance and financing for development could catalyse that transition and shift trillions of dollars' worth of investment worldwide.

82. Second, a just transition underpinned by human rights norms and gender equality was the key to sustainable development solutions that were fair, good for the planet and people-centred. Rights obligations must not be jettisoned in favour of rapid responses. For instance, corn production had been diverted to ethanol for biofuels, leading to global food price increases in 2007 and 2008 that had primarily affected the poor and vulnerable. Similarly, there were complaints of human rights violations by some who had intended to provide clean energy, but had taken on large projects that disregarded the land rights of poor communities.

83. Third, in order to reach the furthest behind first, as set out in the 2030 Agenda, development cooperation actors needed to design well-informed solutions that targeted people and communities beyond the reach of traditional approaches and market mechanisms. For instance, simple expansions of energy production capacity, without innovative solutions that delivered it to the poorest and most marginalized, would result in those people being left behind. Existing mechanisms, such as social protection infrastructures, should be leveraged to overcome the complex challenge of providing universal access to sustainable energy. In order to achieve zero carbon globally by 2050, eradicate extreme poverty and ensure clean energy access and rights to development, every sector of the economy would have to play a role. The international community needed to recognize that sustainable development solutions were, in fact, climate solutions.

84. **Mr. Sundaram** (Economist), moderator, said that in her former capacity as United Nations High Commissioner for Human Rights, Ms. Robinson had done outstanding work to ensure that the right to development did not result in antagonism between

advocates of a rights-based approach and those involved in traditional development cooperation work. In her current capacity as Chair of the High Level Panel of the OECD Development Assistance Committee, she provided opportunities for reconciliation between the different approaches taken by the United Nations and OECD. In the context of the integrated approach she had mentioned in her remarks, the international community should recognize that certain parts of the United Nations system, such as those handling humanitarian work, were not as familiar with the development imperative as others. The Global Green New Deal for Sustainable Development, presented by the Department for Economic and Social Affairs, had advocated bypassing fossil fuels in favour of renewable energy in order to broaden access while ensuring growth in the world economy. A new version of the Marshall Plan suitable for the modern era was now needed to address the challenges of the global economy. That would represent a significant opportunity for investment; the One Belt, One Road initiative, for instance, would call for 30 times the resources that had been mobilized for the original Marshall Plan.

85. **Mr. Almino** (Brazil) said that neutrality and a non-prescriptive approach must be core considerations at the Development Cooperation Forum, which should maintain its independence from concepts not shared by all development partners and should be detached from traditional models of managing development cooperation. The Forum could discuss coherence between cooperation and trade, and finance and technology, since contributions toward the achievement of the Sustainable Development Goals should go beyond development financing. As for the role of the private sector, there should be transparent indicators to confirm the alignment of private investment with the national priorities of developing countries, how such investment observed the principles of decent work and sustainability, and the extent to which it promoted the transfer of technology and strengthened local production chains. The modernization of development cooperation should not serve as a pretext for changes concerning sensitive issues in developing countries. The focus in the promotion of sustainable development must not be made subordinate to such contemporary challenges as security or emergencies. His country recognized the importance of South-South cooperation and had been engaged in it for many decades. His delegation also renewed its support for strengthening the Council in its guidance to improve the effectiveness of development cooperation.

86. **Ms. Palacio** (Observer for Dominican Republic), speaking on behalf of the Community of Latin American and Caribbean States, said that development cooperation was crucial to address development challenges and facilitate the implementation of the 2030 Agenda and related processes. Implementation and follow-up of the Agenda would require the commitment of the international community. Developed countries, in particular, should respect their obligations with regard to ODA, including by establishing binding timelines for their commitments and other forms of North-South cooperation.

87. The Community of Latin American and the Caribbean States firmly believed that South-South cooperation was a priority way for integration and the horizontal exchange of knowledge. Her country had successful experiences in South-South and triangular cooperation to share, in particular in the areas of energy, training and the environment. Middle-income countries had difficulties achieving sustainable development, therefore the international community was urged to take their specific needs into account.

88. The Community reiterated its call for regional and international banks to establish an integral financial framework that was inclusive, transparent and considerate of the needs and aspirations of developing countries. Transparent measures to assess progress that went beyond per capita income were also important. Financing for development should inform the sustainable development agenda, and the Global Partnership for Sustainable Development should be revitalized.

89. **Mr. Motter** (Observer for the Inter-Parliamentary Union) said that annual subsidies of several hundred billion dollars given to the fossil fuel industry constituted an enormous issue that was not directly addressed in the Paris Agreement. The International Monetary Fund had indicated in 2015 that the cost of externalities related to the fossil fuel industry was over $5 trillion dollars per year. Cutting the subsidies would result in large savings, but it also represented the difficulties faced by Governments in the transition to renewable energy. He wondered how such slow

progress could be explained, and what could be recommended moving forward.

90. **Ms. Robinson** (President of the Mary Robinson Foundation — Climate Justice) said that she agreed with the representatives of Brazil and the Dominican Republic regarding the importance of South-South cooperation. In the context of the impact of El Niño, for instance, projects such as those carried out by Brazil in water management could be shared with African countries.

91. The international non-governmental organization of public figures known as The Elders, of which she was a member, had recently published a strong statement calling for an end to fossil fuel subsidies; such subsidies had a significant impact on small island developing States and should be phased out immediately. Workers in the coal and other fossil fuel industries, who had helped build the industrialized world, should be supported in a just energy transition.

The meeting rose at 1 p.m.