

**Preparations for the 2014 Special High-Level Meeting of ECOSOC with the World Bank,
International Monetary Fund, WTO and UNCTAD
(ECOSOC Chamber, 14-15 April 2014)**

Concept Note

Background

The Economic and Social Council (ECOSOC) will hold its annual Special High-Level Meeting with the World Bank, the International Monetary Fund, the World Trade Organization and the United Nations Conference on Trade and Development at UN Headquarters on 14-15 April 2014. The meeting serves as a major intergovernmental focal point of the follow-up to the Monterrey Consensus, Doha Declaration on Financing for Development and financing for development aspects of the outcomes of other UN conferences and summits. The Monterrey Consensus has mandated the annual Special high-level meeting of ECOSOC to address issues of coherence, coordination and cooperation on Financing for Development.

The main criteria for the selection of the substantive focus of the meeting should be the capacity to engage all relevant stakeholders and the current relevance of the topics, within the holistic integrated approach of the 2002 Monterrey Consensus, the 2008 Doha Declaration on Financing for Development and related outcomes, such as the outcome documents of the 2009 Conference on the World Financial and Economic Crisis and Its Impact on Development, the 2010 MDG Summit and the 2012 United Nations Conference on Sustainable Development (Rio+20). Another important consideration is the potential of the meeting to make a substantive impact on and provide a substantive contribution to the work of the Council itself and other intergovernmental organs and processes, such as those under the auspices of the General Assembly.

This year's meeting has special significance, as it is held in the context of the follow-up process to the United Nations Conference on Sustainable Development (Rio+20) and discussions within both ECOSOC and the General Assembly on the post-2015 development agenda. Moreover, the Intergovernmental Committee of Experts on Sustainable Development Financing has been mandated to develop options for an effective financing strategy for sustainable development. Furthermore, the General Assembly has launched the preparations for the third international conference on financing for development. It is therefore important to ensure that these interrelated processes are consistent, coherent and mutually supportive.

Substantive focus

Under the overall theme of the meeting **“Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda”**, informal interactive dialogues will be held on the following sub-themes:

1. ***“World economic situation and prospects”***
2. ***“Mobilization of financial resources and their effective use for sustainable development”***
3. ***“Global partnership for sustainable development in the context of the post-2015 development agenda”***.

1. World economic situation and prospects

Global growth subdued, but expected to improve in 2014-2015

The world economy experienced subdued growth for another year in 2013. According to the information available to date, world gross product is estimated to have grown by 2.1 per cent in 2013, lower than the baseline forecast of 2.4 per cent published in the *World Economic Situation and Prospects (WESP) 2013*. Underperformance was observed across almost all regions and major economic groupings. Most developed economies continued to grapple with the challenge of taking appropriate fiscal and monetary policy actions in the aftermath of the crisis. A number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new domestic and international headwinds during 2013.

More recently, some signs of improvement have emerged. Overall, world gross product is forecast to grow at a pace of 3.0 and 3.3 per cent in 2014 and 2015, respectively. The euro area has finally come out of a protracted recession, with gross domestic product (GDP) for the region starting to grow again; the US economy continues to recover; and a few large emerging economies, including China, seem to have stopped a further slowdown or will see accelerating growth. Among developing countries, growth prospects in Africa remain relatively robust. After an estimated growth of 4.0 per cent in 2013, GDP is projected to accelerate to 4.7 per cent in 2014. Growth in Asia has also stabilized, while the economies of Latin America and the Caribbean are forecast to improve growth to 3.6 per cent in 2014.

Unemployment remains a key challenge

The global employment situation remains dire as long-lasting effects from the financial crisis continue to weigh on labour markets in many countries and regions. Among developed economies, the most challenging situation is found in the euro area, in which the unemployment rates have reached as high as 27 per cent in Greece and Spain, with youth unemployment rates surging to more than 50 per cent. In developing countries and economies in transition, the unemployment situation is mixed, with extremely high structural unemployment in North Africa and Western Asia, particularly among youth. High rates of informal employment as well as pronounced gender gaps in employment continue to characterize labour markets in numerous developing countries.

Trade growth

World trade picked up in the second half of 2013. An export rebound in developed economies was the main driver behind increased trade in developing countries in the last quarter of 2013. Trade growth in developing countries is expected to continue in the next 2 years at a relatively high pace – between 5 and 6 per cent, but at a growth rate that is still lower in respect to the pre-crisis bonanza. However, a number of commodity-dependent LDCs are likely to continue experiencing trade deficits.

Uncertainties, risks and policy challenges in the global economy

Unconventional monetary policies adopted in major developed countries, such as quantitative easing (QE), continue to pose major risks to global economic growth and financial stability. A bumpy exit from QE could lead to a series of disruptive events, such as a surge in long-term interest rates, not only in developed economies but also in developing countries; a sell-off in

global equity markets; a sharp decline of capital inflows to emerging economies; and a spike in the risk premia for external financing in emerging economies. Those first-round shocks in international financial markets could transmit quickly to the domestic real economic sectors of both developed and developing countries. Efforts are needed to enhance the supervision, regulation and surveillance of financial markets in order to identify and mitigate financial risks and vulnerabilities.

International development assistance

Latest aid figures from OECD-DAC countries show ODA decrease in real terms by 4 per cent in 2012 (0.29 per cent of their combined Growth national income compared to 0.31 per cent in 2011), marking the first time since 1996-97 that aid has fallen in two successive years. As the target date for the Millennium Development Goals (MDGs) is approaching, international donors should redouble their efforts to deliver on existing commitments.

2. Mobilization of financial resources and their effective use for sustainable development

Discussions in the context of the follow-up to Rio+20 have highlighted that needs for financing the social, economic and environmental dimensions of sustainable development are extremely large. Long-term financing will be essential for raising the resources required for a transition to a green economy and for promoting sustainable development. Nonetheless, estimated financing needs still represent a relatively small portion of global savings. Annual global savings are estimated to be around \$17 trillion, as of 2012, with global financial assets at around \$218 trillion, as of 2011. Although reallocating the pool of global financial assets would be challenging, re-investing a small percentage, say 3 to 5 per cent, of this investment in sustainable development could have an enormous impact. Yet, to date, the international financial system has failed to adequately allocate resources for long-term sustainable development needs. The challenge lies in promoting a financial system that incentivizes such a reallocation.

Pursuant to the outcome document of the UN Conference on Sustainable Development (Rio+20), the UN General Assembly decided to establish an Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF) to prepare a report proposing options on an effective sustainable development financing strategy “to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives”. The report will serve as a contribution to the financing for development follow-up process, as well as to an intergovernmentally agreed United Nations development agenda beyond 2015.

The Committee’s membership is comprised of 30 experts nominated by the five regional groups of the United Nations. The work of the ICESDF is drawing on the expertise and technical support from the United Nations and other relevant stakeholders through a series of open and broad consultations, meetings and interactions. In addition, it coordinates closely with other relevant inter-governmental processes, in particular the Open Working Group on Sustainable Development Goals and the Financing for Development follow-up process.

Two sessions of the ICESDF have taken place so far. At its first session (28-30 August 2013), the Committee agreed to organize its work in three thematic clusters:

- Cluster 1: Assessing financing needs, mapping of current flows and emerging trends, and the impact of domestic and international environments;
- Cluster 2: Mobilization of resources and their effective use;
- Cluster 3: Institutional arrangements, policy coherence, synergies and governance issues.

The key messages of the recent deliberations of the Committee are as follows:

- Financing needs for development are very large, and global savings, while significant, are not currently being allocated sufficiently toward global sustainable development.
- The Monterrey Consensus and Doha Declaration on Financing for Development provide a conceptual basis for a comprehensive financing framework, keeping in mind lessons learnt, current trends, new issues and emerging challenges, and the sustainable development agenda.
- All types of financing flows are necessary, including public, private, international and domestic. These flows are seen as complements rather than substitutes.
- Domestic resource mobilization will be a critical element of financing but ODA will also remain crucial, particularly for LDCs and vulnerable countries.
- The public sector will remain critical for leveraging private resources, but given the size of financing needs, private investment will need to play an essential role. In this respect, the public sector should incentivize the private sector to invest in public goods and sustainable development. The Committee therefore decided to explore new policy frameworks for innovative partnerships at the national and international levels.
- The domestic and international policy environments, as well as their level of coherence, have a profound impact on the mobilization of finance for sustainable development. Good governance at the national and international levels is a prerequisite for long-term investment, growth and stability.
- A fair multilateral trading system, external debt sustainability and macroeconomic and financial market stability have to be factored in financing agenda.
- Resource use efficiency and effectiveness will be integrated in the financing agenda.

3. Global partnership for sustainable development in the context of the post-2015 development agenda

In its resolution 68/6 on the *Outcome document of the special event to follow up efforts made towards achieving the Millennium Development Goals*, the UN General Assembly reiterated its commitment to intensify all efforts for the achievement of the Millennium Development Goals (MDGs) by 2015 and underlined the central role of a strengthened global partnership for development. Reaffirming the values and principles of the 2002 Monterrey Consensus and 2008 Doha Declaration on Financing for Development, the General Assembly emphasized its determination to craft a strong post-2015 development agenda that will build on the foundations laid by the MDGs, complete the unfinished business and respond to new challenges. It also underlined the need for a coherent approach that integrates in a balanced manner the three dimensions of sustainable development and involves working towards a single framework and set of goals, universal in nature and applicable to all countries, while taking account of differing national circumstances and respecting national policies and priorities.

In its progress report of February 2014, the Open Working Group on Sustainable Development Goals (SDGs) underscored the importance of a substantially strengthened global partnership for development, involving governments and multi-stakeholder partners, for the implementation of

the SDGs. From financing for sustainable development, to science and technology, knowledge-sharing and capacity-building, a strong global partnership will be critical to assist in mobilizing adequate means of implementation. The partnership(s) should be equitable, inclusive, with a fair sharing of responsibilities and have a strong accountability mechanism or mechanisms for all.

The mobilization of financial resources for development and the effective use of all of those resources are central to the global partnership for development. The post-2015 development agenda should be underpinned by a strong and comprehensive financing framework, based on the Monterrey Consensus and Doha Declaration.

In resolution 68/204 of 20 December 2013 on “Follow-up to the International Conference on Financing for Development”, the General Assembly also decided to convene, in 2015 or 2016, a third international conference on financing for development. The conference will have a comprehensive agenda, namely: *“to assess the progress made in the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development, reinvigorate and strengthen the financing for development follow-up process, identify obstacles and constraints encountered in the achievement of the goals and objectives agreed therein, as well as actions and initiatives to overcome these constraints, and to address new and emerging issues, including in the context of the recent multilateral efforts to promote international development cooperation, and taking into account the current evolving development cooperation landscape, the inter-relationship of all sources of development finance, the synergies between financing objectives across the three dimensions of sustainable development, as well as the need to support the United Nations development agenda beyond 2015.”*

Format

In its resolution 2013/44, ECOSOC recognized “the efforts of the President of the Economic and Social Council, in consultation with Member States, to continue to work with the appropriate representatives of the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development to improve the agenda and the format of the special high-level meeting of the Council, considering innovative approaches that are conducive, *inter alia*, to the high-level participation of those institutions”.

In that context, the most important objective regarding the format of the meeting is to facilitate a truly dynamic, interactive dialogue, which includes *inter alia* persuading participants to refrain from prepared formal statements.

The one and a half day meeting should be streamlined into three consecutive informal thematic debates of the whole on the above-mentioned three topics. In order to encourage participation by a greater number of Ministers of Finance and WB/IMF Executive Directors, it is proposed that the opening remarks by the President of ECOSOC and the UN Secretary-General be followed by a Ministerial segment on topic (1), and statements by the Chairs of the WB/IMF Development Committee, the IMF International Monetary and Financial Committee, the WTO General Council and the President of the UNCTAD Trade and Development Board.

Accordingly, on the first day (14 April), the morning session, following the opening plenary, may feature topic (1) and the afternoon sessions may be devoted to topic (2) and (3). The

sessions may include high-level expert presentations to kick-off the debate, followed by an interactive discussion. In addition, there may be special presentations by senior staff of participating institutions. On the second day (15 April), the half-a-day session may focus on the way forward, in the form of a multi-stakeholder dialogue with presentations from representatives of civil society and the private sector. Closing remarks by the President of ECOSOC would conclude the meeting.

A renewed effort will be made to promote strict adherence to meeting schedules and time limits for interventions, in order to stimulate more interactive dialogue in the informal thematic debates among all participants, including representatives of civil society and the business sector.

Outcome

The meeting will conclude with a closing statement by the President of ECOSOC highlighting the main points of the discussions and specific proposals or ideas leading to action-oriented results. A comprehensive summary by the President of ECOSOC of the meeting will be issued subsequently as an official document of the Council and the General Assembly and provide an input to the summer session of the Council, the Second Committee deliberations of the GA on the Financing for Development agenda item, as well as the follow-up process to the United Nations Conference on Sustainable Development and the discussions within both ECOSOC and the GA on the post-2015 development agenda.

Consultations

The informal consultations with the major institutional stakeholders should enable in-depth substantive preparations, including through intergovernmental interactions envisaged in the Monterrey Consensus, the Doha Declaration on Financing for Development and ECOSOC resolution 2013/44. A meeting in Washington, D.C. between the ECOSOC Bureau and representatives of the Executive Board of the World Bank and the IMF is planned for 10 March 2014. There will be also a video/teleconference between the ECOSOC Bureau and the representatives of the relevant intergovernmental bodies and staff of UNCTAD and WTO.