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Agenda item 9

Multi-stakeholder round tables

Round table 5: Global partnership and the three dimensions of sustainable development

Summary of discussion

The Co-Chairs of the round table, the Minister of State at the Department of Foreign Affairs of Ireland, Sean Sherlock, and the Minister for Foreign Affairs of Trinidad and Tobago, Winston Dookeran, made opening remarks.

The Moderator, the Deputy Director-General of the World Trade Organization, Yi Xiaozhun, opened the panel discussion, in which statements were made by the following panellists: the Minister of State for Finance of India, Jayant Sinha; the former Minister of Finance of Nigeria, Ngozi Okonjo-Iweala; the Director-General of the United Nations Industrial Development Organization, Li Yong; and the Executive Secretary of the Economic Commission for Africa, Carlos Lopes; as well as by the discussants, the Chief Executive Officer and Chairperson of the Global Environment Facility, Naoko Ishii; and the Coordinator of the Global Alliance on Tax Justice, Dereje Alemayehu.

Mr. Sinha noted that the concept of a global partnership for development had been firmly established as the eighth Millennium Development Goal. He identified five key points for revitalizing and strengthening the global partnership. First, a massive scale-up in investment was required to eradicate poverty. Second, developing countries required adequate policy space to create conditions that enabled them to generate their own economic resources. Third, development must equally incorporate all three pillars of sustainable development where social and environmental priorities were not add-ons to the economic goals, but fully integrated within the pursuit of prosperity. Fourth, technology and innovation transfer mechanisms were crucial to achieving the sustainable development goals. Fifth, adequate and effective monitoring and review of progress would be the key element for ensuring that the post-2015 development agenda achieved its universal ambitions. He concluded by emphasizing that it was not an exaggeration to say that the success of the development agenda would be dependent on the global partnership that underpinned its actions.

Ms. Okonjo-Iweala stressed that infrastructure was the key for African development, given that it cut across all three dimensions of sustainable



development and was a basis for all economic growth. She emphasized that the provision of clean water, heat and shelter were even more salient to human health than medical interventions, and that 80 per cent of the resources required for funding the sustainable development goals would go to infrastructure, with the majority of this funding expected from domestic sources. To this end, Ms. Okonjo-Iweala stressed the importance of strengthening tax policy and requested donor countries to double or possibly triple the 0.07 per cent allocation of aid that is currently directed towards improving national capacity for domestic resource mobilization. To conclude, she called for increased focus on improving data collection methods and capacity in the global South, noting that evidence-based policy action was the only way forward for the effective implementation of the post-2015 development agenda.

Mr. Yong focused his remarks on the primary importance of industrialization for economic development and the eradication of poverty. He emphasized that the achievement of industrialization must be pursued while reducing greenhouse gas emissions and utilizing clean production technology, and with a mindset towards inclusiveness. In addition, he remarked that partnerships with the private sector had the potential to catalyze the conversion between an agricultural and industrialized economic model, but that it was the responsibility of Governments to oversee major investments to this end, such as in roads and water, and to create an enabling infrastructure for private sector involvement. Should Governments adhere to this key division of responsibilities, the private sector could be a powerful ally in development, bringing thousands of jobs, the empowerment of women, youth employment and the development of a domestic market for goods.

Mr. Lopes urged delegates to constantly question the concept of sustainable development to ensure that it accounted for changing times and diverse realities. He argued that for small island developing States, sustainable development was survival; for least developed and African countries, sustainable development reflected a need for massive job creation and industrialization; in middle-income countries, the goal was to maintain economic resilience in globally volatile conditions while addressing pervasive poverty; and that industrialized countries must see sustainable development as a call to clean up their environmental impacts and to balance prosperity for all. He stated that common but differentiated responsibility needed to underlie the concept of universal goals, along with an understanding that we are all in the same boat. He further argued that the social compact between citizen and state remains the key guiding principle between democratically elected Governments and civil society. As such, he cautioned that overemphasis on multi-stakeholder partnerships degraded the accountability of nations to their populations. There must be a clear distinction between the responsibility of the State in meeting the sustainable development goals and the role that the private sector and other actors can play. Finally, Mr. Lopes spoke critically of a “cappuccino” approach to sustainable development, whereby economic priorities formed the coffee base, social goods were the foam that comes once economic development is present and environmental considerations are the chocolate-sprinkled afterthought. Mr. Lopes countered that a green economy was a humanized and environmentally-friendly economy and, as such, all three pillars must have equal weight in the formulation of development policies. Finally, he stressed the need for international support to improve data capacity and collection.

Mr. Alemayehu offered three key principles in the achievement of the post-2015 development agenda, namely that the United Nations mandate must not be undermined; that the role of the private sector should not be overemphasized; and finally that common but differentiated responsibility was relevant to all global issues, not just climate. He focused his discussion on the example of international tax cooperation, noting that the observation by the Organization for Economic Cooperation and Development that the global tax system was “broken” was accurate, but that it had no mandate to fix it. Instead, he recalled that the League of Nations, the predecessor to the United Nations, had historically set tax principles and norms and that the Organization for Economic Cooperation and Development currently undermined the mandate of the United Nations by creating a parallel and non-representative tax body. Secondly, Mr. Alemayehu reflected that the role of the private sector in development was undeniable, but that Governments played a crucial and unique role in eliminating conflicts between vested private interests and the universal public goods through regulation. He echoed the concern of Mr. Lopes that overemphasis on multi-stakeholder approaches threatened the pact between the democratic state and its citizens. Finally, Mr. Alemayehu linked the concept of common but differentiated responsibility to accountability, noting that the former contained an intrinsic assumption that those who were more powerful were also accountable to those with less power. He emphasized that unless there was accountability in the global system, a universal agenda for sustainable development would not be reached and for that reason, common but differentiated responsibility was central to all development efforts.

Ms. Ishii acknowledged the concerns of the panel regarding multi-stakeholder partnerships, while emphasizing that collaboration was a key pathway to providing solutions to complex problems such as climate change. She offered three guidelines for translating good proposals into timely and effective implementation. First, Ms. Ishii pointed out that implementation required clear focus and well-defined priorities, and she suggested that development interventions could be particularly effective when they focus on the municipal level or on specific sectors such as energy or land-use systems. Policy must also set the long-term direction for investment; for example, pricing carbon and phasing out fossil-fuel subsidies could significantly alter the investment landscape. Second, Ms. Ishii recommended a multi-stakeholder approach to problem-solving and noted that finance could bond actors together and solidify common interests. Finally, Ms. Ishii remarked that sustainability must be firmly integrated into economic considerations. She urged decision makers to take adequate note of the fact that ecosystems were the bedrock of the economy for the poor and the most marginalized, while providing the basis of all economic activity.

Salient points made during the interactive discussion included the following:

- The importance of mobilizing domestic public resources for development, including through implementing reforms geared towards broadening the domestic tax base and strengthening the tax administration. Speakers emphasized the need to curb illicit financial flows, which in some countries represented a significant drain on domestic resources.
- The importance of having an enabling environment that encouraged entrepreneurship and the creation of small and medium-sized enterprises was also underscored. Participants stressed the need for capacity-building for small

and medium-sized enterprises, as well as ensuring an adequate flow of trade finance for enterprises. Attention was also given to the need to address the challenges faced by small and medium-sized enterprises in the informal sector. Participants also discussed the importance of developing local capital markets.

- Some speakers pointed to the need to enhance the access of developing countries to international capital markets. At the same time, it was asserted that such a move could increase debt and that it may be necessary for some countries to discourage short-term financial inflows and focus on attracting long-term finance for critical sectors like infrastructure. The importance of having instruments to mobilize and attract longer-term private finance, such as local currency bond markets, was also mentioned.
- Attention was given to the issue of multi-stakeholder partnerships to promote sustainable development, and in particular public-private partnerships. While public-private partnerships could have an important impact in advancing development, it was argued by some speakers that they should be implemented where they provide value over and above what the Government would have been able to achieve by itself. Participants further argued that public-private partnerships should not compromise social obligations on the part of Governments and should be closely monitored, transparent and efficient in the ways that resources were deployed.
- Reference was made to the need to have effective and constructive dialogue between public and private sectors at all levels — national, regional and global. In this regard, it was pointed out that the International Business Forum that was held in conjunction with the Third International Conference on Financing for Development was the largest global gathering of high-level business participation in the development context. The Forum attracted 800 registered participants, contributed to the global dialogue on an enabling environment for business and announced a number of initiatives and partnerships to mobilize action and engagement at scale.
- Speakers emphasized the key role of official development assistance, especially for the poorest countries, the most vulnerable people and social and environmental sectors. The need for countries to fulfil their official development assistance commitments was underscored.
- Speakers also emphasized the need for an enabling international environment that supported policymaking by developing countries to effectively mobilize domestic resources for sustainable development. The importance of policy space for developing countries was highlighted. The importance of having an enabling system of global economic governance was also emphasized, though it was pointed out that such a system may need to strike a judicious balance between representativeness and effectiveness.
- A call was made to upgrade the United Nations Committee of Experts on International Cooperation in Tax Matters to an intergovernmental body. The universality of this body was emphasized and it was stated that any global tax body that excluded many developing countries from decision-making on international tax matters would not work.
- The importance of regional cooperation in financing sustainable development was emphasized. Among other things, the establishment of regional

mechanisms to curb illicit flows and the development of regional stock and bond markets could significantly contribute to the mobilization of resources for sustainable development. Asia was cited as a region where considerable progress had been made in advancing regional cooperation, and the establishment of the Asian Infrastructure Investment Bank, which aimed to tap the large pool of regional savings for infrastructure, was welcomed.

- A number of speakers referred to the needs of small island developing States and, in particular, the vulnerability of these countries to climate change. It was pointed out that climate change financing mechanisms needed to work quickly to better enable these countries to swiftly address challenges facing them, such as beach erosion and rising sea levels.
 - Other points made by speakers during the interactive discussion included the need to address the digital divide and transform the digital revolution into a development revolution.
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