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## Third International Conference on Financing for Development

Addis Ababa, 13-16 July 2015

Agenda item 9

**Multi-stakeholder round tables**

### **Round table 1: Global partnerships and the three dimensions of sustainable development**

#### **Summary of discussion**

The Co-Chairs of round table 1, the Deputy Prime Minister and Minister for Foreign and European Affairs of Slovakia, Miroslav Lajčák, and the Minister for Foreign Affairs and Investment Promotion of Somalia, Abdusalam Hadliyah Omer, made opening remarks.

The moderator, Corporate Secretary and President's Special Envoy on Millennium Development Goals, the Post-2015 Process and Financial Development, World Bank Group, Mahmoud Mohieldin, moderated the panel discussion, in which statements were made by the following panellists: the Prime Minister of Sweden, Stefan Löfven; the Secretary-General of the Organization for Economic Cooperation and Development (OECD), Angel Gurría; and the Commissioner for Rural Economy and Agriculture, African Union, Rhoda Peace Tumusiime; as well as by the discussants, the European Union Commissioner for International Cooperation and Development, Neven Mimica, and the Executive Director of Oxfam International, Winnie Byanyima.

In opening the round table, Mr. Lajčák stressed that the international community should build on lessons learned from the Millennium Development Goals. The sustainable development goals, which had a wider scope taking into account social, economic and environmental issues, would only be achieved through collective action in a strong global partnership. Based on his national experience, Mr. Lajčák emphasized that there was also a need for multiple partnerships that drew upon all stakeholders, including civil society and the business sector. Official development assistance would remain a vital component of financial and technical cooperation.

Mr. Omer underlined that the Millennium Development Goals framework steered development in the right direction and facilitated a meaningful global partnership. Going forward, the international community must learn lessons from the past and agree on the way forward. The post-2015 framework would further support economic development and human well-being. There must be a general commitment to promoting sustainable industrialization, to enhancing domestic and



international resource mobilization and to strengthening tax systems and transparency. A new global partnership should be built on North-South and South-South cooperation. Collaboration between the public and the private sectors was also essential and should enable technology transfer, equitable access to education and economic diversification. The sustainable development goals were closely interrelated and may thus be thought of as a single overarching goal, which would require collaborative efforts by all.

Mr. Löfven presented important elements of a global partnership. While official development assistance remained important, cooperation in investment and trade was also crucial. Exchanging ideas between science, business and society would ensure new solutions. Greening the global economy should include putting a high but fair price on carbon. He also called for a global deal on decent work for all, in which representatives of labour and management would reach agreements that would both respect the fundamental rights of labour and increase productivity. Mr. Löfven stressed the need for policy coherence, including between different sectorial policies. The new global partnership could not successfully treat problems in isolation, as policy coherence was required for sustainable development and true justice.

Mr. Gurría pointed out that the members of the OECD Development Assistance Committee had increased their official development assistance to \$135 billion despite the economic impact of the global financial crisis. A negative trend, which should be reversed, was that aid to least developed countries had decreased. The United Kingdom of Great Britain and Northern Ireland had increased its official development assistance to 0.7 per cent of its gross national income while undergoing a strict adjustment programme. Other countries could also make the political effort shown by this example. Mr. Gurría pointed out that the Committee had developed a new measure called Total Official Support for Sustainable Development that meant to capture a broader concept of international cooperation than official development assistance. Mr. Gurría also described two initiatives led by OECD on taxation: (a) the Global Forum on Transparency and Exchange of Information for Tax Purposes, which assembles 127 countries in an effort to move toward automatic exchange of tax information; and (b) an initiative at the request of the Group of 20 to respond to aggressive tax planning schemes of some multinational enterprises. Tax Inspectors Without Borders, a joint initiative of OECD and the United Nations Development Programme that was being launched at the Conference, aimed to help developing countries in strengthening their tax administrations, in particular their audit capacity.

Ms. Tumusiime pointed out that poverty, hunger and disease remained the most pressing global problems. While remarkable progress had been made, not least through the Millennium Development Goals process, Africa fell short of meeting many goals. The new global partnership would need to be more comprehensive and focus on people and their wellbeing. Efforts should be made to give African boys and girls hope for the future. Ms. Tumusiime referred to the African Union's Agenda 2063, which embodied the continent's vision for an African continent that was integrated, peaceful, prosperous and people-centred. Ensuring global food security, mitigating the effects of climate change, addressing the infrastructure backlog and industrialization and ensuring a good energy mix would be important elements for sustainable development, and access to technology by all countries would be crucial in this process. Africa should focus on moving up the global value chain and ensuring intra-African trade for economic development. She stressed that

adequate attention would have to be paid to women, including increasing their participation in the workforce. A global partnership should be built on mutual understanding and respect as well as appreciation for diversity.

Mr. Mohieldin intervened to stress the need for countries to evaluate the lessons learned from the Millennium Development Goals and to apply them going forward. In particular, he stressed that there was a need to monitor progress and to ensure the availability of relevant data. For example, he recalled that despite the focus on poverty reduction during the Millennium Development Goals era, only 57 countries had had data on the change in their level of poverty.

Mr. Mimica called for redefining the way the global community works together to ensure a better reality for all people. He stated that a comprehensive approach that made use of integrated financing mechanisms would be needed. He emphasized that the European Union was willing to aid countries in mobilizing domestic resources, including tackling tax evasion and avoidance and illicit financial flows. Mr. Mimica noted that more efforts were needed if the European Union was to achieve the commitment to 0.7 per cent of its gross national income for development assistance. He stated that official development assistance should be used catalytically, including to help mobilize other means of implementation. Against the backdrop of innovative financing mechanisms, the aim should be to unlock €100 billion of investment through blending facilities. The global partnership needed policy coherence and the involvement of parliaments, civil society, business and academia.

Ms. Byanyima stressed that a global partnership needed a strong sense of global justice. In her view, global governance would need to be recalibrated to ensure the well-being of all citizens. She noted that 1 billion people were currently living in extreme poverty and that inequality was increasing. Taxation had an important role in tackling those problems and in providing public goods. Developing countries had lost around \$100 billion through tax evasion and avoidance and \$138 billion resulting from tax incentives. She stated that there was no truly international body for taxation. In her view, the time had come for the creation of an intergovernmental tax body under the auspices of the United Nations with the mandate and resources to ensure that all countries could participate in the setting of international tax norms. Ms. Byanyima expressed the hope that developed countries would take steps toward the creation of an inclusive tax body, which would shift the balance of power to be more just.

The Minister of Finance of South Africa, Nhlanhla Musa Nene, speaking on behalf of the Group of 77 and China, noted that the United Nations was in a unique position to strengthen international cooperation for sustainable development and the integration of developing countries in international forums. He acknowledged that countries were responsible for their development. He added that developed countries must also fulfil their development commitments. Mr. Nene stated that debt sustainability had been crucial for developing countries and urged all Member States to participate in the international discussions on sovereign debt restructuring. He noted that to realize the sustainable development goals, the principle of universality needed to go hand in hand with the principle of common but differentiated responsibilities. He stressed that North-South cooperation should remain at the core of sustainable development and the global partnership, and that

traditional official development assistance should be maintained. Only a scaled-up global partnership could ensure meaningful development.

The following points were made during the discussion:

- Collective action, involving collaboration by States, international institutions, civil society organizations, citizens and the private sector in varying numbers, combinations and trajectories, would be required to realize the sustainable development goals and the post-2015 development agenda.
- Several participants noted that there were important potential benefits of international collaboration on tax matters, including automatic exchange of taxpayer information. It was pointed out that 94 countries would begin to automatically exchange tax information in 2017 or 2018. It was also stressed that knowing the beneficial owner of an income stream was valuable to tax authorities.
- In addition, participants suggested that tax structures may need further reform, including to reduce the number of people in the informal economy. It was also noted that many developing countries were dependent on corporate taxations, but that corporations had been effective in extracting tax concessions from Governments.
- Several participants remarked that the OECD Global Forum implemented policies designed by the OECD Committee on Fiscal Affairs. In their view, developing countries should have a seat at the table where the norms were written. In this regard, they called for an upgrade of the United Nations Tax Committee to an intergovernmental body.
- It was also noted that one third of public investment was lost through inefficiencies. It was announced that the International Monetary Fund would launch a new tool for improving the efficiency of public spending.
- A further modality for collaboration included methods for using official development assistance catalytically to engage with private enterprises, civil society and other stakeholders to deliver public services, for which there had been numerous collaborative models, including blended finance and advanced market commitments.
- It was further noted that partnerships were more likely to succeed when there was a clear understanding among the partners of their respective obligations, along with a willingness to be monitored on implementation. It was noted that many partnerships among private enterprises, often called “strategic alliances”, had failed because obligations were not well specified or monitored adequately.
- It was also noted that partners should successfully collaborate even when they had different interests if they recognized that a joint solution could advance their respective interests. For example, a donor Government reported providing funds to non-governmental organizations to combat hunger and collaborating with a food company to take advantage of its logistics expertise.
- It was also stressed, however, that it was important not to romanticize public-private partnerships. They should be drawn up as robust contractual relationships under strong public-private partnership laws. A dedicated public-

private partnership unit should be established to oversee the negotiation and implementation of such partnerships.

- It was noted that there was also a need for broad oversight of partnerships, as specific initiatives may have impacts beyond the immediate partners and their clients. In that regard, participants stressed that coherence was an important policy concern that may be hard to manage but was necessary.
  - Participants also said that national sustainable development strategies could be an important basis for formulating appropriate policies and monitoring their implementation, for which appropriate data needed to be collected.
  - Different forms of finance may be considered, such as zakat (obligatory charitable contributions) and sharia-compliant Islamic finance, including for microenterprises.
  - Some participants suggested that migration should be included as an aspect of development policy, on the one hand to protect the rights of migrants and prevent their exploitation, and on the other hand to take proper account of their contribution to the development of their host countries.
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