

Meeting Summary by the Co-Chairs
Intergovernmental Committee of Experts on Sustainable Development Financing¹
(New York, 2-6 December 2013)

Short summary of the session:

- The substantive focus of our second session has been on Cluster 1: “*Assessing financing needs, mapping of current flows and emerging trends, and the impact of domestic and international environments*” and on Cluster 2: “*Mobilisation of resources and their effective use*”. The next session of the Committee, to be held on 3-7 March 2014, will also focus on the third cluster and will discuss findings of all clusters to ensure effective interface.
- We, the Co-chairs of the Committee and the Co-chairs of the Open Working Group have briefed each other on our progress, discussed areas of common interest, and agreed to mutually reinforce and coordinate closely between the two tracks.
- The committee’s deliberations have also been enriched by informal briefings by the Consultative Group to assist the Poor (CGAP) on financial inclusion, a representative of a large public-sector pension fund, the Executive Secretaries of the Rio conventions, and the Executive Director of BNDES. In addition, a multi-stakeholder forum was held yesterday with the active participation of NGOs, private sector and other major groups, as well as other relevant stakeholders.
- Civil society, private sector and major groups highlighted the need to deepen and intensify our outreach efforts, following the inclusive and holistic approach embodied by the Monterrey and Rio process.

Key points relating to procedures

- It was broadly agreed that there is a need to retain the closed nature of the Committee as it strongly contributes to its efficiency, while fostering inclusive and transparent working methods among its members. At the same time, the Committee was encouraged to continue strengthening its outreach program based on inclusive and open multistakeholder dialogue.
- There was consensus that there needs to be geographical balance in terms of the outreach activities of the Committee, including having well-focused, substantively relevant and demand-driven meetings organized across all regions and ensuring diversity among the experts invited to complement the work of the Committee. Voluntary funds need to be harnessed to achieve this.
- Effective coordination between our Committee and the Open Working Group on SDGs through short and concise meetings is crucial to ensure synergies and alignment, and avoid overlap. March to August 2014 constitutes a window of opportunity. Both our processes need to finish our reports by August 2014.
- With regard to Cluster 1, a range of inputs has already been collected from experts, the Secretariat and external stakeholders. It was proposed that the outputs for Cluster 1 could be ready by March and revised by May 2014. Cluster 1 will continue to receive inputs at least until May 2014. An update on Cluster 1 should be provided and discussed at the next session.
- It was suggested that Cluster 2 be split into 5 sub-working groups, each headed by one co-facilitator: (i) national public financing, (ii) international public financing, (iii) private financing, (iv) blended financing, and (v) the relationship between different financing sources and cross-

¹ Co-Chairs closing remarks delivered on 6 December, 2013, during the Second Session of the Committee.

cutting issues. The co-facilitators of cluster 2 plan to present a consolidated document to the Committee and suggested presenting a final draft of their report by May.

- Cluster 3 on “*Institutional arrangements, policy coherence, synergies and governance*” has agreed to develop greater understanding of the scope and dimension of this area. They will consult with Committee members on their views.
- It was agreed that intersessional work will be critical to sustaining our progress given the tight timeline. To enrich this and secure broad participation, the inputs of all experts will be actively sought and taken into account as the clusters prepare drafts for our consideration.
- It was also agreed that there is a need to better engage the private sector, multilateral and regional development banks as well as other relevant stakeholders.
- There was a convergence of views to hold the multi-stakeholder forum upfront to feed into the work of the Committee and to make sure Member States that are not members of the Committee participate.
- The Secretariat will circulate a revised draft of the Programme of Work to us for our consideration, taking into account our discussions.
- The Secretariat will continue to provide substantive support in terms of providing summaries of the Sessions, providing background information and collating inputs from the UN system upon request from the co-facilitators.

Some major highlights from the substantive discussion

- The mandate to develop a financing strategy for sustainable development for the Committee’s work derives from the Rio+20 outcome document.
- Participants agree that the Monterrey Consensus and the Doha Declaration provide the basis for a financing framework, keeping in perspective the lessons learnt and thinking through financing arrangements for emerging challenges and the sustainable development agenda.
- In this context, it was agreed that 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. Experts also emphasized the importance of addressing additional issues critical to development financing, such as a fair multilateral trading system, external debt sustainability, and macroeconomic and financial market stability. Regional cooperation is also important for generating development finance and ensuring stability.
- There is a consensus that financing needs are large, and that quantifying these needs is highly complex, since needs are dependent on a host of assumptions, including macroeconomic and policy environments in countries. In addition, it is not meaningful to add up sectoral estimates as the underlying models do not take into account synergies across sectors. Nonetheless, some experts are interested in further exploring financing needs across sectors and/or on a regional level, especially pertaining to Africa and least developed countries. Members have been requested to furnish additional evidence on financing needs at national and regional levels. Because of the limitations of the quantitative assessments of needs, the Committee decided also to explore qualitative dimensions of existing financing mechanisms and sources.
- There was a broad consensus that:
 - Global savings are adequate, but are currently not being allocated where needed to achieve global sustainable development.

- Given the large financing needs, there was strong consensus that all types of flows will be necessary, including public, private, international and domestic. However, public and private sources need to be mutually reinforcing, and must be seen as complements rather than substitutes, as each of them has different goals and objectives.
- Domestic resource mobilization will be critical element of public financing, though DRM needs to be viewed within the context of the capacity of different countries. Sustainable and equitable growth is critical for domestic resource mobilization. Combating tax avoidance and evasion will require international tax cooperation and enhanced capacities.
- ODA will remain crucial for the eradication of extreme poverty, particularly in LDCs, SIDS, and countries in special situation. Nonetheless, ODA alone will not be sufficient, even if all countries meet their commitments.
- Private investment will also need to play an essential role in meeting sustainable development needs. Nonetheless, to date, private sector investment has been insufficient in many areas of sustainable development. The private sector is profit oriented and would require appropriate incentives to invest adequately in sustainable development. In particular, the current international financial system does not encourage sufficient long-term investment. Furthermore, externalities are not priced into certain areas, such as the energy sector, which distorts production and consumption patterns.
- As such, the Committee will explore new policy frameworks for innovative partnerships at the national and international levels which combine realization of commercial and economic viability and sustainable development objectives.
- Public policies will remain the lynchpin of any sustainable financing framework.
- In the qualitative assessment there is a need to take into consideration the impact of bad policies as well as proper assessment of the opportunity costs and the financial impacts of inaction.
- While the principle of universality should be maintained, there is also a need to take into account country-specific issues. There were calls for further discussion of the financing challenges facing LDCs and SIDS among other groups, including countries caught in middle income trap. Calls were also made regarding the need to place a strong emphasis on understanding regional challenges.