

**Draft Concluding Remarks of Co-Chairs
5th Session of Open Working Group on SDGs**

Excellencies, dear colleagues and friends,

We are now coming to a conclusion of a fruitful and stimulating fifth session of our Open Working Group on sustainable development goals.

We have three more stocktaking meetings ahead of us, the next one less than two weeks away, when we will be tackling the issues of means of implementation, countries in special situations, global governance, human rights and the right to development.

The right to development was stressed in the past three days, and it was clearly understood that our efforts to put the global economy on a sustainable path must not be on the backs of the poor. Poverty eradication remains our overriding objective and number one goal.

Sustainable development goals will need to address the economic and environmental pillars more squarely than the MDGs, because inclusive and sustained economic growth and a resilient economy are necessary conditions for permanent poverty eradication.

Likewise, failure to tackle climate change and resource degradation, combined with persistent poverty, is already imposing heavy costs through slow-onset disasters as well as disasters caused by extreme weather events like typhoon Haiyan in the Philippines. Those costs will escalate with inaction, seriously setting back poverty eradication and development efforts in all countries.

Sustained and inclusive growth, industrialization and infrastructure development

Equalizing growth is beginning to happen at the global level, with developing countries growing consistently faster than developed countries since the mid-1990s, and with a growing number of developing countries – but not yet all – sharing in that growth.

In the post-2015 period, we should be expecting and aiming for even faster upward convergence of incomes and living standards. Success stories of the past two-three decades indicate the pivotal importance of well formulated national policies and the international cooperation built upon them.

At national level, growth has often been accompanied by widening inequalities, and if we are to eradicate poverty and achieve shared prosperity we will need to promote more inclusive and equalizing growth. This can be done if the fruits of growth are invested in people's health and education, as well as in targeted transfers to and social protection of the poor -- as has been the case over the past decade for example in Latin America.

Sustained productivity improvements underlie growth that is accompanied by steadily rising living standards. Normally this involves structural transformation of economies,

both through technological advance within sectors like agriculture and through industrialization.

Economic diversification through industrialization is regarded as a particularly important strategy for the African continent, where many countries continue to rely on exporting primary commodities and enjoy only a small share of the associated resource rents.

Value addition through greater processing of commodities as well as diversification into more labor-intensive industries would help both augment growth and spread its benefits.

A number of speakers, particularly from Africa, supported a goal on inclusive and sustainable industrial development. More generally, building strong productivity capacities and technological capabilities in all countries is a worthy objective that creates a sound basis for shared prosperity. The strengthening and promotion of small and medium enterprises will serve multiple objectives including diversification, employment and inclusion.

Efficient and productive economies depend critically on well-functioning and broadly accessible infrastructure, including transport, energy, water management and communications networks. Least developed countries, notably in Africa, as well as many other developing countries have infrastructure deficits that will need to be filled to support robust and inclusive growth.

Almost all new infrastructure to be built in developing countries over the coming decades will require to steer the needed finance towards sustainable, low-carbon, climate-resilient infrastructure and to seek ways to lower the costs of such investments.

It was noted, in this regard, that Africa, while having a serious electricity deficit, also has abundant resources to expand electricity and other energy access using relatively low-carbon sources – notably through a combination of renewable energies and hydrocarbons, mostly natural gas.

Macroeconomic issues

The financial crisis has pointed to the fragility of the global economy and the vulnerability of all countries to macroeconomic shocks.

There is a recognized need for closer macroeconomic policy coordination, to help avert and if necessary manage future crises. Measures to enhance stability of global financial and commodity markets are important.

Ensuring steady and affordable access to credit is especially important for the millions of small and medium sized enterprises and would-be entrepreneurs in both developed and developing countries.

Financial inclusion has opened up opportunities for tens of millions of poor people and has been an especially powerful force for empowerment of women. It will be important to build on the successes in this regard in the future development agenda.

There is scope for further enhancing the voice and representation of developing countries in international financial institutions.

International trade has been an important driver of growth over the past several decades of trade liberalization. It is important to sustain the momentum of trade opening and expand further market access for products of developing countries, especially the least developed countries. Further progress with reduction of trade-distorting agricultural subsidies in developed countries remains an urgent priority.

Debt sustainability is also a major concern for a rapidly growing number of countries around the world. Although substantial debt relief for example through the HIPC initiative, a number of developing countries – including small island developing states -- labor under heavy debt burdens that divert resources from investments in education, health, infrastructure, and other critical sectors.

Domestic resource mobilization, including through improved tax design and collection and through curbing of illicit flows, is a major determinant of governments' capacity to invest in infrastructure as well as provide public services and social protection. The importance of transparency and accountability of governments to their people for the use of tax revenues and resource rents was stressed.

In summary, we should be aiming to create and secure an international enabling environment that is supportive of development and leaves adequate policy space to countries to pursue their own sustainable development paths. As affirmed at Rio+20, respect for nature is an essential value in this regard, and building green economies can be a useful tool among others.

Energy

Economic growth is fueled by modern energy. Access to safe, affordable and reliable energy is a pre-requisite for poverty eradication. Universal access to modern energy services enjoys broad support as an SDG target, including electricity and clean cooking fuels where benefits accrue especially to women and children.

Decarbonization of energy systems is a long-term objective, one that will require a period of transition - different transition paths for different countries, depending on energy resource endowments, technological capacities and other factors.

The experience of some countries suggests that progress with energy decarbonization is feasible without compromising economic growth performance.

Renewable energy is becoming an integral part of the energy systems of a growing number of countries alongside conventional energy sources. Renewable energy costs continue to decline but remain a challenge in many countries, not least in those with fossil fuel subsidies.

The UN Secretary-General's Sustainable Energy for All (SE4All) initiative contains ambitious but feasible targets not only for energy access but also for renewable energy and energy efficiency. Feasibility is critically dependent on broad and affordable access to financing and technologies.

A majority of countries have renewable energy targets of some form and these have been instrumental in driving policy shifts towards renewable energy promotion and scale up. Global targets could encourage this effect.

Energy efficiency and conservation are critical and, in this regard, sustainable consumption of energy, notably in developed countries, would be greatly enabled by more realistic pricing of energy from different sources.

A proposal was put forward for a goal on "Securing sustainable energy for all", with a number of associated targets including the three from SE4All. The goal and targets bring out the interrelationships between energy and different issue areas including poverty, water and health.

Final observations

We, the co-chairs, continue to feel a high level of energy and engagement on the part of member States and other stakeholders, and we certainly hope that this will be sustained through the next three sessions and beyond.

We appreciate that you are increasingly focusing your minds on what a set of goals (and targets) would look like – ones that would meet the various Rio+20 criteria, including that they be few in number, measurable, easy to communicate, universal and yet adaptable to different countries' circumstances, balancing the three dimensions of sustainable development.

One of you described what you understand to be the main difference between MDGs and SDGs, and we found that very much to the point. The former were largely about actions by the South, financed in part by the North, while the latter are also about actions in the North benefiting the South, and for that matter the whole world – notably through sustainable consumption and production patterns and de-carbonization of economies.

We had an interesting discussion on the design of goals, and whether the goals and targets should focus only on outcomes or would also have something to say about enablers and instruments. As one of our keynote speakers put it, what matters is a package that can inspire the world to make inclusive and sustainable development a reality. That is the task ahead of this group. That is our opportunity and our challenge. We wish you all a happy Thanksgiving and look forward to seeing you again very soon.