

Overview

The Economic and Social Council will hold its Special high-level meeting with the World Bank, International Monetary Fund, the World Trade Organization and the United Nations Conference on Trade and Development on 14 and 15 April at the United Nations Headquarters, New York. The overall theme of the meeting will be 'Coherence, coordination and cooperation in the context of financing for sustainable development and the post-2015 development agenda'. The meeting will be structured around three topics.

A Ministerial segment will be held on the theme:

1. World economic situation and prospects.

The meeting will also feature two informal the

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. By contrast, unemployment rates in Latin America and the Caribbean are at record lows. Still, high rates of informal employment as well as pronounced gender gaps in

there is also a strong consensus that all types of flows will generally be competitive on a risk-adjusted basis. Nonetheless, it may be necessary, including domestic, international, public and private. Public financing, including ODA and domestic resource mobilization, along with an appropriate policy framework, will remain indispensable. Nonetheless, given the sheer size of financing needs, it is clear that public resources alone will not be sufficient.

In the past, different financing streams were often seen as substitutable, based on the view that money is fungible. However, recent analysis, which has focused on underlying incentives, has emphasized that different financing streams have different mandates, characteristics, goals, and incentive structures and should be seen as complementary, rather than supplementary.

For example, private finance will be more efficient than public finance in many instances; however, the short-term nature of some private flows might add risks that make these flows inappropriate for certain investments. In addition, private financing is unlikely to be sufficient in areas of public goods and social needs.

Although estimates of the financing needs for sustainable development are necessarily imprecise, studies conclude, without exception, that needs are extremely large. Investment requirements for an energy transition respecting agreed climate targets alone are of the order of trillions of US dollars per year. While part of the needed investment would flow automatically if energy prices were set to fully reflect supply costs and environmental damages, there would still be insufficient financing in many public goods, including financing the global commons.

Similarly, there is insufficient long-term financing for critical infrastructure needs, not only in the environmental pillar, but also for social needs, and for various economic entities, such as SMEs, which are important means for employment generation in many countries. An enabling environment and the rule of law are both emphasized in the Monterrey Consensus, and are critical for long-term investment. Nonetheless, there is currently a shortage of financing in critical areas even in countries with relatively strong enabling environments.

Despite small (but growing) pockets of socially conscious investors, private capital remains driven by the profit motive. The private sector thus under-invests in public goals because returns on these investments are not

¹ There are a host of market failures, which would likely preclude the flow of financing. See the United Nations *World Economic and Social Survey 2011*, Chapter 5.

Questions for discussion:

- While private for-profit investors can meet many of the investment needs for sustainable development, some activities are best addressed by Governments, in many cases supported by official cooperation. What lessons can be drawn from the experiences and international discussions thus far to boost cooperation effectiveness and strengthen confidence in the efficacy of increased development cooperation flows?
 - What kinds of policies would help incentivize greater private sector financing of sustainable development? How can public resources more effectively leverage private sector investments for sustainable development? What can be learned from past experiences and what mechanisms would be most effective in different circumstances?
-

stakeholders across a range of policy areas. As a result, the development landscape is increasingly characterized by many dispersed actors and high complexity, its financing and most important contribution may lie in setting the right incentives for this broad range of actors to facilitate sustainable development financing and investment.

For this reason, the post-2015 development agenda A broad sustainable development financing framework will have to be underpinned by a renewed and strengthened global partnership for sustainable development, grounded on the values of equity, solidarity and human rights, which builds on the strengths of the existing framework, while taking on board the lessons learned, and addressing new challenges. Commitments to policy action will have to be broader than in MDG 8, addressing in an integrated manner the three dimensions of sustainable development. To be effective, the global partnership will also require a strengthened, robust and inclusive monitoring and accountability mechanism, to monitor progress in implementation of commitments.

The new partnership will need to engage all relevant stakeholders, galvanizing action at the local, national and global levels. Only a joint effort, leveraging the strengths of all actors, including civil society, the private sector, local governments, national parliaments and others, will enable the realization of the shared vision embodied in a sustainable development agenda.

The new global partnership will be set out by Member States of the United Nations. At its heart, then, it will define a compact of commitments to policy actions by Member States. At the same time, the global partnership needs to provide space and flexibility for engagement with a much broader range of actors. In the quest to achieve sustainable development goals, multi-stakeholder implementing partnerships can engage and bring to the table all relevant stakeholders for a specific purpose or goal, allowing them to leverage their comparative advantages and respective strengths.

To this end, the global partnership should be embedded in a broad and comprehensive financing framework for sustainable development. Such a framework would contain renewed commitments, while providing guidance to stakeholders in their effort to contribute to sustainable development. As the financing