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**Forum – The question of
transparency in the financing of
sustainable development**

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Forum: ECOSOC

Issue: The question of transparency in the financing of sustainable development

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Introduction

At the United Nations Conference on Sustainable Development (Rio+20), the international community agreed to undertake a major effort to promote sustainable development globally and in every nation, and free humanity from poverty and hunger. Member States also agreed to establish the Intergovernmental Committee of Experts on Sustainable Development Financing tasked with developing options for a sustainable development financing strategy to facilitate the mobilization of resources and their effective use in achieving sustainable development objectives. The work has been rooted in the principles expressed in the Rio+20 outcome document and in the universal values expressed in the United Nations Millennium Declaration, noting that peaceful and inclusive societies, gender equality and human rights for all, including the right to development, are strong enablers for sustainable development. Eradicating poverty is the greatest global challenge facing the world today and an indispensable requirement for sustainable development.

The Monterrey Consensus of the International Conference on Financing for Development, held in 2002, provided a basis for the analysis, with its emphasis on the use of all forms of financing, including public, private, domestic and international in a holistic manner, as well as its recognition that each country has primary responsibility for its own development, while the global community is responsible for an enabling international environment.

Definition of key-terms

Sustainable Development

Development that "meets the needs of the present without compromising the ability of future generations to meet their own needs".

United Nations Conference of Trade and Development

Created in 1964 the UNCTAD is the United Nations conference based on the ideas of commerce, investments and development that should be discussed.

Trade Related aspects of Intellectual Property Rights

The TRIPS agreement introduced intellectual property law into the international trading system for the first time and remains the most comprehensive international agreement on intellectual property to date.

Sustainable Development Goals

A collection of 17 global goals set by the United Nations with the objective of including poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, urbanization, environment and social justice.

General Overview

ECOSOC is charged with reviewing the financing for development follow-up process. In 2002, the International Conference on Financing for Development, which issued the Monterrey Consensus, brought over 50 heads of state and an unprecedented number of finance and other ministers together to agree on the first international framework for financing development. A follow-up process was continued through intergovernmental negotiations to build on and update commitments, including the Second Global Conference on Financial for Development in Doha in 2008 and the Third International Conference on Financing for Development held in Addis Ababa in July 2015. The subsequent Addis Ababa Action Agenda laid out a new global framework for financing sustainable development that aligns all financing flows and policies with economic, social and environmental priorities, and committed countries to a comprehensive set of policy actions towards the means of implementation for the achievement of the 2030 Agenda for Sustainable Development.

Critically, the Addis Agenda mandated the Council to hold on an annual basis the Forum on Financing for Development Follow-up (Forum). The Forum is the global platform for reviewing the current trends in development finance and the means of implementation, as well as advancing progress on the Sustainable Development Goals (SDGs), in line with the international commitments of the financing for development outcomes. It engages key institutional actors involved in development finance—including dialogue with the leadership of the World Bank, International Monetary Fund, World Trade Organization, UN Conference on Trade and Development and UNDP—and features multi-stakeholder participation from relevant actors from civil society, the private sector, parliaments, local authorities, academia and international organizations. Participants include representatives of Member States, including a large contingent of Ministers and other high-level representatives from capitals, as well as representatives from other key stakeholder groups referenced above. The annual report of

the Inter-agency Task Force (IATF) serves as the major substantive input to the Forum. The official outcome of the Forum is a set of intergovernmental agreed conclusions and recommendations that contribute to the overall follow-up and review on the 2030 Agenda and are submitted to the High-level Political Forum (HLPF) on sustainable development.

Major parties involved and their views

World Trade Organization (WTO)

The main goal that concerns the WTO is MDG 8, building a global partnership for development. More precisely, the WTO promotes better market access for exports originating from least-developed and developing countries

UNESCO

UNESCO promotes the financing of sustainable development focused in the SDGs across three pillars, domestic financing, official development assistance and innovative financing. They called for;

- All financing initiatives to respect education as a public good and be guided by the principles of equity, quality and inclusion, as well as 12 years of free publicly funded education;
- Governments to increase public revenue, including through a larger tax base, to increase allocation to education and prioritize spending on the most marginalized groups;
- Data collection to understand better the cost of basic education to households with a view to reducing the financial burden on families;
- Reinforced dialogue between innovative financing providers, donors and beneficiary States and communities;
- Private sector resource mobilization while ensuring effective regulatory mechanisms for transparency and accountability.

World Bank

The World Bank consists of 189 member countries, staff from more than 170 countries, and offices in over 130 locations. It is a unique global partnership: five institutions working for sustainable solutions that reduce poverty and promote sustainable development.

Timeline of important events/Documents

2002 → Monterrey Consensus

2002 → International Conference on Financing for Development

2008 → Second Global Conference on Financial for Development in Doha

2015 → Third International Conference on Financing for Development in Addis Ababa

2016 → Financing for Development Forum meetings

UN involvement

The High Level session addressed the challenge of financing the Sustainable Development Goals (SDGs), including how to mobilize investment, how to channel it towards the SDGs and how to maximize the benefits and minimize the risks. According to UNCTAD's 2014 World Investment Report, achieving the SDGs will require a significant ratcheting up of investment.

The private sector will need to be a vital partner to public efforts to reach the scale of investment required. Recent years have seen a tectonic shift of foreign direct investment (FDI) going to developing countries, but most of this investment is not reaching the poorest economies.

Ministers and other high-level participants deliberated on the question of what policy strategies and actions can be developed to better target investment to finance development.

In this context, Secretary General Kituyi announced the update of UNCTAD's Investment Framework. The updated Investment Framework seeks to address a comprehensive group of policy areas that collectively impact a country's ability to attract and benefit from FDI.

James Zhan, Director of UNCTAD's Investment and Enterprise Division, was on hand in Addis Ababa for the launch, saying "Today's investment policies are very different from those of a decade ago. 'New generation' investment policies place inclusive growth and sustainable development at the heart of efforts to attract and benefit from investment. This makes investment an integral part of the financing for development discussion."

The UNCTAD Investment Framework consists of an overarching set of **Core Principles for Investment Policymaking** that serve as design criteria for three sets of operational guidelines or action menus:

- Guidelines for national investment policies.
- Guidance for the design and use of International Investment Agreements (IIAs).
- An action menu for the promotion of investment in sustainable development goals.

Possible Solutions

In order of finishing with the given issue of financing sustainable development, the following bullet points describe the possible solutions:

- International trade is one of these engines for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development. They'll continue to promote a universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system under the World Trade Organization (WTO).
- International public finance plays an important role in complementing the efforts of countries to mobilize public resources domestically, especially in the poorest and most vulnerable countries with limited domestic resources.
- Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation.
- For all countries, public policies and the mobilization and effective use of domestic resources, underscored by the principle of national ownership, are central to our common pursuit of sustainable development, including achieving the sustainable development goals

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