financial crisis. Debt to GDP ratios have fallen, while government revenues have increased. Developing countries, and especially emerging markets, can access private capital markets at better rates than 15 years ago. However, in the short run, a return to high growth rates is unlikely, even though the outlook is not as clouded for low-income countries. For the IMF, the implications would be to continue to give high priority to the prevention of potential crises and to strengthen the underpinnings of international financial stability, to support resilience including in management of capital flows and debt, and to support capacity development for domestic resource mobilisation and local capital market development.

Dr. James Manyika discussed major global trends in technology and innovation. Prosperity is rising and more than 2 billion are expected to join the consuming class by 2025, in conjunction with the spread of technology, such as IT. The contribution of the internet to GDP is already larger than many other sectors, e.g. agriculture, even though a big gap remains between developed and emerging economies. In parallel to the spread of technology there will be a shift of economic strength from the west to east and south, as well as increasing urbanisation. Global flows of goods, services and finance would at least double by 2025. Knowledge-intensive flows are gaining importance relative to labour- and capital-intensive flows. The challenges would be to ensure inclusive growth and job creation, as well as managing the pressure on resources. Deleveraging will continue and infrastructure development will be crucial especially in rapidly developing countries to cope with rapid growth.

Ms. Shari Spiegel presented trends in financial flo

avoidance and explained that his country, as a member of the G20, was actively participating in the G20-OECD Project on Base Erosion and Profit Shifting (BEPS), as well as in the Global Forum on Transparency and Exchange of Information for Tax Purposes. Finally, he highlighted the importance of international cooperation, as well as of investments in information technology and human resources, in strengthening the capacity of the national tax administrations.

Mr. Pekka Ruuhonen outlined Finland’s experience in

spending on each sustainable development goal as part of the ‘means of implementation’. This will require defining a process for global and national level monitoring of government spending targeted towards each goal.

in a renewed measurement could incentivize higher lending to countries at risk of debt distress. Mr. Solheim noted that there was agreement within the DAC that the current measurement of concessionality needed to be changed to address some of the concerns raised. However, he assured the meeting that ODA would remain the main instrument to measure donor effort, while a new and additional measure, “Total Official Support for Development” (TOSD), would all

European Union. However, there is currently no decision to allocate these resources to development. Finally, he noted that a carbon tax would be an alternative idea to raise significant new resources for sustainable development.

During the subsequent interactive discussion, the following points were raised:

- Delegations noted efforts by the Leading Group on Innovative Financing for Development to mobilize resources complementary to ODA, and highlighted the

- A large number of speakers underlined the need to r sustainable development. While developing countries' share of FDI has been increasing and recently reached 54 per cent of global FDI flows, it remains concentrated in a few countries. Moreover, FDI to least developed countries (LDCs), small island developing states (SIDS) and landlocked developing countries (LLDCs) remain at low levels. Mr. Zahn argued that there is significant potential for greater investment, not least due to the large cash holdings

It was pointed out that very few sovereign wealth funds invest directly in long-term investments. For a start, their managers lack the expertise to undertake longer-term investments. It was also noted that the majority of sovereign wealth funds are hosted in developing countries. Some participants suggested that sovereign wealth fund investments are to a greater degree undertaken in the framework of South-South cooperation.

Panel 2: “The potential of ESG initiatives to increase long-term investments into sustainable development”

The panelists were Mr. Georg Kell, Executive Director of the UN Global Compact; Mr. Elliot Harris, Director, New York Office United Nations Environment Programme and Head of Secretariat, UN Environment Management Group; Mr. S short-term behavior. In this regard, he described the flow of funds through a chain of financial intermediaries, and explained the short-term incentive structures throughout the chain. Changing this could involve reshaping the structure of financial sector remuneration. The speaker also stressed that transparency needs to be increased across the different categories of intermediaries, including through integrated reporting by companies, investment banks, stock exchanges, asset managers, investment consultants and asset owners. Mr. Waygood also called for measures to enhance financial literacy, and for all Governments to develop national capital raising plans detailing how they intend to finance the SDGs. These plans could be coordinated at the international level by the UN and the World Bank.

Mr. Magnus Eriksson emphasized that long-term investors, such as AP4, are better placed to take sustainability into account. Mr. Erikkson cited climate change as a long-term threat to the environment and economy, which served to undermine pension funds' returns. He pointed out that AP4 has initiated a CO2 project, through which it has developed and invested in a low carbon strategy with a long investment horizon. As part of this strategy it evaluates stocks of S&P500 companies by their carbon footprint and, based on this criteria, has excluded 100 companies. He emphasized that the performance of its low carbon fund has been very positive and that it has earned excess returns since its inception. Although the reason for the out-performance is unclear, Mr. Eriksson suggested that it might be due to better management more generally in firms with low carbon footprints. He urged other investors to adopt similar low carbon investment strategies. A number of salient points were raised in the interactive discussion, including the following:

- It was suggested that the panel highlighted the potential for change in behavior of private sector investors, as well as the challenges in doing so, particularly on a large scale, without supportive government policies.

- The question of what measures can ensure that private investment contributes better to sustainable development was raised. One issue cited was the better integration of ESG issues into companies' reporting and decision-making processes. In addition, it was pointed out that the incentives favoring short-term time horizons by businesses and investors need to be altered. This can be achieved through, among other things, pricing and performance criteria throughout the investment chain. For example, the human rights; and greater access by victims to effective remedy, both judicial and non-judicial. The UN Human Rights Council unanimously approved the framework in 2008. It was proposed that public performance benchmarks should report publicly on how well they are doing on the Ruggie framework and that such rankings should be public.

Conclusion

The co-facilitators of the preparatory process for the Third International Conference on Financing for Development thanked all the participants for the rich array of analysis and viewpoints that were conveyed during the thematic sessions. These would be duly noted and statements posted on the Financing for Development Office’s website. The co-facilitators looked forward to a similarly engaging set of discussions during the forthcoming substantive