On 25-27 September 2015 will be convened at the United Nations in New York a world Summit where more than 150 of its 193 Heads of State and Governments are expected to endorse the 17 new Sustainable Development Goals (SDGs) with their 169 new Targets. These SDGs would replace during the next 15 years the 8 Millennium Development Goals (MDGs with their 21 targets adopted in 2001). This upcoming September 2015 landmark Summit on SDGs in New York will be followed in early December 2015 by the Paris Summit on Climate Change (COP21), aiming to achieve progress on key climate and environmental priorities. As will be explained below, these 2 Summits have significant impact for the investment advisors community, as they will involve public expenditures of well over $170 trillions in the next decade.

CIFA’s INVOLVEMENT IN SDGs

Since 2012, in preparation for these United Nations Summits, CIFA had actively been promoting an increased participation of the private and financial sectors in the new design, decision-making and oversight of the 17 Sustainable Development Goals (SDG), which are expected to replace the 8 MDGs in January 2016.

In December 2013, CIFA officials contributed with FOSS member-States to an exchange of views on “A private sector perspective on the UN Post-2015 Development Agenda, global partnerships and innovative financing”. The United Nations’ Forum of Small States (FOSS) is an influential UN coalition regrouping 112 member-States from all regions of the globe. This exchange of views on private sector partnerships with the UN/FOSS was followed by CIFA’s contribution to a significant side event during the April 2014 Joint ECOSOC-GA Forum on the SDGs in New York where CIFA officials and key business personalities discussed their future involvement in SDGs, together with the UN ECOSOC officials, with UNDESA and UN Global Compact representatives. Likewise, in August 2014, CIFA’s officials participated to exchanges of views on the future SDGs at the UN/Alliance of Civilizations’ 6th Global Forum held in August 2014, in Indonesia. In January-February 2015, during its “General Status” presentation to the ECOSOC Committee on NGOs, CIFA representatives renewed their concerns and interest to encourage and promote a more significant contribution of the private and financial sectors in the SDG design and on their future operations. On 1 June 2015, in its Statement on SDGs submitted at the ECOSOC High Level Segment & annual ministerial review, CIFA had recommended “that civil society and the private sector remain vigilant on budgetary discipline, accountability and transparency in national and global fiscal and taxation policies. This
will avoid repetitive economic crisis which compromise world growth and progress, as well as the Sustainable Development Goals implementation.

**CIFA’S CONTRIBUTION AT ECOSOC**

In July 2015, at the request of the UN General Assembly, it was decided that ECOSOC would focus its annual theme and debate on “Managing the transition between MDGs and SDGs”, in preparation for the upcoming 25-27 September 2015 General Assembly Summit dedicated to SDGs. Before the September 2015 GA Summit was planned an earlier UN Conference in Addis on Finance For Development (FFD) which was essentially meant to identify the required financial resources for the Post-2015 UN Development Agenda and its SDGs.

For its July 2015 ECOSOC venue, all stakeholders including CIFA were invited to contribute their views, and CIFA therefore organized on 8 July 2015, within the scope of ECOSOC deliberations in New York, a side-event to renew its concerns and commitment for an increased participation of the private and financial sectors in the SDG decision-making and operations. In July 2015, the ECOSOC High Level Segment (HLS) and its High Level Political Forum (HLPF) addressed the theme of sustainable development, within the context of the “transition between MDGs and SDGs”, and of the required financial resources.

**CIFA’s ROUNDTABLE OF EXPERTS**

At the CIFA roundtable discussion of 8 July 2015 in New York, Mr. Jean Pierre Diserens, Secretary General of CIFA, warmly congratulated Mr. Oh Joon for his recent election as ECOSOC president, and for its acknowledgment of CIFA’s contribution. Mr. Diserens stated: “At CIFA, we are committed to achieving the Goals of the United Nations, promoting global peace, security and creation of wealth, as well as the Millennium Development Goals; CIFA promotes the idea of investor-friendly economic environment where MDGs and SDGs can be achieved through job creation, especially for the young generations, in a context which will foster more wealth for all the community”.

Mr. Oh Joon congratulated CIFA for its ECOSOC side-event initiative, as well as for its patient and persistent efforts to involve the worldwide financial advisors community in the future SDGs and UN Post 2015 Development Agenda. Mr. Oh Joon expressed the view that ECOSOC must tackle emerging and pressing issues, such as inequality, which will become his priority: “In countries striving to eradicate poverty, inequalities of income, opportunities and access to services are closely linked. Yet inequality exists in all countries, developing and developed, and it continues to grow”.

Mr. Oh Joon noted that the past 15-year of MDG experience had demonstrated a clear need to involve more closely the private and financial sectors, together with NGOs and civil society, and that he would promote this view during his upcoming ECOSOC presidency. Mr. Oh Joon emphasized that stronger review mechanisms will exist with SDGs and he outlined SDG#16 on access to justice which will promote the rule of law and good governance for all, including for investors. He also referred to SDG #17, which is an extension of MDG#8, and which was added specifically to help implement and revitalize “global partnerships for sustainable development”.

Mr. Navid Hanif, director of the UN Office for ECOSOC Support and Coordination underlined the importance of the role played by CIFA in promoting an increased contribution of the private and financial sectors in the UN decision-making concerning SDGs operations. Mr. Hanif expressed the view that the transition between MDGs and SDGs “requires a major shift in the way we think, live and plan our lives. It requires a change of mind set.”

Mr. Eugeny Velikhof, President of the Association Internationale des Conseils Économiques et Sociaux et Institutions Similaires (AICESIS) underlined the role played by its 75 national ECOSOCs operating in 5 regions of the world which, for the last 15 years, have actively supported the MDGs and the UN Development Agenda. In Mr. Velikhof’s view, the private sector and CSO/NGO involvement will now become even more essential for the success of the new SDGs, and he gave as an example the role played by the Civic Chamber of the Russian Federation whose board is elected by NGOs.
Mr. Velikhof was quite appreciative that the new SDG programme will include 3 fundamental principles: (1) inclusion, (2) sustainability and (3) resilience to crisis. In his view, the new SDG will also require good governance and genuine participative democracy.

Ms. Jennifer de Laurentis, Secretary of the ECOSOC for the last 10 years, pointed to the importance of involving more closely civil society organizations in the work of ECOSOC. In her experience with ECOSOC, she expressed the view that CSO/NGO participation will become even more important for SDG success, in light of the successful MDG experience with CSO from various countries. In her view, without a more extensive private sector and CSO involvement, the ambitious new 17 SDGs, their 169 targets and the Post-2015 Development Agenda will be difficult to achieve within the 2030 horizon. A special effort must therefore be undertaken by member-States to mobilize all stakeholders, and their private sector in particular.

Ms. Melissa Powell, of the UN Global Compact (UNGC), described as evidence of the important role and contribution of the private sector in MDGs, the active role played by UNGC corporate members during the last 15 years in support of the UN objectives, MDGs and programmes. She congratulated CIFA for its efforts in this respect and encouraged the UN member-States to marshal further support from their national CSO and private sector in order to achieve the SDG realisation, within the 2030 timeframe.

Mr. Steve Young, Executive Director of the Caux Roundtable, proposed a closer linkage between the proposed SDGs and the CIFA charter for investor’s rights. In his view, the private sector’s SDG involvement should rely on a higher level of spiritual refinement leading to a new moral capitalism (see Mr. Young’s TRUSTING feature presentation).

Me François LORIOT, human rights attorney at BAIGO, praised the introduction of the new SDG #16 on access to justice and social inclusion, a basic feature which was sorely missing from the initial 8 MDGs in 2001. In his view, the new SDG#16 is essential to promote human rights and the rule of law for all citizens, including protection for the property and assets of investors who are willing to invest in the UN Post-2015 Development Agenda. However, in his view, the proposed Targets to achieve this new SDG#16 still need to be clarified, and their “Indicators” are still unknown.

Dr. Hanifa Mezoui, AICESIS’ representative at the ECOSOC, explained how AICESIS has always actively encouraged local and national involvement of their civil society organizations, including NGOs, as well as private sectors, such as in its 6 Regional Round Tables organized to support, educate and train CSO/NGOs on the MDGs from 2005 to 2008. Dr. Mezoui invited the contribution of other participants to the CIFA Roundtable, including Mr. Vitaly Chumakov of the Civic Chamber of the Russian Federation, of Mr. Francois Vanni CEO at CITI Holdings, of Dr. Poomjai Nacaskul from the Siam Commercial Bank. These speakers reiterated CIFA’s views on the important role which the private and financial sectors must assume in the implementation and achievement of the new SDGs. Ms Afaf Konja, spokesperson of the 67th UN General Assembly offered concluding remarks on private sector partnerships.

ECOSOC vice-president Oh Joon warmly thanked CIFA for holding this important exchange of views, and promised that he would relay these views during the oncoming UN Conference on Finance for Development (FFD) in Addis, as well as during his presidency of the ECOSOC in his 2015-2016 term of office.

Follow Up Conference in Addis on Finance for Development (FFD)

On 13 July 2015, following the above ECOSOC High Level Political Forum (HLPF) and side-event discussions held in New York, the ECOSOC president issued an official Letter and Summary Report intended for member-States participating to the Addis Conference on Finance for Development (FFD). In his report to FFD in Addis, Mr. Oh Joon emphasized the important role which the private and financial sectors could contribute in the UN Post-2015 Development Agenda, including in achieving the new SDGs. This ECOSOC report constituted a clear recognition of CIFA’s persistent advocacy and views for a more significant private sector role in SDG decision-making, in contrast with the private sector’s weak presence during the 15-year of MDGs. As clearly stated in the ECOSOC president’s report to the FFD participants, in Addis:

“Implementing this transformative agenda will be impossible without engaging multiple stake-
holders... The involvement of civil society at all levels needs to be consistently strong. The HLPF can play a role in this regard. Rallying business to implement the post-2015 agenda will be indispensable. This will encourage long-term investments that will yield investment returns as well as ensure broad-based socio-economic benefits and engender positive societal changes. Regulations, safeguards and the rule of law are needed. Partnerships were repeatedly mentioned as important elements for the implementation of the post-2015 development agenda...ECOSOC and its Partnership Forum should provide inputs for HLPF. In particular, young people and citizens in general should be empowered to own the development agenda and be part of the change that is urgently required.”

Hence, CIFA past contributions to the UN debates on SDGs and partnerships are well reflected in the ECOSOC president’s 13 July 2015 Letter and Report which were submitted to the UN Conference on Finance for Development (FFD), held in Addis, from 13 to 16 July 2015.

13-16 July 2015: UN Conference on Finance for Development in Addis (FFD)
The purpose of this 3rd FFD was to assess progress made in implementing the Monterrey Consensus and the Doha Declaration, as well as to clarify the financing for development process, including for the new SDGs and Post-2015 UN Development Agenda. Unfortunately, the FFD Conference was not held at a highest level of officials as it attracted only few heads of States and governments despite the important items on its agenda. During the FFD in Addis, on 14 July 2015, was held a work session of ECOSOC’s International Business Forum which attracted speakers on investment sustainability in developing countries, on private sector investments and unlocking investor’s capital for infrastructure financing.

But, the 2 main issues addressed at the Conference were the creation of a new global tax body (with the potential participation of all UN member states), and the identification of new funding sources required for the UN Post 2015 Development Agenda, including for the new SDGs...

Resistance by OECD countries to a new global tax body
The main source of SDG funding proposed by lesser developed countries (LDC) who were represented by the Group of 77 and China relied on increased taxation and on stronger public finance which would help build a comprehensive social protection net worldwide with universal access to quality social services. It was argued that with the creation of a new “global tax body” illicit financial flows would be eliminated, as well as tax avoidance by multinational corporations and, as a result, it would increase funding for the global infrastructural LDC gap estimated annually at $1.5 trillion. Following tense discussions and the objections of many delegates from richer countries (US, Japan, Australia, Canada, etc.), the creation of this new “UN tax body” was rejected, but with a consensus reached to strengthen the existing UN tax expert committee which, in the future, would include a larger and more “equitable” representation of LDCs.

Footing the $1.5 trillion annual SDG bill: donor countries or the taxpayers or private sector?
At the Addis Conference a very conservative cost estimates by the UN to implement the new SDGs was submitted by the UN at the level of $172 trillion for the next 15 years, or at least $11.5 trillion of fresh money yearly. (But the actual costs estimated by others were at a much higher level). Neither the IMF, nor the World Bank offered independently audited figures of their own on the actual costs of the new SDGs.

In Addis, no fresh money was put on the table and no hard cash committed
yet by major donor countries under their 0.7% budgetary rule. Instead, with the rejection of the new “global tax body”, with the Greek debt crisis in perspective, with China’s economic slowdown, the migrant crisis draining European budgets, civil wars in Africa, Libya and Syria, the FFD participants in Addis were unable to reach any genuine “consensus” on how and where to raise the required fresh funding for the SDGs amounting to $172 trillion or more, including for the UN Post-2015 Development Agenda.

The Private Sector left holding the SDG bag?

At the conclusion of the FFD Conference, confronted with the absence of consensus on how to fund the new SDGs, a last minute twist was concocted whereby each country “would own its own development policy” through an “increased role of the private sector in sustainable development”. Hence, the final draft accord reads “Each country has primary responsibility for its own economic and social development, and the role of national policies and development strategies cannot be overemphasized”. To a certain extent, this approach is a setback and abdication on the traditional coordination role which the UN has always been expected to play, with a clear worldwide leadership role in development and on humanitarian issues.

Future impact of SDGs on financial investments

The inconclusive outcome of the Addis FFD Conference on funding the SDGs is now in the hands of the United Nations’ 193 member-States, in preparation for their 25-27 September 2015 Summit in New York, followed by the December COP 21 in Paris on Climate Change. The ambitious increase from 8 MDGs to 17 SDGs, together with at least 169 targets remains uncertain, in the absence of clear funding sources. This funding problem is aggravated by the competing funding ambitions for the COP21 Summit on Climate Change in Paris, scheduled for 30 November to 11 December 2015, which aims to introduce new levies and taxes based on carbon consumption. Overall, the member-States now appear to retreat from some of their earlier commitments made at the Monterrey and Doha summits. For the time being, it appears that OECD countries intend to hold to their strict budgetary discipline, and the FFD final statement addressed to UN member-States indicates that donor countries will instead attempt to transfer some of their ODA responsibilities to the private sector, in order to promote more public-private partnerships in LDCs and more private sector initiatives in LDCs. It is yet unclear under what incentive forms these new approaches will take place in the future (tax credits or fiscal deductions), a decision which will belong to each donor country. The bottom line is that OECD countries appear to have reached budgetary limits on their ODA contributions and that the $172 trillion funding required for SDGs must be funded through other means and sources.

CONCLUDING REMARKS

In concluding, Ms. Mezoui stated that as we all share a common future and human destiny, CIFA stands on both sides of the global community. Whether we belong to the intergovernmental side or to the Civil Society, we realize that the partnership is inseparable and mandatory. Both sides take seriously their role and intention to support the implementation of the Post-2015 development agenda which points in the future to much closer interlinkages of issues and partners. “All of us fully support the vision that the United Nations, as a whole including ECOSOC and the General Assembly, should continue its fruitful dialogue and engage with the civil society, non-governmental Organization and private sector so we can deliver through global partnership once the Sustainable Development Goals (SDGs), targets
and indicators are all defined. We, together, should maintain a strong determination towards having an able, efficient and active United Nations open to Civil Society and the private sector. We are facing a global multitude of challenges, where their impacts do not recognize borders, and we are neither confined to one country or another.”

UPCOMING EVENTS OF INTEREST FOR CIFA

Besides the upcoming September 2015 Summit in New York and the December 2015 Summit on COP in Paris, CIFA members will note some other relevant key dates in the next few months related to SDGs:

- ECOSOC annual 2016 theme: ‘implementing the Post 2015 Development Agenda: moving from commitment to results’;
- October 2015-March 2016: Final Design and Drafting of approximately 1000 indicators required for the implementation, review and oversight of the new 17 SDGs and their 169 Targets;
- 31 March 2016: Partnership Forum, including private sector representatives;
- 18-19 April 2016: Special High Level ECOSOC Meeting with Bretton Woods Institutions;
- 22 April 2016: Meeting of ECOSOC on international cooperation in tax matters.

SDGs: ISSUES OF CONCERN AND INVOLVEMENT FOR CIFA MEMBERS

The United Nations member-States have recognized in their recent statements that a successful SDG process must involve a more significant contribution from the private and financial sectors. However, the private and financial sectors have so far been little involved in the design, drafting and directions of the 17 SDGs, in particular their 169 Targets and in the almost 1000 Indicators (still in preparation). CIFA observers will therefore follow closely the outcome of the United Nations September 2015 and December 2015 Summits taking place in New York and Paris on the SDGs and on Climate Change, to find out to what extent member-States will act on their promise to genuinely involve the private sector and CSO in helping deliver the SDGs. The SDG impact on the world financial markets and on economic growth will provide precious clues and directions for prudent asset investments by the private sector, for many generations to come. With the world still suffering from the 2008 financial crisis and from the macro-economic distortions it has created since then, CIFA members involved in long-term asset management and global investments, will closely watch the following decision-making:

- how member-States, including those from richer and more developed countries (USA, UE, OECD, etc.) will actually commit their future budgets in relation with the $174 trillion required for the SDGs, during the next 15 years;
- how member-States will actually involve the private and financial sectors in the delivery, decision-making and controls of SDG implementation (and under what fiscal arrangements);
- how member-States will maintain economic growth and reconcile strict budgetary discipline without further debt and tax increases, together with their SDG contributions, and their efficient solidarity in response to all humanitarian emergencies facing the world;
- how the new SDG funding will be sourced and its distribution shared between donor countries;
- how will the ratio between funding of long-term capital expenditure projects in LDC and their other operational costs be determined;
- how and to what extent will the private and financial sectors be involved in the design, identification and fol-
low up of the 1000 Indicators surrounding the implementation of the 17 SDGs and their 169 Targets, Indicators which must be drafted and readied in the first half of 2016;
- what form will take governance and accountability Indicators in the SDG implementation, given the responsibility and duty of care incumbent on financial and investment advisors, such as those from CIFA;
- what macro-economic studies will the Bretton Woods Institutions offer on SDG capital funding at the global and regional levels, and on their impact on public debt ratio worldwide.

Me François LORIOT

A few selected quotes from ECOSOC to the Addis FFD and to the UN General Assembly...

“progress remained uneven and new challenges had emerged. Many developing countries continued to face significant challenges in reaching development goals. Some, in particular the most vulnerable countries, had even fallen further behind. Other persistent challenges included growing inequalities within many countries and the exclusion of women…”

“member-States highlighted the importance of equitable, inclusive and sustainable economic growth…”

“Speakers stressed that financing needs for the post-2015 development agenda and the sustainable development goals were enormous. Much more had to be spent on the provision of basic social services and social safety nets” “Speakers stressed that financing needs for the post-2015 development agenda and the sustainable development goals were enormous” (document: A/CONF.227, CRP.1: page 2)

Page 3 – Speakers stressed that financing needs for the post-2015 development agenda and the sustainable development goals were enormous…, and, on the annual trillions of dollars required for the new Post-2015 Development Agenda:

“However, many Member States argued that the challenges were surmountable and that global public and private savings were sufficient to meet them. Solutions would lie in using all sources of finance — public, private, domestic and international — and new and effective policies, regulations and initiatives aimed at changing existing patterns of allocation and consumption and production patterns”

ON TAXATION, page 4... “It was noted that combating tax avoidance and evasion would result in significant gains in revenue mobilization in developing countries. However, participants emphasized that there were limits to the revenue that could be raised from domestic improvements of tax policies and administration. In particular, it was stressed that large amounts of money were lost to illicit financial flows, including tax-related flows. There were many calls for greater international tax cooperation to stem the tide of illicit financial flows and harmful tax competition. Many speakers welcomed ongoing efforts on international tax cooperation, including through the Committee of Experts on International Cooperation in Tax Matters and the base erosion and profit-shifting initiative of the Organization for Economic Cooperation and Development and the Group of 20. Many Member States emphasized the importance of upgrading the United Nations Committee of Experts on International Cooperation in Tax Matters into an adequately resourced intergovernmental body to ensure the voice of developing countries in global norm deliberations.

ON PRIVATE SECTOR’S ROLE... “Participants highlighted that private investment was an important driver of domestic growth and job creation”

ON INTERNATIONAL FINANCING (page 5)... “It was noted that to achieve the post-2015 development agenda, the international financial system needed to intermediate credit toward sustainable development in a more stable manner. While the global financial safety net had been strengthened, new coordination mechanisms had been established, and regulatory reforms had been initiated, vulnerabilities remained in the banking system and international capital flows continued to be extremely volatile. Many Member States noted that the current system of global economic governance needed reform. In this context, there were strong calls for an increased voice and participation of developing countries in economic decision-making and financial standard and norm setting”.

Para 36 & 42 of the UN SUMMIT STATEMENT on SDGs and Post 2015... “What we are announcing is an agenda for global action for the next fifteen years – is a charter for people and planet in the twenty-first century”.

“It was noted that to achieve the post-2015 development agenda, the international financial system needed to intermediate credit toward sustainable development in a more stable manner. While the global financial safety net had been strengthened, new coordination mechanisms had been established, and regulatory reforms had been initiated, vulnerabilities remained in the banking system and international capital flows continued to be extremely volatile. Many Member States noted that the current system of global economic governance needed reform. In this context, there were strong calls for an increased voice and participation of developing countries in economic decision-making and financial standard and norm setting”.

Me François LORIOT, Member of the Bar, Docteur d’Etat in International Law (Paris), Attorney active before the United Nations Tribunals and Appeals Court, Legal Advisor to various international NGOs with observer or consultative status at the United Nations and in International Organizations. Former Principal Legal Advisor on Justice and Accountability at the United Nations, and Chief of Legal Sector at UNDP, UNFPA, UNOPS, UNV.

Me François LORIOT, Member of the Bar, Docteur d’Etat in International Law (Paris), Attorne...