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Report of the Intergovernmental Group of Experts on Financing for Development on its sixth session

Held at the Palais des Nations, Geneva, from 30 November to 2 December 2022

Contents

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Introduction

The sixth session of the Intergovernmental Group of Experts on Financing for Development was held at the Palais des Nations, Geneva, from 30 November to 2 December 2022, with physical and remote participation.

I. Action taken by the Intergovernmental Group of Experts on Financing for Development at its sixth session

A. Financing for development to respond and recover in an era of interrelated and global crises

Agreed policy recommendations

The Intergovernmental Group of Experts on Financing for Development,

Reaffirming General Assembly resolution 69/313 of 27 July 2015 on the Addis Ababa Action Agenda of the Third International Conference on Financing for Development,

Recalling General Assembly resolution 70/1, “Transforming our world: The 2030 Agenda for Sustainable Development”, of 25 September 2015, and relevant General Assembly follow-up resolutions,

Recalling paragraph 100 (r) of the Nairobi Maafikiano (TD/519/Add.2), which called for the establishment of an intergovernmental group of experts on financing for development, as well as paragraph 122 of the Bridgetown Covenant (TD/541/Add.2), which states that the work of the Intergovernmental Groups of Experts at UNCTAD are important elements under the intergovernmental machinery,

Noting the internal and external challenges for developing countries to increase domestic revenue collection,

Acknowledging the written and oral contributions from participants that enriched the debate during its sixth session,

1. *Notes with concern* that countries around the world continue to grapple with multiple crises, including the persisting negative effects of the coronavirus disease (COVID-19) pandemic, climate change and geopolitical tensions and conflicts which have accentuated food, energy and financial challenges, and undermined the ability to achieve the Sustainable Development Goals, highlighting the importance of a sustainable, inclusive and resilient recovery;

2. *Welcomes* in this regard the important work of the United Nations, including the Global Crisis Response Group on Food, Energy and Finance, the Task Team of which is coordinated by the UNCTAD Secretary-General, and the signing of the two Türkiye and United Nations-brokered Istanbul agreements consisting of the Initiative on the Safe Transportation of Grain and Foodstuffs from Ukrainian Ports (Black Sea Grain Initiative) and the Memorandum of Understanding between the Russian Federation and the Secretariat of the United Nations on promoting Russian food products and fertilizers to the world markets;

3. *Stresses* the adverse impact of rising external debt burdens in many developing countries on their ability to mobilize domestic resources for development; and notes with concern that about 54 per cent of the least developed countries and other low-income countries are now assessed to be at a high risk of or already in debt distress, while around a quarter of middle-income countries remain at high risk;

4. *Expresses concern* that mobilization of sufficient financing from all sources to achieve the 2030 Agenda remains a major challenge; notes the growing gap between the needs of developing country Parties, in particular those due to the increasing impacts of

climate change and their increased indebtedness, and the support provided and mobilized for their efforts to implement their nationally determined contributions; and welcomes with appreciation the decision by the Conference of the Parties to the United Nations Framework Convention on Climate Change, at its twenty-seventh session, to establish new funding arrangements to assist developing countries in responding to the adverse effects of climate change and to loss and damage;

5. *Recognizes with appreciation* the steps taken by the Group of 20 to further promote debt-related measures and the implementation of the Debt Service Suspension Initiative and the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative; calls for all official bilateral creditors to implement these initiatives fully and in a transparent, timely and effective manner, while noting that more needs to be done, including to respond to the needs of countries not covered by current initiatives, including middle-income countries; and reaffirms in this regard the growing urgency of dealing not only with liquidity but also solvency risks;

6. *Considers* the enhancement of the Common Framework for Debt Treatments; and recommends in this regard the facilitation, by all stakeholders, of predictable, timely and orderly debt treatments, as appropriate, with the broad participation of all creditors, including those in the private sector, on comparable terms, emphasizing the urgency of strengthening international efforts and cooperation;

7. *Acknowledges* efforts by the International Monetary Fund to provide additional concessional finance to crisis-stricken poorer developing countries during the COVID-19 pandemic; and welcomes the recent operationalization of the Resilience and Sustainability Trust of the Fund;

8. *Reaffirms* the need to consider an increase in concessional funding from multilateral development banks, which includes lending criteria that complement gross domestic product;

9. *Commends* countries that pledged $81.6 billion through the voluntary channelling of special drawing rights or equivalent contributions; calls for further pledges from all willing and able countries to meet the total global ambition of $100 billion of voluntary contributions for countries most in need; and highlights further voluntary options related to special drawing rights that could serve the needs of developing member countries of the International Monetary Fund, including through multilateral development banks;

10. *Reiterates* the need to redouble efforts to substantially reduce illicit financial flows by 2030, eliminating them, including by inter alia combating corruption through strengthened national regulation and increased international cooperation;

11. *Highlights* that, for all countries, public policies and the mobilization and effective use of domestic resources, underscored by the principle of national ownership, are central to the common pursuit of sustainable development;

12. *Notes* that official development assistance reached its highest level in 2021 during the unprecedented COVID-19 crisis; underscores the need for this trend to continue; urges development partners to scale up and fulfil their respective official development assistance commitments, including the commitment by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance and 0.15–0.20 per cent of gross national income for official development assistance to the least developed countries; and notes that all development partners should align their support with the priorities of recipient countries, as identified in the national sustainable development strategies of developing countries;

13. *Reaffirms* that the universal, rules-based, open, transparent, predictable, inclusive, non-discriminatory and equitable multilateral trading system, under the World Trade Organization, is crucial, with global trade identified as an important engine for inclusive economic growth, sustainable development and poverty reduction;

14. *Notes* the importance of continuing to hold open, inclusive and transparent discussions on the modernization of official development assistance measurement and on the proposed measure of "total official support for sustainable development", taking into

consideration that any such measure shall not dilute the commitments already made, including those of the Addis Ababa Action Agenda;

15. *Reiterates* the need to continue to explore the benefits and costs of new and innovative instruments of development finance, including blended finance, public–private partnerships and Sustainable Development Goal bonds, according to national priorities; and invites creditors and debtors to further explore, where appropriate and on a mutually agreed, transparent and case-by-case basis, the use of new and improved debt instruments;

16. *Recalls* the request by the General Assembly for the Intergovernmental Group of Experts on Financing for Development to present the outcome of its work as a regular input to the Economic and Social Council forum on financing for development follow-up (General Assembly resolution 72/204, paragraph 27), in accordance with the terms of reference of the Intergovernmental Group of Experts.

Closing plenary meeting
2 December 2022

B. Other action taken by the Intergovernmental Group of Experts on Financing for Development

Financing for development to respond and recover in an era of interrelated and global crises
(Agenda item 3)

1. At its closing plenary meeting, on 2 December 2022, the Intergovernmental Group of Experts on Financing for Development adopted a set of agreed policy recommendations (chapter I, section A).

Provisional agenda of the seventh session of the Intergovernmental Group of Experts on Financing for Development
(Agenda item 4)

2. Also at its closing plenary meeting, the Intergovernmental Group of Experts decided that, as time constraints had not allowed for the finalization and selection of the topic and guiding questions for its next session, regional coordinators and member States were encouraged to conduct consultations on proposals, with a view to reaching an agreement on the topic and guiding questions, to be formally approved through a silence procedure. The final topic would be submitted to the Trade and Development Board for approval, together with the provisional agenda of the seventh session.

II. Chair’s summary

Financing for development to respond and recover in an era of interrelated and global crises

(Agenda item 3)

3. Under the agenda item, the Intergovernmental Group of Experts on Financing for Development held an opening plenary discussion, a ministerial round table and three panel discussions on different aspects of the topic.

Opening plenary meeting

4. In his opening remarks on behalf of the Secretary-General, the Deputy Secretary-General of UNCTAD stated that the meeting was taking place at a time of cascading crises, cascading inequalities and chronic instability, with the pandemic, climate change and the cost-of-living crisis all increasing poverty and hunger at an alarming speed, and with geopolitics, rather than economics, in the driving seat of globalization, while financing for development was nowhere to be seen. Highlighting the Sustainable Development Goals financing gap, which had reached $4 trillion and would continue to widen, the Deputy

Secretary-General stressed that, faced with pressing external financial conditions, higher inflation and insufficient multilateral support, developing countries were raising interest rates and cutting spending, at a time when Sustainable Development Goals investments needed to be ramped up and when vulnerable families were in need of fiscal support. In this context, the background document prepared by UNCTAD outlined the following six concrete proposals: boost existing development finance commitments, such as official development assistance and climate finance; unlock the potential of special drawing rights by aligning them with longer-term developmental purposes; scale up financing from multilateral development banks; establish a publicly accessible registry of debt data for developing countries; call for an independent review of the debt agenda of the Group of 20; and call for a multilateral approach to sovereign debt restructuring, for timely and orderly debt crisis facilitation, with comprehensive participation by all creditors. The Deputy Secretary-General concluded by stressing that such an ambitious agenda, to ensure that the financing for development gap did not widen further, required agreement on multilateral solutions to global problems.

5. The Special Adviser on Africa to the United Nations Secretary-General, the Chair of the Group of 77 and China in New York and the Under-Secretary-General for Economic and Social Affairs delivered the keynote addresses. A representative of the UNCTAD secretariat introduced the background document on the agenda item (TD/B/EFD/6/2).

6. The keynote speakers stressed the urgent need for structural reforms to scale up development finance and improve channels of delivery, including to better align development finance with the Sustainable Development Goals. Expressing a shared concern about the inadequacy of multilateral responses to the impact of multiple exogenous crises on developing countries, the speakers highlighted three interrelated areas of action. First, key to the successful achievement of the Goals was domestic resource mobilization, which needed to be systematically strengthened and, in this regard, ownership over decision-making processes needed to be reclaimed. Second, domestic resource mobilization remained difficult to achieve without much stronger and more reliable commitments by multilateral institutions and the international community to reforms of the international monetary and financial system, to deliver both emergency financial support in the event of crises and longer-term development finance. Third, mobilizing private sector resources for development was critical but required concerted regulatory efforts and policy coordination, to channel private capital flows into productive rather than speculative investment for sustainable development projects.

7. The representatives of a few regional groups and several delegates stressed the important role of the Intergovernmental Group of Experts on Financing for Development and of UNCTAD work in this area, to address pressing concerns at a critical time.

8. The representatives of some regional groups and several delegates highlighted the significant economic and social impacts of multiple crises on developing countries, generated by the combination of an uneven post-pandemic recovery, the cost-of-living crisis and the climate crisis, whereby monetary tightening in advanced countries throughout 2022 and concerns about a possible global recession in 2023 had added further pressure on many developing countries’ external balances, through currency depreciations, reduced access to international financial markets and a consequently weakened ability to service their external debt obligations; and, at the same time, financing gaps in achieving the Goals had been substantial from the start and were now widening in the context of an increasingly volatile global economic and geopolitical environment.

9. The representative of one regional group and several delegates expressed disappointment with the inadequate responses of relevant international financial institutions and multilateral bodies to international liquidity shortages, as well as the dearth of affordable long-term development finance, and highlighted several proposals for both remedying this situation and addressing current challenges.

10. The representatives of some regional groups and several delegates stressed the need for increased access to emergency and concessional financing, as well as for already existing financing commitments, such as official development assistance targets and climate finance targets under the Paris Agreement, to be reliably met. The representative of

one regional group and some delegates emphasized the need for eligibility criteria for such financing, as well as for international debt relief initiatives to be based on a country's financial and shock-related vulnerabilities, including climate change shocks, rather than on per capita income criteria. The representative of one regional group, with regard to calls on donor countries to fully meet agreed official development assistance targets, noted that failure by some donors to do so meant that recipient countries had lost an estimated $5.7 trillion over the past 50 years. Other proposals to facilitate the scaling up of development finance included improved mechanisms to leverage the potential of special drawing rights, to alleviate financial pressures on developing countries, and an enhanced role for multilateral and regional development banks. A few regional groups and some delegates advocated stepping up the rechannelling of unused special drawing rights to countries in need, as well as further discussion on a more systematic use of special drawing rights for developmental purposes in future. Similarly, a few regional groups and a few delegates highlighted the critical role of development banks in delivering scaled-up public development finance and leveraging private investment and the need, therefore, to strengthen this role and the capital base of development banks.

11. With regard to international reform needs, a few regional groups and some delegates cited the urgent need for structural reform of the international sovereign debt architecture and a multilateral framework for sovereign debt restructuring, in addition to emergency debt relief initiatives, citing the limitations, in terms of country and creditor coverage, of the Group of 20 Debt Service Suspension Initiative and the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative. Moreover, one regional group, several delegates and one intergovernmental organization stressed the centrality of international tax reforms, to strengthen domestic resource mobilization and, in this regard, welcomed the recent adoption by the General Assembly of a resolution on the promotion of inclusive and effective international tax cooperation at the United Nations, as a new avenue for intergovernmental engagement, to establish international tax standards, allowing developing countries to fully participate in the process. The emphasis on stronger participation by developing countries in international economic governance was cited by a few regional groups and a few delegates, with regard to International Monetary Fund governance reforms and particular policies, such as surcharges, as well as regulatory approaches to innovative and purpose-specific debt instruments, such as catastrophe bonds.

12. The representatives of a few regional groups and several delegates, given the growing magnitude of the Sustainable Development Goals financing gap and the increasing interrelated nature of global crises, emphasized the pressing need for climate finance, welcoming the recent decision by the Conference of the Parties to the United Nations Framework Convention on Climate Change, at its twenty-seventh session, to establish new funding arrangements to assist developing countries, as well as the Bridgetown Initiative.

13. The representatives of a few regional groups, one delegate and one intergovernmental organization, stressing the need for intensified multilateral cooperation to scale up development finance, expressed support for the continued and central role of the United Nations system, including UNCTAD, in related discussions. Finally, one delegate highlighted the growing relevance of strengthened and effective South–South cooperation.

An era of interrelated and global crises: The impact on developing countries and on development finance

14. During the four-member ministerial round table, the discussants focused on country-level experiences in addressing the impact of crises and common challenges faced in achieving the Sustainable Development Goals, with four themes emerging from the discussion.

15. First, the extreme severity of the socioeconomic impact of the crises in recent years, including the economic downturn due to the pandemic, had been followed by an uncertain process of recovery, as well as a surge in inflation and food prices, with a negative impact on poverty indicators. The discussants noted the negative impact of climate change-related events in terms of both disruptions to agricultural production and loss and damage.

16. Second, there was a need for creativity in terms of national policy responses to support the most vulnerable in times of crisis. The discussants highlighted the role of responsible fiscal policies, to stabilize domestic economies and attract private investment in an uncertain global context. The discussants addressed the important role of innovative financial instruments in facilitating access to development financing, including the use of debt-for-nature swaps and blue bonds and green bonds, to support investment in climate change adaptation and mitigation efforts, as well as an orderly energy transition.

17. Third, there were a number of challenges to be faced by developing countries. The discussants underlined the difficulties faced in accessing development and climate financing in adequate amounts and conditions and emphasized the need to develop an approach that allowed for the use of multiple sources of development financing in a way that could attract and leverage additional private sector investment. The discussants highlighted the challenges posed by inflation and the tightening of global financial conditions, as factors that limited the capacity of countries to respond to crises. One discussant noted that such challenges had already been present before the pandemic, and the pandemic had served to compound existing issues. Two discussants noted the negative impact of exchange rate volatility on developing countries in a context of high shares of foreign-currency–denominated debt. In addition, two discussants emphasized the negative impact of debt distress on development financing. Finally, one discussant highlighted the need to reduce unemployment and improve the quality of jobs in the post-pandemic recovery process.

18. Fourth, there was a range of proposed measures to support development financing in an era of interrelated crises. The discussants agreed on the need to improve and simplify access to concessional financing. One discussant suggested the use of the proposed United Nations multidimensional vulnerability index to improve access by middle-income countries to concessional financing and debt relief initiatives. Some discussants emphasized the important role of debt relief, to free up resources for investment in the Goals. One discussant noted the need to link debt relief to climate-related investments. Another discussant highlighted the potential of multilateral and bilateral credit enhancement mechanisms to improve borrowing costs for developing countries. One discussant discussed the need to introduce clear timelines and benchmarks to facilitate orderly and timely debt restructuring under the Common Framework. Another discussant proposed an additional allocation of International Monetary Fund special drawing rights. Finally, one discussant underscored the importance of strengthening regional integration and trade as a mechanism to support growth, trade and South–South cooperation.

Mind the gap: Taking stock of the Sustainable Development Goals financing gap and core policy agendas to address it

19. During the three-member panel discussion, the panellists discussed explanations for the growing Sustainable Development Goals financing gap, with a view to tailoring policy responses accordingly.

20. One panellist highlighted the K-shaped recovery from the pandemic, with low-income countries at the bottom of recovery efforts and high-income countries showing strong post-pandemic growth. Given consequent increases in global extreme poverty, the panellist stated that failure to address the impact of multidimensional crises on achieving the Goals could lock in this "great divergence" in the longer term. According to figures from the Organisation for Economic Co-operation and Development, the Sustainable Development Goals financing gap had risen by 56 per cent in 2019–2020, from an estimated $2.5 trillion to $3.9 trillion. In this regard, reference was made to UNCTAD estimates of a wider development financing gap of around 30 per cent of low-income countries' gross domestic product and 13 per cent of that of lower middle-income countries in 2020–2025, considered to be broadly in line with Organisation for Economic Co-operation and Development estimates of the widening Sustainable Development Goals financing gap. The panellist emphasized the loss of government revenues and the decline in private capital inflows as the main contributing factors to the slow pace of recovery, suggesting that less than 1 per cent of the $469 trillion in currently outstanding global financial assets would be sufficient to close the Sustainable Development Goals financing

gap and emphasizing the need for developed countries to play an active role in facilitating the channelling of private finance to developing countries. Policy recommendations included promoting investment standards and frameworks for investment in the Goals and climate change adaptation and mitigation that went beyond existing environmental, social and governance-related principles and targets in particular bottleneck areas, such as long-term productive investment in low-income countries that had, to date, experienced little private development finance in their economies. Finally, support needed to be provided to developing countries, to strengthen capacity to provide a pipeline of bankable projects.

21. Another panellist stressed that the United Nations was the appropriate place for discussions of financing for development issues and processes, since other forums provided less space for developing country voices. The panellist discussed the priorities of civil society groups, for the effective provision of development finance, including the establishment of a multilateral sovereign restructuring framework, the provision of debt cancellation beyond debt relief, in particular in view of the large amounts of unmet official development assistance commitments over the years, the stricter regulation of credit rating agencies, a moratorium on investor–State dispute settlement agreements, the further development of global technological assessment mechanisms under the United Nations, a review of the development outcomes of public–private partnerships and further progress in international tax cooperation. Finally, the panellist stated that steps in these directions would allow developing countries to mobilize more financing from domestic sources.

22. One panellist discussed the experience in Latin America of recent multidimensional crises and their impacts on Sustainable Development Goals financing. Given current growth paths, the expectation was that only around one third of countries in Latin America and the Caribbean would meet targets under the Goals. Slow global growth reverberated in the region, with estimated output growth for 2023 at only at 0.8 per cent, signalling yet another lost decade for the region. This was coupled with historically low rates of private investment and decreasing rates of public investment, a high level of tax evasion, amounting to an average of 6.1 per cent of annual gross domestic product, and the increasing costs of debt financing. Regarding the latter, significant shifts from external foreign-currency–denominated debt to domestic local-currency–denominated debt were helpful in more effectively managing such debt. However, overall, increasingly limited fiscal spaces needed to be systematically addressed, to boost domestic public finance and investment through the reform of tax structures. The panellist stressed that investment requirements for climate change adaptation and mitigation would put renewed pressure on debt sustainability in the region. Finally, he noted the need to strengthen national, regional and international policies and instruments, to mobilize finance for achieving the Goals.

23. During the ensuing discussion, one delegate noted that the use of blended finance was challenging and that it was important for existing financial commitments to be met and, possibly, scaled up. Another delegate highlighted the importance of technical assistance and capacity-building in developing countries; if strengthened appropriately and systematically, it could put developing countries in a better position to achieve the Goals. Several delegates requested further clarification on concrete channels for accessing Sustainable Development Goals financing, in particular for middle-income countries. One delegate, recognizing the need for a new climate finance architecture, stressed that this needed to fulfil basic criteria, such as being just and balanced, to avoid greenwashing strategies and, most importantly, development finance needed to be scaled up in predictable ways by accountable multilateral institutions.

Scaling-up development finance I: Emergency measures to address the impact of interrelated and global crises

24. During the four-member panel discussion, the panellists discussed ways in which emergency financing needs among vulnerable countries could be addressed as a current priority.

25. One panellist noted that the current multidimensional crises had delayed the achievement of the Goals and increased the financing gap, suggesting that, according to recent International Monetary Fund estimates, achieving the 2030 Agenda would require an estimated additional $600 billion per year for low-income countries. Highlighting the

considerable contributions by international financial institutions, as well as the Group of 20, to emergency concessional lending, debt relief and international liquidity provision through the new general allocation of special drawing rights by the International Monetary Fund in August 2021, the panellist recognized that further contributions would be necessary from the private sector, official donors and multilateral development banks, to support and complement domestic resource mobilization, including through technical cooperation and capacity-building activities. Finally, the panellist emphasized the importance of international cooperation, to help address the climate crisis.

26. Another panellist underlined that global crises, combined with monetary policy tightening in developed countries, were increasing debt distress in developing countries. This had brought to the fore problems arising from the lack of an international framework for sovereign debt crisis resolution, such as delayed and limited debt restructuring, persistent information and negotiation asymmetries between debtors and creditors and complex problems of creditor coordination in the context of the increasing complexity of creditor compositions. The panellist stressed the need for increased transparency in this regard, stating that debtors often did not have sufficient access to information about the compositions and incentives of private creditors. He underlined the need for improved intercreditor coordination, since experience showed that private creditors alone could not determine ways forward in sovereign debt restructuring. The panellist highlighted recent International Monetary Fund initiatives to address current crises, stressing the limited scope of the recently established Resilience and Sustainability Trust and emphasizing the need to suspend surcharges due to their heavily procyclical impact on affected debtor countries.

27. Two panellists called attention to the illiquid market for developing country bonds and stressed the importance of creating market institutions to improve liquidity, reduce borrowing costs for developing countries and avoid liquidity crises turning into debt crises. One panellist stated that this raised further questions about the need to adequately assess whether countries were in a liquidity or debt crisis and improve current debt sustainability frameworks in this regard. Another panellist emphasized that debt issues in developing countries needed to be understood in the wider context of resource flows from poor to rich countries in the global economy and the limitations of the International Monetary Fund in assuming the role of lender of last resort, leading to recurrent runs on countries in the same way that runs on banks occurred if central banks failed to back up the banking system. In addition to short-term support for concessional financing by the International Monetary Fund and the World Bank, the panellist suggested that, in the absence of a lender-of-last-resort option, it was important to expand multilateral development bank capital bases, to put affordable long-term development financing on a better footing.

28. The panellists agreed on the need to accelerate the rechannelling of unused special drawing rights to countries in need, to reach beneficiary countries more effectively. One suggestion in this regard was to levy a tax on special drawing rights held without use beyond a certain period. The panellists also agreed that the current international non-system of sovereign debt restructuring needed to be reviewed and a more effective, fair and balanced multilateral framework needed to be advanced.

29. Some delegates stressed the need to establish a multilateral framework for sovereign debt restructuring in developing countries as one of many required steps in building stronger international institutions, to improve resilience in developing countries. One delegate noted that the Basic Principles on Sovereign Debt Restructuring Processes were not respected in practice or, if leveraged, led to penalization by credit rating agencies, and commended the UNCTAD proposals to improve both debtor and creditor transparency. Another delegate expressed support for the suspension of International Monetary Fund surcharges and for improved ways of rechannelling unused special drawing rights to countries in need.

Scaling-up development finance II: The role of multilateral development banks and of innovative financing instruments

30. During the four-member panel discussion, the panellists discussed available policy options to scale up the provision of development finance by multilateral development banks. The panel focused on the following three topics: the impact of innovative financing instruments on the mobilization of resources with a developmental impact; reasons for the need for a substantial increase in the lending provided by multilateral development banks; and the role of institutional, legal and regulatory frameworks in increasing the availability and accessibility of development financing.

31. The panellists discussed the role of innovative financing instruments, to further leverage the lending capacity of multilateral development banks. Some panellists, while agreeing on the usefulness of such tools, emphasized that they could not be considered a replacement for improved governance arrangements and an overall increase in lending capacity. One panellist highlighted the important role that national laws and regulations could play in lowering risks for Governments and investors. Another panellist discussed several instruments already in use among multilateral development banks, including guarantees and technical cooperation, to provide support to countries in the issuance of environmental, social and governance-related bonds, the provision of contingent credit lines for disaster risk management, including both readiness efforts and post-disaster financial support, and the use of blended instruments to scale up investment, including equity funds, as well as partnerships with local development finance institutions.

32. Some panellists and some delegates emphasized the urgent need to increase multilateral development bank financing, to close the development financing gap. Two panellists highlighted the crucial link between the unmet demand for climate investment funds and the capacity of multilateral development banks to meet such demands. One panellist discussed the discrepancy between the identified large economic returns on climate investments and the lack of actual investments; this dynamic was the result of the high cost of capital faced by developing countries, itself an outcome of the structure of the international financial architecture, and multilateral development banks could help address this problem by lowering the cost of capital. Another panellist highlighted the critical role of multilateral development banks in providing financing to support plans for nationally determined contributions in the context of the Paris Agreement; the successful implementation of nationally determined contributions required a more ambitious approach to multilateral development bank financing. One panellist discussed the overlap between the impact of multiple crises on existing development finance needs and the already large infrastructure financing gap; addressing the extent of this gap required collaborative action between Governments and multilateral development banks, with the aim of mobilizing and crowding in the private sector.

33. The panellists agreed on the importance of modern and effective institutional, legal and regulatory frameworks, to increase the availability and accessibility of development financing. Two panellists emphasized the role that such improvements could play in reducing risk, improving conditions for investment and lowering the costs of credit; these were also crucial elements in facilitating the transition towards a low-carbon economy. The panellists discussed how the modernization of the institutional frameworks of multilateral development banks could help substantially increase their lending capacity; in a context marked by conservative approaches to risk management, embedded in institutional culture, shareholders needed to take the lead in promoting organizational change. The panellists proposed mechanisms by which to increase the lending capacity of multilateral development banks. One panellist proposed the use of International Monetary Fund special drawing rights to increase the capital bases of multilateral development banks. Another panellist focused on two additional mechanisms included in the recent independent review of capital adequacy frameworks by the Group of 20, namely, an updated assessment of preferred creditor treatment and the callable capital of multilateral development banks, whereby consistency in preferred creditor treatment status across internal risk models and credit rating agency assessments could support the substantial expansion of lending without an increase in the underlying risks in lending portfolios; and increasing the amount of callable capital included in risk assessments could enhance lending capacity without a

concomitant increase in risk level. With regard to the role of policy conditionalities in multilateral development bank lending, a few delegates stated that conditionalities could restrict access to multilateral financing. Finally, the panellists noted the need for mechanisms to mitigate this situation; in particular, limited emergency financing, for example to respond to climate change shocks, needed to be provided without policy conditionalities, and long-term development financing needed to be enhanced with conditionalities aimed at strengthening institutional capacity.

Closing plenary meeting

34. The Chair highlighted that the adoption of agreed policy recommendations showed that political will, along with a better understanding of the risks faced by all, could produce substantive and relevant contributions on issues of importance for developing countries, such as development financing. Recognizing the efforts of and flexibility shown by the negotiating parties, the Chair recalled the wider context in which the deliberations at the sixth session of the Intergovernmental Group of Experts on Financing for Development had taken place, with major United Nations summits and conferences to be held in 2023–2024, such as the United Nations High-level Political Forum on Sustainable Development (Sustainable Development Goals Summit), the Summit of the Future and the sixteenth session of the United Nations Conference on Trade and Development. Expert advice at the session had been wide-ranging, and the concerns raised and solutions suggested formed a part of broader discussions at other United Nations meetings and multilateral forums about how to best scale up development financing and do so with the required urgency, including to achieve the Sustainable Development Goals. Views differed and reaching compromise could be difficult, yet the discussions all had in common the recognition that current mechanisms to deliver development finance were not functioning well and needed to be reformed. Finally, it was vital for the voice of UNCTAD to continue to be heard in the context of crucial discussions, including through the work and deliberations of the Intergovernmental Group of Experts on Financing for Development, to ensure that developmental concerns were heard and taken on board by the international community.

35. The representatives of some regional groups commended UNCTAD for organizing deliberations on such important topics in timely, relevant and effective ways, and welcomed the agreed policy recommendations as critical in guiding member States in future negotiations on issues pertaining to the financing of development. The representative of one regional group noted that future sessions could benefit from more focused discussion on the agreed topic and guiding questions and better alignment in the planning of expert panels with the topic and guiding questions. In addition, discussions and negotiations could involve a greater focus on details, rather than more wide-ranging observations and policy recommendations.

III. Organizational matters

A. Election of officers

(Agenda item 1)

36. At its opening plenary meeting, on 30 November 2022, the Intergovernmental Group of Experts on Financing for Development elected Mr. Federico Villegas (Argentina) as its Chair and Ms. Emmanuelle Lachaussée (France) as its Vice-Chair-cum-Rapporteur.

B. Adoption of the agenda and organization of work

(Agenda item 2)

37. At its opening plenary meeting, on 30 November 2022, the Intergovernmental Group of Experts on Financing for Development adopted the provisional agenda, as contained in document TD/B/EFD/6/1. The agenda was thus as follows:

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Financing for development to respond and recover in an era of interrelated and global crises.
4. Provisional agenda of the seventh session of the Intergovernmental Group of Experts on Financing for Development.
5. Adoption of the report of the Intergovernmental Group of Experts on Financing for Development on its sixth session.

C. Adoption of the report of the Intergovernmental Group of Experts on Financing for Development on its sixth session

(Agenda item 5)

38. At its closing plenary meeting, on 2 December 2022, the Intergovernmental Group of Experts on Financing for Development authorized the Vice-Chair-cum-Rapporteur, under the authority of the Chair, to finalize the report on its sixth session after the conclusion of the session.

Annex

Attendance*

1. Representatives of the following States members of the Conference attended the session:

Algeria
Angola
Argentina
Bahamas
Bangladesh
Barbados
Belize
Bolivia (Plurinational State of)
Brazil
Burkina Faso
Cambodia
Canada
China
Colombia
Congo
Dominican Republic
Ecuador
Egypt
Ethiopia
France
Gabon
Gambia
Germany
Haiti
India
Indonesia
Iran (Islamic Republic of)
Iraq
Jamaica
Japan
Jordan
Kenya
Kuwait
Madagascar
Mauritius
Mexico
Morocco
Mozambique
Nepal
Nigeria
North Macedonia
Pakistan
Panama
Peru
Philippines
Portugal
Russian Federation
Saudi Arabia
South Africa
Spain
Sri Lanka
State of Palestine
Trinidad and Tobago
Tunisia
Türkiye
Uganda
United Republic of Tanzania
United States of America
Uruguay
Venezuela (Bolivarian Republic of)
Viet Nam
Yemen
Zambia
Zimbabwe

2. The following intergovernmental organizations were represented at the session:

Arab Fund for Economic and Social Development
Common Fund for Commodities
Inter-American Development Bank
International Institute for the Unification of Private Law
Organisation for Economic Co-operation and Development
Organization of Islamic Cooperation
South Centre

3. The following United Nations organs, bodies and programmes were represented at the session:

Department of Economic and Social Affairs
Economic Commission for Latin America and the Caribbean
International Monetary Fund
Office of the Special Adviser on Africa

* This attendance list contains registered participants. For the list of participants, see TD/B/EFD/6/INF.1.

World Bank Group
World Trade Organization

4. The following non-governmental organizations were represented at the session:

General category

Association Africa 21
Commission of the Churches on International Affairs (of the World Council of Churches)
International Network for Standardization of Higher Education Degrees
Society for International Development
Village Suisse ONG