

Transcript of GFDD Global Roundtable with H. E. Eduardo Gálvez, Ambassador of the Permanent Mission of Chile to the UN

New York, January 17, 2014

N: Welcome to the Global Round Table organized by Global Foundation for Democracy and Development. Today we have the pleasure of the company of Mr. Ambassador Eduardo Gálvez, Ambassador and Deputy Permanent Representative of Chile to the United Nations. Welcome Mr. Ambassador.

E: Thank you for the invitation.

N: It's a pleasure to have you here. And today we are going to talk actually about financing for development. But as Mr. Ambassador is representing so proudly and so well the republic of Chile within the United Nations system, we would like to tell something about Chile. Considered one of South America's most stable and prosperous nations, Chile recorded GDP for the year 2012 of \$270 billion. It has the population of more than 17 million marking it as a high income economy by the World Bank. The country is seeing by the United Nations Development Program as leading Latin American nation in many areas, including human development, state of peace, economic freedom and low perception of corruption. Ranking high regional sustainability of the state and democratic development, Chile really is a role model of development for Latin American countries. Your profile, Mr. Ambassador, is equally impressive. You previously served as Ambassador and Director for Multilateral Affairs, and as Ambassador and Director for Planning in the Ministry of Foreign Relations. You also occupied other high level posts in the Minister of Foreign Affairs of Chile and also in Chilean diplomatic missions to the United Nations, to the World Trade Organization and also to the Chilean Embassy in France and the United Kingdom. And as we mention before, in your work within the UN system you have been particularly active in the area of financing for development and right now you represent Latin America and the Caribbean within the intergovernmental committee of experts on sustainable development financing.

So let's start our conversation about financing for development. Let's just remind ourselves of the conference on financing for development in 2002 in Monterrey, Mexico, which was definitely a mile stone in the subject for financing for development because it was for the first time brought to the forefront of international organizations where heads of the United Nations, heads of the governments, the International Monetary Fund, the World Bank, the World Trade Organization, and also representatives of business and civil society participated to discuss financing for development. After that, as we know, there was Doha meeting, 6 years after Monterrey, where some let's say advancement and some progress have been made but we know not enough. Can we start by talking about what is financing for development, why is it important, what does it involve and what has its history been until now. In a few words.

E: Thank you for the invitation. Let me say that Monterrey, in 2002, was very important for three simple reasons. First, it was after the 1990s when we had so many important conferences and summits that provided what would be the agenda for development for the United Nations. We had Rio - it was on environment, the social summit – it was on social issues, the conference on children, we have so many important issues in 10 years and that was the last one. So timing was right. When developing countries were saying, you are asking so much from us, but where is the money, where is the finance, where are the resources. The usual answer was, well you have the World Bank and you have the IMF. This is not a question for the UN.

N: It was before Monterrey conference.

E: Yes, before Monterrey conference. These kind of issues, hard core issues of development, were not for the UN, and were discussed by the IMF. And what was important for us? Participation. There was timing, there was a right moment and we say this is going to be. I don't know if people are aware of that, Monterrey was not a UN conference, it was an international conference and we did it after some negotiations. We say, this is going to be our conference but also this is going to be the conference of the IMF, and the World Bank. We cannot say it was a UN conference but it was led by the UN. But if you go to the official titles "International Conference on Financing for Development," all the others said "United Nations Conference on Environment," "United Nations Conference on..." so that was different.

And that was to highlight, look if we want to discuss finance, you need to have people from the Ministry of Finance, from the IMF. If you want to discuss development assistance, you have to have people from World Bank. And also, it's not only an international institution, it needs to be open to the private sector because the private sector is now key on development and needs to align with NGOs also because they are the people who push forward things that they have passion for. So it was a different type of a conference.

And the third element, and I can stop you, is about the agenda. The agenda was, we call it annalistic agenda of three main areas: sustainable development, I mean was really on the domestic issues because at the end of the day and we say it from the start, this is not just asking all this, what they can do for you. First you need to have the right policy, then you need to have no corruption, so don't think that it is going to be something we are here and they are there to request things from the developed world. But it is going to be domestic or national, and international issues, like trade, finance, and systemic issues. That is more complicated to explain. But in some ways we need to be there where decisions are taking place, so you need to change; we have to rule how the IMF and the World Bank - how they take decisions. We need a voice, participation and a say in resolutions. So it took five years...

N: The negotiations for the Monterrey conference...

E: Yes, it took five years to negotiate Monterrey.

N: It started in 1997 and you were part of the negotiations.

E: I was a representative of the Group of 77. They represent the developing world. I really enjoyed it. Intellectually it was very demanding and I think Chile as you mentioned is a moderate country, we are market economy, we are open, no one can feel we are heard not to make great things happen. We came to make a great thing happen, but in a very slow fashion and in an organic way, but we want to discuss things, we don't want to impose. We are a small country and believe in multilateralism.

N: We would say Chile has a lot of credibility among developing and developed countries.

E: Exactly. Not only Chile, because Mexico was not part of the G 77. So I was there as a negotiating delegate. First I was in charge of trade issues, then they gave me financial issues because we have a very interesting group. Guyana was very important. I remember Ambassador Insanally, who later on became the Minister of Foreign Affairs and now is the current Ambassador...So in some way it was a Latin American and Asia. My last point on timing, because there are so many things that we have to discuss. This meeting came after what it was called the Asian crisis. Remember? When there was a problem with Indonesia, Thailand etc.. So Monterrey in some way was that crisis, and we took it as an opportunity. We can talk later on what is the meaning and substance conceptually of Monterrey, which it something that is going on now... Because now we have a different crisis, the economic crisis again. But I don't see the energy, the feeling that we were doing something different --that we will take the lesson and we will change, and we were talking about a new financial architecture.

N: So you mentioned how Monterrey came after the Asian crisis, but Doha was during the 2008 crisis. How would you compare the two? Has Doha managed to move forward the topic of financing for development? How did the crisis impact the negotiations for Doha if any, in any way?

EG: Politically the moment was not the right at Doha. I remember because at the time we had the president of the GA who was Nicaragua Miguel d'Escoto. And they made a lot of effort. They created a group with the group Santo Neo Campo, with other experts who made very good proposals but the mood was not there. When we discuss Monterrey, one year after 9/11 – that created the mood that we needed to do something for the developing world.

N: You don't feel that there was the same momentum in 2008?

E: Unfortunately. There were good ideas; you may know Campos had fantastic ideas but I feel you need to convince, you cannot go there alone, you need to go together with the developed world. And perhaps I really feel it was a fantastic, but d'Escoto was not the man whom the north would trust, to be honest.

N: So it's a lot of things in the international context, the political figures who are involved, it's the countries who are pushing forward.

E: Like you said, it's a lot of things.

N: What are, when we talk about Financing for Development and you mentioned national, international issues, systemic issues, so can you mention some of the components of financing for development? And then tell us which ones you believe have advanced and which ones are kind of lagging behind?

E: Well we have balanced a little bit on trade issues. And on that, as you know, we are still working on many things that were started in the 1960s. I think, as a diplomat here I realize that President Fernandez made a proposal maybe last year on the problem of the prices for commodities and particularly how to avoid the speculation.

N: Particularly on food.

E: Yes. So it means it is still there but there some small ideas that you can use in order to push forward things in the right direction. Another thing that was in Monterrey, that was a good result, was innovative finance. Innovative finance was kind of a small paragraph...

N: And it has grown...

E: And it has grown now and there is a community. And you know that is the case of Chile or Brazil, and Latin America where particularly France and Germany are doing a lot of work on that, and we are trying to make things both in the sense that we need a more inclusive globalization.

N: So when you talk about innovative financing, there is a lot of involvement of the private sector in at as well, isn't there?

E: Yes.

N: Can you give us some examples of innovative financing.

E: The first example that came to my mind is we, Chile, we have a tax of \$2 for those people who use airplanes. And that money is going to... Of course, the UK and France have more money than us because they have more people, which is fair. We are 15-17 million and then all this money goes through Geneva to support those who travel abroad, those who are getting something from the realization of the journey.

N: So this money is channelled...

E: It is channelled through those who have HIV, or tuberculosis. Not globalization because you know that globalization is there, you know the virus goes from one place to the other, so this is

kind of a thing we would like to see in the world. You take it from those who have and give it to those who don't have it. Then we say, it is not the final response and when you say "innovative finance," this is one kind of an example, but there are many others. It is a very interesting work because it's a voluntary one. And different countries go for different mechanisms. But it is there. The first time you heard something about innovative financing, it was in Monterrey. And now it's part of the system etc.

N: And it's a part of everyday conversation in the United Nations.

E: Exactly. The main problem that we have is the financial system and the systemic issues. You need to say you need to improve, you need to have a better regulation of the financial market but, unfortunately, all this idea of the new international architecture after some time people are starting to forget about that and then you realize it is a very complex thing because will be affecting the banking sector and...

N: So let me introduce Marc Jordan who is GFDD representative to the United Nations and Marc has a question about global economic governance that he would like to direct to you.

M: Ambassador, we have just discussed, more coherent system of global economic governance. New and strengthened global partnerships are needed as a starting point for the financing for development agenda successful implementation. In your view, how do we achieve a more inclusive, flexible and coherent system global economic governance?

E: Let me start with the response of a diplomat because you know the question about global economic governance is very complicated in many ways because we have G20. I guess everyone knows what G20 is. This means it is a great powerhouse those countries that are really big ones and are taking decisions that affect everyone.

N: Do you think in that sense there is a certain competition between G20 and the UN?

E: I am going there. We do support multilateralism and the UN. But it doesn't mean that we are against the G20 necessarily because they can be doing a very good job. We have a problem when G20 was established at the heads of state level, what we can do. At the UN those who deal with economic issues, is this a threat to us, are they going to by pass the UN, are they going to have like a 19th century decision taken just for the bigger ones. We, Chile, and other groups of countries say, look, those who are completely against... You can imagine but I don't want to have problems with some of my friends. And on the other side, those who were completely against G20 taking decisions and those who were completely in favor, both didn't want to bring this kind of a thing to the UN. Leave us alone. We are doing things ourselves, don't complicate our lives. But Chile and other countries, three years ago we started saying, look we need to work with the G20 in a constructive way, but under some kind of principle. And this is whatever decision you are taking, once it is taken, it should go to the right institution, even IMF. So we are saying the UN system. If you are taking a decision in financial issues, you cannot just be a group

of 5 or 6, or 7 or 8. You need to go there with more than that. We started and after some discussion last year we had a very substantive resolution that said that, how we are going to deal between the UN and General Assembly and G20. And we are very proud of that because that resolution was adopted by more than 100 countries who were strongly in favour with it politically. You know we have 193 countries. And we have people from G20 -- this means Italy, Spain, Mexico, Turkey, Korea and other countries, and people from, let's say, the developing world and even those who were a little sceptical. We have a great opportunity now to work together and to say, "Never forget the UN". The UN is the place where the final decision needs to be taken. So you can do many good things at G20 but you need to go to the General Assembly and we need voice and representation on those issues that affect your country.

N: In that sense now that we are in the wake of Sustainable Development Goals. The Millennium Development Goals are coming to the end at least in terms of time because they were envisioned to be achieved in 2015, and there is a preparation work being done on SDGs. And you are part of this intergovernmental committee representing Latin America and the Caribbean on FfD, and for the financing for sustainable development. What can be done better and more now, as we are preparing for SDGs? Because we know that one of the reasons that MDGs didn't reach all the goals we thought they would, was due to the lack of financing. How can we mainstream financing into the goals? Is there any way they can be entwined, or enforced in a better way?

E: Let me say financing for development was very important and very good, but now we need something a little bit different. That is financing for sustainable development. And we are going to have a meeting in 2015 or 2016, just adopted by the General Assembly. It means either before or little bit after the adoption of the agenda for post-2015, because it is going to be in September 2015. And it is going to be about financing for sustainable development. So the first thing we need to say is, as a diplomat, as people who care, is in what sense financing for development was good and what needs to be improved? One thing that needs to be improved is that, it's not enough just to have goals, like MDGs or SDGs now, but you need to empower countries and people. It is nice to say, look we want you to grow more. How you help me to do this kind of a thing? And I will say this growth is not enough if it is not inclusive, if it doesn't go to the people. Inclusive in terms of those who really are left behind.

N: In need.

E: In need. It is inclusive growth. Also sustainable growth. It is need to be environment there. So it is a more complex, a more difficult task now because you need to have these three elements -- economic growth, social inclusion and environmental sustainability. That is a kind of the conference I will try to be working on. In the sense that it just political momentum. No more than that.

N: Is there any event being planned now? We know that last year there was a high level dialogue that was organized very ad-hoc on financing for development. Is there anything planned this year?

E: There are many events. On social inclusion the president of Mexico is organizing a very important meeting this year in Mexico. There you will have a political momentum to discuss social issues.

N: At what time will it be?

E: I don't have the exact date. But I know that they are doing it, and it is important. In Lima, we are going to have a very important meeting on climate change end of November-December this year. In September, the UN Secretary General is organizing a heads of state meeting – a political event on the environment. He is from South Korea, and is pushing that forward. And for intergovernmental negotiations, once we decide on SDGs, we don't have time now to go for MDGs, but those are sustainable development goals, we will start an intergovernmental negotiation on the agenda for development post-2015. That is going to be very important. I don't know if we have time to discuss that. But immediately after that you will be discussing Monterrey plus, and that is the key thing for me. Because we are going to have not a Doha meeting, we are going to have something different in the sense that we are going to get all the issues of Monterrey, we are going to discuss official development assistance, we are going to discuss how to have a better trade system, we are going to discuss how to regulate the financial system etc.

All those issues but in a new context where the question of, I will say environment, it's going to be very much there. It was in Monterrey but it wasn't the key thing. The question is at the UN, you know, we have three different tracks: the track of the people who were negotiating environmental issues..... and then we have Rio; The track of those on social issues..... and you have the Social Summit. Chile was very much involved on that, and the track on economic issues that were in Monterrey. Now we need to grow together. And it's not that easy.

N: In that sense we have, as a practical recommendation, we have another question.

M: We would like to know what do you believe is the role of civil society and NGOs would be sort of within the framework that we have been discussing? How do you view that?

N: What would be your recommendation for us and other NGOs that would like to support bringing together these three tracks?

E: I mean they are very political I will say and these things are not only technical. Of course, you need to have people from the different ministries et. al., and find ways of how to resolve very specific and technical problems. We were assigned to discuss the question of the *finacialization* of the price of commodities. It is a very technical issue, of course. You need to see how you deal

with that and NGOs, ultimately are the people who organize it. How? Sometimes things don't move forward because you are fighting for something different. Those who have interest in the status quo are every difficult to push forward. NGOs from the developed world and the developing world get together to transfer knowledge – is not a question of north-south. And I will say that they need to be more organized, and talk amongst themselves. Don't have just one NGO for environment, one for economics, one for science or for social issues, because the complexity now needs an integration of NGOs. You are important and relevant if you get together, if you have clarity in terms of the issue that has to be resolved, if you discuss, if you have informative papers, or meeting where you mobilize people. And NGOs need to make clear to the UN that they need to be part of it. I mentioned that we just had a meeting about Latin Americans in Santiago, and it was clear that we need to have NGOs, so we invited them. But not just NGOs, we need the private sector too.

N: So it's the experts, the NGOs, the political will, the international organization and these alliance has been clearly stronger during the years.

E: In Monterrey they were key because they were invited, had their space and it was clear that they were needed. And you need to mobilize young people for that. You get more ideas, they never tire.

N: Right. They have the patience and passion.

E: So I would say they need to understand. Don't just accept an invitation to attend the conference but be fully present.

N: So be involved from the beginning, be informed and get involved from the beginning and make sure you are part of the process from the beginning.

E: And clarity on what you want, and some focus.

N: Thank you, Mr. Ambassador. That's really really helpful. Thank you so much for being with us today and we are hoping to see you soon again. Thank you.

E: Thank you for the invitation.

M: Thank you.

N: Thank you for watching the Global Round Table organized by Global Foundation for Democracy and Development. Today we have spoken to Mr. Eduardo Gálvez, Ambassador and Deputy Permanent Representative of Chile to the United Nations.