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Statement by
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TO THE MINISTERIAL MEETING OF THE GROUP OF 24
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In this final year of the first review cycle of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda, the international community is taking a deeper look at the scale and speed of implementation of the agreements. Progress will be discussed at leaders' level reviews of these frameworks at the United Nations in September of this year at the SDG Summit and High-Level Dialogue on Financing for Development.

The Inter-agency Task Force on Financing for Development, which I chair, and which includes the World Bank Group, IMF, WTO, UNCTAD, UNDP and more than 50 other agencies and institutions along with UN-DESA, has just published its *2019 Financing for Sustainable Development Report* in support of these and related discussions.

The report finds some positive developments. Domestic public revenues in 80 developing countries rose in the most recent year with data, and 84 per cent of private investors in one survey have expressed interest in sustainability. But, it also sends some sobering messages. Global growth is expected to have peaked at about 3%. Debt risks are rising, with almost 30 developing countries in, or at high risk of, debt distress. Private sector investment in infrastructure in developing countries has declined since 2015. And climate change continues apace with emissions increasing 1.3% in 2017. These global challenges put our sustainable development aspirations at risk and raise the urgency of action.

Five key messages emerge from this year's report. *First*, the multilateral system is under strain in a rapidly changing global environment. This is forcing the global community to revisit existing multilateral arrangements in trade, debt, tax cooperation and other areas. The report finds that the current challenges present an opportunity to remake global arrangements in support of sustainable development. *Second*, and in response, rather than retreating from multilateralism, we must strengthen collective action to address global challenges. *Third*, global approaches need to be complemented by national actions. The report puts forward building blocks for countries to operationalize integrated national financing frameworks to support national development strategies. *Fourth*, achieving sustainable development and combatting climate change requires a long-term perspective. The report puts forward concrete actions to align public and private incentives need with long-term sustainable development. And *fifth*, we must harness the potential of innovation to strengthen development finance. Yet such innovations do not eliminate financial and sustainability risks, which policymakers and regulators need to manage carefully. The report calls for a rethinking of the focus of regulatory frameworks to highlight underlying risks, including from the growth of fintech, rather than by institutional type.

The priority areas identified for the discussion today are an integral part of the Task Force's this analysis. In addition, several other issues that are critical to achieving sustainable development are highlighted, including addressing climate change and inequality.

Issues on the agenda of the Intergovernmental Group of 24 Ministerial

Global financial safety net and capital flow volatility

The report reiterates that the protracted period of abundant global liquidity and low interest rates in the aftermath of the 2008 crisis has fuelled a potential build-up of financial fragilities across both the developed and developing economies. Despite the financial market corrections seen in 2018 and early 2019, high-risk behaviour remains a concern in global financial markets. The report notes the need to monitor spillovers from domestic policy choices, including on the volatility of private capital flows to developing countries. Efforts to incentivize long-term investment to facilitate SDG achievement can contribute to this objective. The report also highlights the need for strengthening the global safety net.

Multilateral trading system

The multilateral trading system is facing serious challenges. Trade growth is expected to slow in 2019 with significant downside risks associated with escalating trade tensions. The report suggests that these challenges present an opportunity to make the system work better, by finding solutions within the multilateral trading system, updating the WTO and revamping the trading system for a new century. New and existing trade and investment agreements are encouraged to address synergistic linkages between trade, investment and socio-economic and environmental policy in order to enhance trade's contribution to the Sustainable Development Goals (SDGs).

Domestic revenue mobilization

Efforts to strengthen international tax cooperation have brought important benefits in enforcement of tax rules, but more work needs to be done to enable developing countries, especially the poorest countries, to benefit from information-sharing networks. The growth of digitalization and its impact on business models has exacerbated challenges associated with taxation by making it more difficult to determine the location of economic activity and value creation. Some of the fundamental tenets of the international tax architecture, such as the arm's length principle and allocation of taxing rights, are now being questioned.

There are different views on how to best adapt international tax rules to digitalization challenge, and while international forums are discussing changes to tax norms, some countries are already moving ahead with new policies. It is in the global interest to seek a consensus, including the voices of all countries. But such a consensus needs to reflect the realities, priorities, and potential impacts on different countries, including the poorest. Putting the needs and capacities of developing countries at the forefront of analysis and decision-making would help create a fairer international tax system and advance sustainable development.

Sustainable infrastructure finance

Stable long-term investment is necessary to support the SDGs, including investments in resilient and sustainable infrastructure. Yet, a lack of a common understanding on what sustainable infrastructure is impeded efforts by international community and organizations, which all view sustainability differently. Despite a growing narrative around the role of private investments in infrastructure, there has been no major uptake in private investment levels, providing a reality check on expectations. Guarantees and subsidies can make more projects "investable," but policymakers need to determine if privately-delivered infrastructure services are likely to offer better value for people than the public alternative. To attract private investment, the idea of infrastructure as an asset class has been promoted by the G20. This exercise has included useful steps towards greater project standardization. However, care needs to be taken, particularly as this would entail creating liquid instruments on illiquid assets. Many of the financial market crises over the past 25 years involved some form of mis-pricing of liquidity, leading to asset prices bubbles, which create bankruptcies when they burst – with potentially particularly harmful effects on populations in the case of basic infrastructure.

Debt sustainability
There has been a significant rise in debt, as both governments and large companies took advantage of the long period of unusually low international interest rates. This rise in debt levels increases fragility of the global economy and threatens SDG achievement. One important step to address the tension between borrowing needs to finance the SDGs and debt sustainability risks is to better differentiate how borrowed resources are used, including in debt sustainability assessments. Currently, debt sustainability analysis frameworks, which measure a country's capacity to stabilize debt levels, may underestimate the growth-enhancing impacts of productive public investments. Changes in the creditor and debt landscape have also opened an opportunity to explore further reforms to the international architecture to promote responsible lending and borrowing as well as to more fairly, timely and efficiently resolve unsustainable debt situations.

Additional highlighted issues

The FSDR underscores that in an integrated world, economic and financial progress is affected by a range of cross-cutting issues, including climate change and inequality.

Climate change action
Climate risk is the most important systemic risk for the near future, but climate change is proceeding faster than humanity is tackling the problem. There is no country that is not experiencing the drastic effects first-hand. More ambitious actions are urgently needed if the international community wants to avoid the worst impacts of climate change by limiting the average temperature increase to 1.5°C. National fiscal systems, policy measures that influence private behaviour, international climate finance and green technology transfer will all be needed. To support efforts to implement the Paris Agreement and to increase ambition and climate action, the United Nations Secretary-General will bring world leaders from government, finance, business, and civil society to the Climate Action Summit on 23 September 2019. I urge you to work across your governments to make climate action a priority.

Inequality
Inequality has risen in countries home to most people in the world. Even among the economies that are experiencing strong per capita income growth, economic activity is often driven by core industrial and urban regions, leaving peripheral and rural areas behind. Meanwhile global growth in real wages is only 1.8 per cent, the lowest since 2008. In developing countries, three out of four workers are in vulnerable forms of employment.

A decline in the labour share of income (and a corresponding increase in the profit share) over the last several decades is a structural factor linked to growing inequality in some countries. Low real wage growth may reflect several factors, including a lack of bargaining power for workers, rising market concentration, financialization, and technological changes. Tackling inequality requires partnership – governments, the private sector, and civil society working together. National policies will need to address the falling wage share and growing vulnerabilities. These policies include designing the right labour market reforms, and strengthening education, training and social protection systems. While many policies can be implemented at the national level (e.g., fiscal policies or regulatory frameworks), others require international efforts, such as in tax cooperation and monitoring trends in market concentration.

Conclusion
Global governance must be enhanced to support the ambitious 2030 Agenda. Throughout the 2019 *Financing for Sustainable Development Report*, there are many calls for deepening international cooperation, strengthening global governance and improving inclusive international norm setting. Across these areas, more work is needed on broadening and strengthening the voice and participation of developing countries. This is true at all levels and in all institutions, including at the World Bank and IMF, as was committed in the Addis Agenda.

I encourage the G24 finance ministers to make use of the analysis and recommendations of the *2019 Financing for Sustainable Development Report*. It is my hope that this analytical work can help translate global commitments in the economic, social and environmental spheres into concrete advances in global and national policies and actions. These issues will be taken up next week at the ECOSOC Forum on Financing for Development in New York. I hope to see many of you there and at the associated SDG Investment Fair.

September will witness the first leader's level High Level Dialogue on Financing for Development and a High-Level Political Forum under the auspices of the General Assembly to discuss the 2030 Agenda for Sustainable Development. I hope your national leaders will attend these events to renew their commitments and set the direction for future action. I look forward to continuing the close working relationship between the United Nations and your countries as we implement the 2030 Agenda and the Addis Ababa Action Agenda.