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Statement by
MR. LIU ZHENMIN
UNDER-SECRETARY-GENERAL FOR ECONOMIC AND SOCIAL AFFAIRS
TO THE MINISTERIAL MEETING OF THE GROUP OF 24
Washington DC, 17 October 2019

The recent United Nations summits on climate change, sustainable development and financing for development highlighted the need for greater urgency and ambition in our efforts to achieve the Sustainable Development Goals and address the climate emergency. The political declaration of the SDG Summit, issued by your leaders, pledges "to make the coming decade one of action and delivery."

Yet, without the necessary financing, we will not be able to deliver our commitments to act for people and planet. The General Assembly's High-Level Dialogue on Financing for Development, which gathered heads of State and Government, finance ministers and leaders from business and civil society, made clear that both the scale and the scope of financing for sustainable development fall short of what is needed to finance the 2030 Agenda. Public and private resources are not sufficiently aligned with the SDGs and vast financing gaps remain.

Leaders emphasised the need for strengthened multilateral cooperation in areas of trade, climate finance, debt sustainability, investment, international tax cooperation, and combatting illicit financial flows. They also stressed the importance of country-led financing plans to support national sustainable development strategies.

Navigating the challenges to global growth and stability

The global environment has shifted dramatically since 2018. Indicators point to economic slowdowns in systemically important countries, amid unresolved trade tensions and elevated international policy uncertainty. The United Nations estimates that world economic growth will decline to 2.7 per cent in 2019 and 2.9 per cent in 2020, downgrades from the previous projections of 3.0 per cent growth. Aggregate growth in least developed countries (LDCs) is expected to fall to a 4.6 per cent in 2019, well below the SDG target of 7 per cent. Persistent trade tensions and higher tariffs have weighed on the global outlook. Prolonged trade disputes could have significant spillovers, including through weaker investment and the disruption of production networks.

While part of the growth slowdown reflects near-term factors, longer-term trends are also shaping the economic outlook. Rapid technological change is creating new opportunities, as well as risks. Persistent macroeconomic risks are compounded by greater frequency and intensity of natural disasters, reflecting the rising effects of climate change. Amid high debt levels, many countries have limited macroeconomic policy space to mitigate the effects of an adverse shock.

While expectations of looser monetary policies in systemically important economies have reduced risks of short-term capital outflows from developing countries, the changing monetary policy stances may fuel further debt accumulation and heighten the build-up of medium-term vulnerabilities, increasing risks to financial stability. Incentivizing longer time horizons for international investors would not only help increase long-term investment necessary to achieve sustainable development, it would have the added benefit of potentially reducing capital market volatility. The international community could work to develop guidelines for how countries, including source countries of capital flows, can undertake such policies effectively. On a country level, UN analysis shows that macroeconomic policies, financial regulation, macroprudential measures and capital account management policies are most effective when they are consistent with national sustainable development strategies and integrated national financing frameworks.

In addition, the international community should continuously examine whether its institutions are fit for purpose in a rapidly changing global environment, due in part to technological change. States can accelerate the process of updating the WTO and revamping the trading system to align it with sustainable development. While discussions here in Washington will determine the size of the resources available to the IMF, additional options for strengthening the adequacy and efficiency of the global financial safety net (GFSN) include regional reserve pooling arrangements and bilateral swap lines.

Mobilizing financing for growth and development

Greater public and private finance will be necessary to achieve the SDGs. Mobilising larger volumes of domestic public resources for investing into sustainable development takes political commitment and time for reforms to bear fruit. While the task of raising public resources is central for most governments, national tax reforms and tax policy need to be complemented by action on the global level to close loopholes and safeguard national tax collection efforts. Action is needed to speedily eliminate financial secrecy, corruption, corruption facilitators, corporate tax evasion and avoidance, and other types of illicit financial flows. Countries have started to show political will, but more is needed, both for domestic efforts and for strengthening and reforming the international institutional architecture related to tax, illicit finance, and return of stolen assets. These reforms must prioritise the needs and realities of developing countries. At the same time, official development assistance remains essential, including to support capacity development and address basic human needs of the most vulnerable countries and populations.

Rising debt levels continue to constrain SDG investments in many countries, particularly those with climate and structural vulnerabilities. These constraints warrant a multi-pronged approach to achieving debt sustainability. First, stakeholders should differentiate their approaches based on how debt financing is used, as borrowing that finances investments in infrastructure and productive capacities can stimulate growth and generate new resources. Second, there is merit to working towards global consensus guidelines for debtor and creditor responsibilities. Third, innovative financing instruments, such as debt swaps and state-contingent instruments, can help provide countries with the fiscal space needed for investments in the SDGs. Finally, debtors and creditors must take a systemic, coordinated approach and revisit existing mechanisms for debt workouts to determine ways to improve their efficiency.

As underscored in the Addis Ababa Action Agenda, mobilizing long-term private investment is necessary for sustainable development. While the business case for investment in sustainable development is growing, further action is needed to enhance impacts and move to scale. To ensure that investment is truly sustainable and aligned with the 2030 Agenda, sustainability reporting by corporations needs to be strengthened. Government actions are particularly important in addressing externalities and increasing equity, which markets generally do not address on their own. There is potential for blended finance instruments to further attract private investors. However, parties need to be realistic about the gaps that the private sector can and cannot fill, as well as potential risks, trade-offs and equity considerations, particularly for developing countries with large public investment needs.

More ambitious actions are urgently needed if the international community wants to avoid the worst impacts of climate change. Fiscal policies are a particularly effective incentive mechanism to shift the flow of investments away from unsustainable investment towards sustainable ones. Environmental taxation and the reform of energy and other subsidies can help transition the world to a low-carbon economy. But these need to be structured and implemented in ways that reduce inequality and with proactive public communication to boost political acceptability.

New technologies are already contributing to SDG implementation and are fundamentally changing financing for sustainable development. The opportunities, risks and challenges have come into much sharper focus in the last four years. For example, large multinational companies have proposed globally available private digital tokens, which could have far reaching implications for the sustainability of financial sectors, the transmission of monetary policy, financial integrity, exchange rate and capital flow volatility and other areas. The thematic chapter of the 2020 *Financing for Sustainable Development Report* – which is prepared jointly by the United Nations, World Bank Group, IMF and other agencies in the Inter-Agency Task Force on Financing for Development – will discuss how we need to design financing policies and institutions in response to technological change, both at the national and global levels.

Role of the United Nations is responding to a changing world

I welcome the G24's advocacy for a multilateralism that more fully reflects the concerns of developing countries. The United Nations has repeatedly stressed that a renewed and strengthened multilateralism is the only way to achieve the transformation called for in the 2030 Agenda. Wider, open and inclusive discussions on ways to transform our global systems are needed.

This is reflected in the United Nations Secretary-General's strategy for financing the 2030 Agenda. The United Nations has a central role in generating momentum on financing sustainable development, including by offering strategic forums for the engagement of all Member States on equitable terms, with the international financial and trade institutions, UN agencies, and external stakeholders. The United Nations is coordinating support to 12 countries that announced they are pioneering implementation of integrated national financing frameworks (INFFs). This week the United Nations Secretary General launched the Global Investors for Sustainable Development alliance, with 30 CEOs from around the world agreeing to lead on solutions to unlock long-term private finance and investment in sustainable development. In addition, the UN Department of Economic and Social Affairs is leading efforts with the UN System and the private sector to create a shared understanding on what sustainable investing means and how to measure its impact.

I look forward to further strengthening the close working relationship between the United Nations and your members as we implement the 2030 Agenda and the Addis Ababa Action Agenda. Without the leadership of the G24 countries, which are the biggest contributors to economic growth and poverty reduction, shifting our world on to a sustainable and resilient path will not be possible.