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**IMFC Statement by Achim Steiner
Administrator of the United Nations Development Programme
United Nations**

UNITED NATIONS  **NATIONS UNIES**

Statement by

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Administrator of the United Nations Development Programme

to the

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World leaders gathered last month in the United Nations Headquarters for a series of high-level meetings and summits¹ to demonstrate how they will accelerate action to transform our societies and economies to end poverty, respond to the climate crisis and secure a sustainable future for all.

Despite the breadth of action and initiatives that the 2030 Agenda has inspired, action to meet the SDGs is not yet advancing at the speed or scale required. Violent conflicts, climate change, gender disparities, and persistent inequalities are undermining efforts to achieve the SDGs.

Uneven economic growth, high and rising debt levels, heightened trade tensions, and financial volatility create additional obstacles to SDG achievement.

The necessary political, technological and financial solutions are within our reach. But we need unprecedented, ambitious action, much greater leadership and more effective multilateral cooperation. This was clearly recognized in the Political Declaration Member States adopted in the SDG Summit.

I. Global Economic Growth Prospects

The global environment has shifted dramatically since 2018. Indicators point to economic slowdowns in systemically important economies, amid unresolved trade tensions and elevated international policy uncertainty.

The United Nations estimates that world economic growth will moderate, from 3.0 per cent in 2018 to 2.7 per cent in 2019 and 2.9 per cent in 2020.

Aggregate growth in the least developed countries (LDCs) is expected to fall to 4.6 per cent in 2019 before rebounding to 5.85 per cent in 2020; however, remaining still well below the SDG target for LDCs of 7 per cent growth.

While part of the growth slowdown reflects temporary factors, downside risks remain high. Prolonged trade disputes could have significant spillovers, including through weaker investment and the disruption of production networks.

Recent monetary policy shifts have reduced short-term financial pressures, but may further fuel debt accumulation, increasing medium-term risks to financial stability.

¹ On Climate Action, the Sustainable Development Goals (SDGs), financing for development, universal health coverage and Small Island Developing States (SIDS).

These persistent macroeconomic risks are compounded by greater frequency and intensity of disasters due to climate change.

Amid elevated downside risks, many countries today have limited macroeconomic policy space to mitigate the effects of an adverse shock. Slowing economic activity and low inflationary pressures have prompted shifts in the monetary policy stances of major central banks, but most were already operating with interest rates far below historical norms.

The easing of monetary policy may have reduced some short-term risks but is unlikely to significantly boost domestic demand in countries with highly leveraged household and corporate sectors.

For many economies, the ability to introduce large-scale fiscal stimulus measures is limited, given persistent fiscal deficits and elevated public debt levels. For commodity-dependent economies, fiscal space remains constrained as commodity prices are still well below levels seen before 2014.

II. Opportunities for Financing Sustainable Development

Building on the momentum generated last month in the United Nations and given the slow and uneven progress towards the SDGs, the UN Secretary-General issued a global appeal for a “Decade of Action” to deliver the SDGs by 2030. As we begin the Decade of Action, financing must be front and center of our efforts and solutions.

As called for by the UN Secretary-General, we need bold actions to accelerate the much-needed global transformation of finance in line with a carbon neutral world.

The UN General Assembly’s *High-Level Dialogue on Financing for Development*, on 26 September, made it clear that both the scale and the scope of financing for sustainable development fall short of what is needed to finance the 2030 Agenda and public and private resources are not sufficiently aligned with the SDGs.

Leaders emphasized the need for strengthened multilateral cooperation in areas of trade, climate finance, debt sustainability, investment, international tax cooperation, and combatting illicit financial flows.

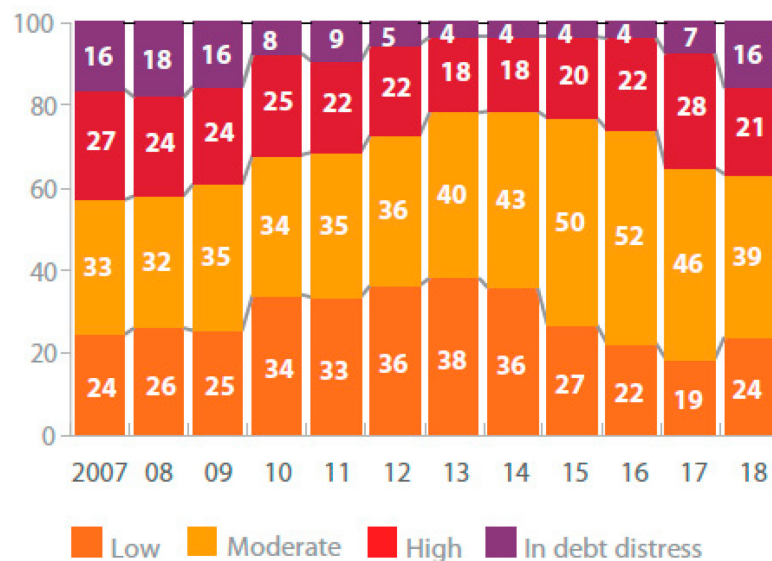
While the task of raising public resources is central for most governments, national tax reforms and tax policy need to be complemented by global action to close loopholes and safeguard national tax collection efforts.

Urgent action is needed on financial secrecy, corruption, corruption facilitators, corporate tax evasion and avoidance, and other types of illicit financial flows. Reforms in these areas must prioritize the needs and realities of developing countries.

Governments have large investment needs for the SDGs. When debt finances investments in infrastructure and productive capacities, it not only provides direct funding for sustainable development progress, but it can also stimulate growth that generates the resources to repay lenders. However, debt sustainability threatens to become a stumbling block. Rising debt constrains SDG investments in many countries, particularly those with climate and structural vulnerabilities.

A growing share of public expenditure is used to service debt rather than invest in the SDGs. 31 low-income and least developed countries are currently either at high risk of debt distress, or already in debt distress.

Figure 1: Debt Risk Classification of Low-Income Countries, 2017-2018 (% of Total)



Source: United Nations, 2019. Financing for Sustainable Development Report. Based on IMF, DSF database. Coverage is of LICs eligible to draw from the Poverty Reduction and Growth Trust at IMF.

To help maintain debt sustainability, we should work to scale up promising innovative instruments (such as state contingent debt instruments and instruments that aim to swap debt payments into SDG-related investments), consider targeted debt relief, and work towards global consensus guidelines for debtor and creditor responsibilities. Debtors and creditors must also take a systemic, coordinated approach and revisit existing mechanisms for debt workouts to determine ways to improve their efficiency.

Mobilizing long-term private investment is also critical for advancing SDG achievement. While the business case for investment in sustainable development is growing, further action is needed to enhance impacts and move to scale.

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 in allocating concessional resources to blended finance, particularly for poor countries with large public investment needs.

Sustainability reporting by corporations needs to be enhanced to ensure that financial products presented as sustainable make a difference.

A range of new initiatives aimed at driving SDG achievement were announced during the high-level week at the UN, including by the private sector that is increasingly committed to the 2030 Agenda and climate action.

For example, 130 banks from 49 countries holding assets of over US\$47 trillion signed the *Principles of Responsible Banking* committing to align their business strategies with the SDGs and the Paris Climate Agreement. The principles were designed by a core group of 30 'Founding Banks' together with the UN Environment Programme's Finance Initiative.

And this week the UN Secretary-General launched the *Global Investors for Sustainable Development Alliance*, by convening 30 Chief Executive Officers from every region, who collectively manage nearly US\$16 trillion.

The digital revolution in financial technology (fintech) is also poised to play an important role in accelerating financing of the SDGs, not least by putting more control into the hands of citizens.

The opportunities of fintech were highlighted in the interim report of *the UN Secretary-General's Task Force on Digital Financing of the SDGs*, released during the high-level week. It describes three disruptive ways that fintech can shift the center of gravity of the financial system towards the citizen: first, by increasing the quality and user-friendliness of relevant financial information; second, by reducing financial intermediation that does not add consumer value; and third, by presenting citizens with platforms for collective action, whether through crowd-funding or through consumer, employee, or shareholder actions. Robust governance innovations are needed to mitigate risks and negative consequences and to ensure that digitalization supports the alignment of finance and money with citizens' interests and sustainable development.

During the High-Level Dialogue on FFD, leaders also stressed the importance of country-led financing plans to support national sustainable development strategies. While many countries are incorporating the SDGs into national plans, only a quarter of countries have well developed financing plans.

The concept of Integrated National Financing Frameworks (INFFs) was initially introduced in the Addis Ababa Action Agenda as a means for countries to support cohesive nationally owned sustainable development strategies.

Figure 2: Building Blocks to Operationalize Integrated Financing Frameworks



Source: United Nations, 2019. Financing for Sustainable Development Report 2019.

To help countries formulate INFFs, the Inter-Agency Task Force (IATF) on Financing for Development laid out key building blocks in the [2019 Financing for Sustainable Development Report](#) (Figure 2). The UN Secretariat has worked closely with the IMF, the World Bank Group, WTO, UNDP, UNCTAD, and more than 50 UN and other agencies, to produce the report.

14 countries have already announced that they have embarked on a country-led initiative to develop INFFs supported by the United Nations and the European Union. Through this initiative countries will be supported in developing diagnostic tools and strengthening national capacity for designing and implementing INFFs. These 14 countries are also looking to the Inter-Agency Task Force to provide substantive guidance and will receive support from the UN System in country.

III. The Urgency of Climate Action

The message from the Climate Action Summit, including from youth representatives, was clear: the climate emergency is a race we are losing but it is a race we can win if we change our ways now.

The scientific community agrees:

- we need to cut greenhouse emissions by 45 per cent by 2030 and significantly invest in adaptation and resilience now;
- reach carbon neutrality by 2050; and
- limit temperature rise to 1.5 degrees Celsius by the end of the century.

According to the latest IPCC Report on the Ocean and Cryosphere,² global warming has already resulted in profound consequences for ecosystems and people. The ocean is warmer, more acidic and less productive. Melting glaciers and ice sheets are causing sea level rise, and coastal extreme events are becoming more severe.

The new report of UNDP and UN Climate Change (UNFCCC) shows that with countries' existing climate plans, greenhouse gas emissions will rise by 10.7 per cent above 2016 levels by 2030, a number starkly at odds with deep cuts required.³

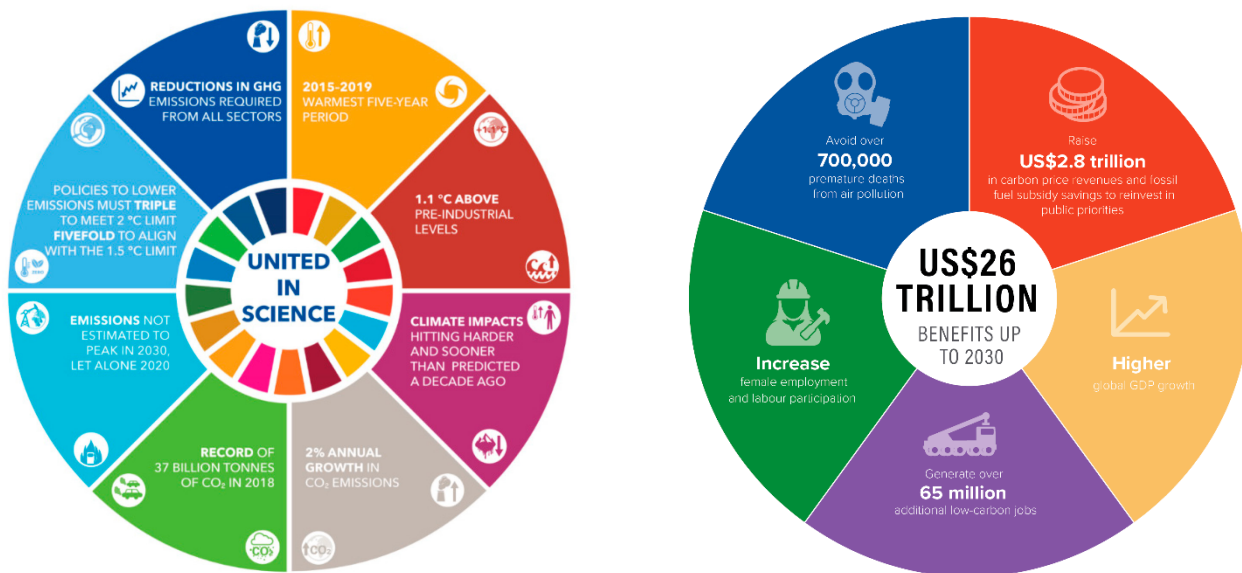
² Intergovernmental Panel on Climate Change, 2019. "Special Report on the Ocean and Cryosphere in a Changing Climate".

³ UNDP and UNFCCC, 2019. "The Heat Is On: Taking Stock of Global Climate Ambition." https://www.undp.org/content/dam/undp/library/planet/climate-change/NDC_Outlook_Report_2019.pdf

Climate action provides an unprecedented opportunity to unlock massive economic and social benefits and accelerate structural transformations for sustainable development.

Action now is not only a moral imperative; it also makes business sense. Studies have found that bold climate action could trigger US\$26 trillion in economic benefits by 2030, create over 65 million new jobs and avoid 700,000 premature deaths from air pollution (Figure 3).

Figure 3: Findings of the “United in Science” Report (Left) and Global Benefits of a Decisive Shift to a Low-Carbon Economy compared with Business-As-Usual (Right)

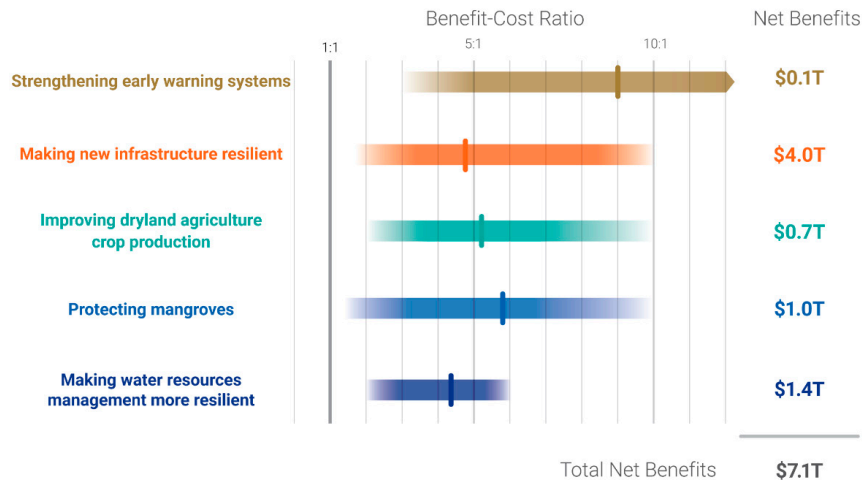


Source: World Meteorological Organization, et al., 2019. "United In Science".

Source: The Global Commission on the Economy and the Climate, New Climate Economy Report 2018.

The Global Commission on Adaptation report reveals that investing US\$1.8 trillion from 2020 to 2030 in strengthening early warning systems, making new infrastructure resilient, improving agriculture and crop production, protecting mangroves and making water sources management more resilient, could generate US\$7.1 trillion in total net benefits by 2030 (Figure 4).

Figure 4: Benefits and Costs of Illustrative Investments in Adaptation



Source: The Global Commission on Adaptation, 2019.

The Climate Action Summit highlighted scaled-up solutions and boosted commitments and ambitions countries are pursuing in order to effectively adapt to the changing climate and to dramatically reduce emissions, keep temperature rise to 1.5 degrees Celsius and reach carbon neutrality by 2050.

These are promising signs. There is a particularly strong leadership in ambitions from the global South, especially the SIDS. There are increased commitments and actions from businesses and local governments especially among cities including major metropolitan ones, and a significant increase in awareness and pressure from the public to hold their leaders accountable to address the climate emergency.

Yet, much more needs to be done. While, many vulnerable developing nations lead the world on climate action and ambition, many major economies and high emitter countries still shy away from ramping up their ambitions on nationally determined contributions (NDCs) and towards a net-zero emission goal by 2050. Major industries and businesses are still at slow pace in transitioning towards green and resilient business models. The level of new financial commitments is still far behind from the demand especially for the most vulnerable to adapt now.

Figure 5: Examples of Major Commitments



For the full list of commitments, see The Global Climate Action portal: <https://climateaction.unfccc.int/>

Developing nations indicate that a lack of access to finance is the biggest single hurdle to raising ambition and accelerating climate actions. The replenishment of the Green Climate Fund is critical, and the UN welcomes the increased support to the GCF, including doubling contributions by several countries. It is also crucial for developed countries to fulfill the commitment to mobilize US\$100 billion a year from public and private sources by 2020 for mitigation and adaptation in developing countries.

The leadership of Finance Ministers is key. The UN firmly supports the Coalition of Finance Ministers for Climate Action and the Helsinki Principles. Pricing carbon, removing fuel subsidies (estimated at US\$ 4.7 trillion post-tax) and ensuring that fiscal policy and budget decisions are directed towards increasing resilience and reducing carbon emissions are all critical to accelerating climate action and unachievable without Ministry of Finance leadership.

The revenue-raising potential of a carbon tax alone would close the SDG financing gap to 2030 and beyond. As one recent IMF study⁴ shows, efficient fossil fuel pricing in 2015 would have lowered global carbon emissions by 28 per cent and fossil fuel air pollution deaths by 46 per cent, and increased government revenue by 3.8 per cent of GDP.

Figure 6: Sustainable and Just Economies: The Facts


⁴ Coady, David, Ian Parry, Nghia-Piotr Le, and Baoping Shang, 2019. "Global Fossil Fuel Subsidies Remain Large: An Update Based on Country-Level Estimates". IMF Working Paper 19/89.

 Economic growth can be decoupled from environmental impacts


 **20+** COUNTRIES
Since 2000, have reduced annual GHG emissions while growing their economies


 Carbon pricing revenues raised by governments in 2018 were US\$44 billion compared to US\$33 billion in 2017


2017	2018
US\$33 BILLION IN CARBON PRICING REVENUES	US\$44 BILLION IN CARBON PRICING REVENUES

 Global primary material use expected to almost double by 2060

2017	2060
89 GIGATONS	167 GIGATONS

 Economies need to generate higher and more equal living standards

 In almost three quarters of countries, the share of income paid to workers has declined

 On average, women continue to be paid approximately 20% less than men

 **20%** of workers in low- and middle-income countries live in extreme or moderate poverty

Source: United Nations, 2019. "The Future is Now: Science for Achieving Sustainable Development". Global Sustainable Development Report 2019.

IV. United Nations Collaboration with the IMF

The United Nations congratulates Ms. Kristalina Georgieva on her appointment as Managing Director of the IMF. We welcome her leadership as well as her commitment to the SDGs and the multilateral partnerships needed to achieve them. We welcome her call for “a renewed commitment to international cooperation and synchronized policy action” to address today’s major challenges.

The UN appreciates its continuing collaboration with the IMF in supporting countries to progress towards the SDGs and implement the Addis Ababa Action Agenda. The IMF is one of the key contributors to the Financing for Development (FfD) process. The United Nations welcomes the continuing collaboration with the IMF in producing the annual Financing for Sustainable Development Reports, including in developing further the global methodology on Integrated National Financing Frameworks, as requested by Member States in the last ECOSOC Forum on Financing for Development. The UN also works closely with the IMF, World Bank and OECD in the Platform for Collaboration on Tax.

The next annual ECOSOC FfD Forum will be held from 20 to 23 April 2020 at the United Nations Headquarters in New York. The ministerial segment of the FfD Forum will include the Special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the WTO, and UNCTAD. This is a critical opportunity to promote greater cooperation, coherence and consistency in the international system.

To support countries to address the climate crisis, the UN will continue to work with the IMF, the World Bank Group and other institutional partners in support of the Finance Ministers Coalition for Climate Action.

The UN looks forward to enhanced engagement with the IMF to help countries around the world, including in fragile settings, finance and accelerate climate action and progress towards the SDGs.