United Nations A/74/559

General Assembly

Distr.: General
21 November 2019

Original: English

Seventy-fourth session
Agenda item 18
Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development

Summary by the President of the General Assembly of the High-level Dialogue on Financing for Development (New York, 26 September 2019)

I. Introduction

1. On 26 September 2019, at United Nations Headquarters, the General Assembly held its first High-level Dialogue on Financing for Development since the adoption of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (resolution 69/313, annex). The High-level Dialogue was held back-to-back with the high-level political forum on sustainable development under the auspices of the General Assembly, in the context of the week of action for people and planet and on the sidelines of the general debate of the General Assembly at its seventy-fourth session.

2. Those who expressed an interest in addressing the Dialogue included more than 40 Heads of State and Government, some 60 ministers (including 20 ministers of finance, economy and planning) and leaders of multilateral development banks, philanthropy, key institutional investors and civil society organizations. A total of 14 Heads of State and Government and 28 ministers participated in the programme.

3. The programme consisted of four interactive dialogues based on priorities reflected in the Addis Ababa Action Agenda and emerging from Member State deliberations at the 2019 Economic and Social Council forum on financing for development follow-up, as well as the consultations led by the Permanent Representatives of Canada and Ghana, as co-facilitators of the Dialogue. The report of the Secretary-General on the follow-up to and implementation of the outcomes of the International Conferences on Financing for Development (A/74/260) was prepared as an input thereto.

4. Reflecting its action-oriented focus, the Dialogue featured the announcement of more than 20 initiatives and commitments by Governments, the private sector and civil society, which included innovative financial instruments and new partnerships to bring together stakeholders for joint action on the Sustainable Development Goals and climate financing (see annex).

5. Looking ahead to a decade of action and delivery for sustainable development (2020–2030), the participants in the High-level Dialogue generated a powerful call to step up efforts and made concrete commitments to accelerating the mobilization of resources from all sources, recognizing the cross-cutting importance of financing to achieve all of the Sustainable Development Goals. The Economic and Social Council forum on financing for development follow-up to be held in April 2020 will provide an opportunity to review progress and forge solutions inspired by the important initiatives announced during the Dialogue. The discussions held during the Dialogue are summarized below.

II. Key messages

6. Both the scale and the scope of efforts aimed at resource mobilization and policy change have so far fallen short of what is needed to achieve the 2030 Agenda for Sustainable Development. Public and private resources are not sufficiently aligned with the Goals, and vast financing gaps remain, jeopardizing the achievement of the 2030 Agenda. Amid renewed commitments to the 2030 Agenda, governments and the private sector urgently need to put their resources to work to implement the Addis Ababa Action Agenda.

7. Official development assistance (ODA) remains essential to achieve the 2030 Agenda, in particular for the most vulnerable countries and populations. Middle-income countries emphasized the need for improved access to ODA, concessional loans and other public financial facilities, in particular in the face of growing challenges, such as climate change. While some underscored the role played by public investment and ODA in leveraging private investments, others cautioned that blended finance was not a panacea and was poorly suited to certain contexts and to critical sectors that are necessary for inclusive and sustainable development. Better data are needed to understand the trade-offs between the allocation of concessional resources and blended finance, in particular with regard to the poorest countries.

8. Domestic public resources remain critical to implementation. In generating domestic revenue, States should avoid disproportionately burdening the poor and should strive to make tax systems more progressive. National tax reforms and other efforts at the national level to strengthen domestic resource mobilization need to be complemented by action at the global level to close loopholes and safeguard national tax collection efforts. Strong calls were renewed by some participants for a global, inclusive forum for international tax cooperation at the intergovernmental level.

9. Illicit financial flows were highlighted as hurting both present and future generations and posing a major impediment to countries' efforts to achieve sustainable development. Such flows are not only a challenge but also a choice, and political will and multilateral cooperation are urgently needed to eradicate them.

10. Integrated national financing frameworks could be a powerful solution to accelerate and support efforts to mobilize and align financial and non-financial resources with national sustainable development strategies in all countries. Such frameworks could increase impact and effectiveness and foster transparency and accountability. Several countries were pioneering the implementation of such frameworks with the support of partners, including the United Nations.

11. Systemic approaches are needed to achieve debt sustainability against rising climate and structural vulnerabilities. Climate risks are a key driver of debt distress. Awareness of the nexus thereof must be raised among regulators. Debtors and creditors must take a systematic and coordinated approach to prevent and address repeated debt

crises. The United Nations could play an important role as the convener of discussions on debt in that regard.

12. Mobilizing long-term private investment for sustainable development is a key means of financing the 2030 Agenda. Some firms are shifting the paradigm to consider business impacts on all stakeholders, not just shareholders. Although the business case for investment in sustainable development is growing, private sector actors, as well as regulators, need to enhance impacts and move to scale up efforts.

13. Countries in special situations, in particular African countries, as well as the least developed countries, landlocked developing countries and small island developing States, confront challenges in mobilizing financing while facing risks, such as climate change-related extreme weather events. The cost of responding to natural emergencies exceeds domestic financing capacities, contributing to debt distress and a reversal of development gains. Climate finance providers could improve access for the most vulnerable countries, and more resources could be allocated to ex ante instruments for building resilience. While ODA has fallen in many of these countries, significant barriers to mobilizing private investment remain in these regions.

14. Countries and development partners are continually innovating to conceptualize and implement financing solutions, which could be further scaled up.

III. Putting public resources to work for more equal, sustainable societies, including by combating illicit financial flows

15. Many participants underlined the importance of domestic tax reforms and strengthening tax policy and administration, with a strong emphasis on national ownership as a key driver of long-term sustainable development and growth. Countries identified various priorities as part of efforts to enhance domestic resource mobilization, including strengthened capacities, better legal systems, transparent budget and public financial management systems, enhanced tax authorities and the rule of law. At the same time, it was mentioned that such efforts would be insufficient without complementary action in the relevant areas at the international level.

16. Illicit financial flows were highlighted as having an especially devastating impact on the most vulnerable groups in society. With regard to international action to address such flows, participants stressed the need for action aimed at combating financial secrecy, corruption, corruption facilitators, corporate tax evasion and avoidance, as well as illicit financial flows in general. Many participants emphasized the need to strengthen and reform international institutional architecture. Some of those calls included proposals for strengthening the United Nations Convention against Corruption and the Stolen Asset Recovery Initiative, as well as reiterating the call to upgrade the Committee of Experts on International Cooperation in Tax Matters from an expert body to an intergovernmental body.

17. Many countries stressed the importance of aligning resources with national sustainable development priorities and plans. Integrated national financing frameworks could help to fuel national sustainable development strategies, ensure that countries could collect more and spend better and increase the overall development impact. Many countries had experience with the various building blocks of such frameworks, but an important next step would be designing an integrated strategy that takes into account existing financing flows, needs, costs, risks and policies to help countries to reach their objectives.

IV. Financing the Sustainable Development Goals and climate action against rising debt burdens

18. Many participants emphasized the vulnerability of developing countries to climate change and expressed a sense of urgency in addressing the growing threat posed by its effects. Recalling the increasingly devastating impact of hurricanes on the Caribbean island States, speakers highlighted the disproportionate burden on small island developing States in dealing with the economic and social damage caused by extreme weather events. The resulting costs often exceeded the domestic fiscal space in those States and other vulnerable countries, adding obstacles to their achievement of the Goals and, consequently, increasing debt burdens.

19. Many developing countries stated that, given limited fiscal space and the lack of resources, financing climate change adaptation and mitigation remained a major challenge. National measures, such as adaptation plans that laid out necessary expenditures related to investments in climate-resilient infrastructure, were key. Also needed were agile international response mechanisms and financial support. Some Member States called on the international community to simplify access to the Green Climate Fund, while also noting that the level of resources committed to date would not be sufficient to address the accelerating effects of climate change.

20. Participants agreed that all financing sources – private, public, national and international – were needed to address the major challenges faced by countries in special situations. Some highlighted examples of having successfully raising private capital to address climate change, including through the issuance of climate-related bonds, green financial instruments and improved reporting standards for sustainable investment. Private insurance companies had a role to play, and participants urged them to provide viable and cost-effective solutions for developing countries. At the same time, some participants argued that many areas in which progress was needed could not rely on the business sector alone and would continue to require significant public investment.

21. Many countries underlined the challenges faced by small island developing States that had graduated from the category of least developed countries to achieving middle-income country status and had subsequently lost vital concessional finance. As a result, there were calls for the international community to reconsider criteria based only on the measurement of gross domestic product (GDP) and to develop broader criteria for graduation that accounted for vulnerability to natural disasters.

22. Participants underlined the importance of maintaining fiscal space for investments in the Goals against a backdrop of growing debt distress. Low-income developing countries would need to increase annual spending on health, education and infrastructure to about 15 per cent of their projected combined GDP by 2030, in order to achieve the Goals. Doing so would require action at both the national and international levels, including strengthening macroeconomic management, boosting public revenues and implementing more effective spending plans. The importance of debt management, debt transparency and debt sustainability assessments was stressed in that context. Emphasis was placed on the need to prioritize borrowing for productive investments.

23. Innovative financing mechanisms were also discussed in relation to debt. Notwithstanding a general openness among most of the speakers towards exploring innovative financing, it was acknowledged that traditional concessional financing instruments had a key role to play.

V. Moving the money to fill the climate action and Sustainable Development Goals financing gap

24. Participants stressed that the Goals would not be achieved without significant and well-coordinated reforms in global finance over the next decade. Priorities for reform included the transformation of capital markets and the better alignment of private sector investment with sustainable development, both of which would require bold but feasible regulatory reforms to create incentives for new behaviours, including to address climate risks.

25. Financing also needed to be greened, going beyond green bonds and individual instruments towards making green finance a part of the regular balance sheets of financial institutions. Green finance and decarbonization would provide an opportunity to improve returns in an environment in which climate risk is increasingly a part of regular investment. As a positive example, the Network of Central Banks and Supervisors for Greening the Financial System had recognized that climate-related risks were a source of financial risk and were working to ensure that central banks and supervisors started integrating climate-related risks into their supervision and monitoring. A critical step would be to determine the price of carbon and to analyse the impact of investment on climate action.

26. Participants pointed to mobilizing private finance as critical to financing efforts to achieve the Goals. Sustainable investment could be increased if the financial industry creates products that match the increased demand for sustainable investment among investors. Such investment could also build upon the growing momentum for sustainability across businesses, as underlined in a statement by the association Business Roundtable on the purpose of a corporation, co-signed by more than 180 chief executive officers, which reflected growing recognition of the impact of firms on employees and communities.

27. Trillions of dollars were invested with low or negative returns, while investment opportunities existed in developing countries. There was ample liquidity in the market, with opportunities to diversify portfolios and few attractive investment alternatives. In order to attract investment from institutional investors, risks could be pooled and diversified across the system. Creating scale, which could be achieved by combining projects into a single investment instrument, was also important to investors.

28. Public policies could de-risk and catalyse private investments, including by strengthening the enabling environment. Some participants also noted the potential for using blended finance to support de-risking. Developing countries offered a wide spectrum of investment opportunities to generate attractive returns, including in the manufacturing and high-technology sectors – for example, public-private partnerships could be leveraged to mobilize private investments. Multilateral development banks had a role to play in supporting governments in building infrastructure projects, with investors providing the capital required. Through structural reforms, infrastructure bottlenecks could be transformed into investment opportunities. Sound economic fundamentals, such as well-managed inflation and debt levels, send the right signal to investors and increase confidence. Building an enabling business environment to attract greater investment would be critical in that regard, in particular in the least developed countries. Mobilizing global capital funds would, nevertheless, often require risk-sharing, such as through first-loss risk positions. However, investment risks were sometimes more of a perception than a reality.

29. Participants stressed the need to enhance financial inclusion. Technology – including blockchain for creating a digital identity, mobile banking for reaching underserved segments and payment data for credit profiling of micro-, small and medium-sized enterprises – could be harnessed to achieve such inclusion. Financial

inclusion would allow the world's poor to save, borrow and contribute to their families and communities, and it could advance sustainable development through multiple channels because it contributes to health, education and women's empowerment, among other areas. However, the necessary technology was unevenly distributed. In addition, efforts were needed to improve access to finance for micro-, small and medium-sized enterprises, including through the better use of data.

Annex

Announcements and initiatives

Speaker	*Announcement/initiative*
Prime Minister of Saint Lucia, Allen Chastanet	Country financing road map, to be jointly implemented with the World Economic Forum
Minister of Economic Affairs of Malaysia, Mohamed Azmin Ali	Fund in support of efforts to improve access to water, sanitation and hygiene (One WASH Fund), led by the Islamic Development Bank and the International Federation of Red Cross and Red Crescent Societies
Minister for International Development Cooperation of Sweden, Peter Eriksson	Remittances for sustainable development initiatives, in partnership with the United Nations Capital Development Fund
Minister for Development Cooperation of Denmark, Rasmus Prehn	Plan to double climate-relevant official development assistance
Secretary of Foreign Affairs of Mexico, Marcelo Ebrard	Joint plan with neighbouring countries to invest in areas with large migrant outflows
Minister for Foreign Affairs and International Cooperation of Morocco, Nasser Bourita	New initiatives in agriculture and climate change, including an initiative with Senegal to reinforce sustainability and security, and a climate information hub for young people in Africa
Minister for Foreign and European Affairs of Luxembourg, Jean Asselborn	Build Fund, in partnership with United Nations Capital Development Fund and Bamboo Capital Partners
Minister for Foreign Trade and Development Cooperation of Finland, Ville Skinnari	Reporting on the growing membership of the Coalition of Finance Ministers for Climate Action and plans to reduce the cost of capital for climate projects in countries with limited access to affordable capital
Under Secretary of State for Economic Growth, Energy and the Environment of the United States of America, Keith Krach	Mobilizing institutional investors to develop an infrastructure initiative in Africa
Minister of State of Happiness and Well-being of the United Arab Emirates, Ohood Al-Roumi	Energy and technology initiatives, including through partnership with more than 30 small island developing States on climate action and renewable energy partnerships
Director General of the Swiss Agency for Development and Cooperation, Manuel Sager	Blue Peace initiative
Secretary of State to the Minister for Europe and Foreign Affairs of France, Jean-Baptiste Lemoyne	Development of innovative measurements of development assistance
Amar Bhattacharya of the Brookings Institution	Report of the technical task force on mobilizing $100 billion per year by 2020
Chair of the International Development Finance Club, Rémy Rioux	Proposal to contribute to a new United Nations-led development investment label; and proposal for a global summit of development banks to be held in 2020

Speaker	*Announcement/initiative*
Barbara Zvan of the Investor Leadership Network	The Network's first climate change report, providing information needed by investors and lenders to assess and price climate-related risks and opportunities appropriately
Stephanie von Friedeburg of the International Finance Corporation	Reporting on strategy to increase confidence in investing for impact by implementing common operating principles
Chair of the 2X Challenge Working Group, Anne-Marie Lévesque	Initiative by the Group of Seven and additional countries to mobilize $3 billion by 2020 to invest in women, with $2.5 billion already mobilized
Chief Executive Officer and Executive Director of United Nations Global Compact, Lise Kingo	Launch of Sustainable Development Goals bond, and launch of a network of chief operating officers for the Goals
Sustainable Development Goals advocate and film director, Richard Curtis	"Make My Money Matter" campaign
Executive Director of Global Benchmarking Alliance, Gerbrand Haverkamp	New ranking of the world's most influential technology companies based on their alignment with the Sustainable Development Goals
Co-Chair of the Task Force on the Digital Financing of the Sustainable Development Goals, Maria Ramos	Launch of "Harnessing Digitalization in Financing of the Sustainable Development Goals: Co-Chairs' Progress Report to the Secretary-General of the Task Force on Digital Financing of the Sustainable Development Goals"
Co-Founder and Executive Director of Youth Climate Lab, Dominique Souris, and Coordinator of Pacific Islands Climate Action Network, Genevieve Jiva	Messages from the Youth Climate Summit