

Under strict embargo until 5 April 2023, 11:15 am EDT

UN: New green industrial age can be the breakthrough for Sustainable Development Goals

UNITED NATIONS, 5 April 2023 – Amid growing food and energy crises, an uncertain global economic outlook, and the escalating impacts of climate change, the UN today said that a sustainable industrial transformation is needed to close the widening development gap between countries, meet climate targets and achieve the Sustainable Development Goals.

The *2023 Financing for Sustainable Development Report: Financing Sustainable Transformations* says urgent, massive investments are needed to accelerate transformations including in electricity supply, industry, farming, transportation, and buildings.

“Without the means to invest in sustainable development and transform their energy and food systems, developing countries are falling even further behind,” United Nations Secretary-General António Guterres said in the foreword to the report. “A two-track world of haves and have-nots holds clear and obvious dangers for every country. We urgently need to rebuild global cooperation and find the solutions to our current crises in multilateral action.”

According to the report some of the necessary changes are already taking place. The energy crisis caused by the war in Ukraine has spurred investment in global energy transition, which skyrocketed in 2022 to a record \$1.1 trillion. Energy transition investments surpassed fossil fuel system investments for the first time in 2022, but these are almost all in China and developed countries.

The *2023 Financing for Sustainable Development Report* finds that most developing countries do not have the resources for investment, unlike their developed counterparts. Climate change, Russia’s invasion of Ukraine, the COVID-19 pandemic, and debt payments up to two times higher than in 2019 have combined to put massive fiscal pressures on most developing countries. This limits their ability to invest in sustainable transformation.

In developed countries in 2020 and 2021, for example, post-pandemic recovery spending was \$12,200 per capita. This was 30 times higher than for developing countries (\$410), and 610 times higher than for least developed countries (\$20).

“Without delivering a reformed international financial system while scaling up investments in the SDGs, we will not deliver on our shared commitment to the 2030 Agenda for Sustainable Development,” said United Nations Deputy Secretary-General Amina Mohammed. “The good news is that we know what to do and how to do it. From launching critical transformations in energy, food and education to ushering in a new green industrial and digital age—we all must quicken the pace and leave no one behind.”

The *2023 Financing for Sustainable Development Report* notes that industrialization has historically been a vehicle of progress, leading to economic growth, job creation, technological advancement, and poverty reduction. The report calls for a new generation of sustainable industrial policies, underpinned by integrated national planning, to scale up investments and lay the foundation for the needed

transformations. Many opportunities for inclusive growth exist in agroindustry, green energy, and manufacturing.

The recent rapid uptake in technology points to the possibilities for an equally rapid transition to sustainable industrialization and growth. Between 2021 and 2022, 338 million more people used the Internet regularly, an increase of approximately 38,600 additional people every hour. Furthermore, in regions with high-quality connected services, 44 per cent of all the companies are exporters, in contrast to only 19 per cent of firms where Internet services are weaker.

However, manufacturing capacity remains uneven. In least developed countries in Africa, manufacturing value added, instead of doubling as per the SDG target 9.2, fell from around 10 per cent of GDP in 2000 to 9 per cent in 2021. It will take targeted policies to build the domestic productive capabilities to achieve low-carbon transitions, create decent jobs, and boost economic growth, while ensuring gender equality.

To deliver the necessary resources for this transformation, the *2023 Financing for Sustainable Development Report* calls for a combination of strengthening tax systems, enabling and catalyzing private investment, and scaling up of international public investment and development cooperation. Changes to the international financial architecture are also needed to raise sufficient resources.

The report notes that the international system is currently undergoing the biggest rethink across international finance, monetary, trade, and tax systems since the Bretton Woods Conference in 1944. As international institutions work to adapt to the rapidly evolving needs of countries, the report warns that if reforms are piecemeal, incomplete, or fail to take the SDGs into account, sustainable development will be unachievable.

A reformed, effective international financial architecture to deliver for sustainable transformation must include revised frameworks for:

- International tax norms, including rules for taxing digitalized and globalized business that meet the needs of developing countries;
- Policy and regulatory frameworks to better link private sector profitability with sustainability;
- Evolving the scale and mission of the development bank system;
- A loss and damage fund on climate change, which needs to be operationalized quickly;
- Debt relief and major improvement to the international debt resolution architecture – given that 60 per cent of low-income countries are in or at risk of debt distress;
- Multilateral trade rules to revise the approach to and resolve current tensions on green subsidies.

“We have the solutions to avoid a lasting sustainable development divide, and prevent a lost decade for development,” said UN Under Secretary-General Li Junhua, head of the Department of Economic and Social Affairs, which led the production of the inter-agency report. “We must find the political will to overcome the rising political tensions, splintering of inter-country alliances, and worrying trends towards nationalism and seize the moment now to urgently invest in our common future.”

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Notes to Editors:

- The *2023 Financing for Sustainable Development Report: Financing Sustainable Transformations* is a joint product of the [Inter-agency Task Force on Financing](#) for Development, which is comprised



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of more than 60 United Nations Agencies and international organizations. The Financing for Sustainable Development Office of the UN Department of Economic and Social Affairs serves as the substantive editor and coordinator of the Task Force, in close cooperation the World Bank Group, the IMF, World Trade Organization, UNCTAD, UNDP and UNIDO. The Task Force was mandated by the [Addis Ababa Action Agenda](#) and is chaired by Mr. Li Junhua, United Nations Under-Secretary General for Economic and Social Affairs. The full copy of the report will be available at <https://developmentfinance.un.org/fsdr2023> on 5 April 2023.

- The report forms the basis for discussions at the ECOSOC [Forum on Financing for Development](#), where Member States discuss measures necessary to mobilize sustainable financing. Negotiations based on the report are ongoing. The report also informs the [SDG Investment Fair](#), a platform which brings together government officials and investors for sustainable investment opportunities that support the achievement of the SDGs.
- The report covers, among others, areas of the global economic context; trade; debt, private business and finance; technology; and international development cooperation.

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