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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, 20 September 2023)*

I. Introduction

1. On 20 September 2023 at United Nations Headquarters, the President of the General Assembly, Dennis Francis, convened the High-level Dialogue on Financing for Development under the overarching theme "Financing the Sustainable Development Goals for a world where no one is left behind". In accordance with the mandate of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (resolution 69/313), the High-level Dialogue was held back-to-back with the high-level political forum on sustainable development, also known as the 2023 Sustainable Development Goals Summit, under the auspices of the General Assembly. The High-level Dialogue was a key platform for announcing new financing commitments, presenting ambitious yet achievable solutions for reforms and providing political momentum for a new investment push for the Goals.

2. The meeting served as a call for collective action to energize growth and tackle challenges in the global economy, encourage the alignment of public and private investment with the 2030 Agenda for Sustainable Development and promote new and innovative initiatives aimed at targeting gaps in financing for sustainable development. Many Member States announced new commitments to finance sustainable development, including by rechannelling additional unused special drawing rights, increasing official development assistance (ODA), investing in climate action, unlocking private capital and providing guarantees with a view to scaling up lending from multilateral development banks. In addition, one country announced its willingness to host a fourth International Conference on Financing for Development, if Member States decided to convene one, and another country offered to co-host.

3. The High-level Dialogue featured participants at the highest political level. A total of 103 statements were made by 17 Heads of State and Government, 1 Vice-President, 3 Deputy Prime Ministers, 44 ministers, 10 vice-ministers and other senior officials and diplomats. A total of 13 representatives from civil society, as well as representatives from international organizations, multilateral development banks

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and United Nations entities also participated. Owing to the overwhelming interest expressed by Member States, an informal plenary session was convened on 5 October 2023 with a view to giving all delegations an opportunity to participate.

4. The programme comprised two interactive round tables covering four segments: (a) fostering debt sustainability and strengthening the global financial safety net; (b) promoting inclusive and effective international tax cooperation and mobilizing domestic resources; (c) innovative approaches and partnerships to boost private finance for the Goals; and (d) scaling up affordable and accessible international public financing for sustainable development and ensuring efficiency. The programme had been prepared through an inclusive and comprehensive consultation process led by the co-facilitators of the High-level Dialogue: the Permanent Representative of Luxembourg to the United Nations, Olivier Maes, and the Permanent Representative of South Africa to the United Nations, Mathu Joyini.

5. The Secretary-General reiterated his calls for a reform of the international financial architecture to ensure that existing economic realities and power relations were reflected and spoke further of his proposal for a Sustainable Development Goal stimulus. He also encouraged developed countries to fulfil their financing commitments with developing countries, including in the area of climate finance.

6. The President of South Africa, Matamela Cyril Ramaphosa, and the President of the European Council, Charles Michel, addressed the High-level Dialogue in the opening session and, inter alia, called for efforts to strengthen the international financial architecture, emphasizing the need for reforms to global economic governance and multilateral development banks. The need to strengthen the international tax system was also mentioned, as was the need to reinforce global safety nets.

7. The heads of the Bretton Woods institutions (the World Bank Group and the International Monetary Fund) and the World Trade Organization also addressed the meeting during the opening session and highlighted the need for policy reform in domestic resource mobilization, including through measures to improve tax administration and attract private investment. They also explained the importance of ensuring that all stakeholders are engaged in debt restructuring efforts, including not only the Paris Club of Industrial Country Creditors but also other official and private creditors. The Bretton Woods institutions were offering reserves and liquidity support, concessional financing and other new instruments for long-term investments. The speakers stressed the need to repurpose subsidies for fossil fuel, agriculture and fisheries and use the associated financing to incentivize more sustainable policies, including trade finance for developing countries in particular, with a view to increasing productivity and generating exports.

II. Key messages

8. Member States expressed concern over the $4.3 trillion annual shortfall in financing for the Goals in developing countries. There was broad agreement on the need for an increase in international public financing for the most vulnerable countries, since long-term, affordable financing was inaccessible for developing countries. Calls were made for efforts to strengthen multilateral development banks, including through the optimization of their balance sheets, the bolstering of their capital bases, increases in grants and concessional lending and the setting of more ambitious targets for private capital mobilization. Their mandates could also be expanded to cover investments in global public goods.

9. Participants expressed their support for proposals put forward by the Secretary-General regarding implementation of a Sustainable Development Goal stimulus. There was also growing support for his proposals for a reform of the international financial architecture, with a number of participants stressing that discussions on such a reform should be held at the United Nations. Participants also underscored the need for reforms to ensure that existing economic realities would be better reflected in global economic governance and to enable the global system to be more responsive in supporting countries, especially developing countries, in addressing multiple crises and shocks.

10. Member States and other stakeholders proposed innovative solutions to unlock investments for the Goals, including by scaling up public-private partnerships, introducing innovative instruments, such as sovereign green, social and Sustainable Development Goal bonds and hybrid capital instruments, and creating risk mitigation and risk-sharing mechanisms.

11. Some participants underscored the relevance of integrated national financing frameworks as a way for developing countries to identify funding gaps and challenges, align national development priorities and effectively channel financing for the Goals.

12. Several participants noted that illicit financial flows and tax avoidance and evasion posed significant threats to sustainable development by draining domestic resources, undermining efforts to achieve the Goals and eroding public trust in institutions and government.

13. It was further noted that enhancing efforts for domestic resource mobilization and strengthening international tax cooperation were critical to ensuring sustainable development and good governance. Some participants indicated that inclusive and effective platforms for designing and discussing international tax rules and norms at the United Nations represented a possible path forward. It was underscored that the design of progressive and gender-responsive tax systems and the prioritization of targeted spending policies were both key to achieving an effective, integrated approach to pursuing sustainable development and climate action.

14. Member States indicated that a possible fourth International Conference on Financing for Development would be an opportune platform for recommitting to enhancing ODA, for tackling the debt crisis, and for addressing issues related to reform of the international financial architecture.

III. Fostering debt sustainability and strengthening the global financial safety net

15. Many participants welcomed the discussion on the proposals put forward by the Secretary-General for a reform of the international financial architecture and a Sustainable Development Goal stimulus. They underscored the need for reforms to better reflect existing economic realities and to enable the global system to be more responsive in supporting countries in addressing crises and shocks. Several participants drew attention to the asymmetry of power in the international financial architecture and called for developing countries to be given more of a voice and more representation in global economic governance.

16. Some Member States called upon the shareholders of multilateral development banks to increase the banks' capital bases and not rely exclusively on the optimization of their balance sheets, while noting that such optimization was an important step forward. Some Member States stressed that multilateral development banks must also improve their use of blended finance instruments to further mobilize private finance.

In addition, some participants indicated that there was a need to expand the mandates of the banks to cover investments in global public goods, particularly climate action, in addition to poverty eradication. Some developing countries stressed, however, that any expansion in those mandates should be accompanied by additional resources, as there were concerns that such an expansion would divert resources from the development needs contained in their existing mandates.

17. Attention was also drawn to the specific challenges of countries in special situations, particularly the least developed countries, landlocked developing countries small island developing States, as well as middle-income countries, including their high vulnerability to climate change, limited fiscal space, challenges in terms of mobilizing investment and insufficient concessional finance vis-à-vis the growing need for those resources.

18. The delegations of many countries noted the increased debt burden caused by a cascade of shocks including the climate crisis, the lingering effects of the coronavirus disease (COVID-19) pandemic, the aggression against Ukraine and the volatility in global commodity prices. Participants indicated that the new creditor landscape was challenging existing mechanisms for debt treatments and the core principle of transparency. Emphasis was placed on the urgent need to improve the debt restructuring process, and the United Nations was called upon to consider feasible solutions in the preparations for the proposed fourth International Conference on Financing for Development in 2025. Some speakers called for debt transparency, including greater clarity surrounding, and additional rules governing, the debt restructuring process with a view to making it more predictable. Moreover, some Member States stressed that enhancing international financial support – including the global financial safety net – would be crucial to enabling vulnerable countries to ensure fiscal sustainability without dampening their efforts to fully realize their development ambitions and enhance resilience.

19. Many participants noted the finance divide [1] that had exacerbated the development divide. With a view to closing the finance divide and addressing the financing challenges faced by developing countries, they called for such measures as efforts to facilitate the processes and procedures by which developing countries accessed finance from development finance institutions, a new allocation of special drawing rights and the rechannelling of unutilized ones, the adoption of the multidimensional vulnerability index for determining access to concessional finance, technical support for utilizing development finance, debt-for-Sustainable-Development-Goal swaps, debt solutions for developing countries in debt distress, efforts to strengthen the role of multilateral development banks and development finance institutions (including through capital increases) and an expansion of public-private partnerships, including through blended finance, to mobilize private financial resources towards achievement of the Goals.

IV. Promoting inclusive and effective international tax cooperation and mobilizing domestic resources

20. The delegations of multiple countries stressed that illicit financial flows and tax avoidance and evasion significantly undermined sustainable development, impeded efforts to mobilize domestic resources and constrained efforts to achieve of the Goals. Some Member States stressed that it was imperative to increase efforts to mobilize domestic resources.

[1] As detailed in the *Financing for Sustainable Development Report 2022* (United Nations publication, 2022).

21. Some Member States emphasized that the existing international tax architecture was not adequate for the pursuit of sustainable development in the globalized and digitalized economy. The delegations of several countries further stressed that international tax cooperation could only thrive and deliver tax resources efficiently if all countries were allowed to shape the agenda and contribute meaningfully to international tax discussions and solutions, taking into account each country's respective capacities, needs and priorities.

22. While recognizing ongoing efforts aimed at reforming the existing international tax system, the delegations of multiple countries underscored the need for more extensive efforts, particularly in support of the least developed countries and the global South. The delegations of many countries stressed that inclusive and effective platforms for designing and discussing international tax rules and norms at the United Nations represented a path forward.

23. The delegations of many countries emphasized the importance of adopting a multifaceted approach when pursuing sustainable development, including through the implementation of progressive and gender-responsive tax systems to promote fairness and inclusivity. Some delegations underscored the need to consider the impact that fiscal policies, from the perspective of both revenue and spending, had on sustainable development as a whole, including the prioritization of targeted spending policies under which resources were strategically allocated to areas identified as crucial for sustainable development and climate action.

V. Innovative approaches and partnerships to boost private finance for the Goals

24. Member States recognized that private capital was indispensable to reducing the $4.3 trillion annual shortfall in financing for the Goals in developing countries. However, some participants emphasized that most private finance was focused on maximizing risk adjusted financial returns; investments in countries with the largest gaps in sustainable development were not a priority for private finance, despite an abundance of financial capital worldwide. Therefore, policies and incentives to unlock private investment were critical to the achievement of the Goals but must be designed in a way that would ensure that financial risks were shared fairly.

25. The delegations of many countries called for the implementation of blended finance to be scaled up and made more effective. Such an approach, including public-private partnerships in support of sustainable development with fair burden-sharing between the public and private sectors, would be essential to responding to the call made by the Secretary-General for a Sustainable Development Goal stimulus of at least $500 billion per year in additional financing for development.

26. It was stressed that private investments could be channelled to developing countries through innovative instruments, such as sovereign green, social and Sustainable Development Goal bonds similar to those that had already been issued by several developing countries, or hybrid capital instruments similar to those that had already been designed by certain multilateral development banks and development finance institutions.

27. Participants noted that risks, such as currency risks, limited capacity for project implementation and weak regulatory frameworks impeded the flow of private capital, particularly towards developing countries. For example, investments in clean, renewable energy projects were growing significantly worldwide but not in poorer nations, which contended with interest rates five times higher than those offered to advanced economies. In response to such risks – and with a view to attracting private

investment – mechanisms for risk mitigation and risk-sharing, such as first-loss guarantees, pooled funds and foreign exchange risk hedging instruments, had been introduced in some countries.

28. The United Nations could facilitate private finance by leveraging its in-country presence to better inform decision-making, supporting fair risk-sharing across stakeholders and building domestic capacity in developing countries to prepare and implement projects related to the Goals. To that end, an increasing number of developing countries were adopting integrated national financing frameworks to identify funding gaps and challenges, align national development priorities and effectively channel financing for the Goals. Some Member States announced key measures and initiatives to strengthen partnerships and unlock private capital.

VI. Scaling up affordable and accessible international public financing for sustainable development and ensuring efficiency

29. Almost all participants warned that, based on current trends, the Goals and the 2030 Agenda might not be achieved. The importance of access to affordable and long-term international financing to achieve the Goals, especially for the most vulnerable countries, was stressed. Several calls were made for an increase in international public financing for the most vulnerable countries, including the least developed countries, landlocked developing countries and small island developing States. The importance of operationalizing the multidimensional vulnerability index was underscored.

30. The delegations of developing countries called for developed countries to follow through on their financing commitments, including the commitment that many developed countries had made to allocate 0.7 per cent of their gross national income to ODA. There were also calls for developed countries to follow through on the commitment to provide $100 billion in climate finance and for concessional financing to be scaled up. Participants also encouraged the operationalization of the loss and damage fund and for development partners to follow through on their pledge to allocate 0.2 per cent of their gross national income to the least developed countries.

31. The delegations of several developing countries also called for the adoption of a holistic approach to achieving sustainable economic growth while safeguarding the population and scarce resources from climate change. Participants emphasized that countries should not be forced to choose between addressing socioeconomic priorities and mitigating and adapting to climate change.

32. Many Member States took the opportunity to announce new commitments to achieve the 2030 Agenda, including through the rechannelling of additional unused special drawing rights, increased ODA, increased investment in climate action and the provision of guarantees to scale up lending by multilateral development banks. The announcements included financial commitments for climate change mitigation and adaptation and related facilities. In other cases, financing platforms were being established at the national or regional levels to provide financing at competitive rates and mobilize additional private capital for sustainable economic activities, green infrastructure and infrastructure for the transition to a low-carbon economy.

VII. Conclusion

33. In their closing remarks, participants reflected on the key messages of the High-level Dialogue and emphasized the urgent need for swift action. The means of implementation for the Goals must be bolstered. Therefore, it was crucial to bridge

the financing gap by scaling up public and private resources earmarked for the Goals. The political declaration adopted at the 2023 Sustainable Development Goals Summit (resolution 78/1) reflected a strong show of support for a rescue plan for the Goals. Transforming support for a Sustainable Development Goal stimulus into real investments in developing countries was one important way to convert momentum into progress.

34. Several upcoming opportunities for translating commitments into action were identified, including the Summit of the Future, the possible fourth International Conference on Financing for Development, the Leaders Group for the Sustainable Development Goal stimulus announced by the Secretary-General, the annual meeting of the International Monetary Fund and the World Bank Group, the annual consultations of the Bureau of the Economic and Social Council with the International Monetary Fund and the World Bank Group, the 2024 Economic and Social Council forum on financing for development follow-up and the biennial summit proposed in Our Common Agenda (A/75/982).

35. The High-level Dialogue confirmed that there was a broad consensus that the existing global financial architecture must be transformed to better support the United Nations membership. The call issued by the Secretary-General for a new Bretton Woods moment should be heeded in order to turn a moment of crisis into a moment of opportunity, find joint financing solutions to rebuild global solidarity, accelerate sustainable development and create new momentum for achieving peace, prosperity, progress and sustainability and commit to funding a fair and just world for all.