

THE DEPUTY SECRETARY-GENERAL

**REMARKS AT THE OPENING OF THE FIRST SESSION OF THE
PREPARATORY COMMITTEE FOR FFD4**

Abissinia Hall, Ethiopian Skylight Hotel

Addis Ababa

Monday, 22 July 2024

Excellencies,

Dear Colleagues,

I extend my heartfelt appreciation to the Ethiopian Government for convening this first session of the Preparatory Committee for the 4th International Conference on Financing for Development.

Beginning this process in Addis Ababa holds profound significance – a city whose name has become synonymous with Financing for Development following the agreement of the 2015 Action Agenda.

The Addis Agenda – alongside the Sustainable Development Goals and the Paris Agreement, also agreed in 2015 – provided humanity with a three-dimensional roadmap towards a more just, more equitable and more sustainable world.

But nine years later, there is an urgent need for course correction.

Only 17 per cent of SDG targets are on track.

Core commitments to eradicate extreme poverty and hunger are in peril, as development has effectively stalled.

Climate action falls woefully short, and the surge in renewable energy is bypassing most developing countries, which face sky-high costs of capital.

Behind these disappointing outcomes is a deeply troubling financial context.

Many developing countries cannot invest in their future as they struggle to meet their immediate needs: paying salaries and meeting debt service.

International capital is flowing out of developing economies, rather than in.

The economic outlook for developing countries is bleak.

The need for reform was evident in 2015, and found its reflections in the Addis Agenda.

But the series of shocks that have rocked the world since 2020 underline the urgency of delivering on the Addis commitments – and demand even bolder steps to create an international financial architecture that can overcome today's finance divide.

Ladies and Gentlemen,

This week's meetings serve to take stock of our progress since adopting the Addis Agenda.

Despite the challenges we face, significant strides have been made since 2015.

International tax cooperation has been strengthened; there has been a surge of interest in sustainable investing; and development cooperation is far larger in volume than ever before.

But this is far from enough.

If we are to rescue the SDGs, we need much greater urgency, and much higher ambition.

At the fourth International Conference on Financing for Development next June in Spain, we have a unique opportunity to deliver just that.

This week, we must begin to lay the groundwork for its future success.

Excellencies,

Allow me to share six areas for action.

First, we must tackle the unfolding debt and development crisis.

This includes improving debt resolution when defaults occur. But it is more than that. We must find ways to lower

the cost of borrowing: too many countries spend more on debt servicing than on health, education, and investment.

As long as dozens of countries have no fiscal space to invest in the SDGs, our global goals cannot be reached.

FfD4 must deliver a package of reforms to create fiscal space for countries suffering from debt overhangs, and to resolve crises and provide a clean slate for those that are insolvent.

Second, we must enhance access to long-term, affordable financing to enable bold investments across key transitions.

The MDBs and other development banks are a powerful tool to reduce the cost of borrowing, to manage risk, and to leverage private capital.

Let's use them to their maximum capacity.

Let's commit to strengthening their capital, help them to optimize their balance sheets, and give them additional tools, such as through SDR rechanneling, to deliver more and better financing.

Third, we must close gaps in the global financial safety net so that all countries are protected in times of crisis.

SDRs could be an even more effective tool if they are issued more swiftly, and to those who need them most.

Fourth, establishing a fair and effective international tax system is vital to allow countries to mobilize more resources domestically and to combat illicit financial flows.

I am encouraged by the progress we have been making in this area, not least in negotiations on terms of reference for a United Nations Framework Convention on International Tax Cooperation. This would not have been possible without African leadership.

Fifth, to achieve the SDGs, we must also harness the trillions of dollars in international capital markets.

This was a great expectation around the Addis Conference, with promises of a step change from mobilizing billions to trillions, but this has not been delivered. Meanwhile, the SDG financing gap has grown, and is now estimated at 4 trillion dollars.

Next year's conference is an opportunity to rethink how we mobilize far greater volumes of international capital, including through blending with public sources, and focus it on SDG impact.

Sixth and finally, we must answer calls for global economic governance reform, and make the International Financial Architecture more inclusive.

This is the only way to rebuild trust in the multilateral system and prevent further fragmentation.

Excellencies,

We stand at a crossroads.

We have a unique opportunity to forge a more effective and equitable global financial system and to unlock financing at scale.

We cannot afford to miss it.

Let this meeting inject energy, ideas, scale of financing and urgency to the 4th International Conference on Financing for Development, and, together, let us shape a prosperous, sustainable, and inclusive future – for all.

Thank you.

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