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Statement by
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TO THE MINISTERIAL MEETING OF THE GROUP OF 24
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The 2030 Agenda for Sustainable Development, adopted by world leaders in 2015, provides a vision for a better future for all. Its implementation, supported by the global financing framework laid out in the Addis Ababa Action Agenda, will provide opportunities for billions of people, especially those who are being left behind.

Today, I want to share with you the United Nations assessment of how the global community is progressing in implementing these pathbreaking agreements, drawing on the work of the Inter-agency Task Force on Financing for Development. The Task Force, which is coordinated by my department, in collaboration with the World Bank, IMF, WTO, UNCTAD, UNDP and more than 50 other agencies and international institutions, has just published its report, "*Financing for Development; Progress and Prospects 2018*."

Among its comprehensive coverage, the 2018 Task Force report provides analysis and policy recommendations in the three areas the group is focussing on today. On debt sustainability, amongst other issues, the report emphasizes the positive impact that debt financed investment in infrastructure and productive capacity can have on fiscal space, if carefully managed. The report calls on incorporating this impact into debt sustainability analysis. On capital flows it highlights the importance of addressing short-termism in source countries, with concrete recommendations on measures that can help align investor incentives with long-term sustainable development. On the trading system, the report emphasises the importance of multilateralism, while ensuring that gains are shared more widely.

I also want to bring to your attention three areas that are not on your agenda today but that have emerged from the Task Force's work as key vantage points for progress in overcoming financing gaps for sustainable development: taxation of the digitalised economy; graduation from concessional finance; and blended finance. Finally, I'd like to highlight the issue of migration – which closely linked to growth and financing for development, and is a major priority for the United Nations in 2018.

The global outlook

The 2018 Task Force report finds improvements across all areas of the Addis Agenda, with overall increases in financing flows. The United Nations estimates that the world economy will grow by 3.0 per cent in 2018. Aggregate growth in the least developed countries (LDCs) is expected to rise modestly from an estimated 4.5 per cent in 2017, to over 5 per cent in 2018, but is expected to remain well below the SDG target of 7 per cent. Overall, while two-thirds of countries have seen an uptick in growth, on a per capita basis, numerous countries and regions are seeing only modest or stagnating growth, putting in jeopardy our global goals of eradicating poverty, increasing social inclusion and creating decent jobs for all.

At the same time, global risks have the potential to reverse recent improvements in the economy. These include high and increasing levels of debt in some countries; uncertainty regarding the pace of monetary policy adjustment in some major economies; and a rise in the probability of trade conflicts. While great hopes have been placed in the contributions of private investment, private infrastructure investment declined in each year since the SDGs were agreed, and the outlook of many investors remains short-term oriented. Persistently high inequality poses a challenge to robust growth, and a renewed increase in global carbon emissions in 2017 is a stark reminder of the inability, so far, to sufficiently align investment with long-term sustainable development.

Issues on the agenda of the Intergovernmental Group of 24 Ministerial

Debt and debt sustainability
The Task Force report finds that debt risks are increasing, raising the spectre of a renewed cycle of debt crises and economic disruption. Debt-service indicators among developing countries have deteriorated, and vulnerabilities have increased; 35 per cent of low-income countries are classified as either being at high risk of debt distress or already in debt distress.

Many countries are facing pressing demands for additional public investments in the SDGs at a time when constraints on further debt financing are likely to become more binding. Yet, effective public investments in infrastructure and productive capacity in support of the SDGs can have a positive impact on fiscal space and debt sustainability, under appropriate public debt management. The Task Force report calls for further study on how these can be incorporated into debt sustainability analysis, when risks are carefully and transparently managed. This will also require better and broader data collection, and improvements in debt management capacities.

The devastating impact of the 2017 Atlantic hurricane season put the spotlight on the vulnerability of developing countries to natural disasters and their wide-ranging consequences. Most countries cannot self-insure to the degree necessary. The use of state-contingent debt instruments – structured to automatically pay less or postpone payments to creditors during difficult times – could increase the resilience of sovereign balance sheets. Efforts are warranted to advance additional analyses, including encouraging both the private and official sectors to experiment in issuing such instruments. The international community should also work towards realizing the potential of other innovative mechanisms to lessen the financial stress on countries affected by shocks. As an example, ECLAC has proposed a debt-for-climate change adaptation swap for the Caribbean. Finally, the report also finds that the changing creditor landscape has strained existing creditor coordination, calling for a re-examination of official creditor cooperation mechanisms.

The interplay between capital flows and long-term investment in sustainable development
Volatile international capital flows are a potential source of instability of special concern to developing countries. They can give rise to systemic risks through a variety of channels, potentially impacting asset prices, exchange rates, debt sustainability, financial stability, and the real economy. When dealing with risks from large and volatile capital flows, structural reforms and necessary macroeconomic policy adjustment could be supported by macroprudential and, as appropriate, capital-flow management measures.

At the same time, as noted in this year's Task Force report, addressing incentive structures in source countries could help reduce volatility in international capital markets. The short-term orientation of today's capital markets is reflected not only in the volatility of cross-border

capital flows, but also in the short holding period of stocks in some developed markets, which has fallen from an average of 8 years in the 1960s to 8 months today. This short-term outlook is also a major impediment to financing for sustainable development. Indeed, without a long-term investment horizon, certain risks, such as those from climate change, will not be incorporated into private decision-making. Aligning the incentives of institutional investors in all countries with the SDGs would be a contribution to the global public good of a stable international financial system. In short, stability and sustainability are mutually reinforcing.

Global trade environment
The Task Force report notes that open, fair and mutually beneficial trade can be a key driver of economic growth and a major engine for prosperity. At the same time, if the right mix of policies is not implemented, trade may leave some individuals and communities behind. Having in place overall economic policies and systems that promote job growth, decent work, social mobility and social protection can create a conducive framework to ensure that the gains from trade are shared more widely. Policymakers should explore opportunities for encouraging further growth in cross-border e-commerce and to hold open dialogues on how to align trade agreements with the sustainable development agenda. To promote opportunity for developing country exporters, export credit agencies and multilateral development banks (MDBs) could explore further developing trade and supply chain finance programmes.

Additional highlighted issues

Addressing the systemic risks to financial stability and the trading system discussed above is of utmost importance. They alone will not suffice however in closing SDG financing gaps.

Taxation of digital activities
The Addis Agenda calls for taxes to be paid "where economic activity occurs and value is created." However, digitalisation of business models makes this more difficult because the value of intangibles and the location of value creation are hard to define and measure. Any new norms should be universal in approach and scope and fully take account of different needs and capacities of countries. The United Nations Committee of Experts in International Cooperation in Tax Matters, an expert body with inclusive participation, has established a subcommittee to consider revisions in tax norms under its purview.

Graduation from concessional financing windows
Concerns have been raised over access to sufficient and affordable long-term financing for SDG achievement as countries graduate from concessional financing windows of the multilateral development banks. As per capita income increases above low-income thresholds, access to external public finance often decreases faster than can be compensated by increasing tax revenues in per capita terms. Extreme weather events and other external shocks have exacerbated these concerns, particularly in small and climate vulnerable countries. The Task Force report recommends a wider use of existing exceptions to income-based eligibility criteria, the introduction of additional flexibilities in the access to financing, and capacity development to help countries manage the transition to new sources of financing, which could be incorporated into integrated national financing frameworks.

Blended finance
There is a growing focus on the ability of development finance to mobilize additional private or commercial financing, often referred to as blended finance, as a response to large unmet SDG investment needs. The Addis Agenda recognizes the potential of blended finance, but underlines the importance of appropriate risk sharing and appropriate usage. This year's Task

Force report tries to better understand the circumstances and sectors where blended finance can be most effective. For example, private finance is most likely to be appropriate in sectors where projects generate sufficient returns to repay the private investor, such as the energy sector, while sanitation will be largely publicly financed since these investments are difficult to recoup solely from user fees. The report also identifies challenges related to development effectiveness and fiscal risks. For blended finance to be effective, providers should engage with host countries at the strategic level, to ensure that priorities in their project portfolios align with national priorities and that blending arrangements are in the public interest. So far, blending has also largely bypassed the poorest countries. Additional steps are also needed to ensure that vulnerable countries do not see a fall in their overall share of international development finance, both by increasing complementary public investments, and by exploring how to more effectively deploy blending in challenging contexts.

Global Compact for Safe, Orderly and Regular Migration

Allow me to turn my attention to the issue of international migration. Economic growth, financing for development and migration are linked – migration, both internal and international, is an engine for growth, innovation and sustainable development. Yet in recent years, the challenges of dealing with large movements of people across international borders have overshadowed the broader development benefits of migration for countries of origin and destination, and for migrants and their families. Managing migration has become one of the most urgent and profound tests of international cooperation in our time.

The negotiations on the Global Compact on Safe, Orderly and Regular Migration, to be adopted at an intergovernmental conference in Morocco in December 2018, is an opportunity for Member States to reinforce the benefits of migration and address the challenges it creates, while protecting the human rights of migrants and reaffirming national sovereignty over migration. Member States have made numerous commitments in an extensive body of international law, including the core human rights instruments and standards, and normative guidance through recent declarations, resolutions and other agreements. All too often, however, policy adoption and implementation lag behind expressed ambitions. The migration compact offers a chance to bridge this divide. Although the compact touches on areas most relevant for labour and home affairs ministries, finance ministers also have an important role to play. Many key issues fall under their purview, such as financial inclusion of migrants, promoting faster, safer and cheaper transfer of remittances, and ensuring sufficient funding for strengthening the collection and use of migration data, for countering human trafficking and for delivering basic services to all migrants.

Conclusion

It is my hope that the analytical work of the Inter-agency Task Force on Financing for Development can help translate global commitments in the economic, social and environmental spheres into concrete advances in global and national policies and actions. Many of the issues discussed today will be taken up next week at the ECOSOC Forum on Financing for Development in New York. I hope to see many of you there. I look forward to continuing the close working relationship between the United Nations and your members as we implement the 2030 Agenda and the Addis Ababa Action Agenda. G24 countries, which are the biggest contributors to economic growth and poverty reduction, can be leaders in achieving the deep-rooted structural change the world is seeking.