SDGs and Finance

UNOSD-ASEF

Thierry Schwarz
Schwarz-RZ-No « T »
Would you vote for a politician who would promise:

- To end poverty in all its forms everywhere
- To ensure healthy lives and...well-being for all at all ages
- To achieve full and productive employment and decent work for all ...including for young people and persons with disabilities
- To provide access to justice for all and build effective, accountable and inclusive institutions at all levels

I would not!
SDGs and Finance

• A 100% diplomatic and unrealistic wish-list

• Cannot be the basis of a political programme and no one can be accountable for such a catalogue of lofty goals

• Simultaneous implementation of all goals would be financially unsustainable
IISD (July 2017): “Where Are We in Financing the SDGs?”

- MOI, AAAA, FfD, HLPF, ECOSOC, STI, MDG, ICT, ODA, DAC, LDC, CPA, IFAD, DRM, IFF, MDB, MIC, MSME, TFM, IATF, BEPS, etc.

SDGs are an invitation to escape « siloes », but they are themselves a « siloe »

The number of acronyms is inversely proportional to the funding dedicated to the SDGs
SDGs and Finance

• Since SDGs are about everything (except for Defense) any financing for any investment can be deemed to contribute to the implementation of SDGs (including investing in coal mines)

Green Finance and/or Climate Change Finance and/or Finance for Development
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• Where have we made tangible progress?

• Where are we progressing slowly?

• Where are we not progressing at all?
Tangible progress: Political recognition, Green Bonds, Disclosure and Transparency

• **Political recognition.** In 2016, the G20 recognized the need to scale up green finance

• 2016 was the best year ever for **Green Bonds**: 95 billions issued*

• **Disclosure and transparency**: 58 stock exchanges, representing over 70% of listed equity markets have incorporated reporting on environmental, social, and governance (ESG) information into their listing rules

*3 billion ten years ago*
Tangible progress: Climate Finance, Decarbonisation of Financial Assets, Fuel Subsidies

**Climate Finance:** the 2020 target of US$100
Public + Private climate finance developed countries provide to developing countries was around US$65 billion* in 2016

**Decarbonisation of financial assets:** the Portfolio Decarbonization Coalition* now brings together 27 international investors with more than US$3 trillion in assets.

**Fuel subsidies:** in 2016 the G7 pledged to end all “inefficient fossil fuel subsidies” by 2025.
A downward trend in: China, Egypt, India, Indonesia, Mexico, Morocco, Zambia...

*Public climate finance developed countries provide to developing countries: US$42 billion in 2016
*Fuel subsidy: 5.3 trillion to 444 trillion/year
* Under UNEP
Tangible progress on the fight against Tax Havens and illegal financial flows

• **Tax evasion:** Only one country remains on the OECD list of “non-cooperative jurisdictions”: Trinidad and Tobago. (A success or a meaningless list?)

• Significant progress towards the **automatic exchange of information**. Most jurisdictions will start automatic information exchanges in 2018.
Slow progress on Carbon Pricing: Carbon Tax and Carbon Trading Mechanisms

• 40 countries and more than 20 cities, states and provinces using carbon pricing mechanisms:

But: - 13 percent* only of annual global GHG emissions.
   - Except for a few countries, carbon prices/tax are very low

• Strong demand by many businesses to put a price on carbon: 1200 major companies have started pricing carbon into business plans

*maybe 20%
Slow progress on ODA and Domestic Resources Mobilisation

• ODA: 0.32% of gross national income (GNI) in 2016, still far from the 0.7%

• Tax-to-GDP ratios continue to vary widely but tend to increase in developing countries

In developed countries, aggressive tax competition

Inequality have increased in most rich countries for the last 10 years

• a new peak of USD 142.6 billion in 2016. Measured in real terms – correcting for inflation and currency fluctuations – ODA has doubled (up 102%) since 2000
No progress on contribution from Aviation and Shipping industries

• In 2016: IMF called for a carbon tax of $30 a tonne on aviation and shipping ($25 billion/year)

• Work conducted by UN’s respective aviation and shipping agencies (ICAO and IMO) has been a failure

• Aviation: A vague agreement in 2016 to Offset Carbon Emissions: a pilot phase on a voluntary basis until 2026.

• Shipping: a seven-year GHG work plan to be adopted in 2023, but no actual targets and no commitment to act in 2023

• ASEF was calling for a charge of 25 dollars/tonne of carbon emitted by aviation and shipping industries

• Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
Going backwards on Financial Transaction Tax

- On stand by at the international and EU levels
- In the EU: the UK was opposing the tax
- Since Brexit France and Germany have put the talks on hold as they try to attract London-based banks to Paris or Frankfurt

“Paris Aims to Overtake Frankfurt in Race for Brexit Bank Jobs”
Financial Resources available have never been so high

- Never ever such a high level of Saving by households and businesses
- Never ever so much money in financial markets or funds managed by Insurance companies, Pension Funds, Sovereign Wealth Funds...
- Stock Markets at record-high-level

➢ Never have we been so shy in imposing fair contribution because of international competition

Conclusion:
- make green investment more attractive: less risk and better returns
  If we don’t we’ll have another 20 years of the same
20 years ago we met and committed ourselves to eradicating world poverty and hunger.

Since that time we have vigorously promoted our policies of free trade, export-led economies, trickle down and structural adjustment.

However... in the meantime the gap between the rich and poor has done nothing but widen. And so, 20 years hence, what is now needed is obvious...

...Another 20 years of the same.
What’s next? Like MDGs, SDGs should be about priorities

If everything is a priority,
nothing is a priority
IISD (July 2017): “Where Are We in Financing the SDGs?”

• 1/ ODA: the 0.7%
• 2/ Remittances
• 3/ Fixed Broadband Services
• 4/ Capacity Building
• 5/ Trade
• 6/ Domestic Resource Mobilisation

Rightly, no mention of the UN SDG Fund: US $70 million budget