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Mr. Kituyi, Secretary-General of UNCTAD
Mr. Moller, Director of the UN Office at Geneva
Distinguished colleagues,

It is with great pleasure that I join you today.

I don't know if this is the first time parliamentarians participate in the World Investment Forum, but I hope the practice will continue as there is so much that we can learn here and so much we can contribute as well.

The 2030 Agenda and its Sustainable Development Goals constitute the most ambitious plan to counter poverty, inequality, environmental degradation, and ultimately conflict, ever crafted at the United Nations. This plan calls for sweeping policy reforms at all levels as well as for new thinking and new ways of doing things in both public and private domains.

As President of the IPU, a close partner of the United Nations, I am proud of IPU's work mobilizing parliamentarians in the lead up to the SDGs and now in the long march toward their implementation.

Having mainstreamed the SDGs in our new strategy, we have created innovative tools to help parliaments institutionalize the SDGs, we are holding workshops for MPs around the world, and we support parliamentary engagement in the UN High Level Political Forum - the main global accountability mechanism for the SDGs.

This workshop is yet another expression of our commitment. It focuses on the key question of the resources that are needed for the SDGs and that are part of the so-called “means of implementation” of SDG 17 as well as of the 2015 Addis Ababa Action Agenda on financing for development.

In addition to private investments, the programme looks at issues surrounding taxation, aid, and generally the whole budget process in which parliamentarians have been particularly active. The IPU is helping carry forward some of these same issues as the parliamentary arm of the Global Partnership for Effective Development Cooperation (GPEDC).

Colleagues,

Financing the SDGs is not just about generating new resources, as important as this is; it is also about making better use of the resources that already exist or that could be mobilized simply by changing laws and regulations, beginning with those that underpin the global economy.

Systemic change is needed.

While we look for ways to incentivize private sector investments in developing countries, we should bear in mind that in the past ten years or so more financial capital has *left* developing countries than it has gone to them. As reported by the UN, this negative transfer amounted to $430 billion in 2016.

At the same time, debt levels are rising everywhere and many developing countries are dangerously close to a new debt crisis. This is partly the fallout of the 2008 economic and financial crisis that is still with us.

There are many reasons for these imbalances but at bottom they have to do with global economic governance and particularly the trade regime and the rules of the financial sector, which are fundamentally stacked against developing countries. This explains why, for example, many developing countries feel the need to accumulate large foreign currency reserves to protect themselves from external financial shocks instead of investing those reserves in their own economies.

So, if we want to shift the whole financing paradigm around, we need to look well beyond the immediate question of how to generate more resources. We need to look at the rules that govern the whole system.

At a time when 85% of global wealth is in the hands of less than 10 % of the population, as Credit Suisse reported, we need to consider that even at current levels of relatively low global economic growth we can advance the SDGs dramatically simply by redistributing the wealth within and between countries. This is consistent with SDG 10 on inequality.

With a GDP of over 75 trillion dollars, the world is not poor.

Finite planetary boundaries and a growing population mean that we can't bet our future on exponential growth, no matter how *green* it may be one day. So any discussion on SDGs financing must look at redistributive income and tax policies, to begin with, as well as at a new global financial and trade architecture.

Now, looking at the most immediate issues on our programme, let me begin with the obvious: there is no single bullet to come up with the resources we need for infrastructure, social safety nets, environmental clean ups and so much more that the SDGs call for. We need a multiplicity of efforts from many actors, governments, parliaments, local authorities, enterprises, civil society organizations, foundations and others.

Having said this I want to be very clear about the *central* role of governments and of parliaments, which is sometimes obfuscated by the increasing emphasis on the private sector.

The private sector certainly has a huge role to play in both developed and developing countries. Enterprises can invest *more* and *better,* particularly in terms of labor and environmental standards, and into all kinds of innovative products that improve people's lives and the quality of the environment. The corporate sector in particular is looking for outlets to invest trillions of dollars in a way that will hopefully marry profits with sustainable development objectives.

None of this, however, will happen automatically, and to the scale we need, without strong government leadership and parliamentary oversight.

Voluntary standards and initiatives can only go so far in placing the SDGs at the heart of private sector decisions. Governments and parliaments must set the rules, through legislation, that provide an enabling environment for enterprises to thrive in ways that contribute effectively to human well-being.

This means, first and foremost, installing rules to restrain the current financialization of the economy, which promotes short-term profit making and speculation instead of long-term investments in the real economy of producers and consumers. It also means rules to make sure that cross-country investments are meant to stay for the long term and for the benefit of local economies.

To further steer the private sector toward the SDGs we can also change the rules of public procurement. Governments spend some 15 to 20 percent of GDP hiring private companies to provide services and infrastructure. Tightening the labor and environmental standards that these companies must follow can generate a ripple effect throughout the economy.

A key distinction we need to keep in mind is between domestic and foreign actors, as well as between small and medium enterprises versus large ones. In developing countries, the main challenge is in helping small and medium enterprises grow so that the domestic private sector can flourish and generate new resources for development.

As the World Bank notes in its 2019 World Development Report, large firms dominate the global economy, and “10 percent of all companies generate 80 percent of all profits.” This concentration of market power translates in hard-to-match political influence vis-à-vis many national governments, particularly in developing countries. To make sure that large companies do not prevent smaller ones to grow, strong investment and competition rules are required.

A particular area of concern is the whole question of private-public partnerships (PPPs). As noted in the Parliamentary Statement at the 2016 Nairobi conference on development cooperation, these partnerships must be entered into very carefully, after looking at other financing options first and after examining all potential liabilities and contractual obligations. This requires strong parliamentary oversight. In particular, important PPP contracts must be submitted to parliamentary review before they become effective.

Colleagues,

Public finance remains critical to the implementation of the SDGs.

The $140 billion or so that is currently transferred as aid to developing countries each year will certainly not suffice for the SDGs. Yet, consider the impact for many low income countries if more of the available aid could be allocated to them, where it is most needed, and if the commitment to scale up to 0.7% of GDP was taken seriously. This would result in another $1.6 trillion in the remaining years of the SDGs, to support public goods and infrastructure that benefit people directly.

A recent EURODAD report shows that more than half of aid spent on government procurement in developing countries goes to rich countries' firms. Imagine what difference it would make if donors finally ended the practice of tying aid so that all of it is actually spent in recipient countries, supporting the private sector there.

Let's also consider taxes and the rules that govern them in both developed and developing countries.

Tax collection systems need to be strengthened everywhere to prevent tax evasion, including in developing countries where the informal sector is most prevalent. But on top of this we need to step up action against illicit financial flows that result in corporate tax losses in the order of hundreds of billions of dollars each year. At a minimum, we need laws and regulations to institutionalize and harmonize country-by-country reporting requirements and a mandatory registry of beneficial ownership in each country.

Another long-standing issue that we need to consider is that of an international tax on financial transactions, particularly those of a speculative nature, as well as some version or other of a carbon tax. These so-called innovative financing flows can make a world of difference to the SDGs, achieving two things at once: generating much needed revenue and incentivizing behavior change.

Depending on the tax rate, an international financial transaction tax may bring in from 50 to 300 billion dollars each year. This tax could provide an important disincentive to short term investments and capital movements that are less likely to benefit the real economy.

On the expenditure side of the national budget, we need to think of how to reallocate resources more effectively so that all people, particularly the most vulnerable, can benefit.

Among the most important investments governments can make with taxpayers money is in women and girls, looking at those services that benefit them in particular, and at the rules that keep them out of the market place as workers and entrepreneurs. As the UN reports, freeing up women's economic potential could generate jobs and incomes to support the entire economy, not just women, and generate additional resources for the SDGs.

A most urgent budget reallocation decision has to do with public subsidies to the fossil fuel industry. These subsidies range globally from 300 to 500 billion dollars a year depending on how one counts them. Cutting most of them will free up a phenomenal revenue steam to support the environmental SDGs in particular.

What's more, and as the IMF reported last year, the real cost of fossil fuels to the world goes well beyond these public subsidies. When we factor in the health care costs linked to air pollution, the lost labor productivity due to illness and other such "externalities", the actual cost of fossil fuels to the global economy is estimated *conservatively* at five trillion dollars per year. That is a huge sum that could be saved and redeployed toward the SDGs without raising a penny in taxes or contracting new debts.

Colleagues,

As I tried to show, for most problems in this complex issue there are practical solutions. Some of these have been discussed for years but remain stuck at the political level.

Let's break through the politics and get down to the action.

Thank you.