Roundtable of Ambassadors on investing in the SDGs
11 November 2019

Intervention by the Permanent Representative of the South Africa

SDGs define global priorities and aspirations for 2030 and represent an unprecedented opportunity to eliminate extreme poverty, ensure that no one is left behind and put the world on a sustainable path.

SDGs emerged from the realisation that globalisation is not working for all, it has led to rise in inequality both within and between countries.

While globalisation has had benefits, including facilitating the participation of developing countries in GVCs, the challenge is that most developing countries are participating as mainly suppliers of primary products and commodities and are at the lower end of the value chains. This leaves them vulnerable to global changes in global prices.

In addition, the financialisation of the global economy and deregulation of the market has resulted in winner takes most markets.

What are the systemic challenges that put the achievement of SDGs at risk :

- uncertainty about the global economy and the increasing debt burden,
- changes in trade policy in some major countries towards protectionism, unilateralism, which undermines the global consensus. As well as whether the reform Agenda currently under discussion in the WTO will facilitate the achievement of SDGs.
- Climate change
- Digitalisation of the economy and 4IR
- Low global growth and limited fiscal space for countries to implement structural transformation measures.

Many governments grapple with advancing reforms necessary to achieve the SDGs in the face of competing priorities and struggle to ensure convergence of economic, social and environmental challenges, from biodiversity loss to job creation, from climate change to growing income inequalities, to tech and the digital economy. Failure to reconcile these competing objectives is likely to leads to the status quo.

Just as policymakers are learning from this, so must business and finance.

Approach to investing in SDG

1 Policy coherence - Addis Ababa Action Agenda for achieving SDGs emphasizes:

a importance of the coherence of the international financial, monetary and trading systems in support of development.

b Need to improve and enhance global economic governance to arrive at a stronger, more coherent and more inclusive and representative international architecture for sustainable development, while respecting the mandates of respective organizations.

c This will require fostering linkages between MNCs and the domestic private sector to facilitate technology development and transfer, on mutually agreed terms, of knowledge and skills, in particular to developing countries, with the support of appropriate policies.

2 UNCTAD Global new green deal

a Decarbonizing the global economy will require a significant rise in public investment especially in clean transport, energy and food systems.

d This will need to be supported by effective industrial policies, with targeted subsidies, tax incentives, as well as accelerated investments in research, development and technology adaptation. Therefore, important to investment in industrial policy that fosters transition to a green economy.

b The report **argues for a new generation of trade and investment agreements to support industrial policy along with changes to intellectual property to ensure effective use of flexibilities to promote the achievement of SDGs**. For example, SDG 3b calls for access to affordable medicines and vaccines in accordance with Doha Declaration on the TRIPS Agreement and Public Health which affirms the right of developing countries to use full provisions of the TRIPS Agreement and its flexibilities.

c Policy space for Governments to implement proactive public policies to boost investment and raise living standards and ensure green transition.

d 2030 Agenda entails unprecedented investment requirements, particularly in developing countries. The options are to increase of public debt-to-GDP ratios or developing countries would have to grow at an average annual rate of 11.9 per cent per year, both not realistic. This requires innovative funding mechanism to finance structural transformation to embark in a low-carbon development path. This can be achieved by Governments investing directly (through public sector entities) and by boosting private investment in more productive and sustainable economic activities.

3 MTS that promotes inclusivity and development and gives developing countries the policy space to advance the achievement of SDGs. The core principles of the MTS will need to be preserved which include S&D, consensus decision making, implementation of the development oriented agenda entailed in the DDA to promote integration of developing countries in global trade.

4 Transition to a digital economy that promotes inclusion and achievement of SDGs that prioritises multilateral cooperation to address the digital divide. Binding rules in the context of the digital divide will result in further marginalisation of especially developing countries in the digital economy. It will lock-in first mover advantage in the context of concentration in the digital economy.

Role of the WIF and WIR to increase commitments to SDGs – what do we need to measure to monitor impact of investments in SDGs

- **WIF could be platform for investment promotion for projects linked to SDGs.**

- **Are we measuring the right milestones and targets. For example SDG 9 speaks to (Industry, innovation and infrastructure). While it is important to measure investment in infrastructure, there is a need to measure investment in productive investments and investment in innovation especially in the context of the 4th industrial revolution and the digital economy. Dynamic industrial sector is key to sustainable economies.**

- **Is what we measure as FDI really investment. IMF research reported that phantom FDI accounts for 40% of global stock of FDI or around USD 15 trn. This plays no productive role in the economy and is moved around the world purely to reduce the tax bill. Can we have a more nuanced approach to measuring investments, especially role of FDI in meeting SDGs.**

- Monitor the impact of measures to advance a low-carbon growth path and whether they are not implemented in a way that will have an impact on global trade. The SDG Investment trends monitor shows that Biodiversity-relevant taxes (include taxes on pesticides, fertilisers, forest products and timber harvests) are steadily increasing. What is the impact of these on developing countries and what does this mean for the SDGs.

- Role for multilateral cooperation to deal with illicit financial flows and address taxation loopholes that exists. OECD working on BEPS (Base Erosion and Profit Shifting) also in the context of the digital economy. There is a role of the private sector, especially the banks in this regard.

- Ensure UNCTAD remain the vanguard of development perspective on investments that promotes sustainable development and inclusion. This requires frank discussion on whether rule making on Investment Facilitation that is subject to DSU in the WTO is the best way to approach Investment Policy making and facilitation in the context of SDGs when Governments need policy space to regulate in the public interest and respond to their development challenges.

- **We need real conversations on whether the WTO is the best vehicle on issues related to investment or whether there are other avenues to achieve the same objectives, including UNCTAD, what types of multilateral frameworks can best deliver on the outcomes we want to see.**

Interaction between PRs and private sector to promote Geneva as the hub for implementation of SDGs

- Exchange of views on national priorities towards implementation of SDGs
- Discussions on how we can foster multilateral cooperation
- Promote sharing of perspectives on measures to be implemented to achieve SDGs building on the Addis Ababa Action Agenda, UNCTAD 2019 report on the Global Green New Deal etc.
- Discussions on promoting productive investments.
- Sharing of views of innovative solutions and technologies to facilitate efficient