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As prepared for delivery.

I would like to thank the Government of Qatar for the invitation to this important conference co-organized by the United Nations Department of Economic and Social Affairs. This conference provides an excellent opportunity to discuss progress on financing for sustainable development and share country experiences. UNDP is pleased to contribute to the Financing for Development process as one of the five major institutional stakeholders.

Getting financing right will be critical to meet the SDGs by 2030. There is no shortage of capital in the global economy. The total stock of global financial assets has been estimated at close to $300 trillion. However, currently the global financial system is not channeling those vast sums effectively towards investments for sustainable development and achieving the SDGs.

For example, international institutional investors — such as sovereign wealth funds and pension funds— hold an estimated US$115 trillion in assets under management. This is a significant potential source of finance for sustainable development. Yet, when we look at the portfolios, for example, of the largest pension funds, less than 3 percent is invested in infrastructure and even lower shares in developing countries. Reorienting even a fraction of these investments would accelerate sustainable development.

By some estimates, the official sector and asset managers currently hold as much as $10 trillion in negative yielding assets. Governments have a key role to play to create incentives to align larger shares of private finance with sustainable development objectives through direct financial interventions such as subsidies or guarantees as well as strengthened policies and institutional, legal and regulatory frameworks.

Many investors and private sector companies are leading the way and investing in the SDGs under innovative categories like 'sustainable finance' or ethical investments. The total impact investment portfolio is an estimated US$114 billion, with 26 percent growth in commitments this year alone. Sixty percent of impact investors are aligning their portfolios to the SDGs. The private sector's involvement has also been on the rise in corporate social responsibility initiatives, philanthropic giving, and inclusive business approaches. All these developments can help drive SDG progress and should be scaled-up.

To tap this potential, UNDP and the Islamic Development Bank launched the Global Islamic Finance and Impact Investing Platform last year, which promotes market-based solutions to sustainable development challenges. The size of the commercial Islamic finance industry is expected to reach US$3.5 trillion by 2021. Islamic social finance – including Zakat, endowments, and philanthropy – represents an important opportunity to leverage the resources needed to leave no one behind. The Islamic Development Bank estimates that Zakat contributions may exceed US$500 billion per year. Tapping into a fraction of this pool for the 2030 Agenda would have a very large impact.

To help leverage this financing for the SDGs, we have scaled up our engagement with Islamic finance in innovative ways. In Indonesia, for example, UNDP is partnering with BAZNAZ, the national Zakat collection body to apply Zakat towards local SDG plans, beginning with renewable energy projects in under-served communities. Islamic Finance projects are being explored locally by our teams around the world from the Philippines to Palestine, from Turkey to Suriname.

Domestic public finance and international development cooperation nevertheless remain central for the achievement of the SDGs. Domestic public finance, in particular, is the largest and most important source of finance for sustainable development. Enhancing the capacity of tax administrations, widening the tax base and making it more progressive, and more effective taxation of multinational enterprises are vital for effective domestic resource mobilization. However, performance varies significantly across countries. Some are constrained due to narrow tax bases, dependence on a few commodities and large informal sectors. Many face the challenges of tax avoidance by multinational enterprises, as revealed recently by the Panama and Paradise Papers. These challenges are especially acute where tax administration capacities are weak.

One way we are supporting countries to tackle this challenge is the joint UNDP-OECD initiative “Tax Inspectors Without Borders”. Through this programme, we have provided 25 developing countries with targeted tax audit assistance programmes to help build local capacities to tackle complex international tax questions. These programmes have mobilized an additional US$328 million in tax revenues so far.

To combat tax evasion and avoidance, and illicit financial flows that drain developing countries from vital resources, both domestic efforts and international cooperation are necessary. In recent years, efforts particularly within the G20 have been gathering momentum to address base erosion and profit shifting (BEPS) as well as improve tax transparency through the automatic exchange of tax information. We should build on this momentum; strengthened international cooperation in this area can make a real difference to the financing for the SDGs.

In addition to mobilizing new and additional resources for development, countries also need to use existing resources more efficiently. Phasing out inefficient and harmful subsidies, such as fossil fuel subsidies, can drive win-wins: (1) by freeing up resources in budgets that can be used for sustainable development, and (2) by better capturing negative externalities, such as environmental impacts. The IMF estimated that the removal of post-tax energy subsidies in 2013 would have resulted in a global welfare gain of US$1.4 trillion, equivalent to 2 percent of the world GDP. As these subsidies are being phased out, it will be critical to ensure the poorest segments of societies are protected.

In many developing countries, even with enhanced efforts, domestic resources will remain insufficient. International public finance will continue to play a critical role, especially in the poorest countries and those that have the least capacity to raise domestic resources as well as those most vulnerable to shocks, conflicts and disasters. Small island developing states are a case in point as demonstrated so tragically recently with the devastation wrecked by Hurricanes Maria and Irma. Concessional development assistance will remain critical for these and other countries, for example those that host large refugee populations, regardless of their formal income classification.

ODA can also have a catalytic impact in crowding in finance from the private sector. For example, last year through our strong partnership with environmental vertical funds, UNDP helped countries access US$3.1 billion in 143 countries. These grant investments leveraged another US$14 billion in co-financing; thus, more than US$17 billion was invested in sustainable development priorities in these countries.

South-South cooperation is important too, as we are already seeing in initiatives such as the Belt and Road initiative. Countries of the Gulf also have a longstanding history of development cooperation. To further support and facilitate South-South cooperation, UNDP has established initiatives such as “SSMart” which is a global marketplace that fosters real-time exchanges of solutions demanded and supplied by developing countries to address challenges in achieving the SDGs.

More broadly, UNDP is supporting countries to define national sustainable development financing strategies, with a focus on identifying catalytic interventions, crowding-in finance from the private sector, building partnerships, scaling-up innovative financing mechanisms and improving the effectiveness of financial resources. At UNDP, we believe that the effectiveness of our work at the country level should result in lowering the policy and institutional risk for long term private investment to help secure SDG outcomes. Our Derisking Renewable Energy Investment (DREI) initiative is an example of an innovative framework to assist policymakers in developing countries to cost-effectively promote private sector investment in renewable energy.

Climate change is already impacting us all. The discussions in the COP23 in Bonn have shown that we need to mobilize more climate finance and that financing needs to be risk-informed. For instance, instead of ad hoc and ex-post responses to debt distress following major shocks and crises, there is a strong case for scaling up innovative approaches, such as GDP-linked official sector lending. These instruments which aim to ex-ante and automatically trigger downward adjustments in debt service during shocks and economic downturns have the potential to help countries manage risk and cope with shocks more effectively.

To conclude, in order to achieve the SDGs we need an international financial system that works for all countries. This needs to be combined with scaling up innovations and new financing instruments and approaches. Many developing countries need support to build capacities to maximize these opportunities. UNDP is firmly committed to assisting Member States in achieving the 2030 Agenda and looks forward to playing a key role in moving the financing for development agenda forward.

Thank you.