UN High Level Political Forum on Sustainable-Development

Remarks by Managing Director Kristalina Georgieva

July 6, 2021

As delivered

Thank you, Mr. President. It is an honor to join you today at the UN High-Level Forum on sustainable development.

Over the last 18 months, we have been grappling with loss and hardship. In the words of the young American poet Amanda Gorman: “When day comes, we ask ourselves, where can we find light in this never-ending shade?”

The good news is “light” is coming. The global economy is recovering. And as Dr. Tedros said before me, there is a path to end the pandemic.

At the IMF, we raised our global growth forecast to **6 percent** in 2021 and **4 percent** in 2022. And we recognize the exceptional and synchronized fiscal and monetary actions by policymakers around the world to cushion the impact of the crisis. Without them, the recession last year would have been **three times worse**, another Great Depression.

But the overall positive growth picture masks dangerously uneven developments. After a crisis like no other comes a recovery like no other. Countries with strong capacity to support their economies and high rates of vaccinations are seeing bright prospects and are powering ahead. Those with limited policy space and delayed vaccinations are still in the “shade.” They are falling behind.

For the first time in 20 years, the unthinkable is happening. We are losing the fight against poverty. Global poverty is significantly increasing. It is an economic calamity—and a human tragedy.

We know the path forward. **Policymakers must take the necessary actions now to vaccinate** at least 60 percent in all countries by mid-2022. As Dr. Tedros mentioned, together with the World Bank, the WHO, and the WTO, we formed a “war room” to track, coordinate, and advance delivery of COVID-19 health tools to developing countries to mobilize relevant stakeholders and to remove roadblocks.

You might have seen, IMF staff came up with a plan to accelerate the exit from the pandemic at a cost of around **$50 billion**. The benefits are overwhelming—boosting global output by **$9 trillion** between now and 2025—*the* **best public investment in our lifetime**.

As we work to beat the pandemic and **safeguard the recovery**, we must also work to **give everyone a fair shot at the future** that is sustainable, more resilient, and more inclusive.

And that is to march toward the **Sustainable Development Goals**.

Our staff recently presented **new research on how the crisis has set back the path to the SDGs**. We analyzed the financing gaps to achieve the SDGs in five key sectors: **education, health, roads, electricity, and water & sanitation**.

And we applied this framework to **four country case studies**—Rwanda, Nigeria, Pakistan, and Cambodia. **Not surprisingly, achieving the SDGs will be even more challenging after the pandemic**.

To be more specific, what we are assessing is that the financing needs of the SDGs will increase by an average annual 2½ percentage points of GDP, or almost $60 billion per year for all low income countries.

In other words, the road to travel has become tougher. Enormous challenges are faced by all countries with high vulnerabilities. **In Nigeria, for instance, because of the pandemic, the country faces a six-year delay in achieving its SDGs**. In Rwanda, it is five years.

At the IMF, we are calling on all of us to mobilize more than before.

First, we want to see countries focusing on pro-growth structural reforms, supported by more fiscal capacity through domestic resource mobilization.

And President Macky Sall talked about how important it is to think of growth as a **virtuous circle**. It enlarges the pie. And a larger pie can help provide the resources needed to finance development, in turn further spurring growth.

Cambodia is a good example. Over the past two decades, it has grown, on average, by more than 7 percent per year, driven by investments in infrastructure, health, and education.

But we have to be able to finance these investments. And that means international tax reform and domestic efforts to increase taxes. In low-income countries, taxes are less than 15 percent of GDP, limiting growth-enhancing capacity. In sub-Saharan Africa, it is even worse where tax collection is only 12½ percent of GDP in taxes.

We believe we can work on reforms to lift tax collection by 5 percentage points of GDP so we can have more capacity to meet the aspirations of people in countries where we are still falling behind.

Second is private sector engagement.

Reforms that support a favorable business climate can help spur private sector investment in development.

In *Rwanda*, we have seen how investments in the private sector have gone from virtually nothing to over 1½ percent of GDP during 2015 17. We think that this ambition to go further in bringing the power of private sector investments is even more important today that it was before.

And let me be clear, transformative reforms require the world to stand by countries that are facing this risk of falling behind. **And this is where the international community has a tremendous responsibility to step up**.

We estimate that gradually increasing official development assistance towards the long-aspired UN target of 0.7 percent of GNI would generate some $200 billion annually in additional financing for development—very much in line with what we heard from President Macky Sall.

At the IMF, we recognize our own responsibility and are doing our part. We are at the cusp of a historic $650 billion new SDR allocation. Our Board will be voting on it virtually in days. And as President Macky Sall said, it is only fair to work with our members in strong reserve positions to on-lend at highly concessional terms part of their new allocations to those in dire needs.

Let me conclude with how Ms. Gorman, the poet, answers the question posed at the beginning.

“There is light. Only if we are brave enough to see it. Only if we are brave enough to be it.”

To be it, to be that light, we can if we work together and if we stay focused on achieving the Sustainable Development Goals. Together, we can turn this crisis into an opportunity to bring the world forward towards greener and more resilient economies for all countries and for all people.

Thank you.