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by

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at

Webit Impact Forum

Panel: “Sustainable finance for building a resilient and innovative future”

Sofia, 28-29 June 2022

Ladies and Gentlemen,

It gives me great pleasure to address the Webit Impact Forum today on the topic of sustainable finance for building a resilient and innovative future and to bring a UN perspective to your discussions.

In 2015, the 193 UN Member States adopted the 2030 Agenda for Sustainable Development, which serves as the blueprint for all UN efforts to promote a sustainable future. Achieving this ambitious agenda requires considerable investments, and we need to ensure that these investments come from sustainable sources and promote sustainable outcomes. The same year, Member States also adopted the Addis Ababa Action Agenda at the Third International Conference on Financing for Development. It establishes a strong foundation to support the implementation of the 2030 Agenda and provides a global framework for financing sustainable development by aligning all financing flows and policies with economic, social and environmental priorities. It includes a comprehensive set of policy actions, with over 100 concrete measures that draw upon all sources of finance, technology, innovation, trade, debt and data. I call upon all stakeholders to hold these two guiding documents in mind as they work to ensure a resilient, sustainable and innovative future. Sustainability considerations must be mainstreamed into all financing efforts.

As we all know, the **war in Ukraine** has not only devastating impacts on human life, but also **global implications** through the impact on food, energy and financial conditions. The loss of life, the destruction, the suffering must end, and the healing must start now. Peace must be restored. There cannot be sustainable development without peace, and peace will not be assured without sustainable development. I sincerely hope that diplomatic negotiations will very soon put an end to this conflict. As we see in the UN, the war has also impacted multilateral cooperation, to the detriment of all. This situation has only further

complicated our post-Covid 19 predicament.

Efforts should be made to **reconcile initiatives to enhance resilience** with the preservation of the **benefits of international cooperation**. An environment of lower growth, higher inflation, raising financing costs and increased demands on public resources has emerged. The recovery from the COVID-19 pandemic has been derailed. In this context, **protecting the most vulnerable and shaping effective policies that make the best use of the resources** available is paramount.

Let me highlight some opportunities in sustainable finance and how UN organizations such as UNECE can support them.

The growing interest in **sustainable finance** opens new opportunities for countries to broaden investors' basis and access new resources. Sustainable finance instruments, which allocate resources to some goals or aim to achieve particular targets on environmental and other sustainable development issues, are underpinned by **mechanisms for project selection, verification of use of the proceeds and/or assessing performance**. Embedding UN normative frameworks in these mechanisms would facilitate advancing sustainable finance and enhance its impact, as it would align them with internationally agreed best practice and enhance credibility and investor confidence. However, despite the recent enthusiasm regarding sustainable bonds, it needs to be stressed that **these bonds add to the overall debt burden**, so the usual caveats regarding debt sustainability should apply.

We are entering an environment of growing interest rates that will increase financing costs and exacerbate the fragility of **external debt** positions in some countries. Initiatives to reduce debt burdens in these countries should include broader considerations regarding **climate finance** provisions. **Debt-for-environment swaps** and **payments for eco-systems services** (for example, **forests**) can both raise resources

and incentives for environmental preservation. **UN normative frameworks** can again play a role on structuring these initiatives.

Combatting illicit financial flows can be facilitated by exploiting the control and verification opportunities offered by **paperless trade**, including through the use of agreed mechanisms for the interoperability of standards. UNECE is strongly involved in this area, as part of its activities on trade facilitation.

Creating appropriate conditions for **attracting private finance for SDG implementation** remains essential. In particular, **infrastructure investment** will be the driver for transformational change. But it is also critical that this private investment is well aligned with SDGs needs. Two important considerations can be made in this regard. First, **engaging private finance also demands public resources** – to reduce risks or to make complementary investments with low or no private returns. Concessional **international public finance remains critical**. Second, **UN endorsed principles and guidelines** (like the UNECE Public Private Partnerships for the Sustainable Development Goals) can help to **facilitate the alignment** in a visible way. We have also created a PPP evaluation methodology that helps countries measure their PPP and infrastructure projects against the three pillars of sustainability. Tools like these are essential to mobilize additional private-sector financial resources that are geared towards sustainable development, such as blended finance or impact investing.

Another important tool for governments is public procurement, which can be used to enhance innovation, digitalization and green transformations. Innovation is central to the shift towards more sustainable production and consumption post COVID-19 and the transition to a circular economy. New technologies, product design, digital platforms and innovative business models are the enablers for a circular economy. The 2030 Agenda recognizes a strong link between innovation, sustainable development, and public procurement. In fact, one of the targets under the Sustainable

Development Goal on Responsible Consumption and Production focuses specifically on “promot[ing] public procurement practices that are sustainable, in accordance with national policies and priorities”. Public procurement is an important part of economic activity, on average accounting for 10-15% of GDP in most countries. UNECE has published several documents on how Innovation-enhancing procurement can steer innovation into directions that help attain broad economic, social, and environmental objectives, including the transition to the circular economy and to Build Back Better after the COVID-19 pandemic, and we work to support governments in implementing relevant policy recommendations.

I hope I have been able to provide some insights from a UN perspective on how we can achieve our sustainable financing goals. I wish you fruitful discussions.

Thank you.
