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THE DEPUTY SECRETARY-GENERAL

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REMARKS at the Fifth meeting of the Forum of the Countries of Latin America

and the Caribbean on Sustainable Development

Interactive dialogue with ministers of foreign affairs and high-level authorities of Latin America and the Caribbean on the contributions of development banks to the innovative financing agenda for recovery and the achievement of the 2030 Agenda

San José, Costa Rica 7 March 2022

Excellencies,
Distinguished delegates,

Today's dialogue is crucial to meeting the Sustainable Development Goals; to ensuring the means of implementation for countries to get the job done.
As we enter the third year of the pandemic, vaccine inequality and fiscal divides are channeling our collective ability to achieve the SDGs.
Rising inflation rates, debt burdens, and new geopolitical challenges complicate our recovery efforts.
Meanwhile, the climate crisis continues unabated.
These challenges leave Latin America and the Caribbean in a significantly weakened position to invest in the inclusive, resilient and climate-secure recovery we need.
COVID-19 resulted in the sharpest contraction of Gross Domestic Product in the region in the past century – of more than 9 percent.
An anticipated slowdown in growth to 2.1 percent, is also set to deepen the region's structural challenges.

In this context, the region's development banks stepped up, mobilizing more pandemic support than from multilateral banks. Yet, overall, the region remains excluded from accessing the financing needed to recover, including

through the limited options faced by the region's many vulnerable middle-income, and small-island developing states in the region, who remain excluded from initiatives such as the Common Framework for Debt Treatment (CF).

Today, Latin America and the Caribbean is the most indebted developing region in the world. Central government gross public debt stood at 55 percent of GDP in Latin America in September 2021. In the Caribbean, the figure was 90 percent.

To avoid another lost decade of development

The Secretary-General has consistently advocated for urgent reforms to the global financial system, including in his recent report on global governance, Our Common Agenda.

At the global level, this starts by bridging the gap between money markets and working people.

Every country must be able to invest in sectors that are vital for resilience: universal social protection, strong health and education systems, and decent jobs in the green economy.

Achieving this will require new rules and metrics for accessing financing.

We have heard the countries of Latin America and the Caribbean loud and clear in recent consultations on Our Common Agenda, supporting the Secretary-General's proposal and reiterating the region's expectation to go Beyond GDP.

Work is already underway through the High-Level Committee on Programmes, the analytical and advisory arm of the Secretary-General's Chief Executives Board, as is work to the finalize the Multidimensional Vulnerability Index will benefit many of this region's small island developing states.
International collaboration is also crucial. I commend the Government of Costa Rica for its proactive participation in global discussions on this issue, including throughout the Financing for Development in the era of COVID-19 and Beyond initiative, and the proposal for an innovative Fund to Alleviate COVID-19 Economics. FACE envisages the redistribution of global liquidity through a multilateral fund and would provide extraordinary financing to developing countries, including low- and middle-income countries, that do not have the fiscal space to deal with the effects of the pandemic.
This must also go hand-in-hand with the reform of the international taxation system, and measures to combat illicit financial flows
In Latin America and the Caribbean alone, tax evasion amounts to more than 6 percent of regional GDP.
I urge you to consider a concerted push to increase personal and corporate income taxes, extend the scope of property and wealth taxes, including to the digital economy, the environment and public health.

Latin America and the Caribbean have a strong role to play in the process to agree on a minimum corporate tax rate, and to review and update royalties on the exploitation of non-renewable resources.

Excellencies,

During your time as Chair of ECLAC, Costa Rica has convened important regional dialogues on financing for development, and on the response of development banks to the COVID-19 Pandemic.

Today's interactive dialogue follows-up on the outcomes of the meeting you convened during the Committee of the Whole of ECLAC in December last year.

That meeting highlighted the important countercyclical response of development banks, and stressed the need to coordinate efforts to incorporate environmental, social and governance criteria in lending practices.

ECLAC's innovative financing for development agenda is based on five policy actions for recovery from COVID-19 and beyond:

First, expand and redistribute liquidity from developed to developing countries; and include development banks and

regional financial institutions that are holders of SDRs as part of a mechanism to reallocate SDRs.

Second, strengthen regional cooperation by enhancing the lending and response capacity of regional, subregional and national financial institutions.

Third, carry out an institutional reform of the multilateral debt architecture, along the lines I have already outlined, and explore the creation of a multilateral credit rating agency.

Fourth, expand the set of innovative instruments aimed at increasing debt repayment capacity and avoiding excessive indebtedness.

One example is the proposal to make so-called "hurricane clauses" a permanent feature of debt relief initiatives.

Fifth, integrate liquidity and debt reduction measures into a development financing strategy aimed at building a strong, resilient recovery.

This should include expanding debt relief initiatives to include vulnerable middle-income countries, and establishing a Caribbean Resilience Fund.

Excellencies,

The pandemic has highlighted not only the vulnerabilities of our countries, and the systemic flaws inherent to the global financial architecture, but also opened opportunity and spaces for action to support a sustainable recovery.

We must work together and promote regional cooperation on financing, and ensure that no one, and no region, is left behind.

Thank you.

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