**2023 ECOSOC FINANCING FOR DEVELOPMENT (FfD) FORUM**

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**With Inequality Deepening, Reform of Global Financial Architecture is Key to Overcome Multidimensional Crises, Speakers Stress as Financing for Development Forum Opens**

Amid a backdrop of multidimensional crises exacerbating inequalities and pushing the world’s poorest, most vulnerable countries deeper into debt, the Economic and Social Council opened its annual Financing for Development Forum today with speakers debating how to reform the international financial architecture to effectively close the rich-poor gap and achieve the Sustainable Development Goals.

**Lachezara Stoeva (Bulgaria), Council President**, opened the Forum, noting that the urgency of addressing these issues has reached unprecedented levels, as sustainable development prospects continue to diverge, with developing countries falling farther behind. “We are at a crossroads. Without swift action, financing divides will become sustainable development divides,” she said, emphasizing the need for immediate steps to foster debt sustainability, scale up investment and boost climate finance for adaptation, among other measures. Underscoring the importance of laying the groundwork for a reformed international financial architecture with the developing countries at its core, she said the Forum is the opportunity to come up with bold solutions in this regard.

**António Guterres, United Nations Secretary-General**, said a multidimensional crisis is turbocharging inequalities and producing a devastating impact on the poorest and most vulnerable. The 2030 Agenda for Sustainable Development is turning into a mirage of what might have been, as communities and Governments struggle to meet immediate needs. Countries are facing the scars of the COVID-19 pandemic, the war in Ukraine is contributing to a global cost-of-living crisis and climate disasters are becoming more frequent, deadly and expensive. “One in three countries is at high risk of a fiscal crisis and more than 40 per cent of people in extreme poverty live in countries afflicted by severe debt problems,” he said.

He also called for an ambitious debt relief initiative that enables countries in distress to exchange short-term debt for longer-term instruments at lower interest rates.  Mechanisms are needed to encourage private creditors to participate, alongside official creditors in debt restructurings.  As the only organization with universal membership, the United Nations is ready to facilitate inclusive dialogue on sovereign debt and bring together discussions happening in different forums, he affirmed.

Contingency financing must also be expanded, he said.  Last year, the IMF allocated $650 billion in Special Drawing Rights (SDRs) — the main global mechanism to boost liquidity during crises.  Based on current quotas, developed countries received 26 times more than least developed countries, and 13 times more than all the countries of Africa combined.  “Something is fundamentally wrong with the rules and governance system that produced this outcome,” he said.  SDRs should be channeled to countries that need them, including through multilateral development banks, he said, adding that the African Development Bank’s proposal is a welcome step.  He also called for an SDR contingency mechanism to ensure that in future crises, the rights are issued promptly and automatically.

**Janet Yellen, Secretary of the Treasury of the United States,** speaking via pre-recorded video message, said transboundary challenges — climate change, pandemics, fragility and conflict — are disproportionately affecting the poorest and most vulnerable populations.  Pointing out that the multilateral development banks are a key pillar of the development financing system, she said her top priority was to evolve these banks to act on global challenges

**Reality Of Aid Africa Network Executive Director Mr. Vitalice Meja** welcomed the multidimensional vulnerability index, noting that many countries have been denied resources based on their income levels.  Outlining development challenges on the national levels with regards to global public goods, he expressed concern about the decrease of ODA in comparison with the humanitarian expenditure.  Noting that most of such commitments remain in the donor countries, he underlined the importance of mobilizing concessional resources and avoiding diverting these funds towards financing refugee causes.  He reiterated the need for a reform of the multilateral development banks, while encouraging the World Bank to leverage the private sector. To this end, the instruments must be right, and the voices of poor partner countries heard to make such reform inclusive, he stressed.

The representative of the European Union, in its capacity as observer, noted that the bloc’s Global Gateway Initiative stands ready to help countries meet their expanding technology and digital needs.  He agreed with other delegates that the mobilization of concessional financing should not come at the expense of low-income countries, and he urged the banks to update their operational models.

An observer for the African Union said the global community requires a financial system that has adequate resources to rapidly meet countries’ urgent needs.  Interest rates have to be at acceptable rates.  A twenty-first financial model is vital.  The African Union’s Agenda 2063 is meant to help countries meet their financial needs.