

## HLE Remarks

Thank you, Elliot [*Elliot Harris, moderator*] and thank you Prime Ministers Trudeau and Holness for your leadership.

Your Excellency Muhammad-Bande, Secretary General, excellencies, ladies and gentleman

It is an honour to be involved in the mission to “Recover better for sustainability”, [alongside Denmark, Spain, the UK and the WRI].

In the response to Covid-19, nations have, rightly, sought to prioritise the health of their citizens and then to address the economic consequences.

As the world moves from response to recovery, our objectives can be bolder: to build more prosperous, inclusive, resilient and sustainable economies.

To begin the work on how to achieve this, a few words on:

- The context in which you will be operating
- How to seize this historic opportunity

### **The New Context**

First, we must learn from our current predicament. The Covid tragedy proves we can't wish away systemic risks but need to invest upfront to avoid disaster down the road. And so it is with climate change, a crisis that:

- i) Involves the entire world, from which no one will be able to self-isolate; and
- ii) Is predicted by science to be *tomorrow's* central scenario (not risk)

Resilience must be put at the centre of economic decision making.

Second, the impact of traditional economic stimulus measures (such as income transfers or temporary tax cuts) will be dampened by heightened risk aversion. Entire populations are experiencing the fears of unemployment the anxieties that comes with inadequate or inaccessible health care. There will be less consumption and more caution.

Third, the crisis is accelerating structural changes in our economies such as: a shift from moving atoms to bits; the rise of e-commerce, e-learning, e-health; the transformation of supply chains from global and just-in-time to local and resilient; and the wholesale restructuring of many heavy-emitter industries from airlines to energy.

### **A Strategic Opportunity**

These developments create both a moral imperative and a strategic opportunity.

A moral imperative because the sacrifices in recent months are rightly raising public expectations, with people demanding action to ensure that the recovery takes account of their priorities, including those embedded in the SDGs and the Paris Agreement.

And a strategic opportunity because the new economic drivers will demand new strategies from virtually every company on the planet.

A return to the past is simply not viable.

This presents a historic chance to build more inclusive, sustainable and dynamic economies that serve everyone. Your policies will have enormous influence on how private capital is invested.

### **The Way Forward**

In the coming weeks, we will explore policy options to recover better for sustainability.

We can accelerate the needed innovations by leapfrogging established technologies to target breakthrough investments in health and education systems, social protection and expansion of social services, renewable energy, green public transport, and smart housing, among others.

Building more equal and inclusive societies through the recovery will build resilience to future economic shocks from pandemics, climate change and other emerging crises. The 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change provide a framework for action.

Countries will need to use all their policy instruments (from fiscal to financial), crafting them according to their own circumstances.

**Fiscal:** Public investments in human, natural and physical capital can have large multipliers in terms of jobs and sustainable growth.

- We should not repeat the response to the Global Financial Crisis when only 1 in 6 dollars invested by governments were in line with sustainability
- Investments in sustainable energy infrastructure and buildings, should be accompanied by investments in natural capital (to improve resilience and protect biodiversity) and human capital (through education, training and skills development)
- Tax and benefits policies should address poverty reduction and inequalities; while incentivising low-carbon development, including through carbon pricing and the end to fossil fuel subsidies;

But since fiscal resources will be limited, governments will need also to focus on how regulatory and financial policies can catalyse large scale private investment while shaping its direction.

**Framing:** At the micro level, regulation can frame the terms of the new economy by setting social, environmental, technological and procurement standards. At the macro level, clear policy frameworks guided by our shared commitments to the SDGs and Paris Agreement can shape private investment for the long term.

Finally, **Finance:** we must use this opportunity to accelerate the shift of public international finance toward sustainable sectors and to align private financial flows to the achievement of net zero. Both can bring major capital flows to developing and emerging economies, leaning against the forces of fragmentation that this crisis threatens to unleash.

The objective must be to ensure that every financial decision takes account of environmental and social impacts. This means using milestones such as COP 26 and the Decade of Action for the SDGs to put in place the right market and regulatory frameworks so the private sector can allocate capital to manage risks and seize opportunities across all our economies.

Financial sector policies can accelerate the transitions to a net zero economy—the express objective of 125 member states – while ensuring a just transition for all workers and enterprises.

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Excellencies, at a time when every business in every sector is having to reset their strategies, we can channel that energy, imagination and capital by launching a common approach for sustainable and inclusive growth.

The crisis has laid bare the failings of the old approach and has surfaced deep-rooted inequalities. And it has demonstrated the value of solidarity and social dialogue in our communities and across the global community.

Let's look forward not back, harness those values to build more equal, inclusive and sustainable economies for all.

My colleagues and I look forward to working with your official in the weeks ahead to help advance this vital goal.