



Financing for Sustainable Development Report 2023: Financing Sustainable Transformations

Fast Facts

Global economic context

- The number of people facing acute food insecurity has more than doubled compared to pre-pandemic levels, rising from 135 million in 2019 to a projected 345 million in 2023.
- Food prices were 50% higher in 2022 compared to 2019.
- Given current trends, 574 million people – nearly 7% of the world’s population – will still be living in extreme poverty in 2030.
- In developed countries, fiscal measures in response to the pandemic amounted to \$12,200 per capita, versus \$410 per capita in developing economies, and \$20 per capita in LDCs.

Thematic chapter: Financing sustainable industrial transformations

- Least developed countries (LDCs) and many African countries have regressed on SDG 9’s industrialization targets since 2015.
- In African countries, manufacturing value added fell from around 10% of GDP in 2000 to 9% of GDP in 2021, while the 2030 Agenda targets doubling this by 2030.
- By 2019, nearly half of all policies recorded in a database of country policies that impact international trade could be classified as industrial policies, up from only 20% in 2009.

Domestic public resources

- In Africa, 40% of countries had 2021 tax-to-GDP ratios that remained below the levels during the pandemic in 2020, indicating reduced availability of resources for investment.
- On average less than 50% of personal and corporate income tax returns are filed on time in LDCs, complicating fiscal management.
- Around 87% of agricultural producer subsidies are inefficient, inequitable to smallholder farmers, distort food prices, and support crops that hurt people’s health and degrade the environment.
- Not one LDC benefits from the international tax cooperation instruments set up to exchange information on financial accounts of overseas citizens and the operations of multinational corporations.

Private business and finance

- Sustainable bond issuance dropped 11% from a record high \$1.7 trillion in 2021 to \$1.5 trillion in 2022.
- Laws limit women’s property rights in 40 countries, and in 115 countries women cannot run a business the same way as men.
- There is a shortfall of an estimated \$5 trillion for financing of 131 million micro, small, and medium enterprises in developing countries.
- 82% of investors believe that companies frequently overstate or exaggerate their environmental, social and governance (ESG) progress when disclosing results.

International development cooperation

- One in every 23 people is expected to need humanitarian assistance in 2023, with the UN system aiming to assist 230 million people across 68 countries, at an estimated cost of \$51.5 billion.
- In 2021, ODA rose by 8.5% in real terms compared to 2020 to an all-time high of \$185.9 billion. Excluding costs of vaccines, ODA grew by 4.8% in 2021.
- ODA to LDCs accounted for only 0.09% of OECD Development Assistance Committee members’ GNI, below the 0.15-0.20% target.
- 528 public development banks and development finance institutions have total assets of \$23 trillion and finance an estimated 12% of global investment.

- In 2020, 40% of total climate finance was delivered by multilateral development banks through their core resources and attributed to developed countries based on their ownership of the banks. Bilateral climate finance was 38%.

International trade as an engine for development

- Global trade in goods and services reached an all-time high of \$32 trillion in 2022.
- In 2021, the share of exports of LDCs remained around 1% of global exports in goods and below 1% of global exports in services. This is half the SDG target to double the share of global exports to approximately 2% by 2020.

Debt and debt sustainability

- In 2022, 25 developing countries had to dedicate more than a fifth of their total revenues to servicing public external debt – the highest number of countries since 2000.
- By 2027, external financing needs for LDCs and other low-income countries are expected to increase almost 30% from 2021, from \$172 billion to \$220 billion.
- On average, annual debt payments by LDCs and other low-income countries will more than double from \$55 billion before the crisis to \$120 billion in 2022-27.
- About 60% of poorer countries are in or at a high risk of debt distress, twice the level from 2015.

Addressing systemic issues

- Developing countries received only about one third of the August 2021 special drawing rights (SDR) allocation; LDCs got less than 2.5%.
- While the G20 called for \$100 billion in SDR re-channelling, only \$81.6 billion of pledges have been made, and actual transfers are less than \$3 billion.
- Global financial assets are almost \$500 trillion, with 49% in less regulated non-bank financial institutions.
- Some 60% of banks had not aligned with the voluntary guidelines of the Financial Stability Board's Task Force on Climate-related Financial Disclosures by 2021.

Science, technology, innovation and capacity building

- Global spending on the energy transition rose to a record-high of \$1.1 trillion in 2022, surpassing fossil fuel system investments for the first time ever.
- The green economy has become the 5th largest industrial sector by market value, \$7.2 trillion in 2021.
- In developing countries, the share of adults paying digitally has risen from 44% in 2017 to 57% in 2021.
- Between 2021 and 2022, 338 million more people used the internet regularly, an increase of approximately 38,600 additional every hour.
- Over half a million new industrial robots were installed worldwide in 2021, a record high.

Data, monitoring and follow-up

- For 8 of 17 SDGs, fewer than half of countries have globally comparable data.
- In 2020, donor funding for data and statistics fell by nearly 16% to \$542 million, a record decline since 2015, and accounting for only 0.3% of total ODA.
- Funding for gender data is going backward, decreasing by 55% in 2020 over the 2017-2019 average level.