

**Joint presentation by the Dicastery for Promoting Integral Human Development  
and by UNCTAD of the Trade and Development Report 2019**

***“Financing a Global Green New Deal”***

Sala Marconi, Vatican Radio, 25/09/2019

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Prefect

Dicastery for Promoting Integral Human Development

Your Excellencies,

Dear Journalists,

Ladies and Gentlemen,

It is great pleasure for me to be able to attend this year’s launching of the *Trade and Development Report* (TDR) 2019, which has been taking place for the past few years here in the Sala Marconi of the Vatican Radio. Thank you also, dear friends of the Vatican Radio, for hosting us so generously here!

The title of the TDR 2019 is “*Financing a Global Green New Deal.*” The occasion for it is the global need to achieve a *carbon sink, to reverse climate and its disasters and to ensure economic growth, especially, for developing countries.* In the light of this, “*the Global Green Deal*” is presented as “*a right policy framework to help bring about a more equal distribution of income and reverse decades of environmental degradation.*” To achieve this, the **new deal** “*proposes a series of reform measures to make debt, capital and banks work for development and finance a deal.*” Clearly, ***the Global Green Deal*** requires huge financing;<sup>1</sup> and so, Mr. Kituyi, the Secretary General of UNCTAD observes that “*meeting the financing demands of*

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<sup>1</sup> *The SDGs, agreed at the United Nations in 2015, were designed as a guide to a better future for all depend on greater sense of shared responsibility and solidarity. But with their delivery – planned for 2030 – already behind schedule, frustration is growing across different policy communities and at all levels of development. The perceived problem is a shortage of finance to achieve the scaling –up investments on which the 2030 Agenda ultimately depends.*”

*the Agenda 2030 requires rebuilding multilateralism around the idea of a **Global Green New Deal**, and by implication a financial future very different from the recent past".*

Invited this morning to help present this Report alongside competent representatives of the Secretary General of UNCTAD, Mr. Mukhisa Kituyi, I shall limit my role to presenting some remarks on the *occasion* of the Report and the *proposed financial solutions* with reference to the CSD/Encyclical Letter of Pope Francis, *Laudato si'*, leaving Ms. Penelope Hawkins and Mr. Piergiuseppe Fortunato, the representatives of the Secretary General, to give us the technical insights of the Report.

With reference, then, to the *occasion* of the *Global Green deal* and its *financing*, let me briefly recall Pope Francis' teaching, in his Encyclical Letter- *Laudato si'*, on the world's need of an "*ecological conversion*" and changes in prevailing *economic and financial models of operation*, as an indication of "*our transformation of reality in line with God's original gift of all that is.*" (LS, 5).

### ***Ecological Conversion***

In *Laudato Si'* the Pope firstly presents the dramatic social and ecological situation of our common home, saying: "...we need only take a frank look at the facts to see that our common home is falling into serious despair" (LS. 61). It is the poor who pay the highest price of climate change. "Both everyday experience and scientific research show that the gravest effects of all attacks on the environment are suffered by the poorest" (LS, 48). We must respond with *courage* to "the increasingly desperate cries of the earth and its poor".

Pope Francis relies on the capacity of human beings to change, both individually and communally. He says "the urgent challenge to protect our home includes a concern *to bring the whole family together* to seek a sustainable and integral development, for we know that things can change" (LS, 13).

The threat of global warming, indeed, requires immediate action to reduce greenhouse gas emissions and stabilize the Earth's climate<sup>2</sup>. Also "*young people demand change*"

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<sup>2</sup>Cfr. TDR2019, Overview.

(LS 13), as it has been abundantly displayed around the world in the days leading up to the United Nations Action Summit that began last Monday (23/09/19). Their frustration and anger towards our generation is clear. We risk robbing them of their future, as well as “leaving to coming generations debris, desolation and filth” (LS 161).

We are all called to an *ecological conversion* : to a new recognition of our relationship with created nature and all that exists outside us, and the fact that the *Book of Nature* is really one. The *Book* that recounts the creation of nature, is the same *Book* that recounts the creation of the humanity. Our destinies are bound together, nature and humanity, the human person and his garden home.

### ***Decarbonizing the global economy***

In the context of such a global scenario the 2019 Trade and Development Report of UNCTAD is, hence, advocating a *Global Green New Deal* that combines the desire of prosperity for all with a determined commitment to heal the planet. The global economic situation presents, indeed, four interdependent macroeconomic challenges: *the falling income share of labour; the erosion of public spending; the weakening of productive investment; and the unsustainable increase in carbon dioxide in the atmosphere*. The idea of the ***Global Green New Deal*** is exactly that of reversing these trends by moving *towards a decarbonization of the economies*. Decarbonizing the global economy will require a significant rise in public investment especially in clean transport, energy and food systems<sup>3</sup> as well as a *boosting of private investments in more productive and sustainable economic activities*.

The goals of the current global society for 2030, in fact for the next decade, are those elaborated, discussed and approved by almost every nation and agreed upon in the SDGs of 2015. Their implementation of the SDGs in the set timeframe certainly does require a *significant increase in public and private sector financial involvement, as well as significant reforms of the global financial system*. The primary responsibility for delivering on the goals in accordance with the public good must sit with the governments, based on their ability to mobilize taxation, and their accountability for domestic and international public finance. Key

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<sup>3</sup> Cfr. UNCTAD/PRESS/PR/2019/27\*.

financial instruments, such as Overseas Development Aid, concessional finance and domestic resource mobilization, are essential for achieving the SDGs. *Public and private finance* is essential in creating *good wealth*, social inclusiveness and environmental sustainability.

In this regard, the *Trade and Development Report 2019* bears the good news of a proposed wave of green investment that will be a major source of income and employment growth, and that contributes to global macroeconomic recovery. *An increase in total green investments is estimated to generate a net increase in global employment of jobs*, with cleaner industrialization in the South and an overall reduction in carbon emissions by the target year of the 2030 Agenda.

### ***Challenges for developing countries in the transition to a green economy***

Developing countries may face *lower conversion costs* as they are still building their energy systems. They will need technology transfers and significant financial support from the international community to make the transition. That is why the TDR also contends that widening the investment challenge *to eradicate poverty and to meet nutrition, health and education goals will impose unsustainable financial burdens on many developing countries*. Indeed, as the *United Nations Council of Trade and Development* estimates, meeting the basic SDG-related investment requirements to address poverty, nutrition, health and education goals, will result in an increase of public debt-to-GDP ratios by 2030 for developing countries, with the risk of a massive *new developing country debt crisis*<sup>4</sup>.

Accordingly, if the 2030 Agenda is to be met on time, there should be a substantial *scaling up of public international development finance*, as well as an urgent access to *development assistance* and *debt relief* funds. These must be accompanied by deeper reforms to the international trade, financial and monetary system<sup>5</sup>.

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<sup>4</sup> Cf. UNCTAD, Overview.

<sup>5</sup> Cf. UNCTAD/PRESS/PR/2019/27\*.

## ***Finance for the common good***

There is an increasing awareness – at least in civic society – that financial operations, given their impact in the global economy and on people’s lives, need to be more regulated.<sup>6</sup> Whilst the financial world is truly global, the world lacks a governing authority with the capacity to regulate financial activities in the interest of the common good. Especially, after the financial crisis of 2007-2008, new ways of regulating the speculative financial practices are needed (*LS* 189).

But controls and regulations designed to prevent harm are only one side of the coin. Surely, we also need regulations that de-incentivize certain investments (e.g. tobacco or fossil fuels), while incentivizing others (e.g. renewable energy). Following this line of thoughts, incentivizing “impact investing” (positively impacting both social and environmental issues) might help investors to move from “do no evil” objectives towards “do good” instead.

Pope Francis has repeatedly called for the importance “*that ethics once again plays its due part in the world of finance and that markets serve the interests of peoples and the common good of humanity.*” Hence, this Dicastery has been reflecting in the past few years, together with the Catholic Relief Services, on making *social Impact Investment* popular among local Churches and communities, in the form of “placing or (investing) money in businesses - or social enterprises – that are created with the intent to achieve both *social good* and return at least the amount invested”.

## ***Ecological Debt***

Regarding *financial debts between countries*, it is imperative that the financial industry starts developing instruments to match the purely financial debt with the *ecological debt* (cf *LS* 51). In different ways, “developing countries (...) continue to fuel the development of richer countries at the cost of their own present and future” (*LS* 52). Ecological debt is also linked with “the warming caused by huge consumption on the part of some rich countries, which has repercussions on the poorest areas of the world; ecological debt is also related to the damage caused by the export of solid waste and toxic liquids to developing countries, and

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<sup>6</sup> Cf. *towards reforming the international financial and monetary systems in the context of global public authority*, Pontifical Council for Justice and Peace, LEV 2011

by the pollution produced by companies which operate in the less developed countries in ways they could never do at home, in the countries in which they raise their capital” (cf LS 51).

### ***Conclusion***

As I stated above (pag.2), the implementation of the SDGs in the set timeframe certainly does require a significant increase in public and private sector financial involvement, as well as significant reforms of the global financial system, but more importantly, the implementation of the SDGs in the set time frame does require a **radical change of mindset, attitudes, habits and models of doing business and industries**. As stated in *Laudato si'*, “the effects of the present imbalance can only be reduced by our decisive action, here and now” (LS, 161). We will all have to make a *radical change in our lifestyle*: the use of energy, consumption, transport, industrial production, construction, agriculture, etc. *Each of us is called to act*. But we must also take action together, starting with governments and institutions, families and people: we need all hands on deck. “Everyone’s talents and involvement are needed” (LS, 14) to address this crisis and defeat the powerful interests that hinder our meaningful collective response to this unprecedented threat against our civilization.

“Many things have to change course, but it is we human beings above all who need to change. We lack an awareness of our common origin, of our mutual belonging, and of a future to be shared with everyone. This basic awareness will enable the development of new convictions, attitudes and forms of life. A great cultural, spiritual and educational challenge stands before us, and it will demand that we set out on the path of renewal” (LS, 202).