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FACTSHEET

The IMF and the Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of global development targets adopted by the member countries of the United Nations (UN) in September 2015. The SDGs, which replace the Millennium Development Goals (MDGs), will guide the global development agenda through 2030. The SDGs are universal and broader in scope than the MDGs, reflecting the view that development needs to be economically, socially, and environmentally sustainable. The IMF, with its expertise on macroeconomic and financial issues and its global membership, works with member countries to support their development efforts, while also promoting global economic and financial stability, a crucial precondition for development efforts to succeed.

The SDGs

The SDGs were officially adopted by UN member countries at the UN Summit in New York, in September 2015, replacing the expiring MDGs. The 17 SDGs are universal, focusing on **five key elements: people, planet, peace, prosperity, and partnership**. The challenges of mobilizing the financing resources needed to help meet the SDGs were discussed at the Third UN Conference on Financing for Development in Ethiopia in July 2015; this conference concluded with agreement among the UN membership—the *Addis Ababa Action Agenda*—on a sustainable financing strategy to meet the objectives of the SDGs. A global agreement was reached at the UN Climate Summit in Paris in December 2015 on national CO2 emissions targets to address climate change, resonating with the SDGs' emphasis on protecting the environment.

Achieving the SDGs

The SDGs are more ambitious than the MDGs, embracing the view that development needs to be economically, socially and environmentally sustainable. Achieving the SDGs will require actions across a broad range of issues at both the national and international levels.

At the country level, governments should strive to create a sound macroeconomic environment and take action for strong and sustainable growth. Efforts should focus on building strong institutions to foster investor confidence, strengthening public finances, ensuring efficient and well-targeted public spending, investing in infrastructure, maintaining debt sustainability, deepening financial markets and access while safeguarding financial stability, and promoting inclusion and environmental sustainability. Governments would also identify their key development goals and sustainable ways of financing their achievement.

With elevated risks of spillovers in an increasingly interconnected world, national development efforts also need to be supported by building macroeconomic resilience—with adequate fiscal and foreign reserve buffers—to handle external shocks.

Globally, an enabling external environment with global economic and financial stability and stable trade and financial flows is also crucial for countries' development efforts to thrive. International cooperation is needed for macroeconomic policy coherence across countries to ensure that financial regulations across major financial centers are appropriately configured, mutually consistent, and rigorously implemented, and to build a strong global financial safety net that provides confidence that unexpected liquidity needs can be met.

The IMF and SDGs

The IMF is committed, within the scope of its mandate, to the global partnership for sustainable development. The IMF has also identified initiatives to enhance its support for its member countries in crucial ways as they pursue the SDGs. Specifically, the IMF

- provides a wider safety net for developing countries, effective July 2015: (i) a 50 percent increase in access to all IMF concessional financing; and (ii) zero percent interest rate for IMF lending under the Rapid Credit Facility, targeted at low-income countries hit by natural disasters or conflicts;

- enhances support for developing countries in building capacity in tax policy and administration, including on international tax issues. The IMF provides technical assistance on domestic revenue mobilization to over 100 countries every year and is scaling up its support for developing countries, including, where needed, the coverage of international issues, and by working jointly in collaboration with other international financial institutions, such as the World Bank;

- provides support—through an infrastructure policy support initiative—to member countries seeking to scale up public investment in infrastructure. This initiative seeks to deepen the IMF's macroeconomic policy advice and capacity building work to help countries tackle large infrastructure gaps without endangering medium-term public debt sustainability. Moreover, the IMF's new debt limits policy adds flexibility to manage financing needs to support growth and investment while maintaining prudent debt levels. This has already benefitted several developing countries;

- more effectively supports fragile and conflict states to address their specific challenges and wide and persistent capacity building needs. A pilot initiative, the Capacity Building Framework, which seeks to support institution building goals, strengthen outcome monitoring, and enhance coordination with other partners in a more programmatic fashion, is underway; and

- deepens policy advice on aspects of inclusion and environmental sustainability—core SDGs that are macro-relevant in many countries—and brings this advice to its operational work. This work has already been applied in 58 member countries.

To deepen IMF engagement with its member countries on key SDGs, IMF staff have recently undertaken policy-oriented research on a number of development issues, including:

- the role of diversification and structural transformation in contributing to sustained growth in developing countries—and the polices needed to support this change. Key measures needed include policies to strengthen infrastructure in a cost-effective manner. support financial deepening, and boost agricultural productivity;

- deepening economic, gender, and financial inclusion—through tax and spending measures that enhance the redistributive role of fiscal policy while minimizing their effects on incentives to work and save, measures to increase access to financial services while preserving financial stability, and reforms to promote economic participation; and

- promoting environmental sustainability by reforming energy and water prices and enhancing resilience to climate-related events.