

INFORMAL SPOTLIGHT SESSION - FINANCING FOR THE SDGs IN THE ERA OF COVID-19

2 February 2022, 15:00-15:50 EST

Concept Note

DRAFT

As of 19 January 2022

Organizer: UN Foundation

Background

Two years into the COVID-19 pandemic, the world continues to struggle with the health, social and economic impacts of the pandemic and an imminent recovery remains out of reach for most countries. Lockdown measures led to a major slowdown in economic activity and a sharp rise in global poverty and unemployment. 64 million more people will live in extreme poverty in 2022 compared to 2019; there are now 137 million fewer jobs compared to pre-pandemic levels; and average incomes of the bottom 40 percent fell by 6.7 percent in 2021 compared to 2019, while incomes of the top 40 percent were down by only 2.8 percent ¹.

While the pandemic triggered an unprecedented monetary policy response, least developed countries remain in extremely challenging fiscal and debt situations and are pushed to reallocate resources from other critical areas, including public investment and education, to respond to the pandemic. At the same time, official development assistance (ODA), to all developing countries from all the major international financial institutions (IFIs), including the World Bank, regional development banks and the International Monetary Fund, rose substantially, by a total of US\$19.8 billion or 34% between 2019 and 2020. However, the majority of this increase was in the form of loans, which increased by US\$14.7 billion or 59%, with concerns rising over high and rapidly rising debt levels in the world's most vulnerable countries². Before the pandemic, half of the least developed countries were at high risk of or already in debt distress.

COVID-19 has also pushed the world even further off track to achieving the Sustainable Development Goals (SDGs) and affected all aspects of financing for development. Even pre-pandemic, there was an annual \$2.5 trillion funding gap for sustainable development in developing countries, with COVID-19 projected to increase the SDG financing gap by an additional USD 1.7 trillion, or 70%³.

As the world is facing a twofold challenge of inclusive recovery from COVID-19 and mobilizing resources to achieve the SDGs and build back better, the international community will have to design financing

¹ WESP 2022

² Latest aid data: large increase in multilateral loans to poorest countries, Development Initiatives

³ Global Outlook on Financing for Sustainable Development 2021, OECD

solutions and develop policy and approaches to address both challenges. However, as the pandemic has underscored, national efforts alone will not suffice; stronger and more ambitious international cooperation will also remain critical to contain the pandemic and accelerate a robust and inclusive global recovery.

Overview

Bringing together a diverse group of key stakeholders, the Spotlight Session will explore the various ways in which the COVID-19 pandemic affected the global and national economies and their capacities to both confront the crisis and get back on track to the achievement of the SDGs. The session will look at the state of the global economy and national experiences during the pandemic. The panelists will discuss lessons learned from COVID-19 and identify policy recommendations that could close the financing gaps to bring the world back on track towards the achievement of the SDGs and to build back better.

Guiding questions

- Two years into the COVID-19 pandemic, what is the status of the world economy?
- What impact did the pandemic have on developed and developing economies and their abilities to implement the SDGs?
- What priorities do governments pursue as countries strive to recover from the pandemic? How are resources being reallocated to respond to COVID-19?
- How can governments create fiscal space to respond to the pandemic while achieving their development ambitions?
- What is the role of partnerships in the pandemic recovery and further achievement of the SDGs?

Draft program

15:00	Welcome by Moderator and Introduction to Session (5 minutes)
15:05	Presentations by Experts (20 minutes)
15:25	Reflections and Discussion (20 minutes)
15:45	Closing Remarks (5 minutes)

Provisional list of speakers:

Moderator: Development Initiatives (TBC)

Expert Presentations:

- Navid Hanif, Director, Financing for Sustainable Development Office, UN DESA (TBC)
- Southern Voice researcher
- OECD researcher

Reflections:

- UN Permanent Representatives
- Aish Machani, UN Foundation Next Generation Fellow