

THE LONG ROAD TO SUSTAINABLE DEVELOPMENT GOALS FOR SOVEREIGNS

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“We have a big, bold agenda before us—now we must work to make it real in people’s lives everywhere,” said United Nations Secretary-General Ban Ki-moon, ahead of the United Nations (UN) summit for the adoption of the post-2015 development agenda, a high-level plenary meeting of the General Assembly.

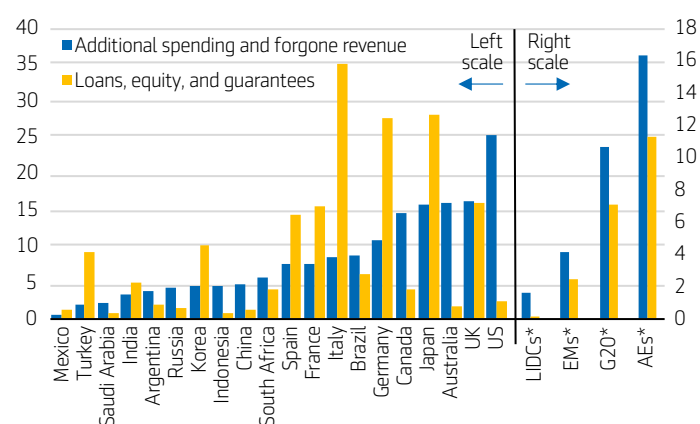
The resolution was adopted by the General Assembly and agreed upon by the 193 Member States of the United Nations, with goals to transform our world by 2030. All countries and stakeholders, acting in collaborative partnership, will agree to 17 sustainable development goals (SDG) and 169 targets in areas of critical importance for humanity and the planet. Sovereigns committed to achieving sustainable development in its three dimensions economic, social, and environmental in a balanced and integrated manner. The agenda factored different national realities, capacities and levels of development, while respecting national policies and priorities. These were universal goals and targets which involved the entire world, developed and developing countries alike. The SDG and targets were the result of over two years of consultative and engagement with stakeholders around the world. While they were ambitious and transformational, the roadmap envisioned a world free of poverty, hunger, disease and want, where all life can thrive; a world where humans had a right to safe drinking water, sanitation, and improved hygiene; and where food is sufficient, safe, affordable and nutritious. As well as universal access to affordable, reliable, and sustainable energy. The new goals and targets came into effect on 1 January 2016 and guide the enactment of legislation and adoption of fiscal budgets for the effective implementation of national commitments over the next fifteen years.

Covid-19 pandemic

The Covid-19 pandemic has significantly setback the United Nation’s sustainable development goals and targets. The ensuing global recession has pushed millions already struggling into extreme poverty. Fiscal spending has been re-prioritized for health care and economic support. Rising unemployment also risks social unrest and human development. The International Monetary Fund (IMF) estimates that by mid-April 2021, the Covid-19 virus had infected over 207 million people, and sadly killed over 4.4 million (WHO estimate 17 August 2021). The economic and human development impact on the world’s poor and low-

income developing countries in sub-Saharan Africa and South Asia has been harsh. The size, nature, and duration of fiscal support varied significantly across advanced and emerging market economies. Developed economies spent approximately 16% of GDP compared with only 6% for emerging and low-income developing ones.

Exhibit 1: Overall size
(Percent of 2020 GDP)



*LIDCs= low-income developing countries; EMs= emerging markets; G20s=Group of 20; AEs= advanced economies. Source: IMF Fiscal Monitor April 2021. Data as of December 31, 2020.

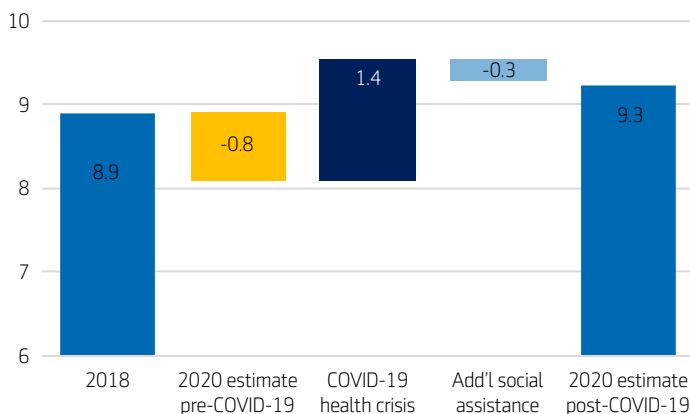
The Covid-19 pandemic has put the 2030 sustainable development goals and targets out of reach in most countries. According to a UN report of the Secretary General, “Building forward from Covid-19 towards the ambition of the 2030 Agenda,” human development is set to decline for the first time since 1990. Before Covid-19, approximately four billion people did not have any form of safety net that could protect against economic and health care vulnerability, risk or deprivation. Persons without social protection were particularly vulnerable to Covid-19 and an additional 150 million people are falling into extreme poverty and food insecurity (International Food Policy Research Institute), thus facing hunger and malnutrition, delaying the achievement of SDG 1 (no poverty) and SDG 2 (zero hunger). The inequalities within national borders and amongst countries is set to deepen,

comprising the achievement of SDG 10 (reduced inequalities). The lack of adequate public health infrastructure, pre-existing health problems, and inability to work due to mobility restrictions has negatively impacted SDG 3 (health and well-being). Additionally, poor countries have also struggled to get access to adequate supplies of Personal Protective Equipment (PPE) and vaccines. The pandemic has hit human development, especially in areas of health, education, gender equality, and income.

SUSTAINABLE DEVELOPMENT GOALS



Exhibit 2: The estimated change in global extreme poverty rates due to Covid-19 (millions of people)



Sources: IMF, World Economic Outlook database; Gentilini and others (2020); World Bank PovcalNet database; and IMF staff estimates.

2030 Agenda

After a difficult year navigating the challenges of the pandemic, countries are re-committing to achieving the 2030 goals and targets. The World Bank and the International Monetary Fund has urged the G20 countries to establish the Debt Service Suspension Initiative (DSSI). This program is helping countries to mobilize financial resources in order to fight Covid-19 and protect the health and livelihoods of the most vulnerable citizens.

Since it took effect on May 1, 2020, the DSSI Comprehensive Framework has delivered more than US\$5 billion in relief to more than 40 eligible countries. In all, seventy-three countries are eligible for a temporary suspension of debt-service payments owed to their official bilateral creditors. The G20 has also called on private creditors to participate in the initiative on comparable terms. Additionally, DSSI borrowers commit to use freed-up resources to increase social, health or economic spending in response to the pandemic. On 2 August 2021, the IMF approved a general allocation of Special Drawing Rights (SDRs) equivalent to US\$650 billion. The general allocation of SDRs will become effective on August 23, 2021. This is key to assisting struggling sovereigns because, according to the IMF Director Kristalina Georgieva, "The SDR allocation will benefit all members, address the long-term global need for reserves, build confidence, and foster the resilience and stability of the global economy. It will particularly help our most vulnerable countries struggling to cope with the impact of the Covid-19 crisis." About US\$275 billion of the new allocation will go to emerging markets and developing countries, including low-income countries.

One of the lessons of the pandemic has been the need to address the complex challenges and obstacles to 2030 Agenda. Equitable access Covid-19 vaccines facilitated by the World Health Organization under COVAX, particularly protecting those most-at-risk is the only way to mitigate the public health and economic impact of the pandemic. The DSSI and SDRs will help millions who have been denied the opportunity to lead a dignified life exacerbated by the pandemic. One of the biggest fallout has been the inadequate policy response to the Covid-19 pandemic. The unequal access and availability of vaccines has led to social and economic hardship—unemployment, poverty, inequality, food inflation, malnutrition. Effective public health and fiscal policy will give humanity a chance to get back on the road to 2030 Agenda.

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