

## HLPF 2021 Highlights: Monday, 12 July 2021

Lack of fiscal space and the risk of sovereign debt distress have come into sharp focus as key stumbling blocks to achieving the 2030 Agenda for Sustainable Development for countries seeking to invest in recovery, climate action, and the Sustainable Development Goals (SDGs) while maintaining sustainable debt levels. Thus, the second week of the 2021 High-level Political Forum on Sustainable Development (HLPF) opened with a panel on the need to scale up public and private financing to achieve the 2030 Agenda. This panel was followed by the presentation of Voluntary National Reviews (VNRs) by Azerbaijan, Czech Republic, Egypt, Qatar, Niger, Uruguay, Colombia, Cabo Verde, Guatemala, and Mexico.

### *Investing in the SDGs*

Moderator Homi Kharas, Senior Fellow and Deputy Director for the Global Economy and Development Program, Brookings Institution, brought attention to the need to scale up efforts in debt sustainability, including through new instruments and architecture reform. He noted metrics pointing to mounting challenges, including: six countries had defaulted on their debt in 2020; 36 countries had credit ratings downgraded; the International Monetary Fund (IMF) forecasts 47 countries will have per capita gross domestic product (GDP) below their 2019 levels in five years; and in 2020 foreign direct investment (FDI) had fallen 37% in Latin America compared to 4% in Asia.

Alicia Bárcena, Executive Secretary, UN Economic Commission for Latin America and the Caribbean, emphasized the need to boost liquidity and access to concessional financing, noting that the allocation of USD 650 billion Special Drawing Rights (SDRs) provided by the International Monetary Fund (IMF) was welcomed, but it must be accompanied by liquidity redistribution. She emphasized: taking advantage of social and sustainability bonds; debt swaps; including middle-income countries in financing strategies; and moving away from the GDP per capita notion.

Joyce Chang, Managing Director and Chair, Global Research, JP Morgan, outlined: USD 15 trillion increase in global debt since 2019; 11% GDP increase in the debt burden in emerging markets; negative trends in more than 30 emerging markets; and a default

rate on emerging markets reaching 19% of sovereign debt. On scaling up private sector funding for the SDGs, she said in 2020 green, social and sustainability bonds reached USD 1.5 trillion. She further noted USD 10 billion in flows since January 2021 to environmental and social governance indexes amounting to a total of USD 30 billion since 2018, and said JP Morgan has employed sustainability filters on investments worth USD 146 billion (437 transactions) to align with the SDGs.

Anna Gelperm, Georgetown University and Peter G. Peterson Institute for International Economics, underlined the increase in exogenous shocks to markets and the need to reform debt management architecture to address information, coordination, adaptation, and equity. She called for transparent common financing frameworks, noting the architecture cannot be based solely on national income categories and the need to involve diverse debtors and creditors.

Nina Angelovska, UN Conference on Trade and Development (UNCTAD) advocate for Women in eTrade and former Minister of Finance, North Macedonia, underscored 700 million women are subject to physical violence worldwide. She added that women represent 60% of the workforce but hold only a small percentage of management roles. Instead of getting back on track, she called for “building a new and smarter track,” including balance in the digital world, which is dominated by men.

Jason Rosario Braganza, Executive Director, African Forum and Network on Debt and Development (AFRODAD), said debt relief initiatives are inadequate; decision-making power is unbalanced with a minority of states making the majority of decisions; and the success of leveraging diversified finance requires addressing the financial architecture and aggressive tax evasion by multinational corporations.

Jutta Urpilainen, European Commissioner for International Partnerships, called for addressing debt and liquidity challenges, directing capital to emerging economies and developing markets, and channeling more private sector resources to countries with underinvestment.

Rania Al-Mashat, Minister for International Cooperation, Egypt, said countries need to tell compelling stories to attract private investment. She said Egypt is the first country in the Middle East to issue green bonds and is launching an integrated

national financing framework that builds on Official Development Assistance (ODA)/SDG mapping.

Naadir Hassan, Minister for Finance, Economic Planning and Trade, Seychelles, highlighted success with debt-for-nature swaps and the launch of the first world sovereign blue bond. He called for including vulnerability issues in development cooperation and international debt architecture.

In the discussion, THAILAND highlighted their sustainable financing framework, Thailand's first sustainability bond, and the importance of robust public-private partnerships. MADAGASCAR called for comprehensive reform of the international financial architecture, focusing financing on national priorities, better debt management, and financing practices that take into account risks such as natural disasters and climate change.

FRANCE said countries need to respect their ODA commitments, noting France adopted a new law to increase ODA commitments in 2022 and beyond. He also called for early detection of financial distress and the need to mobilize resources from the private sector in line with the SDGs. THE STAKEHOLDER GROUP ON COMMUNITIES DISCRIMINATED BASED ON WORK AND DESCENT called for new partnerships for investments in health, food security, and digitalization.

NORWAY welcomed the debt service extension by the G20 and Paris Club, said private creditors should participate in the Debt Service Suspension Initiative (DSSI), and highlighted the key role of multilateral development banks. NEPAL mentioned its investment requirement for SDGs comprises 9% of its GDP, which requires development partners to live up to financing commitments.

FINLAND recommended closing the finance gap through blended finance as a vehicle for acquiring clean technologies. JAMAICA called for improving the quality of finance through innovative financing instruments that provide the necessary flexibilities to achieve the SDGs.

The ASIA PACIFIC CIVIL SOCIETY ENGAGEMENT MECHANISM stressed that investing in SDGs must address systemic global inequalities of wealth and power. SWEDEN discussed the importance of public-private partnerships and highlighted her country's historic commitment of assigning 1% of their GDP to ODA.

GUATEMALA said they are aligning their national development plan with the SDGs, highlighting that structural shortcomings in education and healthcare persist. INDONESIA discussed the significant fiscal concerns countries are facing and his country's national economic recovery plan, which includes impact investments and the issuance of SDG bonds.

The NGO MAJOR GROUP recalled the 2030 Agenda is explicitly anchored in a human rights-based approach, which also applies to financing. The WOMEN'S MAJOR GROUP stated that the neoliberal system has influenced governments' reduced funding on issues having an impact on women and girls,

especially in marginalized communities, who have to fill the gaps left by states' retreat from the public sector.

In a discussion among the panelists, Bárcena, noted concern in her region about recovery from the pandemic, given the inequalities on vaccine rollouts. She promoted giving middle-income countries a liquidity boost, establishment of a debt alleviation initiative, and progressive taxation to combat tax evasion and liability funding. Chang warned that we should not undermine the integrity of the asset class and instead should look at creative ways to use guarantees. She suggested a framework that could increase private sector participation and enable official creditors working together to develop instruments to tap into private capital and assist developing countries to emerge from debt.

Gelpert emphasized the role of multilateral organizations, and encouraged an interoperable coherent database that allows for more transparency in information to connect different groups. Angelovska also stressed the need for more transparency to place pressure on institutions responsible for implementing projects. Braganza noted transparency is needed to enable citizens to understand what development partners are doing. Al-Mashat described her country's efforts using: multi-stakeholder platforms and common language with development partners to put people at the core of projects, and COVID-19 as a driver to operationalize theory.

Moderator Kharas concluded that there was a common theme of a need for innovation but also many practical innovative examples at the country-level, as demonstrated by the panelists.

### ***Voluntary National Reviews***

UN Deputy Secretary-General Amina Mohammed said VNRs have become a centerpiece of the HLPF, noting that 177 countries have presented at least one VNR, demonstrating commitment to the 2030 Agenda. She hoped this year's VNRs will allow the HLPF to discuss recovery plans and strategies to achieve the SDGs by 2030. She highlighted how VNRs have increased transparency while strengthening institutions and ministerial cooperation, and commended the 100 UN country teams and UN economic commissions for their VNR preparation support.

**Panel 1:** AZERBAIJAN presented their third VNR. He reported on their National Coordinating Council for Sustainable Development that consults with the scientific community, NGOs, civil society, and the private sector. Their new socio-economic strategy covering the period 2021-2025 is being adapted to the SDGs. He noted several reforms in 2019 including doubling the minimum wage and increasing pension levels. In response to COVID-19, he said more than 2 million people—30% of the population over 18 years old—have received the vaccine, they are expanding unemployment benefits, improving healthcare systems, and restoring the economy. He outlined how the end of the Nagorno-Karabakh conflict is providing greater peace and stability, which are prerequisites for sustainable development.

The CZECH REPUBLIC presented their second VNR, noting they are among the top 10 countries making progress on the SDG

targets. They highlighted climate change and the Czech Republic's green transformation to protect the environment and biodiversity, plant 10 million trees, reduce water use, reduce waste, and end coal production. They highlighted increased expenditures for research and development, education, job training, healthcare, and addressing unemployment due to phasing out coal production. However, they acknowledged less progress on SDG 5 (gender equality) and that more systemic changes are necessary.

EGYPT presented their third VNR, which includes a strong participatory approach and is aligned with the Egypt Vision 2030. The VNR includes evidence based on 27 reports from Egyptian governorates, which depict the current values and SDG targets and indicators in all governorates to target local developmental gaps. She stressed that this VNR focused on a whole-of-society approach, and shows many achievements, such as their 100 Million Healthy Lives Initiative, a decrease in poverty rates, a recently created sovereign wealth fund; and Egyptian green bonds to help fight climate change.

QATAR presented their third VNR and highlighted their integrated programme to confront the COVID-19 pandemic, which has led to minimal losses in life. He stated that the progress in achieving the 2030 Agenda includes incorporating a knowledge-based economy, supporting research and development, and relying on comprehensive statistical data. He highlighted that the Qatar National Vision 2030 includes a perspective of equality and justice, considering the needs of vulnerable groups by providing training and employment opportunities. He also mentioned the importance of hosting the first carbon-free FIFA World Cup in 2022, and the value of well-ranked educational institutions.

In questions to Azerbaijan, TURKEY asked how the end of the Nagorno-Karabakh conflict will contribute to ensuring peace, security, and development in the region. The UN-ECE REGIONAL CIVIL SOCIETY ENGAGEMENT MECHANISM asked how it will address discrimination against women and girls and ensure meaningful participation of marginalized groups and its plans to follow up on its VNR. The CZECH REPUBLIC noted that Azerbaijan still lags behind on gender mainstreaming and ratifying the Istanbul Convention Action on violence against women and girls. AZERBAIJAN responded that the end of the Nagorno-Karabakh conflict was a major historical accomplishment, and it anticipates better regional cooperation, communication, and transportation and trade between Azerbaijan and Turkey through Armenia and Russia as a result. He added they are also consulting with regional and international NGOs to ensure issues with gender equality are fully addressed and will dedicate 4% of its GDP and public awareness raising campaigns to energy efficiency.

In questions to Egypt, CHINA asked about the involvement of relevant stakeholders on important reforms. The NGO MAJOR GROUP said key development challenges remain, particularly with regard to water scarcity, violence against women, and public debt. In response, EGYPT maintained that: there is no increase in

its public debt and its economy is growing despite the pandemic; it strengthened national legislation to curb violence against women; and has invested USD 50 million in rural development.

AZERBAIJAN asked Qatar about participation and comprehensive dialogue with relevant stakeholders. The MAJOR GROUP FOR CHILDREN AND YOUTH pointed out that challenges remain with regard to poverty eradication, rights of migrant workers, and gender equality. QATAR responded that it has a number of strategies in place to address the continued challenges and is engaging partners in civil society to grapple with these challenges.

**Panel 2:** In its VNR, NIGER reported a number of small, pre-pandemic improvements towards the SDGs, including decreases in overall poverty levels, chronic malnutrition, maternal and infant mortality, HIV prevalence, and increases in life expectancy, tuberculosis vaccination, and GDP. These improvements were significantly affected by the pandemic. He noted challenges to bolster promotion of good governance, rethink the education system, develop human capital especially through a focus on the education of girls and improved healthcare, improve territorial integrity, fill data gaps and integrate data, and mobilize domestic resources.

URUGUAY presented its third VNR and described the establishment of a Solidarity Fund that increased investment from 1.4 to 1.7% of GDP this year, establishment of a National Resettlement Plan, and noted 60% of the population had received their first COVID-19 vaccine dose. He emphasized development of public policies for education, social protection, and a people-centered society, including an education programme focused on the most vulnerable. He said financial sustainability is a major challenge and noted a committee of experts was formed to make recommendations towards a forthcoming law, and said capital and environmental markets need to be aligned and business models need to be associated with the SDGs.

COLOMBIA highlighted the participatory methodology used to prepare its third VNR, which includes input from civil society, academia, and the private sector. He said the SDGs have been incorporated throughout government and more than 98% of the indicators in the 2018-2022 National Development Plan are aligned with one SDG. Significant progress was interrupted by COVID-19, but new programmes were able to reduce the poverty increase by giving out tax exemptions to the poorest and providing support to household income in rural areas. He described their Multi-Stakeholder Platform and the SDG Corporate Tracker.

In questions to Niger, CHAD asked about measures it used to measure its GDP and BURKINA FASO asked how it is dealing with the security issues that led to internally displaced people and refugees. NIGER responded, describing its efforts to manage the pandemic, and said that all internally displaced people should be able to return to their villages by the end of 2021 and called for more funding from development partners to assist in this effort.

In questions to Uruguay, PARAGUAY asked about their socio-economic transformation and how they are overcoming

challenges. BRAZIL asked how it is ensuring that COVID-19 recovery policies are aligned with the 2030 Agenda. The WOMEN'S MAJOR GROUP asked about involving civil society. URUGUAY said key obstacles are long-term economic growth stability and restrictions to international trade, and education gaps. He said Uruguay's COVID-19 mortality rate is lower than the regional and global average.

In questions to Colombia, SWEDEN asked how the Multistakeholder Platform can promote inclusion for the marginalized and result in implementation. MOROCCO asked about the major challenge that COVID-19 brought to SDG implementation. The NGO MAJOR GROUP asked about the protection of human rights defenders. COLOMBIA emphasized the challenge of exacerbated inequalities and its plan for reparations.

**VNR Panel 3:** CABO VERDE presented its second VNR. He reported that Cabo Verde has performed well in achieving gender equality through mainstreaming actions and parity in positions of power. Cabo Verde 2030 will align with Africa's Agenda 2063 and will be implemented with participation from various public and private stakeholders. The national strategy for 2030 will focus on combatting poverty, and promoting health, housing safety, and economic diversification, green economy, improving electrical mobility, and transforming the agricultural sector. He added that debt forgiveness is essential to recover from the pandemic and meet its ambitions.

GUATEMALA presented its third VNR. She said her country was one of the first to incorporate the SDGs in national planning tools. Guatemala will also allocate 7% of the budget to the SDGs and standardize agricultural practices to boost food productivity. Guatemala set the goal to establish four hospitals and surpassed this with six hospitals built and one in construction. Employment remains a priority for Guatemala and the IMF projects 4.5% growth in 2021. Since 2020, it has implemented more than 200 actions for the national implementation strategy for the SDGs.

MEXICO presented its third VNR, explaining it had strengthened its institutional structure to ensure coordination at the highest decision-making level and improve the mechanism for participation at all levels. At the same time, she said different branches of government had established groups to push forward implementation of the SDGs, and both a national strategy and framework of indicators and a national development plan exist to enhance alignment with the 2030 Agenda. She noted the issuance of a sovereign bond aligned with the SDGs and other thematic bonds for the productive inclusion of women.

In questions to Cabo Verde, FRANCE asked what challenges exist to reaching an acceptable level of gender equality. PORTUGAL asked about climate change adaptation and sustainable tourism. The NGO MAJOR GROUP queried specific actions taken for the most vulnerable. On gender equality, CABO VERDE said challenges include economic opportunities for women, specifically the sustainability sectors and digital economy,

and policies on violence, reproductive health and rights, and training for boys. On tourism, he described that all municipalities are trying not to undermine the environment and are instead trying to involve creative industries and business sectors. On climate, he noted public policies to improve climate governance and local resilience, and combat poverty.

In questions to Guatemala, MEXICO asked about containing the effects of climate change and the pandemic. EL SALVADOR asked about progress in planning and financing a national plan towards 2030 Agenda and how it identified priorities. The NGO MAJOR GROUP asked how it can guarantee social inclusion, finance malnutrition, and address persistent poverty and corruption. GUATEMALA noted its work to financially assess recent natural disasters and allot funding for future catastrophes, and described a multi-stakeholder platform of government and 18 civil society representatives and Indigenous groups to inform policy alignment with the SDGs.

In questions to Mexico, SOUTH AFRICA asked about key challenges to identify and measure vulnerabilities. INDIA inquired about the roadmap to reform social programmes during the pandemic. The NGO MAJOR GROUP asked how Mexico planned to build accountability and transparency and protect human rights. MEXICO responded that it has: realigned its budget to focus on social programmes to respond to elderly, Indigenous Peoples, and those with disabilities, so rights are enshrined in constitutional reforms; expanded clean energy through hydroelectric, nuclear, and solar; and entered into a partnership with an NGO to do an independent review of SDG monitoring.

### *In the Cyber-Corridors*

While discussions continued in the virtual HLPF conference room on 8-9 July, a revised draft of the HLPF Ministerial Declaration was put under silence procedure by co-facilitators Amb. Jukka Salovaara (Finland) and Amb. Mohammed Hussein Bahr Aluloom (Iraq). Once again, silence was broken, reportedly over the issue of the right to self-determination of peoples living under colonial and foreign occupation, an issue that has led to a vote on the HLPF ministerial declaration in the past. The co-facilitators submitted the draft declaration to ECOSOC President Munir Akram for his consideration and submission for adoption on 15 July at a hybrid meeting so that participants can attend in person in the event a vote is needed.

Yet, at the same time, is a Ministerial Declaration that is drafted before the HLPF is even convened the "be all and end all" of the HLPF? Some argue that the real value of the HLPF is the panel discussions and the presentations of VNRs, which illustrate real on-the-ground ideas, needs and progress—or lack thereof—on achievement of the SDGs, while still recovering from the COVID-19 pandemic. While it is important to demonstrate that there is high-level support for the 2030 Agenda, some wonder if greater support at the national and local levels may carry more weight than a declaration.