Will COVID-19 derail progress towards the SDGs?

Sue Horton
University of Waterloo, Canada
sehorton@uwaterloo.ca
Outline

• How were the MDGs achieved and funded?
• How are the SDGs different? Can innovative finance provide sufficient support?
• Can this shift from “billions to trillions” succeed post-COVID-19?
What were the MDGs?
How were MDGs set?

- Millennium Summit of the UN 2000, led to the Millennium declaration (but no specifics)
- 2-year consultation process on goals
- Jubilee Debt initiative (debt accumulated in 1980s particularly)
- Detailed goals and targets were defined subsequently
- Baseline often 1990, so 25-year time span
Some targets were met

• The world reduced extreme poverty by half (proportion living on <$1.25/day fell from just under 50% in 1990, to 14% in 2015) (MDG1)

• Halving the proportion of those without safe drinking water achieved by 2010 – ahead of schedule (MDG7)

• Countries came close to gender parity in primary education (MDG3); primary enrolment was 91% in 2015, compared to 83% in 2000
But in other areas, more progress needed

- MDG7 – environment actions (sustainability; reduce biodiversity loss)
- MDG4a – child mortality goal (of 2/3 reduction): halved
- MDG5 – maternal mortality goal (of 75% reduction): decreased by 45%
Cost and funding

• Jeff Sachs estimated achieving the MDGs would require additional $73bn annually in 2006, increasing to $135bn annually in 2015

• Development assistance rose 66% in real terms 2004-2014; 5 countries exceeded the 0.7% of GDP target
New international organizations – with new business models
The SDGs

- Rio + 20 conference (2012) → SDGs
- 2-year consultation process, 10 million people: 17 goals & 169 targets (compared to 8 goals & 27 targets for MDGs)
- “One world” goals
- “Leave no-one behind”
Goal 16 (Peace, justice and strong institutions) targets

• Significantly reduce all forms of violence and related death rates everywhere
• End abuse, exploitation, trafficking and all forms of violence against and torture of children
• Promote the rule of law at the national and international levels and ensure equal access to justice for all
• By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
• Substantially reduce corruption and bribery in all their forms
• Develop effective, accountable and transparent institutions at all levels
Goal 16 targets (cont.)

- Ensure responsive, inclusive, participatory and representative decision-making at all levels
- Broaden and strengthen the participation of developing countries in the institutions of global governance
- By 2030, provide legal identity for all, incl. birth registration
- Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements
- Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime
How can the SDGs be financed?

- UNGA (2017) estimated $6 trillion annually for 15 years would be needed
- > 10 times the outstanding stock of lending of the largest 5 development banks
- 7% of world GDP in 2016
- Can innovative financing help?
  - Private philanthropy
  - Blended finance
  - Impact investment?
Private philanthropy – large scale
Private philanthropy – smaller scale
Blended Finance

COVID-19: How Blended Finance Responds
Convergence addresses how blended finance can play an important role in the medium-to-long term response to the pandemic.

Read More

CONVERGENCE IS THE GLOBAL NETWORK FOR BLENDED FINANCE

<table>
<thead>
<tr>
<th>Capital Mobilized</th>
<th>Member Institutions</th>
<th>Deals Currently Fundraising</th>
<th>Total Funding Sought</th>
</tr>
</thead>
<tbody>
<tr>
<td>$600M</td>
<td>206</td>
<td>70</td>
<td>$1.91B</td>
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</table>
Pandemic Emergency Financing Facility
Brookings Impact Bonds Snapshot – May 1, 2020

Contracted globally:
- 193 impact bonds across 33 countries
- Social impact bonds (SIBs): 182
- Development impact bonds (DIBs): 11

Contracted by sector:
- Employment: 62
- Social Welfare: 63
- Health: 29
- Education: 22
- Criminal Justice: 13
- Environment & Agriculture: 4

Key stats:

- Average contract duration: 51 months
- Average beneficiaries 11714 BUT over half serve 500 or fewer
- Average upfront capital $3.16 million
- Sum of upfront capital $420.77 million

Calculations based on available data

17 impact bonds contracted in developing countries*

- India (3)
- South Africa (2)
- Cameroon (2)
- Colombia (2)
- Argentina (1)
- Cambodia (1)
- Kenya & Uganda (1)
- Mali, Nigeria & DRC (1)
- Myanmar (1)
- Palestine (2)
- Peru (1)

Sectors:
Health (5), Education (3), Employment (5), Social Welfare (2), Agriculture & Environment (2)

Impact investing

• “Triple bottom line” – economic, social and environmental benefits

• First foundations to adopt this philosophy:
Adoption by private sector
Adoption by pension funds
COVID-19 and the SDGs

- In Africa, the pandemic has led to $100bn in private investment retreating
- At the same time as remittances have dropped $100bn
- > 85 countries went to the IMF for support by mid-April
- Gallager et al* (2020) estimate Emerging Markets and Developing Economies need $2.5t: IMF and regional banks only have $1.5t

Risks to SDGs go beyond financing

- ↓ multilateralism
- ↓ US commitments (WTO, WHO, etc.)
- ↓ remittances as migrants lose jobs
- ↓ use health services for non COVID-19
- ↓ Education
- ↑ Inequality – poor/marginalized most likely to lose jobs, to die, not to be able to learn from home, etc.
Achieving SDG goals could help in future pandemics

• SDG 5 gender equality
• SDG 3 health
• SDG 12 Responsible production & consumption
• SDG 15 Life on land

• Less gender violence under lockdown
• Universal health coverage would combat pandemic
• Reduced meat diet could ease meat-packing plant issues
• Could reduce threat of zoonotic diseases
Comments? Questions?
Sources

• Slide 23 graphic: https://www.project-syndicate.org/commentary/covid19-deglobalization-two-priorities-by-mohamed-a-el-erian-2020-05
