



Financing
for
Sustainable
Development
Report 2020

Key Messages

Full copy of the report at: bit.ly/fsdr2020

- The global economic recession and financial turmoil from COVID-19 are derailing the Addis Agenda and the Sustainable Development Goals (SDGs).
- Even before the pandemic, there was backsliding in many areas:
 - Official development assistance (ODA) to developing countries fell by 4.3 per cent and ODA to least developing countries (LDCs) fell by 2.2 percent in 2018.
 - One in five countries – home to billions of people living in poverty – were likely to see per capita incomes stagnate or decline in 2020.
 - Share of countries with vulnerabilities in non-bank financial institutions increased by almost 20 percentage points during the second half of 2019.
- Due to the COVID-19 crisis, global financial markets have witnessed heavy losses and intense volatility over the last month. Investors have moved around USD \$90 billion out of emerging markets -- the largest outflow ever recorded.
- Particularly worrisome is the prospect of a new debt crisis, compounded by tumbling prices for oil and other key commodities. Many LDCs and other developing countries were already at high risk of debt distress -- and the fall-out from the current crisis could significantly increase the number.
- The 2020 Financing for Sustainable Development Report calls for immediate actions and medium-term policy solutions:
 - Implement a globally coordinated stimulus package. Reverse the decline in aid and increased concessional finance.
 - Prevent a debt crisis. Immediately suspending debt payments from poor countries. Beyond the crisis, reassess debt sustainability and revisit existing mechanisms.
 - Use of capital account management.
 - Stabilize financial markets. In the medium-term, explore regulatory frameworks to limit over-borrowing for non-productive investments, such as repaying shareholders.
 - Partner with the private sector. In the short term, roll over debt to small and medium sized enterprises and individuals that are cash strapped. In the medium-term, promote sustainable investment.

- The COVID-19 pandemic should be the impetus to accelerate implementation of long-overdue measures to set the world on a more sustainable development path and make the global economy more resilient to future shocks.
- The 2020 Financing for Sustainable Development Report calls for building back better through:
 - Public and private investment in sustainable development, including in resilient infrastructure.
 - Strengthened social protection systems.
 - Investment in crisis prevention, risk reduction and planning.
 - Eliminating trade barriers and restrictions that affect supply chains.
- Digital technologies present tremendous potential for the SDGs, as highlighted by the use of technology to respond to the COVID-19 pandemic. But the pandemic has also highlighted inequities in access. And digital technologies raise new risks and challenges. Public policies should be adjusted to accelerate progress, address exclusion and risks of discrimination, and ensure benefits for the society at large, including decent jobs.