



Sustainable Development and Inclusive Globalisation: G20 Policy Actions in the time of COVID-19

5th Workshop organised and co-hosted by the OECD and UNDP (12 January 2021, 13:00-15:30 CET)

Held in virtual format

The COVID-19 pandemic changed the world. Some countries still struggle with increasing case numbers, while others start recovering; some populations still face severe restrictions of everyday life, while for others containment measures have largely been lifted. Leadership is required more than ever to compensate for unprecedented development setbacks that have eradicated years of progress, as well as for charting a course that takes the world from global disruption in 2020 to global sustainable development in 2030.

Having been elevated to its current form against the backdrop of the 2008 Financial Crisis, once again, the G20 is faced with a disruption of global proportions. Then as now, the consequences for developing countries are severe. With only 10 years left to achieve the Sustainable Development Goals, the distance to cover has grown in many respects over the last months. The 2030 Agenda remains the blueprint to advance towards an inclusive and sustainable recovery, and international cooperation is indispensable. Once again the G20 can play a critical role in taking on the challenge of our time: paving the way for a global recovery on a more sustainable development path.

As previous editions of the workshop, the 2020 edition will again focus on providing a platform for reflection and engagement, bringing together DWG delegates with experts, representatives of non-G20 countries, G20 engagement groups, and other guests for mutual exchange and inspiration. The discussions will highlight the G20's potential to lead the world out of the COVID-19 crisis and towards a more sustainable and more inclusive form of globalisation.

Given the current context and the need to organise the event virtually, the length and format of the workshop will have to be adjusted. Differently from previous editions, interactive breakout sessions will not be organised and the discussion will take place in the form of webinar panels, with moderators, followed by discussion.

Overall objectives

The annual **OECD-UNDP G20 workshops** aim to support G20 Members to:

- Pursue and strengthen the implementation of the G20 Action Plan on the 2030 Agenda and its updates (Hamburg, Buenos Aires, Osaka, Riyadh) to accelerate global process towards the SDGs.
- Discuss G20 collective action on sustainable development focusing on the DWG's role as "coordinating body" and "policy resource" as well as its contribution to accelerate sustainable development actions across G20 work streams: intervention gaps, urgent needs, and value added.
- Ensure continuity of work and smooth transition between G20 presidencies priorities in designing whole-of-G20 approaches and elaborating on a multiyear G20 agenda-setting.

- Strengthen the continuous and timely multi-stakeholder dialogue through an annual structured exchange feeding into the G20 policymaking.
- Foster peer learning, knowledge sharing, and lessons learned to ensure continuous improvement in G20 DWG approaches.
- Explore the development of joint initiatives leading to collective actions and/or enhanced international cooperation for sustainable development.

In pursuit of these overarching objectives, the 5th edition of the workshop will help G20 delegates and workshop participants reflect specifically upon the following issues:

- How can the G20 define a unique value-adding, whole-of-G20 response to the COVID-19 crisis and to a strong, sustainable, balanced and inclusive recovery? In particular, what should be the priority actions for the G20 to support developing countries embark on a more sustainable development path to build back better and greener, and to achieve the 2030 Agenda and the SDGs?
- How can the DWG contribute effectively to the G20 response to the crisis, linking to other G20 actions, notably in the finance track and help chart a course from the crisis to realising the 2030 Agenda by 2030? How can the DWG build on its past achievements and innovate where necessary, introducing topics of strategic importance, to lay out a compelling narrative and deliver concrete results for developing countries?

To that effect, a range of stakeholders will provide fresh insights and ideas during two moderated panels to spur a reflection for the benefit of G20 delegates.

Participants

G20 members (DWG delegates, ministries in charge of national sustainable development strategies), invited non-G20 members, including low income and developing countries, international organisations, selected experts as input speakers, G20 engagement groups, including B20, C20, L20, U20, T20, W20, Y20. Overall: around 70-100 participants. Representatives from developing countries will also be invited as well as representatives from the Commonwealth and the Francophonie organisations.

Agenda

12 January 2021, Online Webinar – 13:00-15:30 CET

13:00-13:05 Welcome: Federico Bonaglia (OECD Development Centre) & Thierry Soret (UNDP)

13:05-13:25 Opening remarks & introduction: The Sustainable Development Agenda after the Riyadh Summit

- H.H. Princess Haifa Al Moqrin, Permanent Delegate of the Kingdom of Saudi Arabia to the UNESCO
- H.E. Amb. Pietro Benassi, Italian G20 Sherpa
- Nicolas Pinaud, OECD Sherpa, OECD
- Haoliang Xu, Assistant Secretary General, Director of BBPS, UNDP

13:25-14:25 Session 1: Financing Sustainable Development in the COVID-19 context (60 min)

Covid-19 is setting back decades of progress in many developing countries. Financing for Sustainable Development (FSD) is off track to achieve the Sustainable Development Goals (SDGs) by 2030. The 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on Financing for Development (AAAA) outline the resources needed to achieve the SDGs, however, mobilization and alignment of finance for sustainable development are far from meeting the needs, especially in low income and developing countries (LIDCs).ⁱ To fill the gap, more public and private sustainable development finance is needed.

FSD was one of the key priorities of the Saudi G20 Presidency. The Development Working Group (DWG) adopted the *G20 Financing for Sustainable Development Framework*, focused on efficient mobilizing all viable sources of finance (public, private, domestic, international) and its alignment to sustainable development. And under the finance track the G20 adopted the *Debt Service Suspension Initiative* (DSSI) for the world's poorest countries. Now extended until June 2021, this initiative created much needed fiscal space for many developing countries confronted with growing expenditures and declining revenues. In addition, the G20 adopted a *Common Framework for Debt Treatments* beyond the DSSI. Taken together, these G20 actions offer a comprehensive approach to sustainable development finance well into 2021. Italy, as G20 presidency for 2021, has announced its commitment to continue to advance the FSD agenda of the G20.ⁱⁱ

This session will address various aspects of how a re-purposing of finance towards sustainable national financing strategies can be achieved. This will include: mobilising public and private finance with a particular focus on innovative financing instruments, such as blended finance mechanisms, sustainability bonds, debt for climate swaps or debt for SDG swaps; expenditure and SDG-alignment, leaving no one behind and harnessing national financing strategies, such as INFFs (Integrated National Financing Frameworks); and impact, highlighting international initiatives to measure and manage the extent that financial flows are actually contributing to the SDGs (advancing commitments to end SDG 'washing').

Several of these aspects are mutually reinforcing and the G20 can lead international efforts to lay the ground for an inclusive and sustainable recovery from the COVID-19 pandemic for developing countries. Specific attention will be devoted to the role of innovative financing instruments, the catalytic role of public finance, how to incentivise and SDG-align private sector resources, and emerging lessons from INFFs implementations to better align financial and sustainable development strategies in the context of the recovery.

This session aims to produce ideas for how the G20, in a coordinated effort between the DWG and the finance track, could take the FSD agenda forward holistically in 2021 and beyond.

Moderator: Mr. Marcos Neto, Director, UNDP Finance Hub

Keynote Speaker (10 min)

- Mahmoud Mohieldin, IMF Executive Director (designated) and former Special Envoy of the UN-SG on financing the 2030 Agenda
 - *The Sustainable Development Finance Agenda in light of the COVID-19 pandemic; SDG financing strategies for Low Income and Developing Countries and how to promote greater finance alignment with the SDGs.*

Panel discussion (40 min):

- Dr Zainab Shamsuna Ahmed, Minister of Finance, Nigeria (TBC)
 - How does Nigeria see the role of INFF for the financing of its development? How can the G20 support an INFF-participating country?
- Ms Shamshad Akhtar, Chair of the Board of Karandaaz Pakistan
 - The debt challenge in developing countries, SDG Alignment, and how to implement debt for SDG swaps?
- Mr Christophe Bories, Acting French Co-chair of the G20 IFA Working Group
 - How does the G20 Finance track contribute to financing development in the COVID-19 context and beyond?
- Ms Imme Scholz, Deputy Director, German Development Institute, member of the Think 20
 - Innovative financing instruments for sustainable development (such as blended finance mechanisms, investment guarantees, and SDG, green and diaspora bonds). How to harness their potential? What role for the G20 in advancing these instruments?
- Mr Haje Schütte, Senior Counsellor and Head of FSD, OECD Development Co-operation Directorate
 - Holistic financing strategies for resource mobilisation, alignment, and impact. How could the G20 DWG increase mobilisation of public and private finance and advance the SDG alignment agenda?

Q&A session (10 min)

Wrap up by moderator

Virtual Coffee break (5 minutes)

14:30-15:30 Session 2: Territorial development and SDGs localization (60 min)

The pandemic has highlighted the key role of local authorities in confronting the crisis but also the persistent vulnerabilities and disparities between urban and rural areas, and between large and small cities. Most extremely poor people live in rural or peri-urban areas. More and better jobs – especially for women and youth – are needed to enhance incomes and secure livelihoods in these areas. Global trends in population growth and urbanization rates of developing countries require that rural areas become more productive, more sustainable, and better connected to urban centres to generate more employment opportunities. Structural transformation for job creation in rural areas is part and parcel of the realisation of Agenda 2030 and is closely related to both greater diversification of rural livelihoods and better connectivity to urban centres.

Cities, notably small and medium ones, are crucial, transformative actors for sustainable development, including in the response to the pandemic. They have a significant, but unexploited, potential to advance rural transformation and food security, by strengthening rural-urban linkages, and contribute, through job creation and service provision, to youth inclusion, gender equality and women's empowerment. Moreover, despite being particularly vulnerable to environmental and climate risks, many small and medium sized cities in developing countries lack the necessary resources and agency to properly confront these challenges. More attention is needed to understand how local authorities contribute to the realisation of the SDGs and what approaches work best to localise the SDGs in different contexts.

As stressed in the 2019 [Seville Commitment: Cementing a Local-Global movement to Localizing the Sustainable Development Goals](#), the SDG localization process is essential to enhance the implementation of the 2030 Agenda through a bottom-up approach. Localising the SDGs is both about the adaptation of global goals to the local level and finding solutions at the local level for global challenges. To that effect, national frameworks must empower local actors to develop and lead SDG strategies.

The transformative potential of rural-urban connectivity and the importance of adopting a territorial approach to the SDGs are well-established (e.g. [Global Donor Platform for Rural Development, 2019](#); [FAO-OECD-UNCDF, 2016](#); [OECD, 2016](#); [OECD, 2020](#)). Still territorial approaches receive insufficient attention in national development plans and from international partners. Sectoral policies are often implemented without a spatial lens and rural and urban development are dealt with in isolation one from another.

Recent G20 initiatives such as the G20 initiative on Rural Youth Employment (2017), the G20 High Level Principles on Sustainable Habitat through Regional Planning (2018) and the G20 Guidelines on Quality Infrastructure for Regional Connectivity (2020) laid the grounds for addressing territorial development and advancing the localisation of the SDGs.

This session will explore how the G20 can support developing countries to achieve more inclusive and balanced territorial development and leverage the role of local authorities to respond to current and emerging challenges and achieve the SDGs. Specific attention will be devoted to urban/rural connectivity and the role of cities, notably intermediary ones, for building the recovery and promoting sustainable transformation and development.

Moderator: Firdaous Oussidhoum, Special Adviser to the UCLG Secretary General

Panel discussion (50 min):

- A Mayor's perspective: what specific challenges local authorities, especially intermediary cities, face in realising the SDGs? How can the G20 help?
 - Mayor Mohamed Sefiani: a view from Chefchaouen, Morocco;
 - Mayor Manuel de Araujo: a view from Quelimane, Mozambique;
- The academic perspective: what does the evidence tell us?
 - Felicity Proctor, International expert: what needs to change to build inclusive rural-urban linkages and build diversified and resilient local economies?
 - Paula Caballero, RARE: how can local authorities better cope and respond to climate change?
- The multilateral perspective: how to build partnerships for effective international action?
 - Mario Pezzini, Director, OECD Development Centre, Special Advisor to the OECD Secretary-General on Development;
 - Shipra Narang Suri, Chief, Urban Practices Branch, at UN-Habitat

Q&A session (10 min)

Wrap up by moderator

Closing: Federico Bonaglia (OECD Development Centre) and Thierry Soret (UNDP)

ⁱ Even prior to the COVID-19 crisis, financing for sustainable development was falling short, with an estimated annual gap of 2.5 trillion dollars. Developing countries now face an estimated gap of 1 trillion dollars in COVID-19 emergency and response spending. And in 2020, external financing to developing countries is expected to drop by 700 billion dollars. The annual SDG financing gap in developing countries could thus increase by 1.7 trillion dollars, or by about 70%.

ⁱⁱ A First G20 Finance Track meeting took place on 3 December 2020 to discuss development finance and how aid financing can be made more efficient and effective through Country Platforms. Under the Sherpa track, Italy announced four DWG meetings, and a Foreign and Development Joint Ministerial session on 29 June 2021 and a Development Ministerial Session on 30 June 2021.