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IMPACT OF COVID-19 ON THE SUSTAINABLE DEVELOPMENT GOALS

According to the OECD's latest Global Outlook on Financing for Sustainable Development, developing countries are facing a shortfall of USD 1.7 trillion in the financing they would need this year to keep them on track for the 2030 Sustainable Development Goals (SDGs), as governments and investors grapple with the health, economic and social impacts of the COVID-19 crisis.

The projected USD 1.7 trillion shortfall for 2020 adds to an existing gap of USD 2.5 trillion in annual financing for developing countries towards achieving the 17 SDGs by 2030. Meanwhile, 90 out of 122 developing countries are now in economic recession as the virus hurts sectors like tourism, manufacturing and commodities. The pandemic also risks putting pressure on flows of development aid from advanced to developing economies.

At USD 379 trillion, global financial assets are at their highest value since before the global financial crisis, yet 80% of these assets are held in advanced economies and a lack of universally accepted criteria means that little is known about their sustainable development and climate impact, the report says. Just 20% of financial assets are held in developing countries, where more than 80% of people on the planet live. According to the report, reallocating just 1.1% of the total assets held by banks, institutional investors or asset managers – USD 4.2 trillion – would be sufficient to fill the gap in SDG financing.

Fixing the inefficiencies in financial and taxation systems that enable money to drain away from developing countries through tax evasion and avoidance and high remittance transfer fees (which averaged 7% over 2017-19) would help to improve the geographic distribution of assets.

Under a 'COVID Baseline' scenario, the pandemic could raise the number of people living in extreme poverty by 44 million in 2030. Uncertainties are manifold and under a 'High Damage' scenario, the world could see a staggering 251 million people driven into extreme poverty by the pandemic, bringing the total number to 1 billion by 2030. Our research also shows that an ambitious but feasible set of integrated SDG investments has the potential to exceed the development trajectory the world was on before the pandemic, even when taking COVID-19 impacts into account.

With 48 targeted investments in governance, social protection, green economy and digitalization under the 'SDG Push' scenario, we can reduce the number of people living in extreme poverty by 146 million in 2030 relative to the 'COVID Baseline' scenario – and narrow the gender gap, as 74 million women and girls are lifted out of poverty. And while the risk of falling into poverty is highest in countries that are affected by war and conflict, it is also here that the greatest gains can be made: a majority of the 146 million people escaping poverty live in these settings, including 40 million women and girls.

The benefits are echoed across additional human development indicators, including nutrition and education. In 2030, about 128 million adults and 16 million children are likely to escape malnutrition with the interventions, and the proportion of children graduating from upper secondary school rises from the estimated 66 percent to 70 percent. This can be compared with the High Damage scenario where an additional 37 million people are likely to be malnourished, including 4 million children under the age of five, and the global upper secondary school graduation rate plummets to 64 percent.

References

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