Meeting of the Members of the Council on the 2030 Agenda for Sustainable Development

1 March 2021

Draft Agenda

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Venue: Virtual via Zoom

Chair: Mr. Angel Gurría, OECD Secretary-General

Monday, 1 March 2021

12:00-12:45 **Opening Session: Meeting the Challenge of Financing the 2030 Agenda for Sustainable Development in the COVID-19 Era**

- Welcome remarks by Mr Angel Gurría, OECD Secretary-General
- Keynote address by H.E. Mr Munir Akram, President of the UN Economic and Social Council and Permanent Representative of Pakistan to the United Nations
- Perspectives from key OECD bodies:
  - Ms Susanna Moorehead, Chair of the OECD Development Assistance Committee
  - H.E. Mr Manuel Escudero, Chair of the OECD Development Centre Governing Board and Permanent Representative of Spain to the OECD
- Open discussion (see guiding questions)

In September 2019, at the first SDG Summit since the adoption of the 2030 Agenda in 2015, world leaders committed to "gearing up for a decade of action and delivery for sustainable development". To deliver on this promise – and ultimately on the 2030 Agenda – the availability and efficient use of financial resources is essential, in particular as we aim to 'build back better' from the COVID-19 crisis, which is having a profound socio-economic impact in all countries and especially developing countries.

Even before the pandemic hit, an estimated USD 2.5 trillion was needed annually to bridge the SDG financing gap. As the crisis continues to unfold, the 'scissor effect' of SDG financing – growing needs and declining resources – becomes increasingly magnified. According to the 2021 OECD Global Outlook on Financing for Sustainable Development, the annual SDG financing gap could increase by USD 1.7 trillion due to the COVID-19 crisis in developing countries alone. The pandemic has dealt a heavy blow to public finances in countries at all stages of development, precipitating a substantial reduction in public revenues at the same time as governments introduced emergency spending measures to make available vaccines, support health services, provide income support and keep businesses afloat. The fiscal consequences of the pandemic could constrain spending for years to come, jeopardising the attainment of the SDGs.

If sufficient funds to achieve the SDGs are to be raised, official development assistance (ODA), funds from development finance institutions, domestic resources, private finance and philanthropy all have a role to play. Collectively, we have come a long way in some areas, for instance in increasing fair, transparent and effective taxation, including through new international tools and standards (e.g. BEPS and Automatic Exchange of Information). For its part, ODA has been a relatively stable and predictable resource to support developing countries in coping with challenges, focusing on peoples' welfare, going where other (private) finance does not. Yet, challenges remain: Despite the international community's commitment to leveraging the 'unlocked capital' in the global financial system, this finance is still not channelled towards sustainable development at the scale and speed required. Despite a growing recognition by governments and the financial industry of the value of sustainable investment, more needs to be done to mobilise additional resources by decreasing investment risks and encouraging commercial finance providers through approaches like blending. Moreover, given the increasingly complex landscape of actors and instruments to finance the 2030 Agenda, a common framework to evaluate and enhance the impact of financing, drawing on the OECD-UNDP Framework for SDG-Aligned Finance, is needed. While the financing gap is most significant for developing countries, all countries need to take action to ensure that sufficient resources are dedicated to deliver on the SDGs.

Speakers will set the scene by reflecting on where we stand, as an international community, on financing the 2030 Agenda. In the subsequent sessions, participants will have the opportunity to explore specific aspects of SDG financing in the COVID-context.

Guiding questions for discussion:

- *What can countries do to leverage finance to address the public health dimension of the 2030 Agenda amidst the COVID-19 crisis, and ensure human security for all, including the most vulnerable?*
- *How can countries collectively address the "scissor-effect" of SDG financing, which has been further magnified by the COVID-19 crisis? What can the OECD do to support such efforts?*
- *How can countries better mobilise and align public and private resources with the 2030 Agenda as a framework for long-term sustainable and inclusive recovery? Along the investment chain, how can countries ensure policy coherence across domestic and international financing strategies?*

12:45-13:25 **Session 1: Leveraging private investment to foster progress towards the SDGs**

- Address by Mr Gabriel Yorio González, Deputy Minister of Finance, Mexico
- Address by H.E. Mr Raymund Furrer, Head of the Economic Cooperation and Development Division, State Secretariat for Economic Affairs, Federal Department of Economic Affairs, Switzerland
- Open discussion (see guiding questions)

Further keynote speakers will be identified among participants.

Investing in the SDGs goes beyond an ethical imperative - it is an opportunity to mitigate the worst effects of crises like COVID-19 through the creation of more resilient societies. While the role of ODA, international aid policies and multilateral development banks is critical, especially in the short-term, downward pressure on public budgets underlines the need for greater private sector involvement in financing the SDGs. Total assets held by banks, institutional investors and asset managers are valued at more than 379 trillion dollars, having grown by almost 6% per year since 2012. Shifting only 1% of these financial assets annually could be enough to fill the growing gap in financing for sustainable development. Leveraging private funds through blended finance and other innovative financing approaches is crucial to decrease risk and foster enabling environments for private investment. Beyond business, private philanthropic flows hold a potential to foster progress towards the SDGs but their exact scope and potential need to be better understood and leveraged. There is also great potential for harnessing private finance and investment for local development, by bridging gaps between the priorities of cities and regions and private solution providers and investors.

However, every dollar mobilised must be aligned and compatible with the SDGs. Assessing SDG alignment across different sources of financing is challenging and without more consistent approaches to measurement there is a risk of SDG-washing. Developing a common framework of policies, tools and standards as well as joint public-private action plans to align finance and investment with the SDGs for a wider set of actors will be imperative to reach the Goals. Existing principles and standards, including on responsible business conduct, can play an important role in this regard. The promotion and harmonisation of effective impact management and measurement strategies can help countries achieve the 2030 Agenda by integrating non-financial measures which account for positive and negative externalities, pushing investors to move beyond environmental, social, and corporate governance as well as risk management considerations and towards impact.

Governments and regulators play an important role in increasing the efficiency of markets to leave no one and no Goal behind. Beyond mobilisation and alignment in the financial system, an open, non-distortionary and transparent investment climate, coupled with the appropriate policy frameworks, drawing on the [OECD Policy Framework for Investment], can help restore trade and enable quality private investment, thereby increasing economic resilience in OECD and partner economies while accelerating progress towards the SDGs.

Guiding questions for discussion:

- *Which forms of innovative and blended finance can be deployed to mobilise resources in support of countries with the greatest needs? What role can the OECD play to ensure these efforts deliver impact?*
- *How can the OECD contribute to an actionable and harmonised framework to align finance and investment with the SDGs? What standards, tools and frameworks are countries using to improve the quality and impact of financing? Which areas are not covered by existing frameworks and tools?*
- *How can development cooperation help partner countries' efforts to develop policy frameworks for sustainable investment and responsible business conduct?*

13:25-14:05 **Session 2: Looking at the role of tax in delivering the SDGs**

- Address by Ms María José Garde, Director General, General Directorate for Taxation, Ministry of Finance, Spain
- Open discussion (see guiding questions)

Further keynote speakers will be identified among participants.

Both the 2030 Agenda and the COVID-19 crisis require all countries to reassess whether their tax systems are 'fit for purpose' in meeting the many long-term and structural challenges they face, including the need to make progress against the SDGs at both the international and domestic level. Harmonised tax data for more than 100 countries contained in the *Global Revenue Statistics* database demonstrates the wide disparity in countries' capacity for domestic resource mobilisation, with tax-to-GDP ratios typically higher in advanced economies and lower in the low-income countries that have the furthest to go to achieve the SDGs. At the international level, as ODA is under pressure and fiscal space is decreasing for many countries, it is imperative that all countries are able to benefit from recent developments in the international tax system, such as the BEPS Actions, standards on VAT for e-commerce, and Automatic Exchange of Information standards.

At the domestic level, the potential for tax in delivering the SDGs goes far beyond the obvious role of tax revenues for financing development. Tax systems have an important role to play in raising revenues from those with the greatest capacity to contribute, in promoting social protection and opportunities for the most vulnerable groups, including women, youth and informal workers, in encouraging behaviours that are conducive to achieving the SDGs, such as environmental protection or innovation, and in facilitating tax compliance by simplifying and improving the efficiency of tax administration. Reforms to make tax systems SDG-responsive therefore need to consider not only the impact of taxation on specific Goals, but also broader impacts on inclusiveness and sustainability outcomes, as well as the political economy challenges of implementation and compliance.

Creating SDG-responsive tax systems requires a holistic approach. For example, in ensuring sustainable financing of health systems, it is necessary to look across the board at the combined effects of different taxes in raising revenues, encouraging healthy behaviour, promoting economic participation and formality, and facilitating effective social protection/insurance schemes.

While well-designed environmental taxes can incentivise citizens and businesses to make cleaner choices, and can help mobilise domestic resources, they also have distributional effects that need to be managed.

Guiding questions for discussion:

- *What have countries learned from efforts to make their tax systems SDG-responsive? What opportunities does the COVID-19 crisis create for more ambitious reforms as countries prepare to 'build back better'?*
- *What further measures can be taken to ensure that all countries can fully benefit from international tax standards?*
- *What can the OECD do to help countries individually and collectively leverage tax to deliver on the SDGs amidst the COVID-19 crisis?*

14:05-14:45 **Session 3: Making strategic use of the budget process and public procurement to accelerate progress on the SDGs**

- Address by Ms Alexandra-Maria Bocșe, State Adviser, Head of the Department of Climate and Sustainability, Presidential Administration, Romania
- Open discussion (see guiding questions)

Further keynote speakers will be identified among participants.

Accelerating progress towards the SDGs will require countries to improve policy integration, address synergies and potential trade-offs between economic, social and environmental priorities, and engage the whole of government in concerted efforts for alignment and coherence. The OECD recommends that countries make strategic use of the budget process and public procurement systems to manage synergies and trade-offs and prioritise investment that focuses on sustainable development. This is becoming particularly relevant in the recovery from the COVID-19 pandemic.

To address related challenges, momentum has gathered for a set of "priority budgeting" approaches, such as gender-budgeting, green-budgeting or well-being budgeting. In the context of the 2030 Agenda and the COVID-19 crisis, SDG budget tagging can be used to identify recovery measures that can contribute to specific Goals, helping governments design overall packages that spur progress towards national objectives. A number of countries are screening budget requests based on their contribution to the national sustainable development strategy which allows not only to increase the focus of policies but also identify areas where trade-offs or synergies across government could be enhanced. At the subnational level, cities and regions increasingly use the SDGs as a budgeting tool and a framework to foster integrated multi-sectoral programmes and priorities.

To avoid 'SDG-washing' and instead enable 'SDG-proofing', efforts need to go beyond a pure accounting exercise and offer synthetic information on the way governments resource their priorities, spurring a systematic whole-of-government response that strategically advances the country towards achieving the SDGs. An effective means to do that is to leverage public procurement, which accounts for one third of government budgets on average. When used strategically, public procurement can help make our economies more productive, our public sectors more efficient, our societies and economies more inclusive, all of which are vital conditions for achieving the 2030 Agenda. It can also help to connect the different commitments under the SDGs at different levels of government, reinforce accountability of public institutions and promote responsible practices with businesses in line with the SDGs, bringing the private sector on board. Since a significant proportion of COVID-recovery packages will be channelled through public investment in health, infrastructure and public services, leveraging strategic public procurement, while limiting risks for corruption and waste, can support a greener and more inclusive recovery.

Guiding questions for discussion:

- *What lessons have countries learned from experiences with "priority budgeting" tools? Can such tools mobilise change for large areas of spending in the wake of COVID-19 such as infrastructure, health and the social sector?*
- *How can public procurement be leveraged for the SDGs, including in cities and regions? What opportunities do risk management and due diligence in public procurement offer to keep course on the SDGs?*
- *What can the OECD do to help countries make strategic use of the budget process and public procurement systems to align the COVID-recovery with the 2030 Agenda?*

14:45-15:00 **Closing: Turning the discussion into action in order to close the financing gap to achieve the SDGs in the COVID-19 Era**

- Reflection by OECD Deputy Secretary-General Mr Jeffrey Schlagenhauf
- Closing remarks by the OECD Secretary-General

This session aims at drawing conclusions from the discussions and at identifying concrete actions that participants and the OECD can take in the area of financing the SDGs, to push the 2030 Agenda forward in light of the challenges posed by the COVID-19 crisis.

Additional information

All documentation for this meeting can be found at www.oecd.org/SDGs.

To confirm participation in the meeting, or for any other questions, please contact:

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