



L20 Intervention for G20 Development Working Group, February 25, 2021

- The uneven capacity of countries to respond to the COVID-19 pandemic highlights the importance of increased international solidarity through strengthened ODA. We call on G20 governments to renew their commitments to global solidarity and official development assistance (ODA).
- With current liquidity injections in the developed world, ODA can and should be increased to help developing countries in restoring public goods, along with debt suspension and debt restructuring.
- The situation is critical also for middle-income countries where large groups of the population are at risk to fall back to unprecedented poverty levels. International solidarity is more need today than ever.
- At the same time, development cooperation should be strengthened not only in quantitative, increasing the aggregate levels of ODA, but also in qualitative terms – budgeting public goods - to be contemporary to the current conjunction. A huge effort should be done for instance to reinforce social protection systems whose fragility in the developed countries is now condemning million people to death by the Covid or to huge difficulties because of the economic consequence of the pandemic.
- Therefore, when addressing the issue related to SDGs financing strategies (Integrated National Financing Framework-INFFs), while we certainly support full alignment to the SDGs, we are still concerned regarding some proposed instruments.
- We have been engaging a lot in debates around blended finance, highlighting the limitations of this approach, mainly related to risk management and additionality - ending up providing unnecessary incentives to business - and to doubtful development impact. Practice shows that our concerns were well-founded.
- Hence, any INFF performance framework should be primarily based on supporting developing country governments' efforts in domestic resource mobilization, building progressive taxation systems that can guarantee comprehensive social protection and access to public services and goods, tackling inequality and looking after people's health and environmental sustainability. At the same time, developing country governments must have a secure right to protect themselves against tax havens and harmful tax practices.
- Social Partners participation in developing and implementing policies, strategies and financing frameworks should be ensured as a fundamental pillar contributing to country ownership and enabling sustainable solutions for recovery and resilience.
- We recommend careful consideration on the use and relevance of innovative financing instruments, such as Sustainability Bonds, in the light of the current crisis. We know that the market of green and social securities is increasing. The EU-bond emissions show that there is appetite for ESG bonds. However, the market is not transparent. There is still a lack of consensus on working definitions and on the application of mobilised capital. Therefore, we recommend G20 members to undertake more analysis examining the development and functioning of these bonds, and to share relevant results. Surely, we urge a broader ESG sustainability perspective – including also social effects such as effects on job creation, income equality and efforts to promote a Just Transition.

To conclude:

- We commend and support the reference to the need of broadening the understanding of national and global financing mechanisms for social protection in developing countries with the ILO.
- Today 70% of the world's people cannot count on the security of full social protection. **A Global Fund for Social Protection** would help countries most in need to sustain and expand protection in times of crises and to build resilience. Once again ODA can support this.

Thank you to the Italian Presidency and to all the DWG members and engagement groups for your attention.