

2021 FfD Forum

Panel VI: Building the economy of the future that is climate-resilient and aligned with the SDGs

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More solidarity is needed.

Trade unions and civil society call for universal access to testing, treatment, and vaccines and for the removal of intellectual property barriers. Ensuring access to vaccines is a moral imperative and the first step for economic recovery, considering the devastating consequences, especially in developing countries.

Key demands for a New Social Contract: Jobs, climate-friendly jobs, Just Transitions and Social Protection.

This is the moment for a joint response to the climate crisis. Developed and developing countries **together** should work to pave the way towards a Zero-carbon future. Unless this happens soon, in Africa for example, clean energy will account for only 10% of new power generated in 2030. Millions of jobs can be created with investments in green infrastructure, renewable energy and energy efficiency measures. Governments should urgently put in place national plans for climate friendly jobs creation, with Just Transition measures to support workers in industrial transformation processes. Just Transition measures linked to both climate and technological shifts, rooted on social protection, education, training and skills development will guarantee that no one is left behind.

But industrial transformations do not happen without workers and communities involvement. JT plans at sectoral and national level can guide the policy making and planning.

Governments should strive to expand social protection systems and floors. Universal social protection should ensure that all people have access to basic social security guarantees. Social protection systems have contributed to hampering the impacts of the pandemic in many countries, ensuring access to healthcare and supporting job and income security. Putting social protection at the centre of government responses to crisis will increase resilience, and act as an economic and social stabiliser to promote a stronger recovery.

Special Drawing Rights additional issuance and debt cancellation, suspension and debt restructuring should be granted right away, allowing countries to manage sustainable recovery.

Financing resilience: the role of public finance is paramount.

Increased concessional finance will need to do the heavy lifting for the recovery and resilience needs ahead: multilateral, regional and national development banks have an important role to play in offering long-term and counter-cyclical financing to developing countries. They should better support national country needs in strategic sectors and systematically integrate employment into results measurement frameworks, measuring the quality and quantity of job creation.

With current liquidity injections in the developed world, ODA can and should be increased to help developing countries in restoring public goods. Donor governments need to fulfill and exceed the 0.7% target for ODA and increasing ODA levels allocated to social protection (currently 0.69% of bilateral ODA). Around 78 billion USD would be needed annually to fund social protection floors in the world's lowest income countries. This amount represents a fraction of a percent of global GDP, but it amounts to around 16% of the collective GDP of these countries. An unsurmountable financial burden. Global mechanisms, as proposed by the UN Special Rapporteur on extreme poverty and human rights, could help catalyse such financing for low-income countries.

Finally, on Sustainable finance

Domestic and international private finance needs to be aligned to the SDGs. Promoting sustainability in investments through innovative financing vehicles such as blended finance and green and sustainable bonds still raise specific concerns:

- Limitations persist around blended finance, mainly related to risk management and additionality – ending up providing unnecessary incentives to business – and to doubtful development impact.
- Careful consideration should be given to the use of green bonds and sustainability bonds, in the light of the current crisis and in a context of rising levels of debts. Although the market of green and social securities is increasing, the market is not transparent. There is still a lack of consensus on working definitions and on the application of mobilised capital. We urge a broader sustainability perspective in line with the SDGs – including social effects, such as effects on job creation, income equality and efforts to promote a Just Transition.

Thank you for your attention.