

# IS THE COVID-19 PANDEMIC A STRESS TEST FOR THE 2030 AGENDA?

Philippe Orliange<sup>1</sup>  
Carlos Pincemin<sup>2</sup>

## SINOPSE

A pandemia de Covid-19 colocou sob pressão o pacto global pelo desenvolvimento de 2015, consubstanciado na Agenda de Ação de Addis Abeba (AAAA) sobre financiamento para o desenvolvimento, nos Objetivos de Desenvolvimento Sustentável (ODS) consagrados na Agenda 2030 para o Desenvolvimento Sustentável e no desfecho da Conferência do Clima de Paris (COP 21). A pandemia ameaça esse pacto em três esferas: a pandemia introduz necessidades imediatas que não podem esperar até 2030 para serem enfrentadas. Logo, uma agenda premente de curto prazo torna-se o horizonte de políticas dos Estados, relegando outras metas. O segundo desafio está relacionado com a mobilização de recursos para financiar a implementação da Agenda 2030, incluindo-se recursos de origem fiscal e os bancos de desenvolvimento nacionais. O terceiro diz respeito ao papel da cooperação internacional para o desenvolvimento (CID) no contexto de crise, uma vez que a pandemia colocou sob pressão questões como o papel das agências das Nações Unidas e a regulação da CID. Três conclusões podem ser traçadas: *i*) a Agenda 2030 não foi seriamente questionada; *ii*) o pacto de 2015 em prol do financiamento para o desenvolvimento ganhou um impulso; e *iii*) a CID revelou-se um elemento importante da resposta coletiva aos desafios impostos pela Covid-19.

**Palavras-chave:** Covid-19; Acordo de Paris; Agenda de Ação de Addis Abeba; Objetivos de Desenvolvimento Sustentável; Agenda 2030; Cooperação Internacional para o Desenvolvimento.

## ABSTRACT

The Covid-19 pandemic has stressed the 2015 global compact on development embodied in the Addis Ababa Action Agenda (AAAA) on development financing, the Sustainable Development Goals (SDGs) enshrined in the 2030 Agenda for Sustainable Development and the outcome of the Paris Climate Conference (COP 21). The pandemic challenges this compact in three areas: the pandemic creates immediate necessities that cannot wait until 2030 to be resolved. Hence a pressing short-term agenda becomes the policy horizon for States relegating other goals. The second challenge relates to the resources to be mobilized to support the implementation of Agenda 2030 including fiscal resources and national developing banks. The third challenge relates to the role of international development cooperation (IDC) in the context of the crisis, the pandemic having put pressure on some issues such as the role of United Nations agencies and the IDC regulation. Three conclusions can be drawn: *i*) the 2030 Agenda has not been seriously questioned; *ii*) the 2015 compact on financing for development have received a boost; and *iii*) IDC is clearly an element of the collective response to the challenges of Covid-19.

**Keywords:** Covid-19; Paris Agreement; Addis Ababa Action Agenda; Sustainable Development Goals; 2030 Agenda; International Development Cooperation.

JEL: F55; O19.

Artigo recebido em 31/7/2020 e aprovado em 31/8/2020.

DOI: <http://dx.doi.org/10.38116/bepi27art7>

---

1. Director of the regional office for Brazil and the Southern Cone countries of the French Development Agency (Agence Française de Développement), in Brasília.

2. Economist at the regional office for Brazil and the Southern Cone countries of the French Development Agency (Agence Française de Développement), in Buenos Aires.

## 1 INTRODUCTION

The Covid-19 pandemic struck almost five years after the adoption of a new global compact on development. The Addis Ababa Action Agenda (AAAA) on development financing, the Sustainable Development Goals (SDGs) enshrined in the 2030 Agenda and the outcome of the Paris Climate Conference (COP 21) represented a landmark global agreement on development and climate change, with major implications for international development cooperation (IDC) (Orliange, 2020). Almost eight months after the crisis started, it is far from over and its consequences – sanitary, social, financial, economic, and environmental – have not yet been fully assessed. It is a global crisis that has spared no region. Countries have been struck regardless of their levels of wealth. “Rich” countries have performed poorly in their response to the crisis whereas less “well-off” countries have managed to contain the spread of the virus.

A crisis of such magnitude represents a major challenge to the development compact approved in 2015. The loss of lives and the amount of people infected were the first effects of the crisis, soon followed by social, economic and financial impacts. Because the former and, very quickly, the latter called for urgent responses, the question of how the crisis would impact the 2030 Agenda might have initially seemed irrelevant. A few months into the crisis, this is no longer the case.

The major achievements of the 2015 compact are being challenged by the Covid-19 pandemic in three areas. The first challenge relates to the policy agenda itself. The SDGs achieve a complete integration of the climate and development agendas and set goals and targets to be reached by 2030 and the Paris agreement set a limit for global warming at +2° Celsius. The pandemic creates immediate necessities that cannot wait until 2030 to be resolved. A pressing short-term agenda becomes the policy horizon for States, businesses, individuals etc. Cash transfer programs are immediately needed to cater for the needs of people who have lost their sources of income. Hospital capacity needs to be increased in the short-term. In such a context, is there room for a medium- and long-term agenda? Does combatting climate change fit into these priorities?

The United Nations Development Program (UNDP) has already estimated that the Human Development Index (HDI), created in 1990 to measure human development (going beyond gross domestic product – GDP *per capita*), is likely to recede, globally, in 2020 for the first time since its creation, as a direct result of the crisis. However, a policy debate on “how to rebuild” has gained traction, thus raising the issue of what to do with the 2015 development and climate compact and a substantial body of opinions support the view that the policy agenda set forth in 2015 is even more relevant on the context of post-Covid-19 reconstruction.

The second challenge relates to the resources to be mobilized to support the implementation of Agenda 2030. Domestic resources mobilization features highly in the AAAA but also in the SDGs implementation strategy confront and in the Paris agreement on climate. These agendas require an important shift in domestic policies as the bulk of the resources for development finance is primarily domestic.

The AAAA has also brought into the picture the role that domestic financial institutions can perform in the implementation of Agenda 2030, particularly the development banks, which are also playing an increasingly important role in the area of climate finance. The AAAA has put a renewed emphasis on the issue of taxation as a means of strengthening the financial basis for public policies and to tackle inequalities. The focus on domestic policies and domestic resource mobilization

does not mean that IDC is irrelevant or unnecessary, but the latter's role and impact is subsidiary. The Covid-19 crisis called first and foremost for domestic decisions: implement testing, access to health care and supply of drugs and medical equipment, enforce lockdowns and close international borders. In a number of countries, development banks are playing a role in the implementation of economic stimulus packages.

The third challenge relates to the IDC itself. The 2015 compact acknowledged a number of changes taking place in the area but it has also left a number of unanswered questions. Among the changes are the increasing relevance of the broader notion of development financing, going way beyond the traditional notion of official development assistance (ODA); the growing role of development banks as partners of international financial institutions; the lesser relevance of traditional grant-funded aid agencies. Among the unanswered questions are the issue of the role of the United Nations (UN) system in a universe marked by “multilateral fragmentation” – thematic vertical funds operating in areas already covered by existing UN agencies, *ad hoc* mechanisms or coalitions established for the purpose of raising funds for a particular purpose, among others – and by “privatization” of the sources of funding of UN agencies – increasing share of earmarked resources vs. core funding – and the issue of how to regulate IDC, ranging from monitoring data, peer reviewing the quality of aid, to assessing the impacts. On these various subjects, the Covid-19 pandemic has acted as a stress test.

This article aims at analyzing these three challenges posed by the pandemic and what the responses have been so far. The overall purpose is to determine whether Covid-19 has undermined the 2015 compact or has tested its capacity and proved its resilience as the road map for sustainable development the mankind was looking for when it adopted it.

## **2 DOES COVID-19 CHALLENGE THE POLICY SET OUT IN THE 2015 AGREEMENTS FOR DEVELOPMENT AND CLIMATE?**

### **2.1 A global crisis**

The Covid-19 crisis struck five years after the adoption of the broadest development agenda since Rio 92, encompassing the SDGs, the AAAA on financing for development and the COP 21. Could the magnitude of the crisis, in sanitary, economic, financial and social terms, sideline a long-term agenda which might be perceived as irrelevant when the impacts of the crisis call for an immediate and massive response?

Just like climate change, Covid-19 has all the characteristics of a global issue. A health issue has developed into an economic, financial, social and environmental crisis. This crisis cannot be understood through a “North-South” lens. Table 1 shows the situation within a group of countries from several regions and different levels of income (using the standard criteria of GDP *per capita*). It shows that some upper middle-income countries or even rich countries have performed poorly in their responses to the pandemic while some middle-income or low-income countries have fared better. This is particularly apparent in Latin America, where middle-income countries are among the worst affected, whereas poorer countries are, so far, doing better.

TABLE 1

**Covid-19 cases and deaths and socioeconomic indicators, selected countries**

Country	Number of cases	Deaths (per 100,000 inhabitants)	GDP <i>per capita</i> (current US\$) 2019	HDI (2019)
United States	5,469,604	52.11	65,280	0.920
Brazil	3,359,570	51.81	8,717	0.761
India	2,702,742	3.83	2,104	0.647
Russia	930,276	10.87	11,585	0.824
South Africa	589,886	20.74	6,001	0.705
Mexico	525,733	45.19	9,863	0.767
Colombia	476,660	30.96	6,432	0.761
Chile	388,855	56.13	14,896	0.847
Argentina	299,126	13.07	10,006	0.830
France	256,534	45.43	40,493	0.891
Germany	228,120	11.14	46,258	0.939
China	89,477	0.34	10,261	0.758
South Korea	15,761	0.59	31,762	0.906
Senegal	12,305	1.61	1,446	0.514
Paraguay	10,135	2.08	5,414	0.724
Cuba <sup>1</sup>	3,364	0.78	8,821	0.778

Source: Available at: <<https://data.worldbank.org/https://coronavirus.jhu.edu/map.html>> and <<http://hdr.undp.org/>>. Information collected on August 18, 2020.

Authors' elaboration.

Note: <sup>1</sup> GDP data is for 2018.

While it is too early to draw final conclusions, domestic public policies on health, social distancing, etc., implemented in response to the pandemic, are critical to explain such sharp differences. Similarly, domestic public policies are critical to ensure the success or cause the failure of the SDGs and the commitments contained in the Paris Agreement on climate change.

Because of its encompassing nature, the crisis calls for concomitant responses on several fronts: sanitary, economic, social and financial. At the same time, it is politically understandable, especially in democratic societies, that the acute and pressing needs (in terms of public health, job creation, income generation or mere survival) may render unpalatable advocating for long-term objectives such as the 2030 Agenda, thus exposing the global agenda of 2015 to a serious credibility and resilience test.

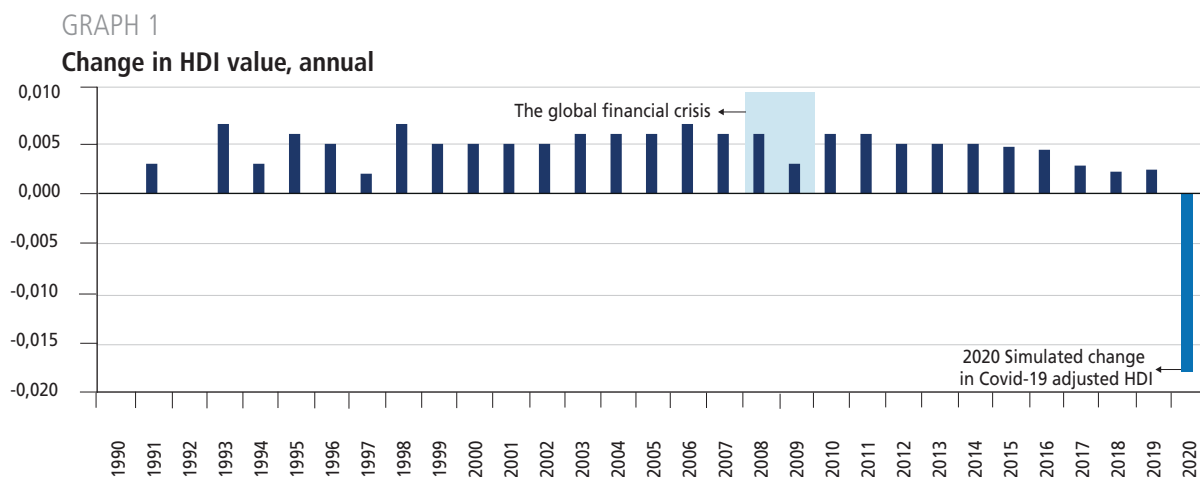
## 2.2 Covid-19: a challenge to the SDGs and the way to recovery

At the policy level, a number of views have already been expressed stressing both the threat that Covid-19 poses to the SDGs and their continued relevance. The Sustainable Development Solutions Network (SDSN), a US-based think tank founded by Jeffrey Sachs, has argued (in June) that Covid-19 will have a particularly negative impact on SDG 1 (poverty reduction), SDG 2 (hunger), SDG 3 (health), SDG 8 (decent work and economic growth) and SDG 10 (inequalities) (SDSN, 2020). The UNDP (2020b) has expressed similar views (in April):

the pandemic presents both an enormous challenge and tremendous opportunities for reaching the 2030 Agenda and the Sustainable Development Goals (SDGs). The SDGs are a roadmap for humanity. They encompass almost every aspect of human and planetary wellbeing and, if met, will provide a stable and prosperous life for every person and ensure the health of the planet. This year they have received

a grievous blow – one that will be far reaching for years to come. But the pandemic also shows us the wisdom of what is already inherent in the SDGs; the challenges we face cannot be dealt with in isolation.

The magnitude of the challenge is particularly acute in the area of human development: “... Covid-19’s reach is only just beginning to be felt. UNDP estimates that global human development – a combination of education, health, and living standards – could fall this year for the first time since 1990, when measurements began” (UNDP, 2020b). Such a decline would be unprecedented – the HDI did not decline during the 2007/8 financial crisis: “The simulations suggest conditions today would correspond to a steep and unprecedented decline in human development. With almost 9 in 10 students out of school and deep recessions in most economies (including a 4 percent drop in GNI *per capita* worldwide), the decline in the index – reflecting a narrowing in capabilities – would be equivalent to erasing all the progress in human development of the past six years” (UNDP, 2020a). The expected impact of Covid-19 on HDI is shown in graph 1.



Source: UNDP (2020a).

Against this backdrop, the risk of SDGs being challenged, or even ignored, is real but several authors have already pointed out their continued relevance: “the rationale behind the 2030 Agenda and its 17 SDGs remains unequivocally valid. There is a risk that governments might disregard ecological aspects of socio-economic recovery during the implementation of massive recovery to achieve rapid results, overriding fundamental priorities of sustainable development and climate change” (Klingebiel and Izmestiev, 2020).

The possible challenges to SDGs must be analyzed in the context of the recovery from the crisis itself. An emerging body of opinion stresses that the response/the way out of the crisis cannot be based simply on short-term economic stimulus. Echoing the fact that SDGs are interconnected and should not be implemented in isolation from each other, the concepts of *nexus*, *transformation* or *transitions* are being put forward as a policy tool for a sustainable recovery. The SDSN (2020) argues that response to the challenges should be based on six major transformations, which bring together several SDGs: education, gender and inequalities; health and demographics; clean energy and sustainable industry; sustainable use of land, water and oceans; sustainable cities and communities; digital revolution for sustainable development. UNDP (2020a) also offers some useful suggestions along similar lines and proposes “three principles to shape the response to the crisis”:

- *look at the response through an equity lens.* Countries, communities and groups already lagging in enhanced capabilities will be particularly affected and leaving them further behind will have long-term impacts on human development;
- *focus on people's enhanced capabilities.* This could reconcile apparent tradeoffs between public health and economic activity (a means to the end of expanding capabilities) but would also help build resilience for future shocks; and
- *follow a coherent multidimensional approach.* Since the crisis has multiple interconnected dimensions (health, economic and several social aspects, decisions on the allocation of fiscal resources that can either further lock in or break free from carbon intensive production and consumption), a systemic approach – rather than a sector-by-sector sequential approach – is essential. A recent survey conducted in 14 countries found that 71% of adults globally consider that climate change is as serious a crisis as Covid-19, with two-thirds supporting government actions to prioritize climate change during the recovery (UNDP, 2020a).

The Organization for Economic Cooperation and Development (OECD) has stressed (in May) the need for a vision going beyond the emergency and combining

a coherent approach to the short, medium and long terms with the vision, shared principles and commitments, objectives and goals of the Agenda 2030 for Sustainable Development and the Paris Agreement. It must put the world on track for a more sustainable and resilient development trajectory, which combines economic, environmental and social progress, and promotes just, peaceful, open and inclusive societies, leaving no one behind (OECD, 2020a).

An article published by The World Economic Forum Covid Action platform has linked the need to revisit the focus on short-term growth.

To kick start a solution, we must recognize that the primary focus on short-term growth and GDP is misplaced, and instead hone in on the well-being of people and the environment (...) What could replace GDP? One approach would be a well-being index, informed by the UN's 17 Sustainable Development Goals, which would help drive a more resilient, sustainable and just world to address future pandemics and the climate emergency. Priority would be given to ensure no one is left with basic needs unfulfilled: healthcare, food, education, housing, mobility, culture, and that each of those is consistent with a healthy and stable environment (Morgan, 2020).

In a similar vein, the OECD's Secretary General Angel Gurría has stressed (in May) that

as governments work towards an economic recovery, the priority must be to reduce the likelihood of future shocks and increase society's resilience, while focusing on the needs of the most vulnerable. We must learn from this unforeseen crisis to better ourselves, and improve our responses. Crucially, we must build economic systems that value nature as the central source of human well-being and environmental health in the post-Covid-19 world (Gurría, 2020).

The concept of resilience (associated to SDGs and climate) has gained greater clout since the beginning of the crisis. The OECD, for instance, in arguing for a "build back better" recovery strategy that integrates broader objectives, including climate, and turns resilience into a cornerstone of this approach.

To "build back better" we must reconsider how to safeguard corporate resilience and to integrate other broad objectives such as, for instance, climate, digital transformation and security-of-supply considerations. Regarding the latter, the crisis has brought to the fore the need to ensure the resilience



of supply-chains of key essential goods. This requires that both governments and firms carefully re-assess the strengths and fragilities of key supply chains, avoiding quick assumptions on what can increase resilience when making sourcing decisions. This may also require re-examining redundancy capacity and inventory stocks. If governments impose new public service obligations on firms (*e.g.*, stockpiling certain goods) to further ensure essential supplies, these would need to be appropriately and transparently reimbursed. Some argue for a greater reliance on domestic production, which may have a role to play in increasing resilience, but which also has drawbacks. Indeed, internationally diversified production, both in terms of location and producers, can be an important source of resilience but may require upgrading international collaboration and international rules. This pleads once again for stronger multilateral dialogue (OECD, 2020b).

Resilience is also linked to the biodiversity agenda:

safeguarding biodiversity can help reduce future health risks, and make our societies more resilient. The 2019 OECD report on 'Biodiversity: Finance and the Economic and Business Case for Action', stresses that biodiversity is the foundation of our health, our well-being and the economy. For example: globally, the total economic value of ecosystem services is estimated to be between 125 and 140 trillion USD per year. In addition, marine and terrestrial ecosystems sequester, in gross terms, the equivalent of 60 percent of human carbon dioxide emissions (Gurría, 2020).

Another critical dimension of resilience and its links to the global agenda is the concept of *nexus*. An OECD working paper offers some lessons on the issue of ensuring that economic responses to the crisis will be *green*. The authors emphasize that:

even when economies begin to recover and they may do so on multiple speeds, society and societal priorities could undergo a significant change as a result of the devastating aftermath of Covid-19. These should be reflected in green stimulus as well. The nexus between public health and the environment, for example, will likely be a much higher public policy priority now, compared with previous crises, especially given the emerging evidence of links between Covid-19 vulnerability and environmental stresses like air pollution (Agrawala, Dussaux and Monti, 2020).

Overall, Covid-19 does not render obsolete the 2030 Agenda. In policy terms, however, it calls for reassessing its implementation with:

- a stronger emphasis on what some authors call *transitions*, others *nexus*, and which reflect a key element of the 2030 Agenda, namely that SDGs are inter-connected and should not be dealt with in isolation. This stronger emphasis on cross-sectoral approach is crucial to achieve more resilient societies. It is also to avoid or limit the risks of aggravating “development traps”, especially in middle-income countries; and
- a greater focus on inequalities and the way to mitigate them. Covid-19 will hit the most vulnerable but it will also hit middle classes all around the world. This is particularly visible in Latin America where one of the outcomes of sustained growth in the 2000s and early 2010s had been the expansion of middle classes. Here again, the 2030 Agenda has included the issue of inequalities in the global agenda. For those who doubted of the relevance of this addition, Covid-19 and its consequences is a reminder.

### 3 THE CHALLENGE OF DOMESTIC RESOURCES MOBILIZATION<sup>3</sup>

The AAAA adopted in July 2015, as the outcome document of the third conference on financing for development, has stressed the importance of domestic resources mobilization as the primary tool for financing for development. It also, and this was rather new, stressed the role of national and regional financial institutions, such as development banks. The relevance of taxation as a means of ensuring stable and adequate financing for public policies is also highlighted. It is therefore relevant to analyze the impact of Covid-19 from the point of view of domestic resources mobilization. Even though the final balance of the crisis is yet to be drawn up, it is already clear that the pandemic poses a major challenge for domestic public finances: the sanitary response increases expenditure in the health sector, stimulus packages drive a sharp increase in public spending (through direct budget tools or indirect financing support) and lockdowns cause tax proceeds to fall sharply as a result of paralyzed economic activities etc.

There is a fairly large number of public banks in Latin America. Some are development banks. Others are commercial banks. Some are national or federal; others are subnational (Brazil and Argentina, mainly). Because of public ownership, one can expect them to play some sort of role in terms of supporting public policies. We have based our analysis on a cross section of South American banks covering the diversity of situations mentioned above. The information presented show the following patterns.

- 1) Development banks are at the forefront of the battle against the consequences of the coronavirus crisis in the South American subcontinent. In all the countries surveyed, they play a significant part of the stimulus packages put in place by the federal/national, or even subnational, governments – see table 2.

TABLE 2

**Announced packages (until April 15) in response to the Covid-19 pandemic**  
(As % of GDP)

Country	Announced (national) stimulus package	Share of development banks
Argentina	4.8	2.7
Brazil	7.4	1.3
Chile	15.1	9.8
Colombia	8.8	6.6
Peru	11.1	3.9

Source: Pineda, Pessino and Rasteletti (2020).

Authors' elaboration.

- 2) In at least two cases – Banco Estado, in Chile, and Banco de Desenvolvimento de Minas Gerais (BDMG), in the Brazilian state of Minas Gerais – the shareholders (the State) have implemented capital increases to allow the bank to perform its role. In the case of Brazil, after a significant reduction in the size of its activities, the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) is back in the frontline of a counter-cyclical response. In Argentina, the Banco de Inversión y Comercio Exterior (BICE) has quickly implemented a financing program for small and medium enterprises (SMEs). This credit line was funded

3. The quantitative information on development banks contained in this section was collected from their websites and reports.



directly by federal funds; this type of financing implies a change in methodology as compared to its pre-crisis operations.

- 3) Development banks in the region are receiving and implementing resources from international cooperation. In Brazil, BDMG announced the provision of US\$ 36 million from Fonplata for municipalities financing and € 70 million from the Agence Française de Développement (AFD) for counter-cyclical financing and the strengthening of its SDG strategy. Another Brazilian institution, the Banco Regional de Desenvolvimento do Extremo Sul (BRDE) has also obtained a credit line of € 70 million from AFD to support the enhancement of its SDG corporate strategy. Financiera del Desarrollo (Findeter), in Colombia, has also obtained US\$ 150 million from the same agency for infrastructure financing. Some of these banks implement policy agendas based on Agenda 2030. BDMG, for example, rolled out its Socio-Environmental Policy in 2013 and presented a Sustainable Development Strategy in May 2020, *i.e.*, in the middle of its response to the Covid-19 crisis. This policy provides guidelines for the bank operation addressed to the economic, social and environmental dimensions. This bank also carried out Strategic Guidelines for the 2020-2024 period based on five drivers: *i)* results-based culture; *ii)* impact; *iii)* competitiveness; *iv)* partnership; and *v)* digitalization. Regarding the impact of its activity, BDMG made the choice of a strong commitment to the 2030 Agenda through SDGs. In this way, the bank's strategy focuses on three main objectives: *i)* align and link the bank's operation to the 2030 Agenda, through SDGs operation linking, monitoring and evaluation of how financed projects and programs will support the SDGs; *ii)* expand sustainable investments through the identification of investments that will accelerate progress towards the goals of the 2030 Agenda, including technical assistance and knowledge, support and the creation of strategies, financial products, and fundraising; *iii)* harness the potential of partnerships, technical cooperation and financial innovation; this will be attained by formalizing new partnerships with other multilateral development banks, focusing on SDGs, and promoting technical cooperation and the search for knowledge of how development institutions adapt to the Global Agenda.

#### 4 IS COVID-19 A GAME CHANGER FOR IDC?

The role of IDC, as foreseen in Agenda 2030, is to complement national policies in terms of financing for development, policy advice, technical and other forms of support. Almost all modalities of IDC have been mobilized by the overarching response to Covid-19, from every kind of actors: multilateral, regional and bilateral agencies, vertical funds etc. In this section, we present an overview of the response by the IDC to the needs arising from the pandemic.

##### 4.1 IDC doing its job

International financial institutions have responded quickly to the needs arising from the pandemic. Although not a development institution, the International Monetary Fund (IMF) had made available by June 2020 up to US\$ 67 billion, including flexible contingency lines. Table 3 presents, without being exhaustive, the amount of resources committed by development institutions (multilateral, regional and bilateral) in response to the pandemic.

TABLE 3

**Commitments made by international institutions to the Covid-19 crisis**

Source	Amount committed, US\$ billion	Number of beneficiary countries	Comments
World Bank Group (WBG) /International Bank for Reconstruction and Development	5.9	104	As of June 1
WBG/International Finance Corporation	8	35	
WBG/Multilateral Investment Guarantee Agency	6.5		For the next 15 months
Asia Development Bank	20		May 21 (loans, grants, trade finance, budget support etc.)
Asia Infrastructure Investment Bank	5		Crisis recovery fund
New Development Bank	4	4	Emergency loans to South Africa, India, China and Brazil
Corporación Andina de Fomento/Development Bank of Latin America	2.5		March/July
Interamerican Development Bank (IDB)	3.2		March 26
IDB Invest	7		Initial commitment of 5 billion, increased to 7 billion on April 28
European Bank for Reconstruction and Development	4		Under the Resilience Framework; other programs available (20 billion to be made available in 2020/2021)
European Investment Bank	7.5		Out of which 1.5 billion for projects outside the European Union (EU) Funding from AFD and the Ministry of Foreign Affairs.
France/AFD	1.2		April – € 1 billion for loans, € 0.15 billion for grants “health in common initiative” targeting Africa and Middle east countries.
	0.8		July – € 0.8 billion for Latin America and the Caribbean countries.
Germany	1.15		April, resources mobilized by the federal ministry for economic cooperation and development.
	3.15		Request for additional funding of 3.15 billion
United States	1	120	July. USAID and State Department resources
China	2	200	Health Silk Road initiative, donations of medical equipment to “200 countries and regions” and 4 international organizations, including US\$ 50 million to the World Health Organization (WHO). Loans from China Development Bank. US\$ 2 billion exports of medical equipment.

Source: Based on information available on the websites of the different institutions and press releases, and SCIO (2020).  
Authors' elaboration.

These figures show a strong mobilization of multilateral (US\$ 24 billion) and regional (US\$ 50 billion) banks. Four countries have also been included in table 2, totaling US\$ 13 billion (France and Germany's contributions are in euros). Nevertheless, it is not yet possible to determine what proportion of these pledges represent “new money”, that is, are not simply reallocated funds that were already programmed, although such a distinction might not be that important: in a time of emergency, reallocation of funds from ends that have become less of a priority is also relevant.

The level of transparency varies greatly from an institution to another. In the case of China, the government has published a white paper on China's response to Covid-19 with an extremely detailed section on the assistance provided to “200 countries and regions”. The white paper also mentions a US\$ 50 million “cash support” financing for the WHO as well as the commitment of “US\$ 2 billion of international aid over two years” made at the World Health Assembly (WHA), in May 2020, without further details (SCIO, 2020).

#### 4.2 *Ad hoc* multilateralism and the UN system

In addition to country support, the response to Covid-19 has also taken the form of enhanced support to multilateral initiatives. The Global Alliance for Vaccine and Immunizations (GAVI) initiative has held

its third replenishment conference on June 4. On this occasion, it raised US\$ 8.8 billion for the next five years. A new fund aimed at subsidizing purchase of vaccines for low-income countries, the Gavi Advance Market Commitment (Gavi Covax AMC), has been announced. It aims at speeding-up the production of a Covid-19 vaccine and its dissemination to countries based on their needs rather than on their payment capacity. This fund (endowed with pledges of US\$ 500 million) is meant to encourage firms to invest in the production of the said vaccine (which is GAVI's philosophy since its inception). The main contributors to this third replenishment have been the United Kingdom (US\$ 1.7 billion), the Bill and Melinda Gates Foundation (US\$ 1.6 billion), the US (US\$ 1.1 billion), Norway (US\$ 1 billion), Germany (US\$ 673 million) and France (US\$ 500 million).<sup>4</sup> Pledges were also made by Burkina Faso and Uganda, who are also recipients of GAVI funds, India and China, Qatar and South Korea.

Two *ad hoc* programs focusing specifically on Covid-19 were launched during the pandemic. A dedicated program named Access to Covid-19 Tools (ACT) Accelerator was launched by WHO with support of the European Commission (EC). During the pledging conference, in May 2020, the EC registered commitments of US\$ 7.4 billion, in line with the set target of US\$ 7.5 billion. The goal of ACT is to foster the development of tools for diagnosis, treatment and vaccines against Covid-19 and its dissemination around the world. The EU pledged € 1.4 billion (€ 1 billion in the form of grants and € 400 million in the form of guarantees for loans). It is considered that most of the funding will be channeled through recognized global institutions and programs (CEPI,<sup>5</sup> GAVI, Global Fund, Unitaid, WHO). WHO and Costa Rica launched the Covid-19 Technology Access Pool (C-TAP), on May 29, an initiative supported mainly by low and middle-income countries, besides Norway and the Netherlands. It aims at improving access to treatments, tests, vaccines and other technologies, and to speed up new drugs, through an open access to the outcomes of research programs. It is based on Medicines Patent Pool (MPP), an UN-based mechanism created with the support of Unitaid to improve access to health products by countries in the Global South, and is meant to complement ACT. As exemplified by these two initiatives, the international health sector is extremely diverse – some would say fragmented – thus raising the issue of global governance of the area.

Covid-19 has put the WHO's role at the forefront, causing heated debates, in particular but not only, between the US and China. US president Donald Trump has criticized the institution for being too "China centric" (Chiacu, Lambert and Holland, 2020). But criticism of WHO's role goes beyond the US government, as mentioned by Stephan Buranyi (2020). After the SARS (Severe Acute Respiratory Syndrome) crisis, in the early 2000s, the fact that the WHO was the main tool of international cooperation to fight global pandemics was beyond question. Its main tool to structure and lead international cooperation in this area, the International Health Regulations (IHR), was reviewed in 2005 to draw the lessons of the crisis.

The IHR asks [WHO] members to prepare for public health threats according to standards set by the WHO, and to report any outbreaks and all subsequent developments. It also allows the WHO to declare a public health emergency of international concern (or PHEIC...), using its own information, over the objection of any single country. During an emergency, countries are expected to take the lead from the WHO's guidelines and report any deviations to the organization. All of these requirements, bar the reporting of outbreaks, were new (Buranyi, 2020).

4. And an additional € 100 million should a vaccine against Covid-19 be found.

5. Coalition for epidemic preparedness innovations.

But the document fell short of mentioning what to do if member States fail to comply with this new norm. Buranyi (2020) argues that “there was a general reluctance to hand an international organization any more power”. He then quotes Catherine Worsnop, a professor at the University of Maryland School of Public Policy as saying “WHO members were happy with the actions that were taken during SARS, but there was definitely a sense afterward of ‘what if that was us in China’s spot?’” (Buranyi, 2020).

The challenges posed by Covid-19, the biggest pandemic in WHO’s history, appears in the context of a US retreat from international organizations for which it has been a long-term supporter, including financially. Speaking at the UN General Assembly session, in September 2018, president Donald Trump stated: “we are working to shift more of our funding from assessed contributions to voluntary so that we can target American resources to the programs with the best record of success” (Orliange, 2020). Two years later, the WHO became the latest example of that strategy. On July 7, 2020 the US government officially notified WHO of the US’ withdrawal, effective from July 6, 2021 (U.S. notifies, 2020).

The US decision – as well as the announcements made by China that it will increase its contribution to the WHO (Cheng, 2020) – sheds some light on the problem posed by the way the UN system is currently being financed. The overall spending of the UN system reached US\$ 53 billion in 2017, out of which US\$ 33.6 billion were destined for operational activities for development (MPTF and Dag Hammarskjöld Foundation, 2019). That is to say that about one fifth of the ODA goes through the UN. This is indeed significant and makes the UN a relevant actor in this area. Nevertheless, it must be emphasized that an increasing proportion of these resources are earmarked, and therefore must be used in accordance with the guidance of donor countries. Specialized agencies, such as the WHO, have been established through *ad hoc* treaties. Their funding, as that of the UN organization per se, is based on assessed contributions and a scale of contributions. Assessed contributions must be paid to the budget of the institution “in full and on time”, with no strings attached. They provide the resources needed to fulfill the mission and the objectives contained in the founding treaty. As a result of a “zero growth rate” policy applied to the budget of international agencies in the 1990s, there has been a trend towards increasing programs funded outside the regular budget and on which donors have a much greater say. Earmarked contributions have increased and represent today a share of the resources used by international agencies much higher than those of their “regular” budgets. And the trend is clearly towards more earmarking: the share of earmarked resources in the UN was 64% in 2013 and reached 71% in 2017. The WHO, despite being a specialized agency with a scale of assessed contributions amounting to US\$ 457 million in 2017, received the same year US\$ 2.05 billion of earmarked contributions (MPTF and Dag Hammarskjöld Foundation, 2019). The US withdrawal should affect both assessed and earmarked contributions (although the US could decide to continue to support certain activities outside the regular budget). It is more than likely that, should China decide to increase its contribution to the WHO, it will do so through earmarked activities.

The last WHA, the meeting of all WHO members, held in May 2020, decided to launch an inquiry on the WHO’s response to Covid-19. Its resolutions ask the director general to

initiate, at the earliest appropriate moment, and in consultation with Member States, a stepwise process of impartial, independent and comprehensive evaluation, including using existing mechanisms, as appropriate, to review experience gained and lessons learned from the WHO-coordinated international health response to Covid-19, including: *i*) the effectiveness of the mechanisms at WHO’s disposal; *ii*) the functioning of the IHR and the status of implementation of the relevant recommendations of the previous

IHR review committees; *iii*) WHO's contribution to United Nations-wide efforts; and *iv*) the actions of WHO and their timelines pertaining to the Covid-19 pandemic, and make recommendations to improve global pandemic prevention, preparedness, and response capacity, including through strengthening, as appropriate, WHO's Health Emergencies Programme (WHO, 2020).

Once the dust settles, and the results of the inquiry are known, one of the most likely conclusions to be drawn will probably be that preventing and fighting global pandemics requires more and better global cooperation rather than no cooperation at all.

The UN system as a whole has launch, in March 2020, a global humanitarian response for which it asked US\$ 6.7 billion (as of May 8), to respond to the needs of 63 countries. So far it has received US\$ 1 billion (Covid-19, 2020). About half of the funds needed are for humanitarian needs, and the rest for health and logistics financing needs.

## 5 CONCLUSION

The Covid-19 pandemic is far from over. There are talks of a “second wave” in some regions when others are still struggling with the effects of the first one or have not yet managed to bring the spread of the virus under control. The social and economic effects are being felt everywhere. The challenges posed by Covid-19 to the IDC are many-fold. Early reactions of several governments (notably in the EU and the US) did not show much concern with international cooperation as unilateral border closures were decided – all the efforts were made to procure masks and other medical equipment.

A few months later, overall, cooperation has prevailed. In the EU, the recently agreed recovery plan (Heller, 2020) represents a remarkable new step towards intra-European solidarity, with some sort of joint financing scheme designed to benefit countries from southern Europe. At global level, multilateral institutions, old and new ones, are doing their job, and the same applies at regional level, in all regions. “Traditional” bilateral donors have committed significant amounts, not only in low-income countries but also in middle-income countries (such as LAC).

At policy level, Agenda 2030 has not been seriously questioned. On the contrary, the dimensions of the crisis have given increased relevance to the SDGs approach and, in particular, to the fact – enshrined in Agenda 2030 – that SDGs are interconnected and should be implemented in conjunction with one another. Notions such as “building back better”, “just transition” and “*nexus*” will find in the SDGs a strong policy foundation and will offer, in return, a way to implement the goals. The social dimension of Agenda 2030 – notably the issue of inequalities – has gained higher relevance and visibility. The health-climate-biodiversity nexus has also been strengthened.

The 2015 compact on financing for development have also received a boost. More than ever, the need for sound domestic policies is of utter relevance. States have taken the lead: they have mobilized a large array of instruments. Development banks have been widely used to prop up schemes aimed at fostering failing growth. South America in general, and Brazil in particular, has offered many examples. Tax issues have made a comeback. In Europe, the issue of a carbon tax at the borders has been raised both in the context of the “Green Deal” and the recovery plan. In Latin America, CEPAL has stressed the need to include an element of tax justice in a future social compact (CEPAL, 2020). In Brazil, the debate about how to fund the “*auxílio emergencial*” has put pressure on the government to look anew at the issue of tax reform (Almeida, 2020).



IDC is clearly an element of the collective response to the challenges of Covid-19. This is not an “ODA-type” of response. It is a response in terms of policies (reaffirming the commitment around Agenda 2030), in terms of development finance (especially targeting middle-income countries) and debt restructuring and in terms of regulations. The last point is probably the weakest. A number of commitments have been made. Who will ensure their follow up? The system for reporting on ODA cannot be used. The notion of “total official support for sustainable development” (TOSSD) could perhaps be used as a basis to account for the international efforts in the fight against Covid-19. The word “assistance” has been used when the correct words should have been “sales at inflated prices”. As we, like others, have argued before (Orliange, 2020), the provision of reliable data on IDC is needed to ensure the credibility and proper functioning of the system.

Multilateral response has been strong in terms of mobilizing funds. This confirmed a trend noticeable since 2015. All replenishments of the various multilateral funds (from the Green Climate Fund to the International Development Association (IDA), the concessional window of the WBG, and including GAVI) have reached or exceeded their targets. Multilateral development cooperation is alive and well. The New Development Bank (NDB), created by the BRICS countries to finance infrastructure had approved loans aimed at mitigating the social impacts of Covid-19. However, the UN system, and in particular the WHO, has been subject to criticisms, some of them unfair, some deriving from a kind of “biased multilateralism” resulting from the increased share of earmarked contributions.

Based on the elements mentioned above, we consider that the Agenda 2030 has, so far, passed successfully the “stress test” imposed by the Covid-19. Nevertheless, the crisis is still far from over. Hence the needs for more support from IDC may arise in the coming months. This may test the lending capacities of multilateral development banks. The issue of capital increase has already been raised – the 2007-2008 crisis led to general capital increase for these institutions. The issue of debt sustainability, in particular for middle-income countries, is likely to become more acute. In this context, domestic resource mobilization in support of the implementation of SDGs, remains critical to be able to “build back better”.

## REFERENCES

- AGRAWALA, S.; DUSSAUX, D.; MONTI, N. **What policies for greening the crisis response and economic recovery?** Lessons learned from past green stimulus measures and implications for the Covid-19 crisis. Paris: OECD, 2020. (Working Paper, n. 164). Available at: <[https://www.oecd-ilibrary.org/environment/what-policies-for-greening-the-crisis-response-and-economic-recovery\\_c50f186f-en](https://www.oecd-ilibrary.org/environment/what-policies-for-greening-the-crisis-response-and-economic-recovery_c50f186f-en)>.
- ALMEIDA, M. Secretário da Receita descarta imposto sobre grandes fortunas. **Valor Econômico**, 7 jul. 2020. Available at: <<https://valor.globo.com/brasil/noticia/2020/07/07/secretario-da-receita-descarta-imposto-sobre-grandes-fortunas.ghtml>>.
- BURANYI, S. The WHO v coronavirus: why it can't handle the pandemic. **The Guardian**, 10 Apr. 2020. Available at: <<https://www.theguardian.com/news/2020/apr/10/world-health-organization-who-v-coronavirus-why-it-cant-handle-pandemic>>.
- CEPAL – COMISIÓN ECONÓMICA PARA AMÉRICA LATINA Y EL CARIBE. **Panorama fiscal de América Latina y el Caribe, 2020**: la política fiscal ante la crisis derivada de la pandemia de la enfermedad por coronavirus (Covid-19). Santiago: CEPAL, 2020.



CHENG, E. China's Xi pledges \$2 billion to help fight coronavirus. **CNBC**, 18 May 2020. Available at: <<https://www.cnbc.com/2020/05/18/chinas-xi-pledges-2-billion-to-help-fight-coronavirus-at-who-meeting.html>>.

CHIACU, D.; LAMBERT, L.; HOLLAND, S. Trump says 'China-centric' WHO 'really blew it' on coronavirus. **Reuters**, 7 Apr. 2020. Available at: <<https://www.reuters.com/article/us-health-coronavirus-usa-who/trump-says-china-centric-who-really-blew-it-on-coronavirus-idUSKBN21P2E1>>.

COVID-19: UN and partners launch \$6.7 billion appeal for vulnerable countries. **UN News**, 7 May 2020. Available at: <<https://news.un.org/en/story/2020/05/1063442>>.

GURRÍA, A. **OECD-WWF dialogue**: nature-based solutions as a force for the green and resilient recovery. Paris: OECD, 5 June 2020. Available at: <<https://www.oecd.org/about/secretary-general/oecd-wwf-dialogue-nature-based-solutions-for-green-and-resilient-recovery-june-2020.htm>>.

HELLER, M. EU agrees to \$857B economic recovery plan. **CFO**, 21 July 2020. Available at: <<https://www.cfo.com/the-economy/2020/07/eu-agrees-to-857b-economic-recovery-plan/>>.

KLINGEBIEL, S.; IZMESTIEV, A. Covid-19, super accelerator or game changer for international development co-operation? **OECD Development Matters**, 25 June 2020. Available at: <<https://oecd-development-matters.org/2020/06/25/covid-19-super-accelerator-or-game-changer-for-international-development-co-operation/>>.

MORGAN, J. Covid-19 is an unmissable chance top ut people and the planet first. **The World Economic Forum Covid Action Platform**, 24 Apr. 2020. Available at: <<https://www.weforum.org/agenda/2020/04/covid19-coronavirus-climate-jennifer-morgan-greenpeace/>>.

MPTF – MULTI-PARTNER TRUST FUND OFFICE; DAG HAMMARSKJÖLD FOUNDATION. **Financing the UN development system**: time for hard choices. Uppsala: Dag Hammarskjöld Foundation, 2019.

OECD – ORGANIZATION FOR ECONOMIC DEVELOPMENT AND COOPERATION. **Covid-19 and developing countries**: policies and partnerships to respond, reset and rebuild better – policy statement by the members of the Governing Board of the OECD Development Centre. [s.l.]: OECD, 29 May 2020a. Available at: <[https://read.oecd-ilibrary.org/view/?ref=133\\_133648-emwpa3wfd0&title=COVID-19-and-developing-countries-Policies-and-partnerships-to-respond-reset-and-rebuild-better](https://read.oecd-ilibrary.org/view/?ref=133_133648-emwpa3wfd0&title=COVID-19-and-developing-countries-Policies-and-partnerships-to-respond-reset-and-rebuild-better)>.

\_\_\_\_\_. **Shaping government interventions for a faster and more resilient economic recovery**. [s.l.]: OECD, 8 June 2020b. Available at: <[https://read.oecd-ilibrary.org/view/?ref=134\\_134038-wshg4ioc55&title=Shaping-Government-interventions-for-a-faster-and-more-resilient-economic-recovery](https://read.oecd-ilibrary.org/view/?ref=134_134038-wshg4ioc55&title=Shaping-Government-interventions-for-a-faster-and-more-resilient-economic-recovery)>.

ORLIANGE, P. From poverty reduction to global challenges: a new horizon for international development cooperation? **Revista Brasileira de Política Internacional**, v. 63, n. 2, 2020. Available at: <<http://dx.doi.org/10.1590/0034-7329202000202>>.

PINEDA, E.; PESSINO, C.; RASTELETTI, A. Política y gestión fiscal durante la pandemia y la post-pandemia en América Latina y el Caribe. **Blog BID**, 21 Apr. 2020. Available at: <<https://blogs.iadb.org/gestion-fiscal/es/politica-y-gestion-fiscal-durante-la-pandemia-y-la-post-pandemia-en-america-latina-y-el-caribe/>>.

SCIO – STATE COUNCIL INFORMATION OFFICE OF CHINA. **Fighting Covid-19**: China in action. [s.l.]: SCIO, 2020. Available at: <<https://www.chinadaily.com.cn/pdf/2020/FullTextFightingCOVID19.doc>>.

SDSN – SUSTAINABLE DEVELOPMENT SOLUTIONS NETWORK. **New report shows how to use the sustainable development goals to build back better after Covid-19**. New York: SDSN, 30 June 2020. Available at: <<https://www.unsdsn.org/new-report-shows-how-to-use-the-sustainable-development-goals-to-build-back-better-after-covid-19>>.

UNDP – UNITED NATIONS DEVELOPMENT PROGRAM. **Covid-19 and human development**: assessing the crisis, envisioning the recovery. New York: UNDP, 2020a.

\_\_\_\_\_. **COVID-19 and the SDGs:** how the 'roadmap for humanity' could be changed by a pandemic. [s.l.]: UNDP, 2020b. Available at: <[https://feature.undp.org/covid-19-and-the-sdgs/?utm\\_source=web&utm\\_medium=homepage&utm\\_campaign=covid19-sdgs](https://feature.undp.org/covid-19-and-the-sdgs/?utm_source=web&utm_medium=homepage&utm_campaign=covid19-sdgs)>.

U.S. NOTIFIES UN of withdrawal from World Health Organization. **CBC**, 7 July 2020. Available at: <<https://www.cbc.ca/news/world/us-withdraws-world-health-organization-1.5638515>>.

WHO – WORLD HEALTH ORGANIZATION. **Seventy-third World Health Assembly:** Resolution A73/CONF.1 Rev. 1. [s.l.]: WHO, 18 May 2020. Available at: <[https://apps.who.int/gb/ebwha/pdf\\_files/WHA73/A73\\_CONF1Rev1-en.pdf](https://apps.who.int/gb/ebwha/pdf_files/WHA73/A73_CONF1Rev1-en.pdf)>.

#### COMPLEMENTARY BIBLIOGRAPHY

BUITER, W. Paying for the Covid-19 pandemic will be painful. **Financial Times**, 15 May 2020. Available at: <<https://www.ft.com/content/d9041f04-9686-11ea-899a-f62a20d54625>>.

CHINA Development Bank to provide financial support to Belt and Road projects affected by Covid-19. **Silk Road Briefing**, 27 Mar. 2020. Available at: <<https://www.silkroadbriefing.com/news/2020/03/27/china-development-bank-provide-financial-support-belt-road-projects-affected-covid-19/>>.

OECD – ORGANIZATION FOR ECONOMIC DEVELOPMENT AND COOPERATION. **Six decades of ODA:** insights and outlook in the Covid-19 crisis. Paris: OECD Publishing, 2020. Available at: <<https://doi.org/10.1787/5e331623-en>>.

\_\_\_\_\_. **Tax and fiscal policy in response to the coronavirus crisis:** strengthening confidence and resilience. Paris: OECD Publishing, 2020. Available at: <<http://www.oecd.org/ctp/tax-policy/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience.htm>>.