

Opening remarks by Mr. Navid Hanif
Director, Financing for Sustainable Development Office, to
Financing for Disaster Risk Reduction and Risk-informed Approaches to investing across
the SDGs, UNDRR and UNDESA FfD Forum side event
13 April 2021 (7:30- 8:45 a.m., Webex)

Excellencies, Ladies and Gentlemen,

I thank our colleagues at UNDRR and the Group of Friends of DRR – led by Australia, Indonesia, Norway and Peru – for partnering with us on this timely event.

I would like to highlight three aspects today.

First, covid-19 has revealed the complexity of the risk landscape, intensifying existing development challenges.

The 2021 Financing for Sustainable Development Report examines how such complex risks threaten achievement of the SDGs, highlighting the pandemic's toll on the global economy, how it has plunged the world into recession, deepened inequalities and pushed an estimated 120 million people into extreme poverty.

Second, inadequate collective response.

US \$16 trillion in stimulus and recovery funds has been injected into the global economy. Yet, less than 20 per cent of that was spent in developing countries. A few more facts to further set the scene for our discussions this morning:

- ODA levels, already far below the 0.7% GNI target, may have declined in 2020;
- Financing for disaster risk reduction remains fragmented: only 0.1% of ODA goes to DRR; and the \$100 billion climate finance commitment, separate from ODA, remains unmet;
- Funding gaps of \$20 billion remain for the ACT Accelerator for 2021.
- All this, while debt burdens mount in many developing countries and tax evasion and illicit financial flows further limit their fiscal space to react and respond to recovery needs.

Development cooperation is not meeting the needs of developing countries, especially the most vulnerable, in these times of crisis.

A reimagined understanding of development cooperation – informed by risk, oriented to resilience, and strongly linked with climate action – can serve as a ballast for collective action. Yet, this demands more concerted and flexible implementation of the global agreements, where efforts at all levels build on and reinforce: country systems; the enablers of development cooperation; and national and local capacities.

All actors must also keep a clear and firm focus on climate mitigation and adaptation efforts. Fiscal policies and instruments can help achieve the commitments of the Paris Agreement, while also generating co-benefits for growth, job creation, and health.

Third, the complex risk landscape requires innovative and ambitious action from all stakeholders

- *Partners* must meet their ODA and climate finance commitments, with focus on grants rather than loans;
- *Governments* in developing countries must take the lead in designing risk-informed integrated national financing frameworks (INFFs), national development cooperation policies and public policy frameworks, aligned with the SDGs and with greater ex-ante financing mechanisms for risk reduction;
- *Governments* in all countries will need to risk-proof their tax systems, for example by ensuring a sustainable mix of different types of taxes (income and consumption taxes, direct and indirect), allowing them to gain fiscal space to adequately respond to risks and recovery needs.
- With over 90% of SDG targets dependent on resilient infrastructure, *local governments* need support to put in place more risk-informed and forward-looking asset management: to improve service delivery, reduce costs, and increase the revenue potential of existing assets and future infrastructure investments.
- *The private sector* must: i) move beyond prioritizing short-term dividends toward long-term, risk-informed investments; (ii) provide further opportunity for SMEs to grow and thrive to strengthen the competitiveness of domestic markets; (iii) ensure that multinationals are held to standards of accountability and transparency to avoid tax abuse and avoidance.
- *The global community* must reassess its approach to addressing systemic risks, empowering the most vulnerable countries with capacities and resources needed to enact timely and responsive policies.

I am keen to hear your ideas for concrete action as we examine today, from a systems-thinking perspective, the financing of DRR and risk-informed approaches to investing across the SDGs.

We in UNDESA/FSDO are committed to our collaboration with UNDRR to help advance financing for sustainable development, in all its forms, that reduces risk and builds resilience.

Thank you.

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