

Financing for Development in the Era of COVID-19 and Beyond

**Menu of Options
for the Considerations
of Ministers of Finance**

Part I

SEPTEMBER 2020

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Preamble

Nine months after the first outbreaks of COVID-19, the dismal health and economic outlook is a stark reminder that the world is still very much in survival mode in dealing with the pandemic and the harsh socio-economic impacts of the lockdown measures implemented to limit its spread. The global economy has sunk into a deep recession and the full impact of the pandemic is yet to be fully comprehended.

What the world faces today is first and foremost a health crisis and its eventual resolution will ultimately depend on finding either a vaccine or a treatment that will provide the confidence to return to a certain degree of normalcy. In the meantime, thousands of people around the world continue to die daily of the virus, adding to an already catastrophic official tally of over 830,000 as of the end of August of 2020.¹

The pandemic is expected to push between 71 and 100 million people into extreme poverty, the first such increase since 1998². With progress on SDG 2 (zero hunger) already backsliding before the onset of COVID-19,³ an estimated additional 265 million people could face acute food shortages by the end of 2020.⁴ Prior to the pandemic, 61 percent of the global workforce – or 2 billion people – were working in the informal sector, most of them in developing economies⁵ without access to social protections and adequate health care services.⁶ Current estimates are that the equivalent of 400 million jobs worldwide were lost in the second quarter of 2020 relative to the last quarter of 2019, serving to further widen inequalities between and among countries and disproportionately impacting vulnerable groups.⁷

The main indicators of economic globalization are equally staggering: world merchandise trade levels could drop anywhere between 13% and 32% this year.⁸ Foreign direct

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- 1 Check the WHO Coronavirus Disease (COVID-19) Dashboard (<https://covid19.who.int/>) [Accessed: 28 August 2020] for updates.
 - 2 World Bank figures published in June 2020 (<http://pubdocs.worldbank.org/en/461601591649316722/Projected-poverty-impacts-of-COVID-19.pdf>)
 - 3 SDG Progress Report 2020 (<https://unstats.un.org/sdgs/report/2020/The-Sustainable-Development-Goals-Report-2020.pdf>)
 - 4 Figures from the World Food Programme (<https://www.wfp.org/news/covid-19-will-double-number-people-facing-food-crises-unless-swift-action-taken>)
 - 5 The term “developing economies” is used to refer to lower-income and middle-income countries. “Developed economies” refers to high income countries.
 - 6 ILO Women and Men in the Informal Economy 2018 (https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf)
 - 7 ILO figures dated 30 June 2020 (https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_749399.pdf)
 - 8 WTO figures https://www.wto.org/english/news_e/pres20_e/pr855_e.htm

investment levels are projected to plunge by up to 40% in value compared to 2019 to reach levels not seen since 2005.⁹ Remittances, a significant source of development finance, are estimated to drop by 20% this year.¹⁰

The unprecedented fiscal response to the pandemic has already reached nearly \$11 trillion globally. Global debt has soared to unprecedented heights, reaching US\$258 trillion or 331% of the global GDP in the first quarter of 2020.¹¹ Global public debt is also expected to reach an all-time high, exceeding 101% of GDP in 2020-21 – a surge of 19 percentage points from the previous year.¹² The United Nations revised downwards its global growth projections for 2020 to -3.2%,¹³ the IMF to -4.9%,¹⁴ the World Bank to -5.2% and OECD to between -6.0% and -7.6%.¹⁵

In addition, the pandemic is exacerbating inequalities by disproportionately affecting the more vulnerable. Countries that could afford massive stimulus packages are weathering the storm better than countries with too few resources to mount a massive response. Many capital markets are thriving, benefiting wealthier sections of the population, while labour markets are suffering. The elderly – the bracket of the population with by far the highest mortality rate – and the young, whose education has been severely disrupted, are paying an outsized

price. And the additional burden that befalls families – household chores and children's education – has largely been dumped on women.

Even before the pandemic, subdued economic growth threatened by a renewed escalation of trade disputes, climate change, ongoing conflicts, a rise in geopolitical tensions and growing inequalities already suggested that the world was not on track to meet the 2030 Agenda and the Sustainable Development Goals (SDGs).¹⁶ Now, the severe economic crisis brought about by the pandemic poses extremely serious risks and threatens to completely derail its implementation. Yet with crisis comes opportunity. As a critical juncture in global history, the pandemic represents a once-in-a-lifetime window of opportunity to steer the world towards a more sustainable and inclusive, resilient and low-emissions future.

We cannot afford to fall into complacency. The immense loss of lives and livelihoods and the profound economic and social disruption caused by the pandemic cannot be considered a new normal. As the Prime Minister of Barbados Mia Mottley highlighted during the High-Level Event on May 28th, on the urgency and adequacy of measures taken during the period of COVID, "time is not our friend."

9 UNCTAD, World Investment Report 2020 (<https://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2769>)

10 World Bank estimates (<https://www.worldbank.org/en/news/press-release/2020/04/22/world-bank-predicts-sharpest-decline-of-remittances-in-recent-history>)

11 IIF estimates (https://www.iif.com/Portals/0/Files/content/Research/Global%20Debt%20Monitor_July2020.pdf)

12 IMF World Economic Outlook (WEO) Update June 2020 (<https://www.imf.org/~media/Files/Publications/WEO/2020/Update/June/English/WEOENG202006.ashx?la=en>)

13 World Economic Situation and Prospects (WESP) mid-2020 report (<https://www.un.org/development/desa/publications/world-economic-situation-and-prospects-wesp-mid-2020-report.html#:~:text=Against%20the%20backdrop%20of%20a,%2D2020%20report%2C%20released%20today.>)

14 World Economic Outlook Update, June 2020 (<https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>)

15 See the World Bank's Global Economic Prospects (<https://www.worldbank.org/en/publication/global-economic-prospects>) and OECD Economic Outlook, June 2020 (<http://www.oecd.org/economic-outlook/june-2020/#Global-outlook>).

16 Financing for Sustainable Development Report 2020 (https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR_2020.pdf)

Executive Summary of Discussion Group Outcomes

The High-Level Event convened by the Prime Ministers of Canada and Jamaica and the Secretary-General of the United Nations on 28 May 2020, which was attended by over 50 Heads of State and Government, highlighted the need for international cooperation to find urgent solutions to the COVID-19 emergency and to build back better. As a result, the co-conveners set up six Discussion Groups:

1. External finance, remittances, jobs and inclusive growth, co-led by Bangladesh, Egypt, Japan and Spain, and facilitated by UNCTAD;
2. Recovering better for sustainability, co-led by the European Union, Fiji, Rwanda and the United Kingdom, and facilitated by UNDP;
3. Global liquidity and financial stability, co-led by Costa Rica, Ghana and the Maldives, and facilitated by the UN Economic Commission for Africa;
4. Debt vulnerability, co-led by the African Union, the Netherlands and Pakistan, and facilitated jointly by UNCTAD and UN-DESA;
5. Private sector creditors engagement, co-led by Antigua and Barbuda and Senegal, and facilitated by UN-DESA; and
6. Illicit financial flows, co-led by Barbados and Nigeria, and facilitated by UN-DESA.

Discussion Groups had open membership and were composed of regional organizations and dozens of participating Member States – many represented by Ministries of Finance – as well over 50 institutional partners including international financial institutions, think tanks, academic institutions and civil society organizations and relevant UN entities. Their main collective output, is a menu of policy options that provides guidance on concrete actions that individual countries, international financial institutions, regional organizations, and the global community at large could undertake to overcome the crisis and steer the recovery towards the attainment of the 2030 Agenda for Sustainable Development and the SDGs.

Discussions were further enriched at a round table of experts held on 19 August 2020 in which close to 40 global thought leaders in development and finance discussed and provided comments to further improve the key recommendations drafted by each Discussion Group.

In order to retain all policy options proposed, discussions were conducted in a spirit of collegiality and inclusivity and focused on substance rather than on negotiation and consensus building. As a result, the outcome fully reflects the richness of the discussions.

This initiative is complementary to parallel global processes to manage the socio-economic crisis occasioned by the response to the COVID-19 pandemic both within and outside

the United Nations, including G7, G20, OECD, IFI processes and the United Nations Financing for Development process. It is expected that these global processes and the discussion groups underpinning the High-Level Meeting of Finance Ministers to be held on September 8th and the Meeting of Heads of State and Government on September 29th will mutually reinforce each other. Discussion Groups will also remain engaged to ensure that feedback received following the Meeting of Finance Ministers is mainstreamed into the outputs. A follow-up meeting will be held in the first half of December to benchmark progress and delivery on the Financing for Development Initiative in relation to the Sustainable Development Agenda.

The discussions have highlighted the following main issues for the attention of Finance Ministers and Heads of State and Government:

- A number of options, from a technical standpoint, could rapidly provide additional financial support to developing countries at very modest cost to advanced country treasuries, but political will or international leadership is needed to get proposals over the line;
- Recovery packages in most countries are emphasizing speed and supporting existing economic structures, rather than new structures and approaches that are more inclusive and sustainable;
- Major distortions in global markets must be tackled to enhance the ability of private capital to contribute to building a better future.

The Menu of Policy Options: Aim and Structure

The policy options generated by the six discussion groups and presented in the annex to this document illustrate the rich debates and range

of viewpoints considered. The menu of policy options, along with the executive summaries and policy highlights, will be submitted for the consideration of the Ministers of Finance at their Meeting on 8 September 2020 and thereafter to the Heads of State and Government at a High-Level Meeting on 29 September 2020. This will enable Heads of State and Government to explore actionable measures that could be taken up and implemented as a matter of urgency, either at the international level (within the UN or in parallel processes) or by Member States.

Main Issues

The global response to the current economic crisis caused by COVID-19 includes three components that cut across all six discussion groups: (i) the mobilization of new resources necessary for an effective response to the current emergency or “survival stage”; (ii) the allocation of such resources to ensure a swift and inclusive recovery that leaves no one and no region behind, taking into account different country contexts and levels of vulnerability between states; and (iii) the creation of conditions to ensure that money is invested in a sustainable and resilient future.

1. EMERGENCY MEASURES AND RESOURCE MOBILIZATION

As a health crisis first and foremost, the search for and the equitable distribution of an effective COVID-19 vaccine remains by far the single most efficient means of ending the pandemic. Equitable distribution is key since it would both protect all countries from infection and prevent the virus from continuing its spread. A tool already exists for this, the “Access to COVID-19

Tools (ACT) Accelerator”, of which the COVAX Facility is a component,^{17,18} but so far only US\$4 of the US\$31 billion needed has been mobilized.

While waiting for a vaccine to be developed, financial resources are also crucially needed to mitigate the spread of the virus through effective COVID-19 testing and tracing systems. Helping each country achieve below-target infection rates remains an extremely cheap alternative to the costly lockdown measures which have destroyed so many livelihoods.

Beyond the health crisis, the pandemic has also caused immediate and severe financial and economic repercussions. It created a rush for US dollar liquidity and spurred record capital outflows from developing economies just as fiscal space was being squeezed by a sudden fall in revenue and a sharp increase in public expenditures. Many developing economies found themselves under severe financial pressure, and without some rescheduling, those that were at high risk of debt distress before the pandemic could have faced the prospect of defaulting on their debt service obligations.

The G20 responded swiftly by implementing the Debt Service Suspension Initiative (DSSI), the IMF by raising lending to the poorest countries, and the World Bank and regional development banks by increasing financial resources available to developing economies. However, while undoubtedly steps in the right direction, these measures were regarded as insufficient in light of the depth of the debt crisis.¹⁹

In order to address global liquidity problems, discussion groups proposed a new issuance of SDRs under a more flexible disbursement protocol for loans and the reallocation of existing, unused SDRs. They also called for an extension of central bank swap lines, a Liquidity

and Sustainability Facility to inject liquidity into developing economies in the short term and support sustainable investments in the long term; and a Fund Against COVID-19 Economics to provide financing to developing economies through concessional finance and investments from multilateral development banks (MDBs).

Regarding debt, discussion groups considered short-term measures to free up liquidity and potentially re-establish access to credit markets, including an extension of the DSSI to at least the end of 2021; and broadening its scope (i) to all vulnerable countries and (ii) to maintain positive net flows from MDBs to developing economies and emerging markets.

In order to engage private sector creditors in debt standstills, suggestions were put forward for examination such as a voluntary credit facility and a global asset purchasing programme that could help maintain market access for countries. Discussion groups also proposed strengthening principles of sustainability and environmental, social and corporate governance (ESG) principles through voluntary means, including through Principles for Responsible Investment. It was also recognized that the unique debt challenges faced by SIDS would require a targeted policy response.

Specific financial flows including private flows, remittances and ODA received special attention. In order to reverse the drop in private financial flows, discussion groups called for the establishment of a global coordination and cooperation mechanism to promote joint trade and investment for recovery and reconstruction. They also proposed declaring remittance services essential for the short term while seeking further reduction in remittance transfer costs (such as by considering subsidizing transactions or providing relief/support to businesses

¹⁷ [https://www.who.int/publications/m/item/access-to-covid-19-tools-\(act\)-accelerator](https://www.who.int/publications/m/item/access-to-covid-19-tools-(act)-accelerator). See also Okonjo-Iweala, N., “COVID vaccine strategy must consider need as well as wealth”. Financial Times, 24 August 2020.

¹⁸ <https://www.gavi.org/covid19/covax-facility>

¹⁹ Debt and COVID-19: A Global Response in Solidarity. UN Policy Brief, 17 April 2020 (https://www.un.org/sites/un2.un.org/files/un_policy_brief_on_debt_relief_and_covid_april_2020.pdf)

in exchange for them offering reduced/zero fees) and mobilizing underutilized diaspora investments. Likewise, they called for developed economies to protect current ODA levels given its crucial role, particularly in least developed countries and other vulnerable countries.

The need to stem illicit financial flows, long recognized as a global problem, was brought into the spotlight in the context of COVID-19 as a means of freeing up much-needed resources, especially in the current context where emergency measures have released large amounts of liquidity, further increasing the risk of the misuse of funds. A rapid transparency response mechanism was proposed to prioritize anti-corruption and anti-money laundering solutions to aid disbursement, protection of stimulus measures, financial inclusion, public procurement and fraud.

2. INVESTING IN A SWIFT, SUSTAINABLE AND INCLUSIVE RECOVERY

The COVID-19 pandemic is an unprecedented opportunity for a recovery that delivers cleaner, greener, healthier, more resilient and more inclusive economies and societies, as well as means to accelerate progress towards the 2030 Agenda for Sustainable Development and the Paris Agreement. In order to achieve this, the recovery must be coordinated, driven by a spirit of global solidarity, multilateralism and collaboration between governments, international organisations, international financial institutions, civil society and the private sector, to get our shared goals back on track. Within this, an emphasis should be placed on leaving no-one behind and supporting the most vulnerable, including SIDS and LDCs and vulnerable people and communities within them.

In particular, discussion groups recommended:

- Creating strong, resilient and inclusive health systems, underpinned by Universal Health Coverage, that focus on equitable access, quality and financial protection.
- Creating environmentally sustainable, inclusive and dynamic economies, driven by clean, resource-efficient and climate-resilient growth that reduces emissions, protects our biodiversity and natural capital and promotes sustainable consumption and production patterns.
- Investing in digitalization and new technologies, with a focus on open, inclusive, affordable and secure access to digital technology and developing digital literacy and skills for all. This includes digital technologies to address exclusion, health, climate, environmental and other challenges.
- Creating fairer, more equal societies, especially for women and girls, children, people with disabilities and marginalized and crisis affected groups; places with accountable, inclusive, transparent and resilient institutions.
- Expanding support for the most vulnerable, including through social and financial protection, and education and health systems, so that no-one is left behind.
- Engaging, leveraging and strengthening the positive role of the financial system in meeting these goals, drawing on public and private sources and governed by global standards and norms. This should focus on future-proof investment and built-in resilience, with costs and sustainability as underlying drivers. All sources of finance, including for developing

countries, should be engaged and leveraged in the best possible manner, fully aligned with the SDGs and the Paris Agreement.

- Improving the integration of climate, environmental sustainability and resilience to future risk into national planning processes and development finance.

To achieve this type of recovery, discussion groups recommended policies for global standards for alignment and disclosure, national planning, finance and policy frameworks, private sector actors and international development institutions.

The discussion groups also called for ODA to focus on supporting key areas such as institution-building for economic growth, leveraging domestic and private funds, building resilience, and improving trade and investment environments. They also called for developed economies to make every effort to meet their ODA commitment of 0.7% of GNI including 0.15% to 0.2% for LDCs while also including other vulnerable countries such as SIDS.

The unprecedented destruction of jobs brought about by the COVID-19 pandemic also requires large-scale action and strong financial support. Faced with large-scale unemployment, the idea of a universal basic income was discussed. The discussion groups also called for public finance in the short term to give priority to programmes that generate jobs, especially for vulnerable groups, provide targeted support for the informal economy and ensure equal access to finance and economic opportunities, skills development and labour force participation for women.

In order to prevent a future major debt crisis that could prevent an effective recovery, near-term debt relief measures were also proposed, such as debt cancellations and write-downs of bilateral and multilateral official debt, as well as debt-for-SDG or climate swaps. Buybacks

of commercial debt were also suggested, depending on the political economy and financial conditions of countries concerned. Existing funds and facilities, such as the Catastrophe Containment and Relief Trust, or the establishment of new bilateral, regional or multilateral facilities, could finance these programmes.

3. ENABLING THE CONDITIONS FOR A SUSTAINABLE AND RESILIENT FUTURE

The depth of the current crisis warrants a response that goes well beyond the next decade and includes provisions that ensure a low-emission, resilient and sustainable development pathway for current and future generations. What is warranted is nothing less than a fundamental paradigm shift from current development models.

Four areas of recommendations stood out in discussions on building a better future:

- Pricing environmental goods and bads, especially explicit and implicit fossil fuel subsidies, land degradation, ocean over-fishing, and ecosystem-services provision;
- Taxing multinational corporations in a fairer way, and establishing minimum taxes in countries where they are active;
- Combatting illicit financial flows in all its forms;
- Providing the resources for management of the global commons and provision of global public goods, including pandemic preparedness.

Proposals to fight illicit financial flows include improving tax administration through digital technologies, strengthening the implementation

of the UN Convention Against Corruption and other international frameworks, and strengthening the collection of information and transparency of data on beneficial ownership at national level, consistent with FATF standards. A whole-of-government approach would enable a coordinated approach across government agencies and departments. Continued dialogue is considered essential, including within the United Nations Committee of Experts on International Cooperation in Tax Matters and the FACTI Panel.

As for climate change, the increasing frequency and severity of weather-related disasters clearly shows that without swift and decisive action, we can only expect such crises to multiply. Governments are encouraged to continue updating nationally determined contributions as a way of ratcheting up ambitions to mitigate and adapt to climate change. Discussion groups also recommend updating national disaster risk reduction strategies, developing integrated national financing frameworks to ensure adequate financing, integrating the SDGs into national budgets, and ensuring that principles of inclusion and gender are at the heart of recovery plans and long-term strategies alike.

Fiscal measures should include carbon pricing instruments and phasing out fossil fuel subsidies. Discussion groups also called on governments to create and expand sustainable finance instruments such as green bonds and SDG bonds. Governments should also prioritize sustainable investment opportunities such as affordable renewable energies; nature-based solutions, including conserving and restoring natural ecosystems; inclusive and equitable health systems; digital technologies; inclusive education systems; and sustainable, climate-smart agriculture.

In order to fully internalize their potential impact on climate change mitigation and adaptation, private companies should adopt climate-related financial risk disclosures when providing information to investors, lenders, insurers and other stakeholders. The Task Force on Climate-related Financial Disclosures (TCFD) is already developing models for this purpose.

In short, governments and the private sector alike must ensure that every financial decision fully takes account of environmental and social impacts. We need to ensure that the whole financial system and the entire economy undergo a sweeping transition to a more sustainable future.

Discussion Group	Co-leads	Focal point entity	Participating Member States	Institutional Partners	UN entities
I External finance, remittances, jobs and inclusive growth	Bangladesh, Egypt, Japan, Spain	UNCTAD	Argentina, Botswana, Cabo Verde, Canada, China, Haiti, India, Indonesia, Jamaica, Kazakhstan, Malawi, Nigeria, Portugal, Russia, South Africa, Switzerland, United Kingdom	OECD as principal contributor, APFWLD, CSO-FFD, Education Commission, FATF, Green Climate Fund, ICC, IMF, IsDB, Les Eaux Minérales d'Oulmes, Reality of Aid Africa, SID, World Bank, World Benchmarking Alliance	IFAD and ILO as principal contributors, DCO, DESA, ECA, ECE, ECLAC, ESCAP, ESCWA, IOM, Office of the UN Youth Envoy, UN-CDF, UNDP, UNESCO, UNIDO, UNODC, UN Rwanda, UN Women, WIPO
II Recovering better for sustainability	European Union, Fiji, Rwanda, United Kingdom	UNDP	Algeria, Bangladesh, Belize, Brazil, Canada, China, Denmark, France, Germany, Haiti, Indonesia, Ireland, Italy, Jamaica, Japan, Kazakhstan, Malawi, Mexico, Morocco, New Zealand, Nigeria, Republic of Korea, Saint Lucia, South Africa, Russia, Spain, Sweden, Switzerland, Thailand	Arabia CSR Network, Bread for the World, CAN international, European Bank for Reconstruction and Development, Global Financial Markets Association, Les Eaux Minérales d'Oulmes, Green Climate Fund, Green Digital Finance Alliance (GDFA), IDFC, IFAD, IMF, ICC, IsDB, ITUC, OECD, Oxfam, SID, Standard Chartered, World Bank, World Benchmarking Alliance, World Resources Institute, WWG on FfD	DCO, DESA, ECA, ECE, ECLAC, ESCAP, Office of the UN Youth Envoy, Secretariat of the Convention on Biological Diversity, SG-CAT, UNCDF, UNCTAD, UNDRR, UNESCO, UNODC, UN Office of the Special Adviser on Africa, UN-PRI, UN Women
III Global liquidity and financial stability	Costa Rica, Ghana, Maldives	ECA	Antigua and Barbuda, Canada, China, Colombia, Costa Rica, Germany, Ghana, Haiti, India, Jamaica, Kazakhstan, Malawi, Maldives, Nigeria, Norway, Peru, Russia, United Kingdom	Emirates Environmental Group, Civil society, FSB, G20, G24, Green Climate Fund, IMF, International Chamber of Commerce, Madhyam, OECD, Peterson Institute, SID, SOMO, World Bank	DCO, DESA, ECA, ECLAC, ESCAP, IDEP, UNCTAD, UNDP, UNODC
IV Debt vulnerability	African Union, The Netherlands, Pakistan	UNCTAD, DESA	Antigua and Barbuda, Belize, Brazil, Cabo Verde, China, Ethiopia, France, Haiti, Kazakhstan, Malawi, Saint Lucia, Senegal, Russia, United States of America	Asian Peoples' Movement on Debt and Development, Banco Centroamericano de Integración Económica, Consejo de Ministros de Finanzas o Hacienda del SICA, Eurodad, Global Policy Forum, ICC, IMF, Jubilee USA Network, OECD, South Centre, World Bank	DCO, ECA, ECLAC, ESCAP, ESCWA, OHRLLS
V Private sector creditors engagement	Antigua and Barbuda, Senegal	DESA	Brazil, China, Haiti, Kazakhstan, Malawi, Morocco, Saint Lucia	EMTA, Global Policy Forum, ICC, ICMA, IIF, Jubilee USA Network, LATINDADD, OECD, SID, South Centre, World Bank	DCO, ECA, ECLAC, IFAD, OHRLLS, UNCTAD
VI Illicit financial flows	Barbados, Nigeria	DESA	Algeria, Bahamas, Belize, China, Equatorial Guinea, Haiti, Indonesia, Japan, Kazakhstan, Lesotho, Liberia, Luxembourg, Malawi, Mauritius, Mexico, Mozambique, Norway, Papua New Guinea, Russia, South Africa, United Kingdom, United States of America	African Tax Administration Forum, Bread for the World, CIAT, Coalition for Dialogue on Africa, Consejo de Ministros de Finanzas o Hacienda del SICA, FATF, IMF, IsDB, Jubilee USA Network, LATINDADD, OECD, Oxfam, SID, Standard Chartered, Tax Justice Network Africa, World Bank	DCO, ECA, ECLAC, ESCAP, ESCWA, UNCTAD, UNDP, UNODC

Discussion Group I:

External Finance, Remittances, Jobs
and Inclusive Growth

Coordination

Co- Leads:

- Bangladesh, Egypt, Japan, Spain

Institutional Partners:

- UNCTAD (focal point), with IFAD (for remittances), ILO (for jobs and inclusive growth), and OECD (for ODA)

Coordination and guidance:

- Special Envoy on Financing the 2030 Agenda, and EOSG Coordination Hub

Contributions received (through three open meetings and the Expert Meeting):

- José Antonio Alonso; CSO-FfD Group; UNECE; UNECLAC; UNESCAP; Green Climate Fund; India; Indonesia; IOM; RT PAY; Switzerland et al.; UNCDF; UNESCO; United Kingdom; UN Office on Drugs and Crime; UN-Women; UN Youth Envoy; World Benchmarking Alliance

The Effects of COVID-19 on Development Finance and Jobs

1. Global FDI flows forecast to decrease by up to 40% (in developing economies by up to 45%) and disruption of global supply chains (impact on SMEs)
2. SDGs financing is scaling down and at a slower pace (except for health)
3. Remittances flows forecast to decrease by 20%, affecting hundreds of millions of family members in low-middle-income countries (LMICs)
4. Official development assistance could decline by up to 8%
5. Employment could be reduced by up to 400 million (full-time jobs); 1.6 billion informal workers will be negatively impacted

Key highlighted Policy Options

- Establish a **global coordination and cooperation mechanism** for joint trade and investment promotion for crisis-relief, economic strategy for recovery and sustainable reconstruction, and mobilize all sustainability-themed funds, including pension funds, sovereign wealth funds, private equity funds, and impact investment.
- Capitalize on the DAC commitment to strive to protect ODA levels, and implement the Addis holistic approach by **optimizing ODA allocation and effectively leveraging with other sources** of financing, including by increasing collaboration between different public finance institutions to scale up finance and guide it more effectively.
- Enact a set of **enhanced measures to ensure easier and expanded access to remittances services** and their linkage to financial services for remittance families
- Strategically **prioritize public financing to job and income support**, particularly for vulnerable groups and workers in the informal economy, especially women, including through implementing job-retention/creation programmes and scaling up and extending social protection

Private finance and investment:

Short and medium to long-term policy options

Short-term:

Establish a global coordination and cooperation mechanism for joint trade and investment promotion for crisis-relief, economic strategy for recovery and sustainable reconstruction, and mobilize all sustainability-themed funds, including pension funds, sovereign wealth funds, private equity funds, and impact investment.

Mid- to long-term:

- (1) Develop solid institutional and regulatory framework and economic ecosystem.
- (2) Shift policy for investment towards regional value-chain based export expansion.
- (3) Adapt investment promotion strategy to the new investment-development paradigm.

Promoting investment in the SDGs:

- (4) Mainstream SDGs into national and international investment policies using IPFSD
- (5) Foster new forms of partnerships and sustainability-themed financial instruments
- (6) Deepen SDG and ESG integration into capital markets and international direct investment through effective systemized mechanism and a universal sustainability matrix.

Public finance and investment:

Short and medium to long-term policy options

Short-term:

Renew emergency public financed relief packages, including to support relief efforts in developing countries.

Ensure Quantitative Easing and lower interest rates benefit the poor; avoid distorting effects in developing countries

Boost public investment in urgently needed infrastructure

Long-term:

Scaling up finance for multilateral, regional and national development banks; support green and gender bonds

Increase collaboration among public finance institutions; integrate national development goals into public development banks and non-bank entities

Revise public banks' portfolio allocations and mandates, especially for social infrastructure, gender and climate; ease credit rating requirements; reform MFI governance structures

Increase public bank effectiveness; encourage more triangular and South-South cooperation.

Remittances:

Short and medium to long-term policy options

Immediate Relief Measures:

(1) Declare remittances services essential; (2) seek further reduction in remittance transfer costs; (3) support remittance service providers; (4) improve data availability; (5) waive taxes on remittances transactions; (6) incentivize use of digital remittance products.

Remittance family measures:

(1) Provide financial inclusion of remittance families in gender-sensitive financial and digital education programmes; (2) consider the contribution migrant returnees.

Measures for more competitive and resilient remittance markets and an enabling environment:

(1) Make information on costs accessible and transparent; (2) review policy framework of payment systems; (3) include international support for migrant workers, including through reskilling and reintegrating.

Officially supported international resources, including ODA:

Short and medium to long-term policy options

Short-term:

- (1) Identify and gather in one place access to respective funding mechanisms
- (2) Strengthen the role of ODA that would support domestic resources and capacity building.
- (3) Make every effort to meet the 0.7 ODA/GNI target, with a focus on the LDCs, explore expanding access to concessional finance to most in need, and better use of reverse graduation processes
- (4) Support international public goods in response to the pandemic, especially inclusive and accessible health.

Mid- to long-term:

- (1) Capture and exploit all sources and methods of official support (including through TOSSD)
- (2) Invest in quality infrastructure to address mid- to long-term needs.
- (3) Promote the alignment of finance with the SDGs, particularly blended finance and innovative financing

Decent jobs and inclusive growth:

Short and medium to long-term policy options

Short-term:

(1) Support jobs by providing strategic priority of public financing to programmes that produce better jobs and income support outcomes, especially for vulnerable groups; (2) scale up and expand social protection to the uncovered and strengthen it for all; (3) provide targeted job and income support to informal workers; (4) Support GVC linked workers and firms, including by fulfilling the 97% DFQF market access for LDCs products; (5) Ensure equal access to finance and economic opportunities for women.

Mid- to long-term:

(1) Consider a multilateral framework on universal social protection and prioritize the “100% decent work initiative”; (2) Encourage all countries to participate in Business and Human Rights Instrument (3rd draft); (3) Extend social protection for all; (4) provide technical, vocational education and training to informal workers; (5) address supply chain disruptions, including through technology support for LDCs; (6) ensure equal opportunity for women in policy options and financing strategies at all levels.

Discussion Group II:

Recovering Better for Sustainability

Coordination

Co-Leads:

- Fiji, Rwanda, United Kingdom, European Union

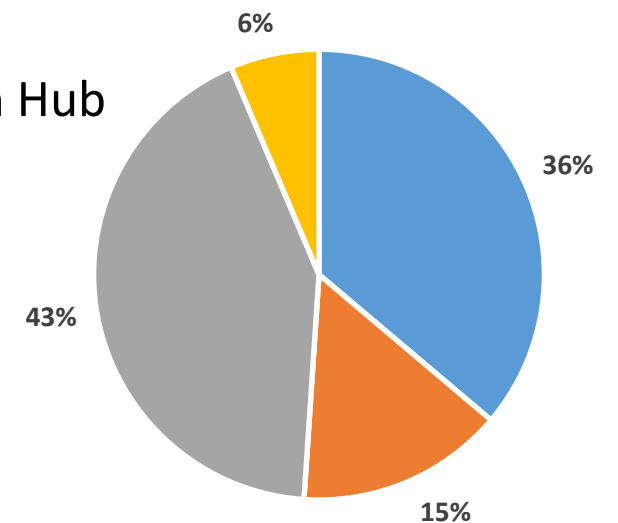
Institutional Partners:

- UNDP was the focal point for this Group. Partners also Member States, civil society, international organizations, and the private sector.

Coordination and guidance:

- Special Envoy on Financing the 2030 Agenda, and EOSG Coordination Hub

DGII Member Breakdown (%)



The Effects of COVID-19 on Sustainability

4 Key Objectives and Guiding Principles to Recover Better from the Impact of COVID-19

- **Resilient Health Systems:** Strong and resilient health systems, underpinned by universal health coverage, that focus on equitable access, quality and financial protection.
- **Climate and environment:** Environmentally sustainable, inclusive and dynamic economies, driven by clean, resource-efficient and climate-resilient growth that reduces emissions, protects our biodiversity and natural capital and promotes sustainable consumption and production patterns.
- **Digital:** Digitalisation and new technologies, with a focus on open, inclusive, affordable and secure access to digital technology and developing digital literacy and skills for all, to better address today's societal challenges.
- **Inclusion:** Fairer, more equal societies, especially for women and girls, people with disabilities and marginalised and crisis affected groups; places with accountable, inclusive, transparent and resilient institutions.

The Effects of COVID-19 on Sustainability

Policy areas considered:

- **Global standards and norms for alignment, disclosure, carbon pricing**
- **National planning, including:**
 - Nationally Determined Contributions, adaptation plans, biodiversity plans
 - Disaster risk reduction
 - Financial planning
 - Fiscal reform
 - Enabling environment for business
 - Priority areas for investment (e.g. health, digital, climate, environment, inclusion)
- **Private sector corporate strategies/business models, plus credit ratings agencies**
- **International development institutions, particularly PDBs**

The Effects of COVID-19 on Sustainability

Policies under DGII were guided by these principles:

- Build on agreed international and regional frameworks, taking Agenda 2030 and the Paris Agreement as its core guiding frameworks.
- Are driven by a spirit of global solidarity, multilateralism, collaboration between governments, international organisations, international financial institutions, civil society and the private sector, to get our shared goals back on track.
- Focus on leaving no-one behind and supporting the most vulnerable, including SIDS, LDCs and Africa.
- Engage, leverage and strengthen the positive role of the financial system in meeting these goals, drawing on public and private sources.

Global Standards and Norms: Alignment, Disclosure and Reporting & Carbon Pricing

Short and medium to long-term policy options

Alignment

- Countries should commit to developing comparable frameworks for aligning finance with the SDGs and the Paris Agreement.
- Frameworks should: address inequality and exclusion, including for women and girls; be in line with the best available science; and address the needs of vulnerable countries, taking national and regional contexts into account.

Disclosure and Reporting

- Countries should commit to a sustainability-related disclosure framework that aligns with global standard-setting initiatives, including those related to natural capital accounting, for all public and private market actors to increase transparency on available resources, how they are applied to sustainable activities and to assess what their impact is, so as to increase the scale and Impact of finance.

Carbon pricing

- The international community should establish and promote common methodologies and guidelines for carbon pricing instruments.

Governments:

Short and medium to long-term policy options

Alignment of national planning, spending and implementation

- Update and enhance Nationally Determined Contributions (NDCs) and other national plans and reflect this ambition in COVID-19 recovery plans.
- National Disaster Risk Reduction Strategies, with appropriate financing, should be established or revised, incorporating multiple, inter-related risks including climate change.
- To promote sound financing, Integrated National Financing Frameworks (INFFs) are useful tools.
- Translate plans into specific policies and investment plans, in line with the SDGs and the Paris Agreement, with inclusion and gender at the heart of financing and recovery plans.
- Increase access to financial resources for local governments and sub-national authorities.
- Amend the legal mandates of development banks to align their activities with the SDGs and Paris Agreement.

Central banks and financial supervisors – within their mandates and legal frameworks – could: integrate sustainability-, climate- and environment-, gender- and inequality-related risks into financial stability monitoring, macro and micro prudential supervision and macroeconomic models and forecasting tools and should integrate sustainability/climate factors in portfolio management.

Governments:

Short and medium to long-term policy options

Fiscal measures

- Improve the collection, use and distribution of resources to help address inequality.
- Use fiscal measures, with just transition plans for communities affected, to change incentives and phase out fossil fuel subsidies, wasteful consumption and other non-sustainable activities.

Enabling environments

- Create favorable conditions for responsible actions by the private sector by:
 - Developing a pipeline of sustainable projects, creating investment frameworks, increasing transparency and reducing investment risks.
 - Developing domestic financial and capital markets.
 - Attracting private capital through fiscal and regulatory tools to lower risk and enhance low-carbon and resilient investment opportunities.

Investment priorities

- Prioritize policies and investment for sustainable infrastructure and systems (e.g. renewable energy, sustainable consumption and production, nature based solutions, health systems and technologies, digital technologies, education systems, agriculture, etc.).

Private Sector:

Short and medium term to long-term policy options

Shift finance into low-carbon inclusive and resilient investment that maximises overall environmental and social benefits to meet the goals of the Paris Agreement, the SDGs and other international agreements. Support MSME's access to finance as enablers of job creation and local economic resilience for a sustainable recovery

Corporate Strategies and Credit Rating

- Invite corporate boards should review their corporate strategies and business models to:
 - Integrate commitments related to sustainable development.
 - Align investment portfolios with the SDGs and net zero carbon emissions.
 - Revise compensation structures to incentivize long-term objectives.
 - Strengthen scenario analysis to assess strategic resilience.
 - Protect the livelihoods of workers within global supply chains, and provide high-quality jobs.
- Credit rating agency regulators, with the agreements of the agencies themselves, should devise common guidelines to progressively incorporate longer-term SDG-aligned, social and environmental indicators into agency ratings.

International Development Institutions:

Short and medium term to long-term policy options

Strengthen the alignment of strategies and activities with the 2030 Agenda, the Addis Ababa Action Agenda, the Paris Agreement and the Sendai Framework. Strengthen the participation of developing countries in the governance of multilateral organizations.

Multilateral development banks, other development finance institutions and development agencies

- Align operations as a priority with the SDGs, the Paris Agreement and the post-2020 Biodiversity Framework.
- Ensure public finance is used efficiently and effectively, to support countries to recover from COVID-19 in a clean, safe, inclusive and resilient way.
- Encourage use of resources, knowledge and convening power to direct more investment, to countries more in need.

Indicative Timeframe	Policy group	Policy option
Short-term (2020)	Alignment of International Development Institutions	Commitments by Public Development Banks during Finance in Common Summit 2020
Medium-term (2021-2022)	Global Disclosure and Reporting	Alignment standards Standards for non-financial reporting Standards for climate-related financial disclosures (based on TCFD recommendations) and other ESG factors Public local, national and regional development banks and development agencies, TOSSD and International Community Transparency and Accountability in the Private Sector
	Carbon Pricing	Common methodologies and guidelines for carbon pricing instruments Introduction of internal carbon pricing
	Alignment of national planning, spending and implementation	Updating National Plans, including Nationally Determined Contributions Develop INFFs or similar to update financial planning
	National Disaster Risk Reduction Strategies	Establishing/Updating/Integrating Integration into National Planning and Financing Process International cooperation
	Fiscal Measures	Tax reform plans (including carbon taxation) and strategies International Cooperation – what does this mean?
	Enabling Environments	Legislative programme
	Investment Priorities	Specific Policies and Investment Plans Budgeting Consistent with International Practices and Guidelines Critical Investment Areas (continuing into long term)
	Private Sector	Corporate Governance, Strategy and Management (including Financial Sector) Credit ratings agency regulators
	Alignment of International Development Institutions	Non-PDB development finance institutions and development agencies
Long-term (2023-2030)	Carbon Pricing	Adoption and implementation of carbon pricing instruments
	National Disaster Risk Reduction Strategies	Operationalizing link to Financial Sector
	Fiscal Measures	Tax reform implementation
	Enabling Environments	Domestic Capital Markets Trade and mobility of goods, people and services
	Alignment of national planning, spending and implementation	Access of financial resources to local governments
Combination	Frameworks	Sustainable Financial Systems Frameworks
	Enabling Environments	Favourable Conditions for the Private Sector

Discussion Group III: Global Liquidity and Financial Stability

Coordination

Co- Leads:

- Costa Rica, Maldives, Ghana

Institutional Partners:

- ECA was the focal point for this Group. Other partners include Society for International Development (SID), Emirates Environmental Group, Green Climate Fund, Madhyam, SOMO, G24, IMF, FSB, G20, Peterson Institute, International Chamber of Commerce, OECD

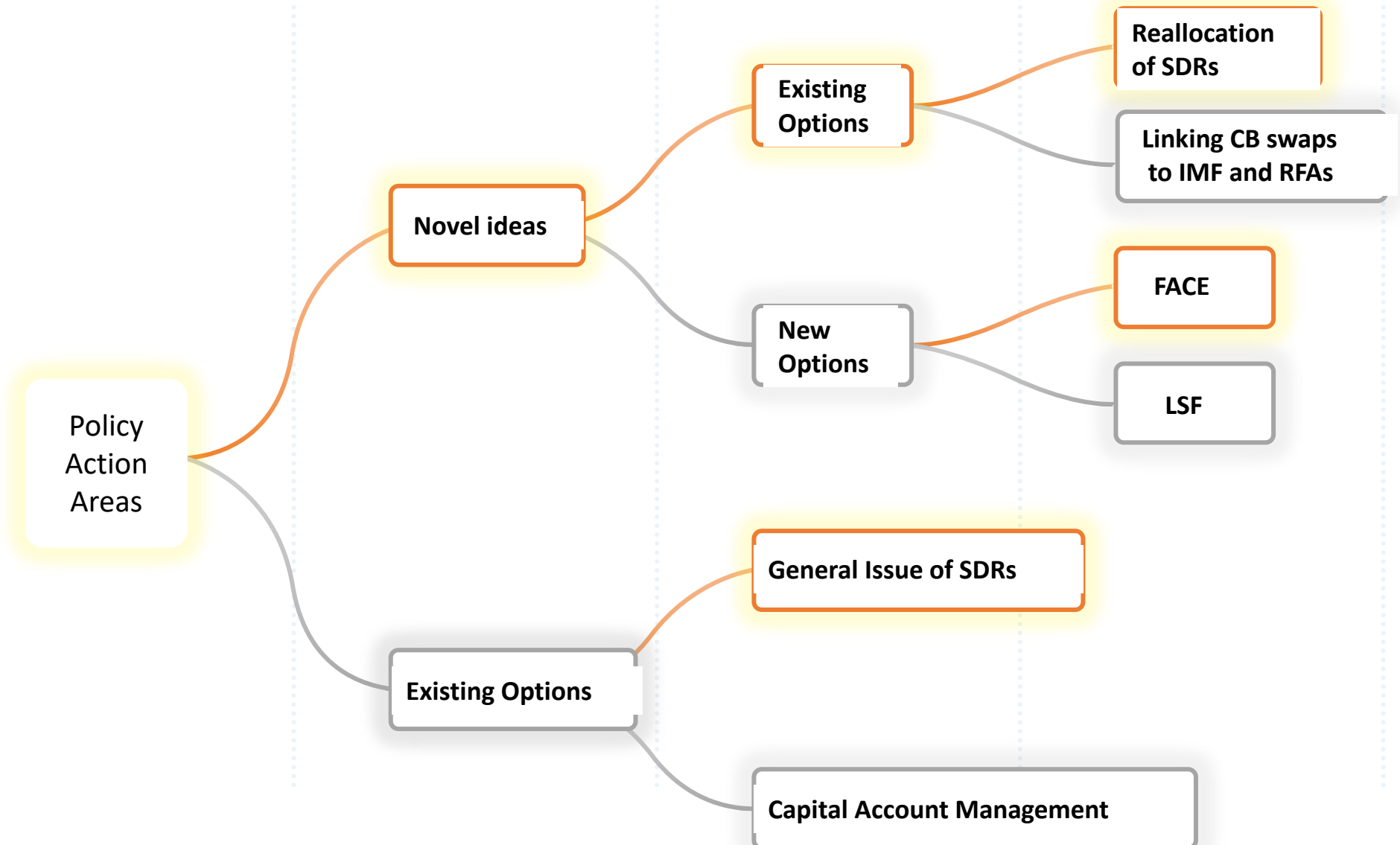
Coordination and guidance:

- Special Envoy on Financing the 2030 Agenda, and EOSG Coordination Hub

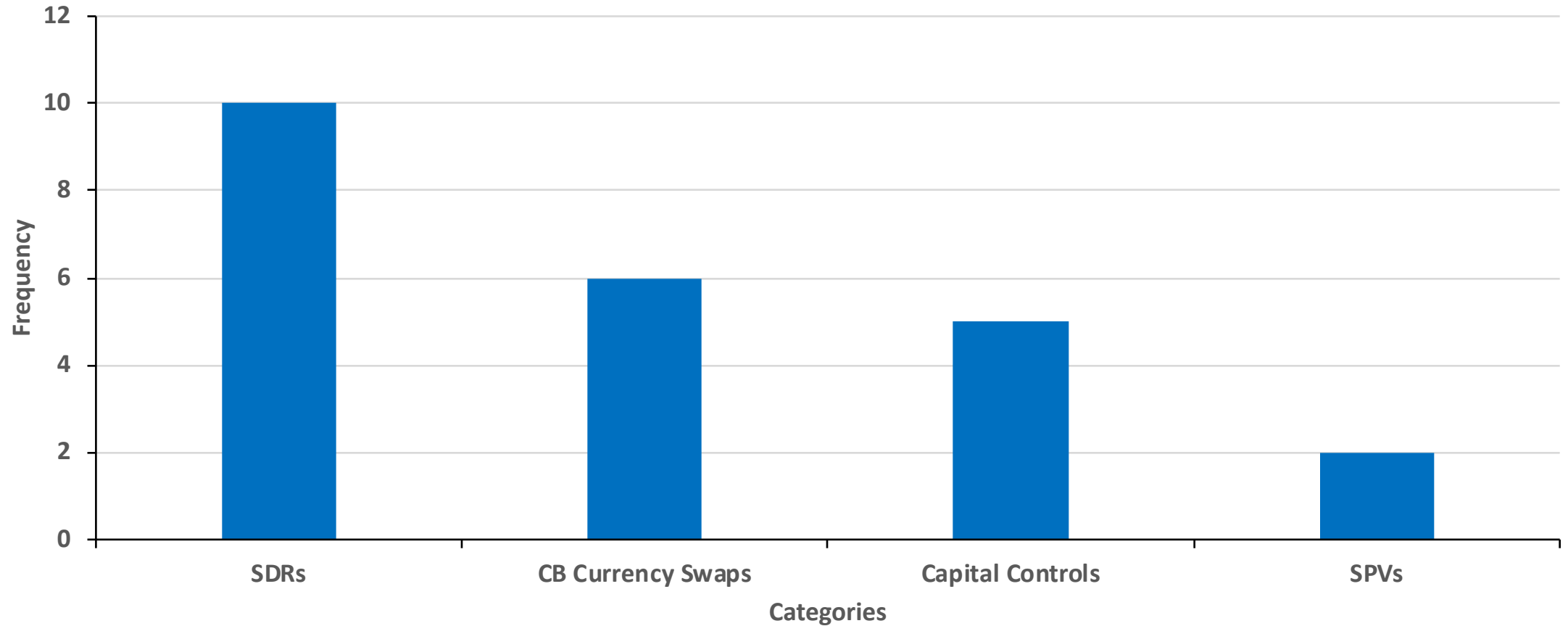
The Effects of COVID-19 on Global Liquidity and Financial Stability

- Covid-19 has had adverse effects on social welfare and the economy.
- Between January and March, intense market volatility with capital outflows of about US\$ 100 Bn – Markets have since stabilized.
- Nevertheless, for EMD countries, and especially for SIDs, limited access to markets, coupled with declining revenues have had consequences for debt sustainability.
- Initiatives such as the G20 DSSI and IMF debt forgiveness for the poorest countries, while very important, only extends to official debt.
- consequently, EMD countries continue to experience severe liquidity shortages.

Key Highlighted Policy Options



Proposed policy options, organized according to most frequent categories



Short Term Policy Options

Special Drawing Rights

(i) General Issue; (ii) Reallocation of existing SDRs
Actors: *IMF, Central Banks*



01

02

Central Bank Currency Swaps and repos

(i) Existing CB swaps; (ii) RFAs; (iii) IMF; (iv) FIMA;
(V) LSF
Actors: *Central Banks, IMF*



Enlarge access to loans and grants

(i) FACE; (ii) IMF Gold Sales
Actors: *IMF, MDBs, Ministries of Finance*



03

Medium to Long Term Policy Options

Capital Account Management

Actors: Central Banks, Ministries of Trade, Ministries of Finance

10

Discussion Group IV: Policy Options on Debt Vulnerability

Coordination

Co-Leads:

- African Union, the Netherlands, Pakistan

Institutional Partners:

- UN DESA and UNCTAD were focal points for this Group. Inputs were also received from 30 Member States and 22 UN entities, international institutions, and CSO representatives.

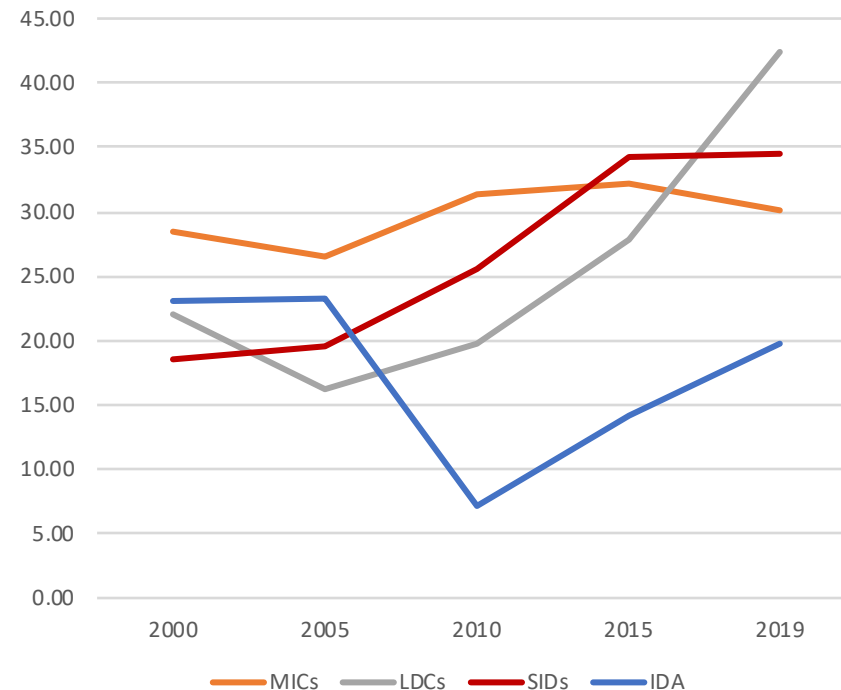
Coordination and guidance:

- Special Envoy on Financing the 2030 Agenda, and EOSG Coordination Hub

The Effects of COVID-19 on Debt Vulnerability

- **COVID-19 is exacerbating already high debt vulnerabilities:**
 - Debt service costs as a % of revenue are expected to rise further as revenues fall due to the crisis – impeding the crisis response
 - Public debt is expected to jump to at least 96% of gross world product due to COVID
- **DSSI is an important step, but not sufficient**
 - It doesn't address solvency issues/excludes some vulnerable countries/only bilateral creditors
- **Growing urgency to address both liquidity and solvency risks**

Debt Service % of Government Revenue



*Author's calculations based on IDS and World Bank data.

Key Highlighted Policy Options

Policy Option	Possible Actors	Time frame
<i>Debt Moratoria: Extension and Expansion of DSSI</i> <ul style="list-style-type: none"> • Extending the DSSI term to at least end of 2021. • Broadening the scope of beneficiary countries to include vulnerable countries • Providing equivalent measures for multilateral debt 	<ul style="list-style-type: none"> • G20 Creditors • G20 Creditors • MDBs 	Near term
<i>Debt relief</i> <ul style="list-style-type: none"> • Cancellations write-downs for official debt • Debt for COVID-relief/SDGs/Climate Swaps (for official and/or commercial debt) • Debt Buybacks 	<ul style="list-style-type: none"> • Bilateral/MDBs (i.e. IMF CCRT or equivalent) • MDB program/Regional (i.e. regional resilience fund)/bilateral (IFIs can draft term sheets) • MDBs 	Near term

Short-term and Medium/Longer-term Policy Options

Debt Moratorium (liquidity/near-term)		Debt relief measures (solvency/near term)
Bilateral Debt	Multilateral Debt	Multilateral and/or develop term sheets for bilateral: Debt cancellation for vulnerable highly indebted countries Exchange or reprofile debt to reduce debt service and/or write-down debt Debt swaps for highly indebted countries Debt buy-backs Support market access
Extending time horizon of DSSI Expanding eligibility of DSSI to additional countries/groups	Include multilateral debt in moratorium or equivalent measures	
	Private Creditors	Other measures and architectural issues (medium to long-term) Long-term debt sustainability assessments Debt crisis prevention: Improved public debt management Strengthening debtor/creditor transparency Strengthened use of international soft law principles State-contingent debt instruments (official and commercial debt) Debt crisis resolution: Other improvements to market-based approaches Legislative strategies Multilateral approaches to sovereign debt restructuring Voluntary Sovereign Debt Forum Sovereign Debt Authority or standing advisory
	Include private creditors (See DG V)	

DG V

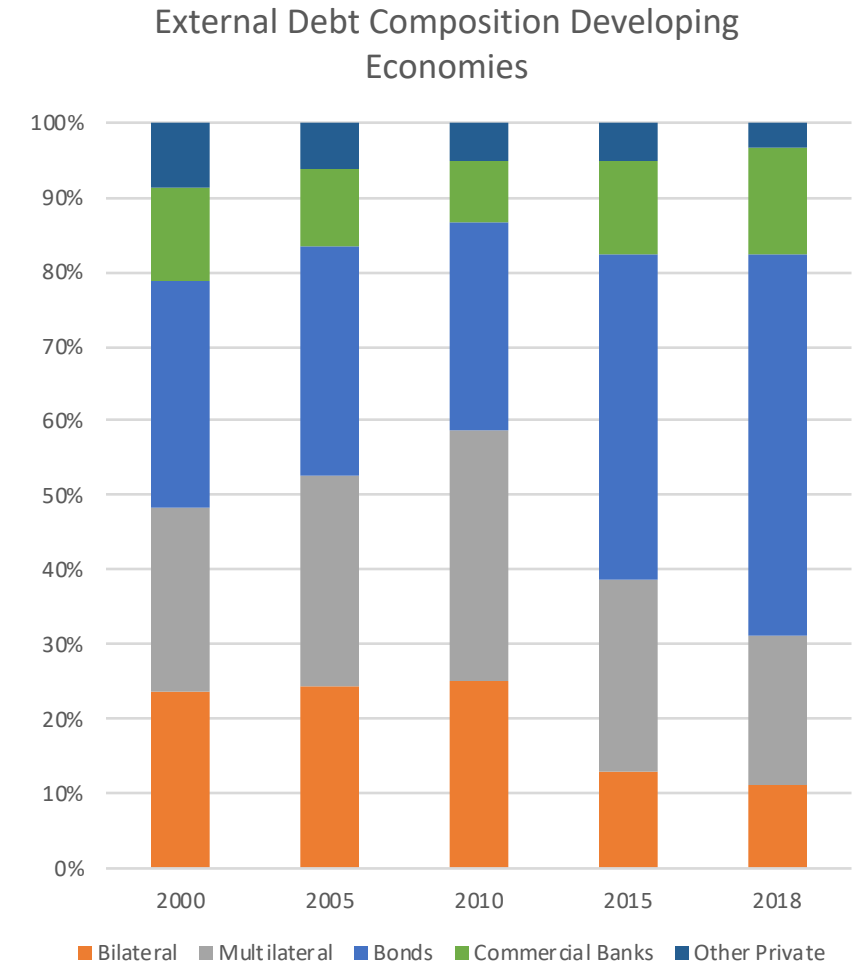
Policy Options on Private Sector Creditors Engagement

Coordination

- Co-Leads: Antigua and Barbuda, Senegal
- Lead Secretariat: UN DESA
- Discussion Group Members: 20 UN Member States + 20 UN entities, international institutions and CSO representatives
- Process: 3 discussion group meetings
 - July 16: introduction of policy options by the Co-chairs
 - August 6: Deep dive into options with experts
 - August 26: Co-chairs present highlighted options, and finalize options paper

The Effects of COVID-19 and Private Sector Creditors Engagement

- **COVID-19 is devastating public balance sheets... and exacerbating debt risks:**
 - Prior to COVID, almost ½ of LDCs/LICs were at high risk of or in debt distress.
- **with an increasing share owed to private creditors**
 - 69% of public external debt for developing countries overall (up from 41% in 2010)
 - 18 % of DSSI eligible countries (up from 5% 2010)
- **DSSI is an important step but insufficient**
 - To date, no private creditors participation



Highlighted policy options

(to be targeted, depending on country needs and circumstances)

Policy Option	Possible Actors	Time frame
Mechanisms to facilitate private sector creditors engagement <ul style="list-style-type: none">• <i>Voluntary Credit Facility to incentivize participation in standstills when needed.</i>	<ul style="list-style-type: none">• MDBs – tranche in existing facility or stand stand-alone facility	Near term
Debt for crisis support /development swaps/ resilience funds <ul style="list-style-type: none">• <i>To channel debt service payments into investments.</i>	<ul style="list-style-type: none">• MDBs• Regional (through resilience funds),• Bilateral (as part of broader programs with IOs)	Near term
Legal support <ul style="list-style-type: none">• to help navigate complex of legal issues	<ul style="list-style-type: none">• MDGs (e.g. WBG DRF; AfDB's ALSF)• Voluntary programs	Near term
Package to support vulnerable countries/SIDS <ul style="list-style-type: none">• state-contingent instruments/risk management (along with swaps and legal support)	<ul style="list-style-type: none">• Official sector (MDBs and bilateral) to lead• Market players	Near term; medium term impact

Short and medium to long-term policy options

Private Creditor Participation in Debt Moratoria and Alternatives (Near Term)		Debt Relief/Architecture Issues (Medium to long-term)	
A. Voluntary participation in DSSI Dialogue on credit ratings and other impediments	C. Alternative mechanisms to facilitate private sector creditors engagement Voluntary credit facility	D. Near term Debt Relief	F. Other medium/long-term and architectural issues**
		Buy backs** Debt swaps**	Improving market-based approaches State-contingent debt instruments Legal strategies Soft-law principles Sovereign debt forum Proposals for statutory approaches
B. Other mechanisms to support participation in Debt Moratoria Regulatory Approaches Necessity Defense	An asset purchasing programme to help maintain market access* Reprofilng of debt	E. Capacity support Legal support mechanism, (e.g. World Bank DRF/AfDB's ALSF)	

* To be coordinated with Group III; ** To be coordinated with Group IV

Discussion Group VI: Illicit Financial Flows

Coordination

Co-Leads:

- Nigeria and Barbados

Institutional Partners:

- UN DESA was the focal point for this Group. Contributions were also received from international organizations and actors including UNCTAD, UNDP, UN ODC, FAFT, ECLAC, ESCAP, OECD, and Civil Society FFD Group.

Coordination and guidance:

- Special Envoy on Financing the 2030 Agenda, and EOSG Coordination Hub

The Effects of COVID-19 on Illicit Financial Flows

- IFFs exacerbate the sustainable development financing gap, and, in the context of COVID-19, may increase risks across the range of economic crimes related to supply chains, procurement, corruption, trade, the financial sector, and terrorist financing.
- National implementation issues and international architectural questions need to be addressed, albeit on different time scales.
- All actions require capacity building and resources. Donors can consider helping countries which need support. Innovation in capacity building should be encouraged, and successful initiatives expanded.

Key highlighted policy options

Action	Time scale	Actor	Explanation (what is critical, new, innovative)
Rapid transparency response to the COVID-19 crisis	Short-term, urgent	Finance ministry	This can help generate more efficient resource usage to help States overcome the socio-economic hardship imposed by the pandemic.
Improve tax administration	Short-term, recovery	Finance ministry, tax administration	Improved tax collection and compliance, deter potential perpetrators of tax crime, and facilitate a greater perception of trust in tax authorities.
Strengthen implementation of UNCAC and other international frameworks	Short-term, recovery	Cabinet-level, justice ministry, finance ministry, FIU	Reduction of corruption and financial crime, prevention of corruption and money-laundering into all sustainable development policies and economic policy making.
Intensify cooperation on recovery and return of assets	Short-term, recovery	Justice ministry, FIU	Increasing spontaneous disclosure, and enhancing legal frameworks for non-conviction based forfeiture.
Strengthen beneficial ownership information collection and transparency	Short-term, recovery	Parliament, finance ministry, tax administration, FIU	To underpin private or publicly accessible central beneficial ownership registers by accurate and up-to-date information.
Develop a whole-of-government approach to tackling IFFs	Medium-term	Cabinet-level, tax administration, FIU, financial regulators, justice ministry, all AML/CFT-relevant competent authorities, supreme audit institutions	Reenabling a more coordinated approach across government agencies and departments to tackling tax abuses and other financial crimes offers the potential for significant gains.
Support correspondent banking relationships	Medium-term	Financial regulators, banks	Improved financial inclusion, lower cost of remittance transfers and easier conduct of legitimate transactions.
Provide advice on tax policy for COVID-19 recovery and on digitalized tax administration	Medium-term	UN Tax Committee	To improve tax administration and on further options for using digital technologies.
Develop the political consensus to address systemic shortcomings related to IFFs	Medium-term	Cabinet-level, finance ministry, foreign ministry, FACTI Panel	Required to continue to develop the political consensus to address systemic shortcomings related to IFFs.
Capacity building – cross-cutting	Combination	Donors, South-South Cooperation providers, IFIs, UN System, other capacity building providers	Expertise available to everyone.

Proposed policy options, organized according to most frequent categories

1. Rapid transparency response to the COVID-19 crisis.
2. Develop the political consensus to address systemic shortcomings related to IFFs.
3. Capacity building, including provide advice on tax policy for COVID-19 recovery and on digitalized tax administration, and develop a whole-of-government approach to tackling IFFs.
4. Strengthen beneficial ownership information collection and transparency.

Policy option often mentioned in conjunction with other Discussion Groups:

- Support correspondent banking relationships.

Short Term Policy Options

- Rapid transparency response to the COVID-19 crisis
- Improve tax administration
- Strengthen implementation of UNCAC and other international frameworks
- Intensify cooperation on recovery and return of assets
- Strengthen beneficial ownership information collection and transparency

Medium to Long Term Policy Options

- Develop a whole-of-government approach to tackling IFFs
- Support correspondent banking relationships
- Provide advice on tax policy for COVID-19 recovery and on digitalized tax administration
- Develop the political consensus to address systemic shortcomings related to IFFs