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ECOSOC HLPF on Sustainable Development 2023: Perspectives, Priorities and Positions

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The UN ECOSOC High-level Political Forum on Sustainable Development (HLPF), operating under the auspices of the Economic and Social Council (ECOSOC), has convened regularly since it was established by the 2012 United Nations Conference on Sustainable Development (Rio+20). It is a means for Member States, the UN System and Major Groups and Other Stakeholders to assess progress on the Sustainable Development Goals (SDGs).

In 2023, the HLPF took place from 10 - 19 July, and the main SDGs subjected to in-depth review were SDG 6 on clean water and sanitation, SDG 7 on affordable and clean energy, SDG 9 on industry, innovation and infrastructure, SDG 11 on sustainable cities and communities and SDG 17 on partnerships for the Goals.

The HLPF sessions covered a range of themes, including "Accelerating the recovery from the coronavirus disease (COVID-19) and the full implementation of the 2030 Agenda for Sustainable Development at all levels," dedicated to addressing progress and challenges distinctive to **Middle Income Countries** (MICs), **Least Developed Countries** (LDCs), and **Small Island Developing States** (SIDS). This briefing contains perspectives articulated by Member State representatives, UN entities, think tanks and CSOs.

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Addressing the debt crisis and its hindrance to SDG implementation

Kenya: “At the midway point to 2030, many Middle-Income Countries are still burdened with **unsustainable debt** which reduces our ability to invest in SDGs. Poverty and hunger have worsened in many MICs and income-generating opportunities at a national household and individual levels have been lost…. The **SDGs financing gap** in the MICs has significantly widened. It has not only reversed the gains towards the SDGs but has also deepened their pre-existing vulnerabilities. In addition, loans to MICs have become very expensive, limiting access to **development financing** for maximization of various means of SDG implementation, to inform quick wins. Therefore, Kenya calls for strengthening of **international government cooperation, fair trade policies** by developed countries, and actualization of the UN Secretary-General SDG Stimulus.”

Malawi: “Being a Landlocked Least Developed Country, Malawi recognizes the need for transformative solutions to regain the lost gains caused by increased frequence and magnitude of climate induced disasters, geopolitical tensions and the COVID-19 pandemic. We acknowledge that **debt restructuring** will go a long way in helping African countries and Least Developed Countries to get back on track on the road to SDGs. While recognizing the propensity of crisis going forward, we acknowledge the need for increased support for LDCs and LLDCs to recover from the devastating impacts of the manifested crisis and build resilience for our economies…. We redirect the calls for a quick **debt restructuring agreement** for LLDCs and African countries as one of the urgently needed actions to change our fate."

Philippines: "The most pressing issue [to MICs] in our SDG implementation is **tight fiscal space** and **high external debt**. As debt distress and risks increase across the world, most MICs were and are faced with the choice between development aspirations and **fiscal stability**. The COVID-19 pandemic, global political tensions and conflicts, adverse impacts of climate change and disruptions in food supply have also constrained countries' resources to address overlapping challenges".

ESCWA, Executive Secretary: Our world is only as resilient as our most indebted nation; the burden of MICs is not just their problem but a challenge for all of us, a threat to **global economic resilience.** It's a call for the global community to come together to assist but also to learn and to ensure a fair and equitable and prosperous world…. The **debt crisis** afflicting MICs, especially those in the Arab region, isn't simply a figure on a balance sheet. It represents a human cost, a socioeconomic upheaval affecting the livelihoods of millions. It's not confined within national borders, it sends shock waves through an interconnected world, **destabilizing global economic resilience** and shared prosperity if not addressed."

UN Secretary-General's proposal for an SDG Stimulus

"The SDG Stimulus aims to offset challenging market conditions faced by developing countries and accelerate progress towards the SDGs, including through investments in renewable energy, universal social protection, decent job creation, healthcare, quality education, sustainable food systems, urban infrastructure, and digital transformation. The SDG Stimulus addresses both short-term urgencies and the need for long-term sustainable development finance. It calls for a significant increase in financing for sustainable development, to the tune of at least ***US$500 billion per year****, to be delivered through a combination of concessional and non-concessional finance in a mutually reinforcing way."*

The SDG Stimulus puts forward three areas for immediate action:

1. Tackle the high cost of debt and rising risks of debt distress, including by converting short-term high interest borrowing into long-term (more than 30 year) debt at lower interest rates.
2. Massively scale up affordable long-term financing for development, especially through public development banks (PDBs), including multilateral development banks (MDBs), and by aligning all financing flows with the SDGs.
3. Expand contingency financing to countries in need.

Reforming the International Financial Architecture is urgent

Zambia: "Achieving SDGs in African countries, the LDCs and LLDCs against the backdrop of multiple and interlinked crises requires renewed and **strengthened commitment** among all partners, including the private sector, civil society and governments. We note in the 2023 SDGs report that only 12% of the SDGs are on track, more than 50% of the progress is uneven, and 37% have stalled and regressed. Countries in special situations, particularly LDCs and LLDCs, most of which are in Africa, are the hardest hit. To regain this lost ground and get back on the path to rescuing the SDGs, governments need to invest in building resilience and leveraging the power of **science, technology and innovation** which has potential to catalyse progress towards attainment of the SDGs. To accelerate recovery, we support calls for **reform of the international financial architecture** and the need for **development finance** to flow where it is most needed. The Secretary-General's proposal for an SDG

Stimulus package of at least US$500 billion per annum will offset unfavourable financing conditions faced by countries in special situations and support investments in critical sectors such as **renewable energy, social protection, healthcare, quality education, food security systems, resilient infrastructure,** and **information technology.**"

Indonesia: "It is pertinent that the international community work together to support African countries, LDCs and LLDCs in responding to the crisis, advancing recovery and progress in [SDG] achievement…. First, reforming the **international financial architecture** can provide African countries, LDCs and LLDCs with improved access to financial resources, enhanced **financial stability** and support the implementation of policies and initiatives outlined in Africa's Agenda 2063, Doha Programme of Action and the Vienna Programme of Action. With the current conditions it is also crucial to support countries in managing their debt through the initiatives, the restructuring and sustainability management strategies which can better allocate **fiscal space** and promote **long-term economic stability**."

Lao People's Democratic Republic: "The Lao PDR as both an LDC and LLDC has been severely affected by the multi-faceted challenges with further increased pre-existing **economic vulnerabilities** and widened the gap between financial resources available and development needs. Also, the implementation of the Istanbul Programme of Action for LDCs and the current Vienna Programme of Action for LLDCs as integrated into our National development plan has made some progress. It is still uneven… we look forward to the new Programme of Action for LLDCs next year, as continuous efforts to address **geographical challenges** and transform our country from being landlocked to land linked and regional logistic hub."

Honduras: "As a low-middle income country, it is increasingly difficult to get access to financing and resources**.** We must remember that **economic deceleration** in 2020 did little to stop the **climate crisis** which continues to a large extent without hesitation. We are one of the most vulnerable countries to that phenomenon, year after year we face the damage from hurricanes and tropical storms, leading us to fall back on our progress and many communities have to be moved entirely. However, our government under President Xiomara Castro is investing in measures to boost **resilience** in the face of natural disasters and in the deep-rooted fight against **corruption,** one of our priorities in our national plan."

Guatemala: "It is important to observe structural problems which have a significant impact on a country's development process. According to data provided by the World Bank, 70% of the world's countries are in the **middle-income classification**, but it would be wrong to consider that they are all homogeneous in terms of conditions of these countries just because they're part of this classification."

Center for Sustainable Development, Brookings, Senior Fellow: "MICs have suffered a large shock as a result of the pandemic. GDP this year and next year is going to be 8.6% below what it was expected to be [in 2019]. Growth is now expected to be something like 3.4 per year, not too far off the pre-COVID trend but the level of income will not recover to the previous path…. Advanced economies suffered a temporary shock but have now recovered while developing countries have suffered a seemingly permanent shock…. Without accelerating economic growth, there is little hope that MICs will make serious progress towards the SDGs…. On average, the private and public sectors in MICs should be spending about 5-10% of GDP, more on **energy transitions**, **land use system change**, **adaptation and resilience**, **nature preservation and human capital,** amounting to some US$2.7 trillion more than in 2019, even when excluding China…. There are many obstacles that currently prevent such investments…, and among the most important are the **lack of fiscal space** and the **high cost of capital** faced by MICs, whose **creditworthiness** has deteriorated in the aftermath of COVID-19…. Without access to **long-term capital** at **affordable interest rates,** MICs will not find it economically viable to undertake the large transformations in energy and landfill systems that are needed."

University of Johannesburg, South Africa, Research Chair in Industrial Development: "The development and prosperity of MICs matter, not only because they account for three fourths of the world's population and most of the world's poor, but also because of their **strong links with LDCs** - through trade, investment, remittances and other channels – affecting development outcomes in LDCs as well."

Education and Academia Stakeholder Group (EASG): "We would all agree that the challenges of the MICs are many and varied; this is so because often, how countries are measured and classified does not reflect the reality of the countries. Many MICs struggle with **financial gaps** or **limited resources** due in part to the **colonial structure of financing mechanisms.** They have seriously constrained budgets and limited access to resources…. This calls for mobilization of resources, **different financial mechanisms**, but we caution that it is important to consider the consequences of the mechanisms used."

Strengthening international cooperation: Financing for Sustainable Development

Indonesia: "MICs face various barriers and challenges in implementing the SDGs…. First, the status of MICs, neither low- nor high-income countries, has put them in paradoxical situations where they experience a decline in development assistance even though they continue to face significant development challenges. Hence, **international cooperation** and innovative **financing mechanisms** are needed. This includes increasing **official development assistance (ODA)** to MICs, encouraging **private investment** and partnership for **knowledge sharing** and **resource mobilization.** Secondly, to address the high levels of inequality and social disparities in MICs, policies and programmes should focus on **inclusive growth, poverty reduction** and **social protection measures**. Targeted interventions that address specific needs of vulnerable groups should be prioritized. Next, strengthening **institutional capacity** and governance is crucial…. MICs need to improve policy coherence, coordination mechanisms and data collection systems. Enhancing transparency, accountability and participation can help ensure effective implementation and monitoring of SDGs".

Denmark: "1.1 billion people live in LDCs and they account for merely 4% of global greenhouse gas emissions. There's nothing fair about the fact they are first to suffer from the climate crisis and it's not right that around 65% of people living in LDCs still lack access to electricity. We need to ensure energy for all, and ultimately, **renewable energy** is the only route to sustainable development. An investment in fossil fuels is an investment in a dying business. Saving the climate and ensuring development are not competing agendas. As a global community working to secure a just **green transition** in LDCs and LLDCs should be a top priority and just includes safeguarding the rights and empowerment of women and girls. But for this to happen, more **financing for development must** be mobilized."

Armenia: "The LLDCs, like Armenia, face additional challenges, including transport connectivity and **access to the foreign markets**. To overcome this constraint, we attach special importance to the advancement of information, communication technologies, and digitalization of the economy…. The UN system and international financial institutions have an important role in supporting MICs to a whole of system approach by facilitating access to **concessional financing** through **technology transfer** and **capacity building.**"

Algeria: "In order to support MICs to overcome challenges, … it is crucial to identify ways and means to ensure inclusive, **resilient and sustainable recovery**, particularly through scaling up the source of multilateral development banks and extending the eligibility of MICs to **concessional finance.**"

ESCWA, Executive Secretary: "The share of **concessional borrowing** from official bilateral and multilateral creditors is declining, and MICs are increasingly turning to private creditors, heightening **risk exposure** and

debt servicing costs… over half of the revenue is consumed by interest payments rather than spending these funds in improving citizens' wellbeing and investing in crucial public services".

Center for Sustainable Development, Brookings, Senior Fellow: "MICs will need significant **international support** to undertake the investments needed to make progress on the SDGs. They cannot rely on **private capital markets** alone."

University of Johannesburg, South Africa, Research Chair in Industrial Development: "Progress on SDGs in MICs is essential for progress and achievement for the SDGs in the world as a whole. Yet MICs remain stuck in …what we might call a middle-income gap where they may be neglected in **policy attention and financing**…. Structural transformation refers to a shift in economies towards higher productivity sectors and activities with a particular link to **industrialization.** This is essential for closing the gap, catching up and graduating with momentum…. For MICs, there is an importance of concerted policy efforts, including deepening innovation, strengthening firm-level capabilities, and pushing forward upgrading, diversification and inclusive and **sustainable industrial development.** This includes taking risks, learning from mistakes and ensuring that policies on paper are implemented in practice. For advanced economies, there's importance in enabling **access to technology** and genuine **technology transfers** as well as **access to finance** including going beyond **soft loans** to significant **net transfers of resources** to support the **green transition** and access of MICs to the market economies including through **lowered trade barriers** both tariffs and non-tariff barriers."

Investing in People: Bridging Gaps in Social Protection

Rwanda: "Regarding the Doha Programme of Action for LDCs, we want to reemphasize points like promoting **sustainable investment** through prioritizing sustainable and **inclusive investment,** particularly in … agriculture, manufacturing and services. Also, enhancing **technology transfer** and **digital literacy** [and] improving access to **quality education**…. Regarding potential solutions to crisis response, we want to echo the points related to promoting green recovery and boosting **health infrastructure** through investing in improving **crisis response capabilities** and ensuring **universal health coverage.**"

Indonesia: "[We must] strengthen **technical assistance** and capacity building especially in **human development.** People, in particular youth and working age population are critical assets to building resilience and advancing the 2030 Agenda. Investing in people could also enhance accountability to design and implement effective development strategies and policies in the future. Last is to promote **technology,** enhance competitiveness, and foster sustainable development including through a technology transfer agreement, **South-South cooperation.**"

EASG: "Many MICs face issues of **poverty,** coupled with high levels of **socio-economic inequality** that threaten the Sustainable Development Goals. Governments need to develop policies to address these issues. Central …is the implementation of policies to improve **access to education** for all at all levels, including adult education especially for vulnerable groups. Very often these countries lack democratic governments, transparency, effective governing mechanisms, participation of civil society and social dialogue [and] face corruption and weak institutions which make progress very difficult. It is important therefore to have **transparency and accountability**, anti-corruption measures, strengthening institutions, promoting good governance practices and engaging civil society."

Workers and Trade Unions Major Group: "We have to strengthen structural changes in our countries and create jobs that are decent with necessary income. The guarantee of a decent job is linked to more added value and necessary **social protection** that is better adapted to need. We need to diversify production systems to **reduce dependence on imports** in key sectors such as energy and food, as well as policies to decarbonize industry and increase the value of exports and primary products. These policies have to be created and put in place. That requires **digitalization, investment, technological innovation** and the **building up of skills** and learning throughout life. Investment to be increased in **public infrastructure**, roads, transport, building, machinery and other forms of equipment, all with a limited environmental impact. We also have to make progress in bolstering industry and industrial employment as well as fair **industrial transformation** processes."

Children and Youth Major Group: "Youth represents more than 60% of the African population; in more decades we expect an increase. As a youth constituency, we call for investment in youth, access to **quality education,** and providing **decent employment**; a convenient environment for **youth entrepreneurship** across Africa and LDCs that provide sufficient funding to innovative young entrepreneurs with an efficient system to register businesses across the globe; ensure structured intensive programmes that provide young people necessary skills to make them employable or relevant in the workplace; improve **resilience** to future pandemics and disasters such as cyclones through adequate **investment in infrastructure** and **health services**; invest in energy to ensure progress on the Doha Programme of Action and especially STEM to bridge the gap of poverty among the LDCs; ensure youth are seen as key stakeholders in policy making, implementation, monitoring, and evaluation of the SDGs; and ensure meaningful youth participation and of internally displaced persons with disabilities."

Right Energy Partnership with Indigenous Peoples in Malaysia, Executive Director (representing the Major Groups and Other Stakeholders): "NGOs that work directly with these underdeveloped communities play a vital role in implementing grassroots programmes, raising awareness and advocating for the rights and wellbeing of indigenous peoples and other vulnerable groups. **Direct financing** to these organizations enables them to scale up efforts and reach more committees in need…. Given the limited availability of **foreign development grants**, MICs must prioritize the needs of indigenous peoples and marginalized communities. This requires domestic resources, mobilization to progressive taxation, revenue collection, and investments in local industries…."

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The discussions on common challenges faced by MICs, LDCs and LLDCs in their pursuit of the SDGs shed light on a recurring theme: the urgent need for reform of the **international financial architecture** to enable better financing for development, including concessional financing, equitable debt management strategies, and support for critical development policy initiatives that ensures social protection.

Attention was brought to the multidimensional vulnerabilities of MICs, LDCs and LLDCs that require a more equitable and inclusive global governance framework instead of the current disparities in fiscal space and global economic governance that inhibit progress on the SDGs. Whether these issues are meaningfully addressed will be key at the SDG Summit on 18 - 19 September. (See GPW Fact Sheet #2 for more on the SDG Summit.)