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THE DEPUTY SECRETARY-GENERAL

**Closing remarks at the closing ceremony of the thirty-eighth
session of the Economic Commission for Latin America and
the Caribbean**

28 October 2020

**Excellencies, Ministers, Dear Colleagues and friends,
Ladies and gentlemen,**

**It is an honor to address this closing session of ECLAC
on the Decade of Action and financing for development.**

**I thank the government of Costa Rica for chairing this
meeting and his kind words and commend my dear sister
and friend Alicia Bárcena for her incredible leadership and
commitment to the Latin America and Caribbean region.**

**I would also like to express my deep appreciation to IMF
Managing Director Kristalina Georgieva and OECD Secretary-
General Angel Gurría for their wise steer.**

**I echo the Secretary-General's praise for ECLAC's
pioneering role in pushing for a more inclusive
understanding of sustainable development, and commend
ECLAC for its role in advancing policy dialogue in the region.**

**This session has reinforced ECLAC's long tradition of
open, inclusive and sustained dialogue with its member**

countries, which is more important than ever during the COVID-19 pandemic.

Excellencies,

Ladies and gentlemen,

The COVID-19 crisis has forced us to reassess our path towards achieving the SDGs.

Last month, we marked the 75th United Nations General Assembly jointly with Member States by holding the first “SDG Moment of the Decade of Action”, to generate a renewed sense of urgency, ambition and accountability.

We also convened Heads of State and Government to discuss an inclusive menu of options on Financing for Development, developed through a consultative process to tackle the crisis and recover better.

And we convened a High-Level Climate Roundtable that underscored the connection between COVID-19 recovery and

bold climate action to bend the curve and get to net zero emissions by 2050.

Linking these three events was the sense that while the COVID-19 pandemic is a human tragedy that threatens decades of progress, we must turn it into a unique, once-in-a-generation opportunity to restructure economies; generate sustainable jobs at the speed and scale required by the climate crisis; and put the world on track towards achieving the SDGs by 2030.

The Secretary-General has proposed a blueprint to align policies on COVID-19 and on climate: Use response and recovery packages to invest in green and decent jobs. Do not bail out polluting industries. End fossil-fuel subsidies. Take climate risks into account in all financial and policy decisions. Leave no one behind.

The decisions we make now will determine recovery pathways that will either entrench us in a high-carbon, high-

pollution trajectory, or pave the way for the greatest opportunity of our lifetime to make a just transition.

Nine countries of this region- Antigua and Barbuda, Bahamas, Bolivia, Dominican Republic, Guatemala, Mexico,

Nicaragua, Paraguay and Uruguay- will present their

Voluntary National Reviews on the SDGs in 2021. I encourage you to use these reviews as an opportunity to raise your ambition on climate and across the whole spectrum of sustainable development.

Excellencies,

Ladies and Gentlemen,

Even before the pandemic, Latin America and the Caribbean faced challenges in implementing the SDGs. The pandemic is now set to produce the worst economic contraction in the history of Latin America and the Caribbean, adding to structural gaps including stark

inequalities, low productivity, high informality, weak social protection systems and vulnerability to climate change.

ECLAC estimates that GDP in this region will contract by an average of 9.1% in 2020. Unemployment will reach 44 million people – an increase of 18 million since 2019. Poverty in Latin America may rise by nearly 7 percent, bringing the total number of people living in poverty to 231 million, more than one third of the region’s population. Extreme poverty is likely to affect nearly 100 million people.

Such drastic forecasts call for drastic action.

The United Nations has proposed a socio-economic response framework to support countries with bold and innovative proposals. These include an emergency income for the most vulnerable; tax exemptions and grace periods to Small and Medium Enterprises; and a basic digital basket composed of a laptop, smartphone, tablet, and a connectivity plan for households without access to the internet.

A new political and fiscal compact would ensure universal social protection and a green transition to diversify the region's economic structure and enhance its productive and trade integration. The Debt for Climate swap initiative would help Caribbean countries adapt to the effects of climate change.

But the ability of governments to enact these policies is constrained by their fiscal situation and debt vulnerability.

Some countries have been affected by a significant fall in tax revenues, making the debt burden worse, especially for smaller economies and the Caribbean SIDS.

Unsustainable debt has been a longstanding challenge.

The Financing For Development initiative co-lead by the Secretary-General and the governments of Canada and Jamaica offer a menu of options to increase liquidity and fiscal space for response and recovery. Allow me to highlight some of these.

First and foremost, there must be a major redistribution in liquidity from developed to developing countries. This would alleviate the pressure of adjustment in developing countries and enhances their policy space.

The most efficient and least costly way to achieve this would be through a massive issuance of Special Drawing Rights and a voluntary reallocation of idle SDRs towards developing regions.

The Fund to Alleviate COVID-19 Economics, FACE, proposed by the Government of Costa Rica, would provide concessional funding with long repayment periods and near-zero interest rates to low and middle-income countries that cannot immediately expand internal resources.

Increased lending to developing economies should be facilitated by the capitalization of multilateral, regional and national development banks, by making their lending rules more flexible, and by improving coordination between them.

Multilateral development banks could mobilize up to \$500 billion dollars.

The G20 Debt Service Suspension Initiative does not address the vulnerability of middle-income countries, as it defines eligibility through a GDP threshold. But the pandemic has shown that even when countries reach a certain income level, they may still require international development cooperation.

Furthermore, the DSSI extension of 6 months recently announced by the G20 may not avert a wave of defaults, because it is not related to the performance of the world economy.

Debt relief should become a permanent policy alternative, tied to the fluctuations of the business cycle as well as the structural vulnerability of economies.

There are many proposals that fulfil these requirements, including contingent debt instruments, hurricane bonds,

diaspora bonds, Sustainable Development Goal bonds, and ECLAC's proposal for a Caribbean Resilience Fund.

Climate adaptation and resilience finance also needs to be dramatically scaled up, especially by multilateral development banks.

We urgently need innovative financial instruments beyond debt that can help countries adapt to climate change and become more resilient.

Excellencies,

The COVID-19 crisis is an opportunity to reach wide social and political consensus on ambitious reforms, and a sustainable and egalitarian recovery.

These reforms should include investment in social cohesion and in reducing the inequalities that were driving social and political unrest in many countries, even before the pandemic.

High quality, universal public services—education, health, transport and environmental services—should be a priority. This also means investing in climate-resilient infrastructure to stimulate the economy, and in renewable energy and energy efficiency to generate green jobs.

We cannot go back to the failed policies and frameworks that gave rise to the fragility that is being exploited by the pandemic. We urgently need to imagine a better future for our children and future generations.

Minister Solano, I congratulate Costa Rica on chairing ECLAC with commitment, leadership and vision. I thank you and the ministers that have accompanied us for your support and warm welcome.

I would like to express my deep gratitude under the leadership of Alicia Bárcena, the amazing ECLAC team of committed professionals.

Now is the time for bold choices.

You can count on the Secretary-General and the UN System to be at your side in this noble and just cause.

Thank you for your solidarity.

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