



HIGH IMPACT  
INITIATIVES



SEPTEMBER 2023

# THE SDG STIMULUS

Scaling up long-term affordable  
financing for the SDGs

# HALFWAY TO 2030

High Impact Initiatives at SDG Action Weekend, 2023

## The SDGs are essential but we are off track

World leaders made a historic global promise to secure the rights and well-being of all peoples when they adopted the 2030 Agenda and the Sustainable Development Goals (SDGs) in 2015. This Agenda recognizes that collectively, we can deliver a better future for all. However, the Agenda is a promise, not a guarantee.

Over the past eight years, the world has seen unprecedented mobilization around the SDGs and we have made significant progress on some fronts, laying the critical foundations for our future success. However, now halfway to the 2030 deadline, we are not halfway there – in fact, we are only 15% of the way.

## To keep the promise, we need a fundamental pivot

It will take more than rhetoric or increased attention to deliver the promise. We cannot stay wedded to current ways of working. Everything we do, in every corner of our world, will need to evolve for us to advance.

The fundamental pivot we need at the core of the 2030 Agenda demands that countries reorient economies, ways of working and mind-sets to ensure the rights and aspirations of all can be achieved while preserving our climate and natural environment.

## This change will take everyone

In many ways, the foundations for transformation are right in front of us - the technical know-how, institutional infrastructure, global financial resources and proven programmes – but we need to channel these resources more effectively. This is the critical moment for political leadership and bold action from national governments; for the international community to come together in common purpose; and for all partners on the SDG journey to take their contribution to the next level. We start tomorrow, by accelerating what works today.

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## THE HIGH IMPACT INITIATIVES AT SDG ACCELERATION DAY SUNDAY, 17 SEPTEMBER

As we look to the future, our goal is simple: to generate renewed momentum, strengthen political leadership and channel tangible, integrated and coordinated support behind national plans and priorities. As part of the global effort to meet this challenge, the United Nations development system is mobilizing behind 12 high impact initiatives which provide a platform to help take SDG progress to scale. This platform will enable us to learn, evolve and scale what works with greater coordination and collaboration. The platform cuts across three major areas: economic and social transitions, means of implementation, and a core aspect of the cross-cutting issue of gender equality.

- **Energy** Compacts: Scaling up ambition to deliver on SDG7
- Nature Driving Economic Transformation: Leveraging the power of **biodiversity and nature** to drive equitable economic progress
- **Food Systems** Transformation: Transforming food systems for a sustainable world without hunger
- Transforming **Education**: Learning to build a better future for all
- Global Accelerator: The Global Accelerator on **jobs and social protection** for just transitions
- **Digital** Public Infrastructure: Scaling inclusive and open digital ecosystems for the SDGs
- The SDG Stimulus: Scaling up long-term affordable **financing** for the SDGs
- Transforming **Trade**: Paradigm shift to boost economic development
- **Local2030** Coalition: Pushing key transitions and achieving the SDGs by 2030
- FutureGov: Building **public sector capabilities** for the future
- Power of **Data**: Unlocking the data dividend for the SDGs
- Spotlight Initiative: To eliminate **violence against women and girls**

# THE SDG STIMULUS: VISION FOR IMPACT

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The global economy is facing multiple shocks that are threatening to further reverse progress on the Sustainable Development Goals (SDGs). A “great finance divide” has sharply curtailed the ability of many developing countries to invest in recovery, climate action, and sustainable development. Even prior to the recent rise in interest rates, least developed countries that borrowed from international capital markets often paid rates of five to eight per cent, compared to one per cent for many developed countries.<sup>1</sup>

The high cost of borrowing not only inhibits investment in the SDGs; it also raises the risk of debt crises. Debt overhangs are battering the economies of many developing countries. More than half of the world’s poorest countries are either at high risk or already in debt distress, while a quarter of middle-income countries, which host the majority of the extreme poor,

are at high risk of fiscal crisis. The number of additional people falling into extreme poverty in countries or at high risk of entering debt distress is estimated to be 175 million by 2030, including 89 million women and girls.<sup>2</sup>

The SDG Stimulus aims to offset challenging market conditions faced by developing countries and accelerate progress towards the SDGs. Ultimately, it seeks not only to mobilize investments for the 2030 Agenda, but also to promote a new international financial architecture in support of just, inclusive, and equitable sustainable development for all countries.

As a key means of implementation of the 2030 Agenda, the SDG Stimulus will accelerate progress towards all the SDGs by addressing both short-term urgencies and long-term financing needs.

## OVERVIEW: THE SDG STIMULUS

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The SDG Stimulus addresses both short-term urgencies and the need for long term sustainable development finance. It calls for an increase in financing for sustainable development of at least \$500 billion per year.

It includes three areas for immediate action:

- 1. Tackle the high cost of debt and rising risks of debt distress.** First, evaluate existing debt initiatives, including the G20 Common Framework, and develop an improved multilateral debt relief initiative that supports debt payment suspensions, debt exchanges, and/or haircuts, including a clear mechanism to include private creditors. Donors should scale up climate and SDG debt swaps, while creditors are called to include majority voting provisions in all sovereign bond contracts and syndicated debt instruments and to make greater use of risk-sharing debt instruments, such as state-contingent debt instruments.
- 2. Scale up long-term affordable financing for development by \$500 billion per year.** The SDG Stimulus calls for a massive scaling up of affordable long-term financing. Multilateral development banks (MDBs) can raise lending by \$500 billion per year through a variety of measures, such as by increasing capital bases, including increased hybrid capital, using their balance sheets more effectively, rechanneling Special Drawing Rights (SDRs), and leveraging private finance. MDBs should also improve their lending terms by increasing term length to thirty to fifty years, including state-contingent clauses, and increasing local currency lending.
- 3. Expand contingency financing to countries in need.** Measures should include new quick-disbursing financing instruments and expanded International Monetary Fund and World Bank contingency and emergency financing to countries in need. This includes integrating state-contingent and disaster clauses into all lending and issuing SDRs countercyclically for more automatic crisis response. Under this pillar, countries with unused resources can rechannel them towards vulnerable countries. This could be done through rechanneling SDRs through MDBs, which can lever the impact of SDRs two to five times, or by creating a new trust to finance climate mitigation projects in developing countries.

The SDG Stimulus builds on work that has been ongoing in the UN system for decades. The recent G20 Independent Expert Group on Strengthening Multilateral Development Banks draft report supported the main tenets of the SDG Stimulus on the need to increase lending by at least \$500 billion per year, with an expanded role for MDBs.

The SDG Stimulus aims to accelerate progress across all areas of sustainable development (sector-specific and cross-cutting) and involve both public and private actors (e.g., public development banks, private investors, philanthropies, civil society), in support of poverty reduction, climate action and equality (including gender equality), and more broadly on implementation of the SDGs and the Addis Ababa Action Agenda. Further information on the SDG Stimulus can be found [here](#).

## PLANS FOR THE 2023 SDG ACTION WEEKEND

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Implementation of the SDG Stimulus and its elements will require mobilizing broad support from developed and developing countries for ambitious actions in the governing boards of the International Finance Institutions. The session provides an opportunity for champion countries to further demonstrate their support for the SDG Stimulus and its elements and announce concrete steps they intend to take to work towards its implementation in relevant forums and governing boards. In addition, the event will further raise awareness of the SDG Stimulus Plan with all stakeholders.

## ROADMAP TO 2030

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Long-term plans will evolve as we learn and circumstances change, below is our current approach to acceleration through 2030 after SDG Action Weekend.

### Timeline and deliverables for progress:

Following the SDG Action Weekend, this initiative will accelerate progress towards the goals of the SDG Stimulus. Targets and actions from this HII will feed into subsequent milestones such as:

#### 2023 - 2025

- Advance the SDG Stimulus in major forums, including the IMF/WB Annual and Spring meetings, the 2024 Financing for Development Forum, the Summit of the Future, and the 4th International Conference on Financing for Development
- Re-channel an additional \$100 billion of SDRs, primarily through the MDBs
- Enable the rapid uptake of climate resilient clauses and scaling of debt swaps

#### 2026 - 2030

- Achieve SDG Stimulus target of at least \$500 billion per year
- Adopt broader reforms to the international financial architecture to improve the effectiveness, fairness, and responsiveness of the system.

### Metrics for success:

The SDG Stimulus calls for massively increasing concessional and long-term lending, primarily through

the MDBs, which can be tracked through lending volumes, for example. Its two other pillars, on debt and contingency financing, can be monitored through take-up of state-contingent and climate resilient debt clauses, debt swaps and debt relief measures, and the amount of SDRs rechanneled. Metrics include:

- Volume of additional annual funding through MDBs
- Take up of state-contingent debt clauses, amount of debt relief
- Volume of SDRs rechanneled through MDBs

The SDG Stimulus will rely on International Financial Institutions to report on its progress, including as part of the Financing for Development process at the UN. Existing institutionalized exchanges with ECOSOC could serve as a platform to monitor HII progress. The Inter-agency Task Force on Financing for Development can also monitor progress in its annual Financing for Sustainable Development Report.

### Roles and responsibilities of partners:

- **DESA** will lead monitoring of implementation through the Financing for Development process, relevant discussions in the ECOSOC, and through the Inter-agency Task Force on Financing for Development and the annual Financing for Sustainable Development Report.
- **All partners (DESA, UNCTAD and UNDP)** will support monitoring through data collection, analysis and reporting on SDG Stimulus implementation.



For more information on the SDG Stimulus, please contact Shari Spiegel ([spiegel@un.org](mailto:spiegel@un.org)) and Oliver Schwank ([schwank@un.org](mailto:schwank@un.org)).  
For an overview of the High Impact Initiatives, visit the [Transformative Actions](#) action tab on the [SDG Summit](#) website.