



HLPF Side Event

SCALING UP DEBT SWAPS AND OUTCOME-BASED INNOVATIVE FINANCING MECHANISMS FOR CLIMATE, NATURE AND FOOD

Creating fiscal space and mobilizing innovative finance for the achievement of the SDGs

July 15th, 1:15pm. Conference Room 8, UNHQ ([Webcast here](#))

Organizer: Colombia.

Co-sponsors: Brazil, Cabo Verde, Costa Rica, Germany, Portugal, Uruguay, UNCTAD, ECLAC, UNDP, FAO, Paris Pact for People and Planet, Green Climate Fund.

BACKGROUND:

The financing gap to achieve the Sustainable Development Goals ranges from UDS 2.5 trillion to UDS 4 trillion, annually. In a context of exacerbated and structural inequalities between and within countries due to compounding global crises, the current international financial architecture has been unable to address the increasing needs of developing countries to fix the significant backsliding in the implementation of the Agenda 2030.

The debt crisis has quickly evolved into a sustainable development crisis and the increasingly constrained fiscal space of developing countries has led to impossible decisions: more than 100 countries invest more today in the payment of debt services than in health or education systems. While eradicating poverty and ending hunger remain far from reach, lack of financing is also endangering significant investments towards sustainable development and just energy transitions, critical to set pathways towards the decarbonization of the economy and adaptation to climate change.

Furthermore, in the last 10 years, the number of people living in hunger and food insecurity has increased in most regions of the world, notably in developing countries. Only from October 2022 to January 2023, 205 million people were expected to face acute food insecurity and be in need of urgent assistance. Hunger and food insecurity continue to be prevalent, especially in low and middle-income countries, as a significant concern affecting various sectors of the population, exacerbated by structural historical, socioeconomic, and environmental factors. Therefore, it is necessary to strengthen multidisciplinary financial strategies that effectively incorporate the perspectives and needs of all persons in vulnerable situations in the formulation and implementation of public policies.



There is no silver bullet to close the financing for development gap, but it is clear that substantially increasing the mobilization of adequate, quality and accessible resources is urgent. Jointly with the urgent need of growth of concessional finance and the need to address the global debt crisis, innovative instruments, such as debt swaps for Sustainable Development Goals, should be considered to complement traditional development finance, provide liquidity and enhance fiscal space of developing countries. Through SDG Political Declaration, adopted in the SDG Summit in September 2023, Member States committed to scale-up the use of these instruments.

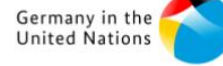
Additional outcome-based innovative financing mechanisms, such as payments for ecosystem services and SDG Bonds could also encourage ambitious sustainable development policies at the national level while unlocking additional resources for their implementation.

OBJECTIVE:

This side event will explore the potential of debt swaps for SDGs, including for climate, nature and food, as well as other outcome-based innovative financing mechanisms, as an alternative source of liquidity to invest in sustainable development. While recognizing that debt swaps are not intended to restructure unsustainable debt profiles, this event will argue that a multilateral approach to debt swaps hold the key to unlocking massive resources in developing countries.

GUIDING QUESTIONS:

- *How to harness the potential of debt swaps and other outcome-based financing mechanisms to enable investment in climate action, nature and food security in developing countries?*
- *What practical measures could be implemented to simplify and improve the design, transparency and financing of debt swaps and other outcome-based innovative financing mechanisms?*
- *How to ensure positive engagement from relevant stakeholders, including creditors and credit-rating agencies in debt-swaps operations?*
- *What role can International Financial Institutions, particularly Multilateral Development Banks, play to scale-up the use of debt swaps and other outcome-based innovative financing mechanisms in developing countries?*



PROGRAMME:

1:15pm – 1:25pm

Opening Remarks

H.E. Alexander Lopez, General Director of the National Planning Department of Colombia.

1:25pm – 2:05pm

High-level panel discussion: Creating fiscal space for developing countries to invest in nature, climate and food through innovative financing mechanisms, challenges and opportunities of debt swaps and other outcome-based financing instruments.

Representative of Brazil as President of G20 (to be announced).

Ms. Rebeca Grynspan, Secretary General of the United Nations Conference on Trade and Development – UNCTAD.

Mr. José Manuel Salazar, Executive Secretary of the Economic Commission for Latin America and the Caribbean – ECLAC.

Mr. Haoliang Xu, Associate Administrator of the United Nations Program for Development.

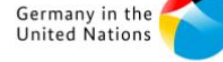
Ms. Manuela Francisco, Global Director for Economic Policies of the World Bank.

Mr. Robert Powell, Special Representative of the International Monetary Fund to the United Nations.

2:05pm – 2:25pm

Key Respondents:

H.E. Bärbel Kofler, Parliamentary State Secretary of Germany.



H.E. Marlon Navarro Alvarez, Deputy Minister of National Planning and Economic Policy of Costa Rica.

H.E. Mariano Berro Executive Director of the Uruguayan Agency for International Cooperation of Uruguay.

H.E. Rui Vinhas, Permanent representative of Portugal to the United Nations.

Mr. David Laborde, Director of Agrifood economics and policy Division of the Food and Agriculture Organization.

Ms. Piera Tortora, Head of the 4P Secretariat.

Mr. Darren Karjama, Partnerships and Strategic Relations manager at the Green Climate Fund.

2:25pm – 2:40pm

Contributions from the audience: 2 minutes interventions assigned first come, first served, through registration link and observing all protocols.

2:40pm – 2:45pm

Next steps and closing