

# COVID-19 and the SDG agenda

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# COVID-19

Projections for Colombia: economic contraction not seen for at least a century, unemployment rising to 20% and poverty rates surpassing 30%, reversing decades of economic and social progress.

The expansion of COVID-19 has negatively affected lives and livelihoods. But it has done so in an unequal way, hurting the poor and those more likely to return to poverty the most: those with little work protection, who earn their income in hand-to-mouth activities and are acutely affected by lockdown measures.

The country's speed of recovery will largely depend on both the depth and effectiveness of the countercyclical measures taken, so today, fiscal considerations must take a back seat.

The current situation is truly extraordinary: it is an extremely large, unexpected and temporary shock, which public finance theory shows should be financed by issuing debt. Fast and comprehensive measures to sustain economic activity and employment will lead to a quicker recovery and faster growth which implies better prospects for debt sustainability.

Olivier Blanchard has put it clearly:

1. "Do whatever it takes" phase.
2. "Oh my God what have we done" phase.

# COVID-19

The crisis will open a window of opportunity, where hard-to-find political consensus will allow for the implementation of otherwise difficult and unpopular reforms.

- Lowering informality rates
- Broadening tax bases: Colombia currently collects 1.2% of GDP from personal income taxes, with the lowest rate starting at twice per capita income, well above OECD standards (around half of per capita income).
- Eliminate tax exemptions, both on indirect and corporate income taxes. Value-added tax exemptions are regressive.
- Reforms for increasing saving rates are also essential (financial deepening is key for the SDG agenda).

# Five key challenges to achieve the SDGs

1

## Measurement

Data and indicators to measure progress and follow-up.

4

## Multi-stakeholder approach

Bringing the SDGs closer to non-governmental actors to drive action.

2

## Closing gaps approach

Closing regional, gender, and other gaps to achieve a just, equitable, tolerant, open and socially inclusive world.

5

## Financing

New financing mechanisms and pooling resources from different sources.

3

## Policy Coherence

The integrated and transformative nature of the SDGs, requires new ways of working that transcend policy and institutional silos.

# 1. Measurement: National Monitoring System

Defined by the SDG whitepaper issued in March, 2018

Open data for monitoring and follow-up  
[www.ods.gov.co](http://www.ods.gov.co)

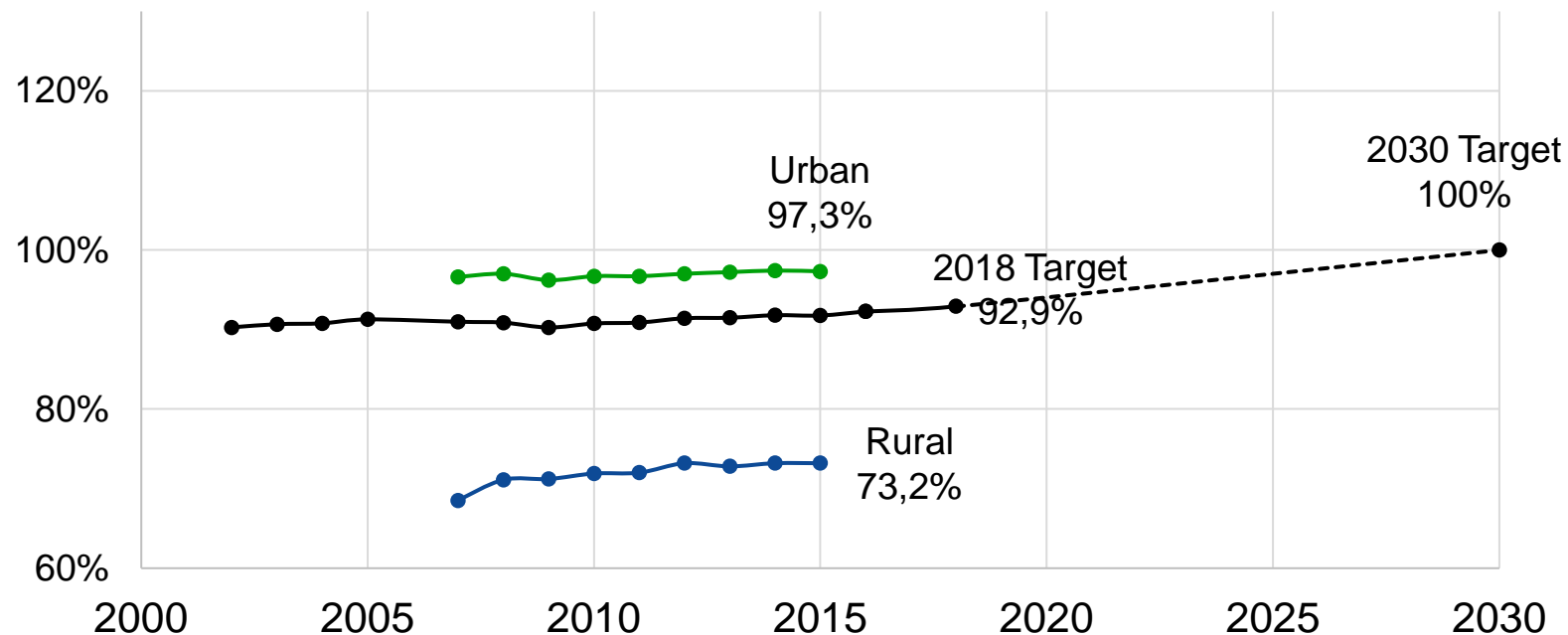
**156**  
National Indicators

2015  
Baseline

Targets by 2030

Available disaggregation\*  
by: Urban/Rural; Gender;  
Age

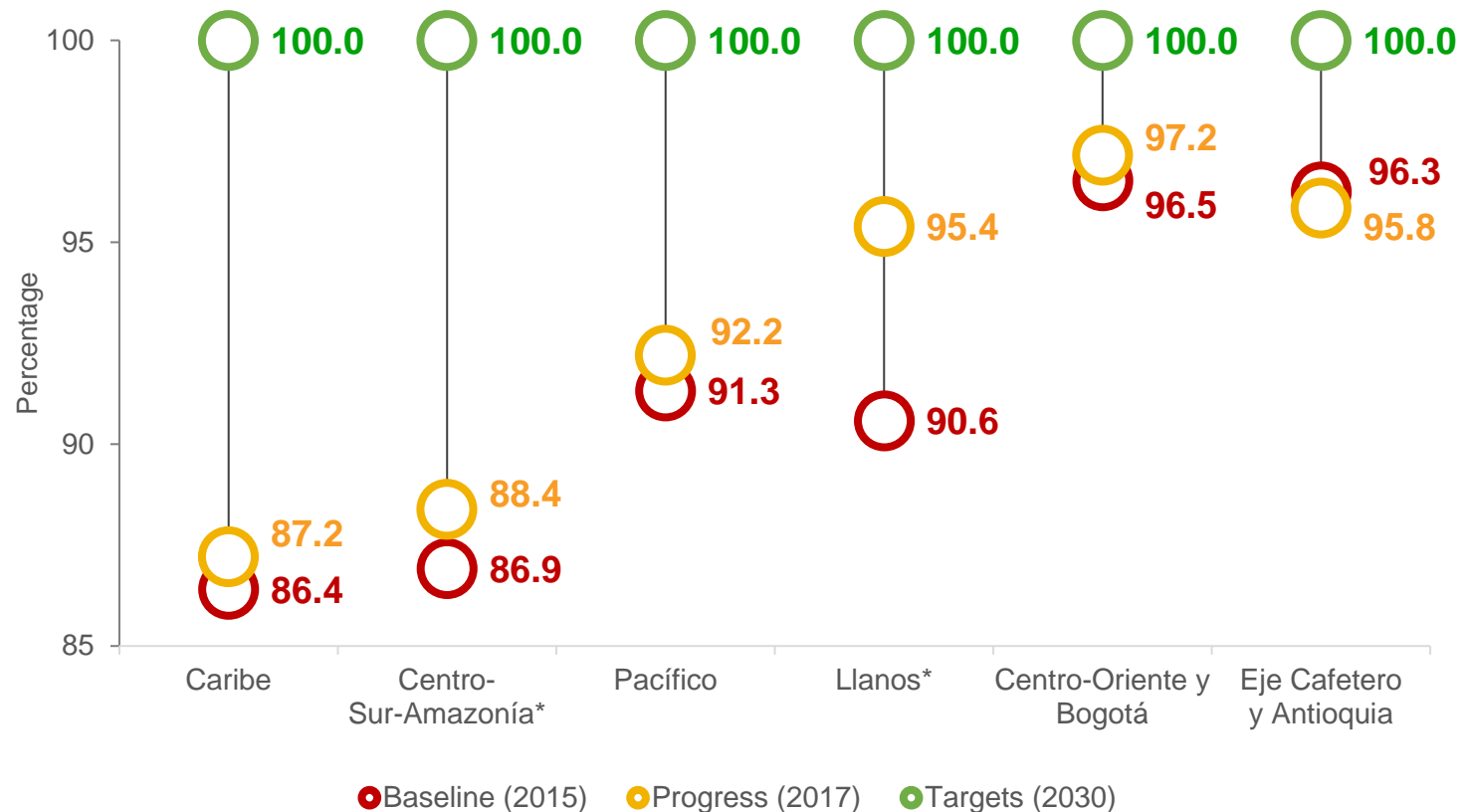
INDICATOR 6.1.A  
Access to drinking water (%)



\* Varies for each indicator

# 2. Closing gaps approach: regional SDG targets

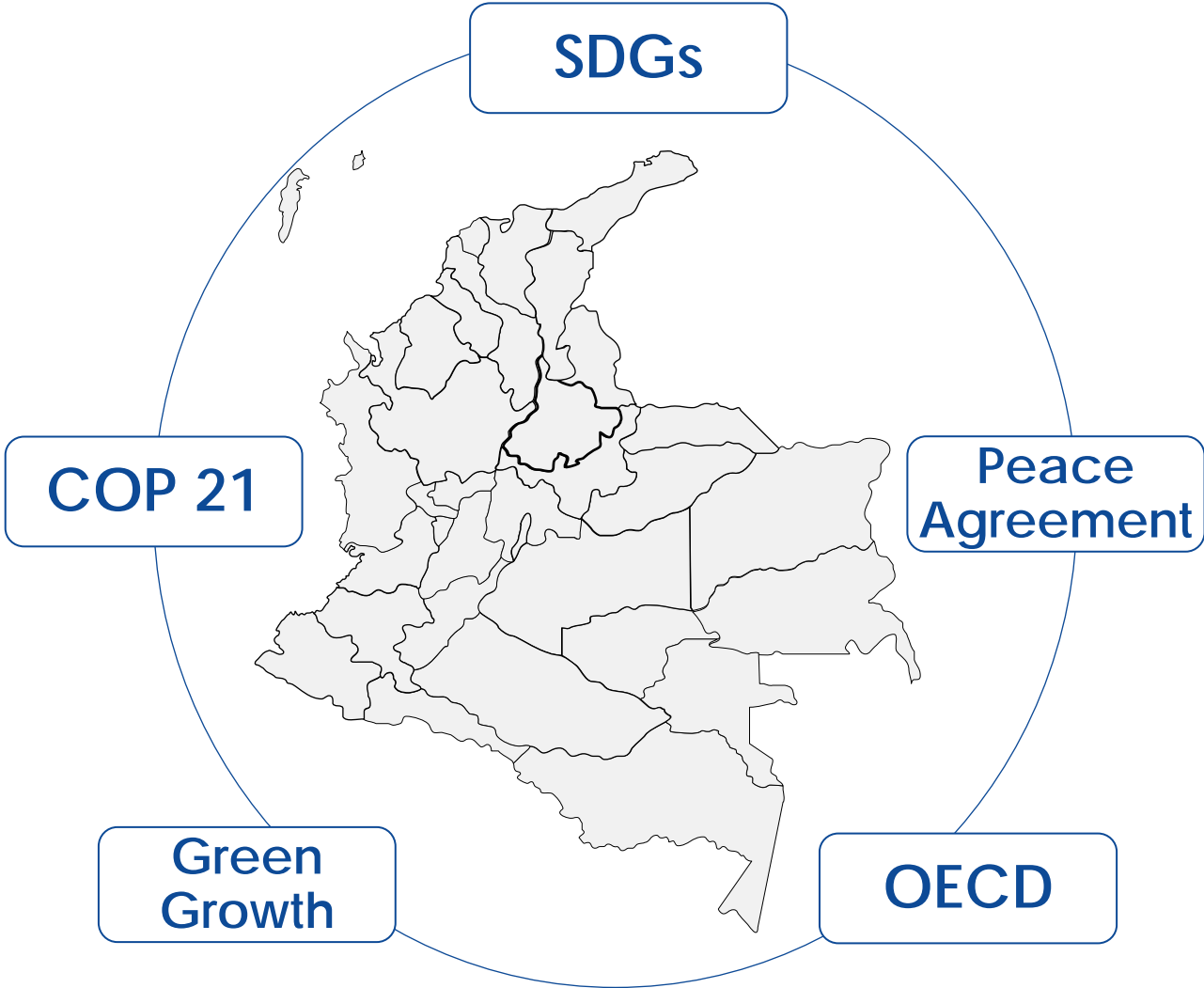
## Access to Drinking Water (%)



Source: DANE-GEIH. Estimation by DNP.

\*Data correspond to departments of Caquetá, Huila and Tolima (Centro Sur-Amazonía) and Meta (Llanos)

# 3. Policy Coherence: Breaking Silos



## Payment for Environmental Services (PES)

Launched on May, 2017

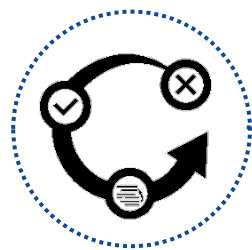
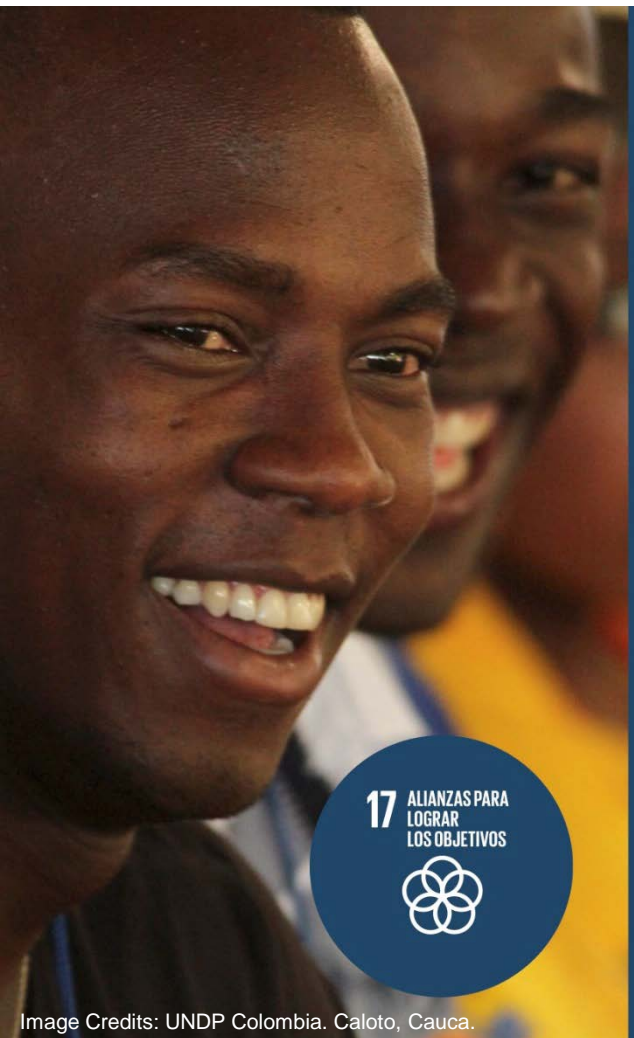


Focus on areas historically affected by the armed conflict where **58%** of the country's **deforestation** has happened



**1 Million** hectares under PES by 2030

# 4. Multi-stakeholder Approach



Pilot project to measure the private sector contribution to the SDGs

**SDG 6.** 20% of the reporting companies carry out water reuse processes.

**SDG 12.** Recycling to produce new products grew from 20.9% in 2016 to 25.2% in 2017.



Six regional meetings to document non-governmental stakeholders' successful initiatives

**SDG 12.** Recycling as a tool to promote food security of rural communities.

**SDG 15.** Forest protection as a source of sustainable incomes for afro descendent and indigenous communities.



# 5. Financing: Taxation Instruments

## Plastic Bags Tax



- USD **\$1** cent per bag
- USD **\$2** cents by 2020
- USD **\$3.7 million** collected within its first six months
- **71%** of the households dropped their use of plastic bags by **30%**.

## Carbon Tax



- USD **\$5** tax for every ton of CO<sub>2</sub> emitted
- USD **\$159 million** collected in 2017
- Expected reduction of **4.3 million** CO<sub>2</sub> by 2030
- Carbon neutral companies are **exempted**

## Public Works for Taxes



- Up to **50%** of the income tax
- **23** projects approved.
  - Road infrastructure
  - Public education
  - Water and sanitation
  - Energy
- USD **\$ 73 million** will be invested in the areas most affected by the armed conflict (ZOMAC)

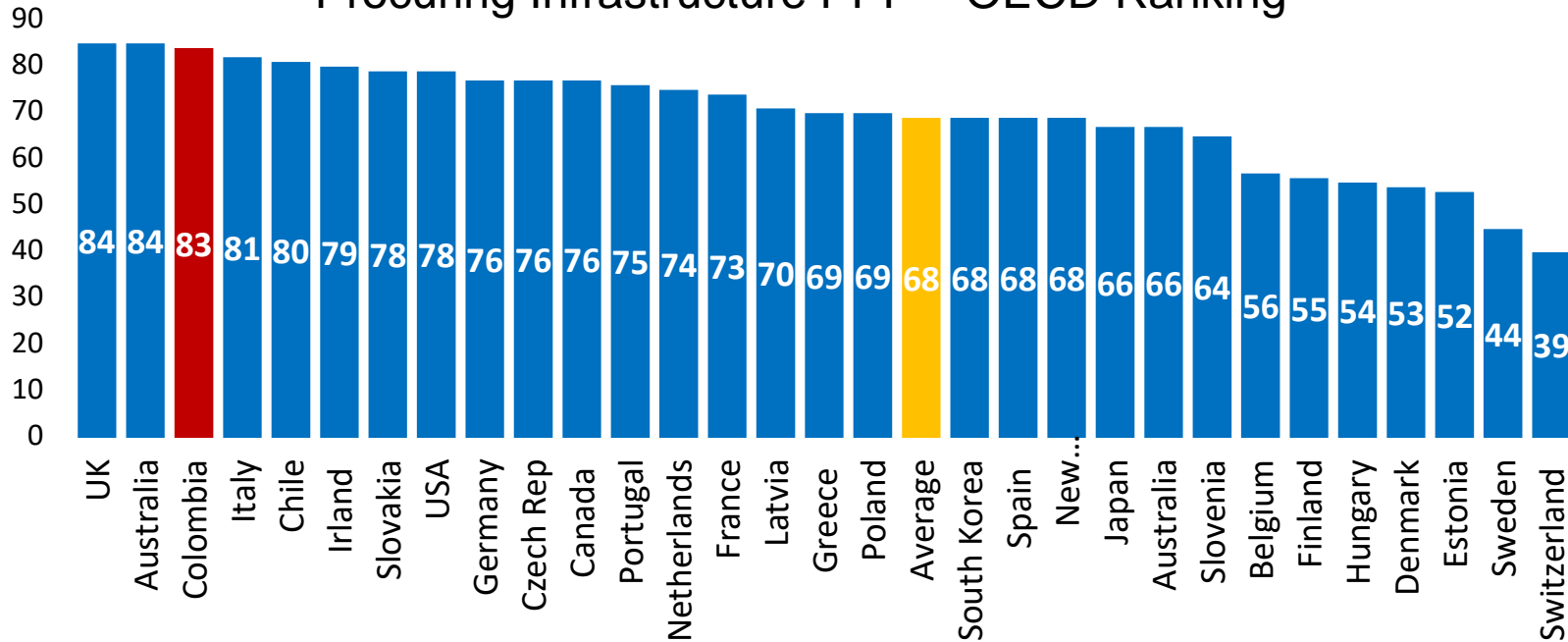
# 5. Financing: Public-Private Partnerships



PPPs are a key tool for the provision of **social infrastructure** in Colombia

These investments contribute to the achievement of the **SDGs**

Procuring Infrastructure PPP – OECD Ranking



Source: World Bank



Water supply and sanitation system in Santa Marta:

- USD \$1 billion
- 500,000 beneficiaries
- Universal drinking water and sanitation coverage
- 24h service by 2022