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Response of G20 and BRICS to COVID-19



PREFACE



The impact of COVID-19 has been globally severe on various development indicators, however the most observable affect it has had is jeopardizing the future of economic growth. Almost all countries have had no choice but to systemically put their countries in lockdown which has caused enormous deterioration in the socio-economic status of citizens. To put the respective countries back on track, many global multilaterals such as G20, BRICS and G7 have come forward with grand announcements which are focused on cultivating a positive growth recovery. Financial stimuluses and support packages have been rolled out for assisting citizens in bringing back their pre-covid positions and fuel economic demand in respective countries. Many global north countries have taken a leap and nurtured the conditions for stimulating demand so as to achieve macroeconomic stability. Changes in monetary, fiscal and employment policies are being worked out by governments to create conditions that help achieve priority goals-of reaching pre-covid levels of growth. Simultaneously, G20 see that ramping up health infrastructure has been a cornerstone for multilaterals because of the covid induced crisis that had shown appalling failures of country health regimes. The need to spend more on health emerges from increasing investment in diagnostics, therapeutics and medical paraphernalia which assuage the imminent mutated covid waves in the coming future. A dampening of economic spirits and a battle-worn health infrastructure (after first and second waves), demands quick policy action that arrest future plummets in both global north and south. Linked to this, civil society advocacy has been foremost in pinpointing to the lacunae. Since day one of global multilateral summits (in response to covid) most of them coalescing their networks and coalitions have been pressurizing global forums to act swiftly. Globally, they have been supporting food prioritization to those impacted by lockdown, supporting distraught families, and delivering medicinal to the needy and marginalized. However, the final response needs to come from governments, which to a certain level can be persuaded by global multilaterals as many of them are flexing their muscle in safeguarding against future pandemics. As such, the document is an analysis of how COVID-19 response has been managed by two influential multilaterals-G20 and BRICS and tries to collect recommendations from global civil society for embedding in their policy, especially at a time when global south is demanding reform in the multilateral governance. For preparing this report, I would like to thank Arjun Phillips, Program Manager, VANI and Heinrich Boell Stiftung for supporting this document.

Thank you,

Harsh Jaitli,
CEO,VANI



G20



CONTENTS

Preface.....	iii
COVID-19 situation across the world	2
Response of G20 to COVID-19	5
Statement and focus of G20 in responding to COVID-19	5
G20’s financial response to COVID-19	8
Development Response by G20.....	9
Civil Society Response to G20’s action on development.....	10
Key messages by C20 for G20	10
Response of BRICS to COVID-19.....	10
New Development Bank (NDB)’s development financing for COVID-19 response	11
COVID-19 exacerbated due to socio-economic underdevelopment.....	14
Country wise civil society response to COVID-19.....	14
Conclusion	15



COVID-19 situation across the world

Ever since COVID-19 hit the global stage—a disastrous disruption was witnessed across the world evident across all development dimensions be it health, economic, financial, social security, education and so on. When the world was advancing towards an ambitious fulfilment of sustainable development goals (SDGs), the roadblock of COVID-19 reversed all the advances made in the formative 5 years¹. Critically this impairment has the potential to lead to more social tension and cause irrevocable damage to socio-development indices.²

According to a report by United Nations Development Program (UNDP)—between 41 to 169 million people could be in extreme poverty by 2030 in countries with low and medium levels of human development, including 20 and 83 million women and girls. An estimated 24 to 86 million people would be from countries in the low human development group. The total number of people living in poverty in low and medium human development countries would increase to a range between 626 million under a ‘COVID Baseline’ and 753 million in a ‘High Damage’ scenario. COVID-19 could also increase the number of people suffering from malnutrition by 12.8 million in this subset of countries by 2030 compared to a ‘No

COVID’ world. The number of malnourished children would increase by 1.6 million, totaling 57.5 million children by 2030. The number of children suffering from malnutrition could increase to more than 60.5 million by 2030 under a ‘High Damage’ scenario³. But this pandemic has been unprecedented because of its evolution from a health shock to an economic and social crisis. Social distancing and the pause in nonessential business have slowed human activities. The International Labour Organization projects that in the second quarter of 2020, working hours will fall by the equivalent of 195 million full-time workers. Unlike other crises, employment is being hit through two main channels. A contraction in labour demand comes from reduced human activity and the wealth effects of the global recession. And a short-term drop in labour supply comes from the suspension of nonessential productive activities in several countries supply and increase in unemployment call for appropriate macroeconomic policy. But the effects go beyond the typical decline in aggregate demand that are usually addressed by stimulating consumption and encouraging economic activity. This is because the public health policies to slow the spread of COVID-19 are premised on reducing human interaction and—as a result—economic

¹ UN report finds COVID-19 is reversing decades of progress on poverty, healthcare and education | UN DESA | United Nations Department of Economic and Social Affairs

² UN SDGs under threat as poverty and inequality rise | World Economic Forum (weforum.org)

³ LeavingNoOne_impact_of_COVID_19_on_the_SDGs.pdf (undp.org)

activity. These effects are intertwined with varying propagation patterns. The economic shock can hit countries before the health shock, through income effects, and persist after the health crisis is over. Or even when restrictions to labour supply are lifted, hours worked can remain reduced because of slow recovery in mobility or depressed consumer demand⁴.

According to the OECD, the current crisis and trends in financing for sustainable development are exacerbating the limited fiscal space already facing many low- and middle-income countries. Both the public health crisis and the socioeconomic shock necessitate large and immediate public spending on health, social protection, and economic relief and liquidity, not to mention the amounts that will be required in the post-crisis recovery. With rising spending needs and declining revenue, public debt is likely to increase further and sizeably in many countries. The risk of debt distress is particularly pronounced in the region's fragile and oil-rich countries, where a significant share of public debt is short-term and expensive, often extended on non-concessional terms by private creditors and with repayment sometimes tied to strategic natural assets.

Increases in debt servicing costs will further reduce the available fiscal space. Adjusted risk evaluations and downgrades in countries' sovereign credit score as a result of the COVID-19 pandemic could further increase the cost of public borrowing, and limit countries' ability to mobilise fiscal resources on international capital markets.

Overall, the described divergence in available financing (supply) and spending needs (demand) amplifies the so-called "scissor effect" of sustainable development finance identified in OECD which refers to a simultaneous drop in available financing and increase in SDG spending needs⁵.

According to UNDESA with the onset of the COVID-19 pandemic:

The number of persons suffering from hunger and food insecurity was on the rise. Almost 690 million people were undernourished in 2019, up by nearly 60 million from 2014. About 2 billion people were affected by moderate or severe food insecurity in 2019.

Climate change was occurring much more quickly than anticipated. The year 2019 was the second warmest on record and the end of the warmest decade of 2010 to 2019, bringing with it massive wildfires, hurricanes, droughts, floods and other climate disasters across continents. Global temperatures were on track to rise as much as 3.2°C above pre-industrial levels by the end of the century.

The environment was deteriorating; consumption and production patterns were not sustainable; oceans suffered from unsustainable depletion, environmental deterioration, CO2 saturation and acidification; forest areas continued to decline at an alarming rate; protected areas were not concentrated in sites known for their biological diversity, and species remained threatened with extinction.

Inequality continued to increase within and among countries. Young workers were twice as likely to live in extreme poverty than adult workers and 85 per cent of people without access to electricity lived in rural areas. Three quarters of stunted children lived in just two regions: Southern Asia (39 per cent) and sub-Saharan Africa (36 per cent)⁶.

⁴ covid-19_and_human_development_0.pdf(undp.org)

⁵ The impact of the coronavirus (COVID-19) crisis on development finance (oecd.org)

⁶ UN/DESA Policy Brief #81: Impact of COVID-19 on SDG progress: a statistical perspective | Department of Economic and Social Affairs

Reversing the trends

These trends could change if countries used the opportunity brought about by COVID-19 to put in place social protection programs to support the most vulnerable. While the proliferation of social protection programs in 2020 was billed as temporary measures, there is some hope that with the infrastructure now in place, these programs can continue to provide assistance for the poor and help them move out of poverty. Big data and machine learning can aid in these efforts, helping governments better identify and target those in need⁷. Creating a recovery that is inclusive, sustainable and resilient must become a top priority for public policy. The effectiveness and resilience of the recovery from COVID-19 will depend heavily on how broadly-based and socially inclusive it is. Specifically, the inequalities which have deepened during this crisis there is a very real risk that the economic and social consequences will cause long-term scarring, particularly for disproportionately-affected groups such as young people and women, and the small and microenterprises that provide most of the world's employment⁸.

However, it is yet to be seen how policy action will unfold especially when there isn't enough done to promote climate resilient and green economy post-pandemic⁹. Secondly, gender specific responses need to be integrated in policy action for promoting an inclusive recovery since Millions of girls may not return to school in 2021 and domestic violence rates are skyrocketing. Women who have been able to hold onto their jobs during the pandemic still receive the lowest wages for work in developing and developed countries alike. At this rate, it could take 163 years to close the gender wage gap — even longer if women keep leaving the workforce¹⁰. The same is true for youth demographics across the world, where sharp rise in layoffs and unemployment have caused unsurmountable mental stress that G20 may need an integrated global governance response to tackle future challenges¹¹.

Thirdly in order to battle COVID-19 impact in increasing the inequality divide, there will be a need for multifaceted economic policy that focuses on an informed monetary and fiscal policy which leads to inclusive growth¹².

Reforming the multilateral governance system

Fourthly, there is a need to re-imagine and reform the working of multilateral institutions especially WTO which has allowed remained a bipartisan platform under the tutelage of global north who have firmly stood against sharing vaccines, therapeutics, diagnostics with global south¹³. There is a clear indication that multilateral institutions need to work in a coordinated and organized fashion to reverse the mistakes¹⁴ and provide more space for global south countries on global decision-making forums^{15,16}.

Envisaging global response to COVID-19

According to a paper by Atlantic Council- The G7 should serve as fora to develop common worldwide standards for safely



**COVID-19
RESPONSE**

reopening international trade and travel, returning employees to work, as well as sanitizing global supply chains. By establishing standards for disinfecting cargo, for example, world leaders could increase confidence in supply chains and help to revive international commerce.⁸⁷ The G20 should also strive to embrace common standards for supply-chain sanitation, but this will require a clear and definitive commitment on China's part to transparency. Buy-in from China would greatly help revive international commerce, but common standards may only be achievable within the G7. In addition to securing their own economies and altering supply chains, members of the G7 and G20 should organize relief for the developing world.

7 Long-run impacts of COVID-19 on extreme poverty (brookings.edu)

8 Remarks by ILO Director-General Guy Ryder 109th International Labour Conference: Global agreement reached at ILO Conference on action for COVID-19 recovery

9 Global COVID-19 recovery plans aren't very green, analyses show - Axios

10 Why Do G20 Need a Global Gender-Responsive COVID-19 Recovery? (globalcitizen.org)

11 Youth and COVID-19: Response, recovery and resilience (oecd.org)

12 COVID-19 and Global Inequality – IMF F&D

13 Making trade multilateralism fit for purpose after COVID-19 | UNCTAD

14 Why International Institutions Failed to Contain the Coronavirus Pandemic (foreignaffairs.com)

15 Global and regional funding shifts | by OTT | TPA landscape scan and evaluation | Jun, 2021 | Medium

16 Don't expect miracles from the multilaterals (brookings.edu)

The G20 already has started to coordinate on debt relief, but more will have to be done and relief will need to extend through 2021. China should extend debt relief to countries heavily indebted to it due to BRI infrastructure investments¹⁷.

According to a report “Tackling Covid-19 over the long term: How to strengthen international efforts to end the pandemic”, there is a need to-

- Commit greater financial resources: vaccinating the whole world to the level of rich countries requires around 11bn doses, at a cost of around \$50bn – \$35bn more than has so far been spent.
- Establish stable supply streams to poorer countries and help improve healthcare capacity to allow them to plan and implement vaccine rollouts effectively
- Develop policies and funding to meet the aim of strengthening global surveillance, including genomic sequencing
- Agree on a package of institutional reforms to strengthen global health resilience and help equip the world to respond better to future threats¹⁸.

Response of G20 to COVID-19

The G20 or group of 20 has been an active global multilateral forum consisting of global north and south, working as a key decision-maker on finance, development and security issues and coordinating with various other organs of the United Nations.

Statement and focus of G20 in responding to COVID-19

The G20 is committed to do whatever it takes to overcome the pandemic, along with the World Health Organization (WHO), International Monetary Fund (IMF), World Bank Group (WBG), United Nations (UN), and other international organizations, working within their existing mandates. The G20 is determined to spare no effort, both individually and collectively, to:

- Protect lives.
- Safeguard people’s jobs and incomes.

- Restore confidence, preserve financial stability, revive growth and recover stronger.
- Minimize disruptions to trade and global supply chains.
- Provide help to all countries in need of assistance.
- Coordinate on public health and financial measures.

Fighting the Pandemic

G20 commits to take all necessary health measures and seek to ensure adequate financing to contain the pandemic and protect people, especially the most vulnerable. Timely sharing and transparency in information; exchange epidemiological and clinical data; share materials necessary for research and development; and strengthen health systems globally, including through supporting the full implementation of the WHO International Health Regulations (IHR 2005). Expanding manufacturing capacity to meet the increasing needs for medical supplies and ensure these are made widely available, at an affordable price, on an equitable basis, where they are most needed and as quickly as possible. Stressing the importance of responsible communication to the public during this global health crisis. G20 task our Health Ministers to meet as needed to share national best practices and develop a set of G20 urgent actions on jointly combatting the pandemic by their ministerial meeting in April.

Fully supporting and commit to further strengthen the WHO’s mandate in coordinating the international fight against the pandemic, including the protection of front-line health workers, delivery of medical supplies, especially diagnostic tools, treatments, medicines, and vaccines. Acknowledging the necessity of urgent short-term actions to step up the global efforts to fight the COVID-19 crisis. G20 will quickly work together and with stakeholders to close the financing gap in the WHO Strategic Preparedness and Response Plan. Further committing to provide immediate resources to the WHO’s COVID-19 Solidarity Response Fund, the Coalition for Epidemic Preparedness and Innovation (CEPI) and Gavi, the Vaccine Alliance, on a voluntary basis. G20 calls upon all countries, international organizations, the private sector, philanthropies, and individuals to contribute to these efforts.

¹⁷ AC-A-Global-Strategy-for-Shaping-the-Post-COVID-19-World.pdf (atlanticcouncil.org)

¹⁸ Tackling Covid-19 over the long term | The Institute for Government

To safeguard the future, G20 commits to strengthen national, regional, and global capacities to respond to potential infectious disease outbreaks by substantially increasing our epidemic preparedness spending. This will enhance the protection of everyone, especially vulnerable groups that are disproportionately affected by infectious diseases. G20 further commit to work together to increase research and development funding for vaccines and medicines, leverage digital technologies, and strengthen scientific international cooperation. G20 will bolster our coordination, including with the private sector, towards rapid development, manufacturing and distribution of diagnostics, antiviral medicines, and vaccines, adhering to the objectives of efficacy, safety, equity, accessibility, and affordability.

G20 requests WHO, in cooperation with relevant organizations, to assess gaps in pandemic preparedness and report to a joint meeting of Finance and Health Ministers in the coming months, with a view to establish a global initiative on pandemic preparedness and response. This initiative will capitalize on existing programs to align priorities in global preparedness and act as a universal, efficient, sustained funding and coordination platform to accelerate the development and delivery of vaccines, diagnostics and treatments.

Safeguarding the Global Economy

G20 commits to do whatever it takes and to use all available policy tools to minimize the economic and social damage from the pandemic, restore global growth, maintain market stability, and strengthen resilience.

According to the G20 it is currently undertaking immediate and vigorous measures to support our economies; protect workers, businesses—especially micro-, small and medium-sized enterprises—and the sectors most affected; and shield the vulnerable through adequate social protection. G20 is injecting over \$5 trillion into the global economy, as part of targeted fiscal policy, economic measures, and guarantee schemes to counteract the social, economic and financial impacts of the pandemic. G20 will continue to conduct bold and large-scale fiscal support. Collective G20 action will amplify its impact, ensure coherence, and harness synergies. The magnitude and scope of this response will get the global economy back on its feet and set a strong

basis for the protection of jobs and the recovery of growth. G20 ask our Finance Ministers and Central Bank Governors to coordinate on a regular basis to develop a G20 action plan in response to COVID-19 and work closely with international organizations to swiftly deliver the appropriate international financial assistance.

G20 supports the extraordinary measures taken by central banks consistent with their mandates. Central banks have acted to support the flow of credit to households and businesses, promote financial stability, and enhance liquidity in global markets. G20 welcomes the extension of swap lines that our central banks have undertaken. G20 also supports regulatory and supervisory measures taken to ensure that the financial system continues to support the economy and welcome the Financial Stability Board's (FSB) announced coordination of such measures.

G20 also welcomes the steps taken by the IMF and the WBG to support countries in need using all instruments to the fullest extent as part of a coordinated global response and ask them to regularly update the G20 on the impacts of the pandemic, their response, and policy recommendations. G20 will continue to address risks of debt vulnerabilities in low-income countries due to the pandemic. G20 also ask the International Labour Organization (ILO) and the Organisation for Economic Cooperation and Development (OECD) to monitor the pandemic's impact on employment.

Addressing International Trade Disruptions

Consistent with the needs of our citizens, G20 will work to ensure the flow of vital medical supplies, critical agricultural products, and other goods and services across borders, and work to resolve disruptions to the global supply chains, to support the health and wellbeing of all people.

G20 commit to continue working together to facilitate international trade and coordinate responses in ways that avoid unnecessary interference with international traffic and trade. Emergency measures aimed at protecting health will be targeted, proportionate, transparent, and temporary. G20 task its Trade Ministers to assess the impact of the pandemic on trade.

G20 reiterates its goal to realize a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open.

Enhancing Global Cooperation

G20 will work swiftly and decisively with the front-line international organizations, notably the WHO, IMF, WBG, and multilateral and regional development banks to deploy a robust, coherent, coordinated, and rapid financial package and to address any gaps in their toolkit. G20 stand ready to strengthen the global financial safety nets. G20 call upon all these organizations to further step up coordination of their actions, including with the private sector, to support emerging and developing countries facing the health, economic, and social shocks of COVID-19.

G20 notes that it is gravely concerned with the serious risks posed to all countries, particularly developing and least developed countries, and notably in Africa and small island states, where health systems and economies may be less able to cope with the challenge, as well as the particular risk faced by refugees and displaced persons. G20 consider that consolidating Africa's health defense is a key for the resilience of global health. G20 will strengthen capacity building and technical assistance, especially to at-risk communities. G20 stands ready to mobilize development and humanitarian financing.

G20 notes that it will task top relevant officials to coordinate closely in support of the global efforts to counter the pandemic's impacts, including through proportionate border management measures in accordance with national regulations and to provide assistance where necessary to repatriate citizens.

G20 stands ready to react promptly and take any further action that may be required. G20 expresses its readiness to convene again as the situation requires. Global action, solidarity and international cooperation are more than ever necessary to address this pandemic. G20 is confident that, working closely together, G20 will overcome this. G20 will protect human life, restore global economic stability, and lay out solid foundations for strong, sustainable, balanced and inclusive growth¹⁹.

G20's focus on development²⁰

G20 Ministers responsible for Development and International Cooperation, met under the Italian G20 Presidency for the first time to commit to and call for an ambitious, yet concrete, actionable and coordinated, global COVID-19 response to help developing countries overcome the current health, humanitarian and socioeconomic crises while drawing efforts towards a better future for all. The 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), the Addis Ababa Action Agenda (AAAA), the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement are our essential common references for this Communiqué as they provide the shared blueprint for shaping an inclusive, resilient and socially, economically and environmentally sustainable recovery. G20 reaffirm our commitment to a timely and ambitious implementation of the 2030 Agenda and of the G20 Action Plan on the 2030 Agenda of which the G20 Development Working Group (DWG) is the guardian. The G20 has provided a swift response to the crisis, including assistance towards developing countries, the G20 Support to COVID-19 Response and Recovery in Developing Countries, the significant financial package put forward by G20 countries, the 2021 Matera Declaration on Food Security, Nutrition and Food Systems, and the outcomes of the Global Health Summit in Rome in May 2021. G20 also recall the importance of addressing the immediate humanitarian consequences of the COVID-19 pandemic through the 2021 Global Humanitarian Overview and G20 welcome the G20 Ministerial Event on Humanitarian Assistance in Brindisi co-organised by the Italian Presidency and the WFP.

The crisis has set back progress towards the 2030 Agenda for Sustainable Development and has far-reaching impacts, including backsliding on education, in particular girls' education, and gender equality gains, especially on population groups in vulnerable situations. One of the greatest challenges ahead for the international community is to lay the basis of a sustainable recovery that accelerates progress across all SDGs everywhere, ending poverty and malnutrition in all its forms, creating decent jobs, achieving universal health coverage, reducing inequalities and addressing the causes and consequences of climate change and biodiversity loss, combating corruption and illicit financial flows and developing effective,

¹⁹ Extraordinary G20 Leaders' Summit statement on COVID-19 | Prime Minister of Canada (pm.gc.ca)

²⁰ G20 Development Ministers meeting (international.gc.ca)

transparent and accountable institutions at all level. G20 are determined to support all developing countries and regions as they face the intertwined health, economic, social and environmental effects of the crisis, and recognizing the specific challenges in Africa, Least Developed Countries and Small Island Developing States. Overcoming the pandemic is a precondition for a stable and lasting global recovery. With new waves of the COVID-19 pandemic and a differing scale and pace of vaccination worldwide, the recovery is uneven across and within countries. In this regard, G20 reaffirm the role of extensive COVID-19 immunisation as a global public good and reiterate the need to scale up collaborative efforts to enhance timely, global and equitable access to safe, effective and affordable COVID-19 tools (vaccines, therapeutics, diagnostics, and personal protective equipment)

Focus on SDGs- To achieve these goals, G20 need to foster an enabling policy environment, strengthen multilateral cooperation and the mobilisation of all possible resources. Actions at global, regional and national levels should support national and sub-national efforts to overcome the crisis and achieve the SDGs. During the Italian G20 Presidency, G20 are focusing our collaborative efforts on enhancing mobilisation, use and alignment of financing for sustainable development and on strengthening the role of intermediary cities for achieving the SDGs at the local level.

G20's financial response to COVID-19

In response to this unprecedented shock, governments have pledged massive economic support, from direct payments to individuals to “limitless” loans for struggling businesses. At a March 26 virtual summit, leaders of the Group of Twenty (G20) major economies said they were spending over \$5 trillion, equivalent to 7.4 percent of 2019 G20 countries' gross domestic product (GDP), to “counteract the social, economic, and financial impacts of the pandemic. The CSIS analyzed and categorized major fiscal actions taken by G20 countries to respond to the economic shock.

Several key trends emerge:

Fiscal support has increased since April 10: As of April 29, G20 estimate that G20 countries are providing \$6.3 trillion in fiscal support, representing 9.3 percent of 2019 G20 GDP. Of the total, \$3.2 trillion will support direct government spending (4.8 percent of 2019 G20 GDP), up from \$2.1 trillion (3.1 percent of GDP) as of April 10. Credit enhancements contribute \$2.3 trillion and tax relief another \$0.8 trillion.

G20 loan guarantee frameworks alone exceed \$2 trillion: G20 economies, led by European countries, have announced loan guarantee frameworks exceeding \$2 trillion, representing 3 percent of 2019 G20 GDP. Given that many guarantee frameworks do not quantify ex ante fiscal outlays, G20 assign a 50 percent “fiscal cost” to guarantee figures resulting in our headline fiscal support figure of \$6.3 trillion. Assigning a 100 percent “fiscal cost” to loan guarantees would boost our headline figure to \$7.4 trillion, or 10.8 percent of GDP. Conversely, assigning zero “fiscal cost” to loan guarantees would lower our headline figure to \$5.3 trillion, or 7.8 percent of GDP.

Emerging market (EM) economies have boosted spending but still lag advanced economy (AE) peers by a wide margin: G20 EM fiscal support as of April 29 averages 3.2 percent of GDP, an increase of 1.2 percentage points since April 10 but still well below the average of 11.6 percent for AEs. China's announcement of 2.3 trillion yuan (\$326 billion) in local government special purpose bond issuance brings its fiscal response to 3.7 percent of GDP, still well below the amount provided during the global financial crisis.

The largest component of fiscal support is intended to provide financing to businesses: As of April 10, 2020, it is estimate G20 countries to have pledged \$5.3 trillion in fiscal support, representing 7.8 percent of 2019 G20 GDP. Of the total, \$2.5 trillion will support credit enhancements (3.7 percent of 2019 G20 GDP), compared to \$2.1 trillion (3.1 percent of GDP) in direct government spending and \$0.6 trillion (0.9 percent) in tax relief. (Our analysis does not include tax deferments.) Almost all support focuses on keeping companies and individuals afloat rather than stimulating new demand and investment, which will become the priority when health restrictions ease.

Direct government spending is higher than levels during the global financial crisis (GFC), so far: The

3.1 percent of G20 2019 GDP in direct government spending compares to 2.5 percent of G20 GDP in 2008-2009 “crisis-related discretionary measures” in response to the GFC. By the end of the pandemic, G20 countries will likely have spent far more than they did in the GFC as a percent of GDP.

G20 countries have responded faster than during the GFC: In response to the pandemic, G20 governments announced nearly 8 percent of GDP in fiscal support between early February and early April, with more expected in the coming weeks and months.

EM economies are more constrained: As a percent of GDP, EM members of the G20 have announced far less fiscal support than AE G20 peers, reflecting, in part, more binding financing constraints. G20 EM fiscal support as of April 10 averages 2 percent of GDP versus 11.7 percent among G20 AEs. Many EMs are at an earlier stage of the pandemic relative to many AEs and may need international support to finance necessary relief measures²¹.

Development Response by G20

To date, G-20 efforts to respond to the pandemic — notably the Debt Service Suspension Initiative and the Common Framework for Debt Treatments Beyond the DSSI — have been limited to low-income countries. Development advocates, civil society organizations, and struggling middle-income countries have been pushing the G-20 and other global organizations, including IMF, to broaden the group of countries eligible for support.

The communiqué several times refers to supporting “vulnerable” countries rather than just those that are low-income, potentially opening the door to expand programs to some middle-income nations that have been hit especially hard by the pandemic. Governments agreed to avoid “premature withdrawal of support measures” and maintained commitments on exchange rates. The group also backed a recent agreement on international tax architecture that includes reallocating profits of multinational

enterprises and an effective global minimum corporate tax. On climate, the G-20 agreed that “closer international coordination” was important and that governments should look at a mix of policies and tools while also providing “targeted” support for “the poorest and the most vulnerable.”²²

Localization of SDGs

The SDG localization process is essential to enhance the implementation of the 2030 Agenda through a bottom-up approach. Localising the SDGs is both about the adaptation of global goals to the local level and finding solutions at the local level for global



challenges. To that effect, national frameworks must empower local actors to develop and lead SDG strategies. The transformative potential of rural-urban connectivity and the importance of adopting a territorial approach to the SDGs are well-established. Still territorial approaches receive insufficient attention in national development plans and from international partners. Sectoral policies are often implemented without a spatial lens and rural and urban development are dealt with in isolation one from another. Recent G20 initiatives such as the G20 initiative on Rural Youth Employment (2017), the G20 High Level Principles on Sustainable Habitat through Regional Planning (2018) and the G20 Guidelines on Quality Infrastructure for Regional Connectivity (2020) laid the grounds for addressing territorial development and advancing the localisation of the SDGs^{23,24}.

However, there are concerns with the trajectory adopted by G20 especially on phasing out their fossil fuel according to Paris Climate Change

²¹ Taken from Breaking down the G20 Covid-19 Fiscal Response | Center for Strategic and International Studies (csis.org)

²² How the COVID-19 response fared at the G-20 | Devex

²³ Agenda-UNDP-OECD-5th-G20-DWG-Workshop.pdf

²⁴ The need for data innovations in the time of COVID-19 — SDG Indicators (un.org)

agreements²⁵. Importantly there has been criticism of G20 to effectively devise meaningful solutions that are informed on greater global cooperation in comparison to a set of unilateral decisions emerging from the world's advanced economies²⁶.

Civil Society Response to G20's action on development

Civil Society has made it clear to G20, that effective measures need to be taken against fighting corruption which have escalated during covid times. Supplementary to this, development agenda has also suffered and can exacerbate existing fault lines without safeguards against corruption and nefarious designs²⁷.

Key messages by C20 for G20²⁸

The C20 cautions G20 leaders against the ongoing attempts in trade agreement negotiations to open "health markets" to foreign investors and competition,



turning health systems into yet another investment opportunity. G20 worry that the divide between those who can afford healthcare and those who cannot will be exacerbated.

The C20 warns that inequalities will ensue as a consequence of the outbreak. Labor policies need to be put in place to address the needs of the most vulnerable, who cannot afford to sit at home, and prepare for the expected rise in working poverty, especially in countries with a high informal economy, where women are over-represented.

The world is in need of multilateral coordination of an effective response to the economic crisis that provides adequate fiscal and monetary stimulus, while safeguarding liquidity from misuse by speculative activities. A fairly designed stimulus package should take into account not only the interest of businesses and SMEs, but also households, workers, and the

most vulnerable.

A problem with multiple dimensions requires a solution by multiple actors. Members of Civil Society and humanitarian NGOs continue to face tightened financial restrictions due to risk and cost aversion by banks in complying with FATF regulations. Such financial exclusion limits our ability to respond to global emergencies.

Response of BRICS to COVID-19

The BRICS nations comprises of five emerging economies- Brazil, Russia, India, China and South Africa, which are part of the G20. BRICS steers issues of international cooperation, multi-sectoral development, security and finance via its established New Development Bank (NDB)

Key areas decided by BRICS (Under India's Chair-ship) for COVID-19²⁹

The BRICS recognized that the current global challenges, particularly the COVID-19 pandemic, are a powerful reminder of the imperative to strengthen cooperation amongst States. While acknowledging the measures taken by the WHO, governments, non-profit organisations, academia, business and industry in combating the pandemic, they also expect the international community to reform and strengthen policy responses of WHO to fight the COVID-19 pandemic and other current and future health challenges.

It was recognized the role of extensive immunization against COVID-19 as a global public good for health in preventing, containing, and stopping transmission to bring the pandemic to an end and foster a rapid, inclusive, sustainable, and resilient recovery, and in this context underlined the urgency for expeditious development and deployment of COVID-19 vaccines, especially in developing countries, and called for further close cooperation between various stakeholders for a diversified vaccine portfolio. It was stressed the need to promote initiatives aimed at ensuring timely, affordable, and equitable access to, as well as the distribution of diagnostics,

²⁵ G20 Backtracks on Fossil Fuel Funding Phase-Out in COVID-19 Recovery - Oil Change International (priceofoil.org)

²⁶ Missing in action: The G20 in the Covid crisis (lowyinstitute.org)

²⁷ COVID-19 crisis demands actions not words from G20... - Transparency.org

²⁸ B20-C20-L20-T20-W20-Y20-Joint-Statement.pdf (civil-20.org)

²⁹ BRICS Joint Statement on Strengthening and Reforming the Multilateral System (mea.gov.in)

therapeutics, medicines and vaccines, and essential health products and technologies, and their components, as well as equipment to combat COVID-19 pandemic and to support the achievement of universal health coverage including preventive measures and actions. It is vital to use all relevant measures during the pandemic, including supporting ongoing consideration in WTO on a Covid-19 vaccine Intellectual Property Rights waiver and the use of flexibilities of the TRIPS agreement and the Doha Declaration on TRIPS Agreement and Public Health. BRICS also reiterated the need for sharing of vaccine doses, transfer of technology, development of local production capacities and supply chains for medical products, promotion of price transparency and called for exercise of due restraint in the implementation of measures that could hinder the flow of vaccines, health products and essential inputs. Additionally the focus is on combating terrorism and funding COVID-19 response.³⁰

New Development Bank (NDB)'s development financing for COVID-19 response

The resulting health and economic crisis prompted by COVID-19 called for rapid, large scale and unprecedented responses. To this end, the New Development Bank (NDB) repurposed its lending program and responded swiftly with bold action to help BRICS bolster their defense against the pandemic. Shortly after the outbreak, the NDB announced a \$10bn Emergency Assistance Program with a more flexible and streamlined process for processing and disbursing loans. Under usual circumstances, it can take several months for loans to be disbursed for an infrastructure project. Disbursements for COVID-19 related assistance were made as bullet payments within three to four weeks after the loans were approved³¹. The second BRICS New Development Bank (NDB) COVID-19 Response bond will be used to finance sustainable development activities in the NDB's member countries, including emergency assistance loans to the BRICS member countries. It is also using bond finance to support sustainable

development and post-covid recovery.³²

Such emergency loans could be used to finance direct expenses such as procuring personal protection equipment for health care workers related to the fight against the COVID-19 outbreak or provide support to governmental measures such as income relief measures contributing to economic recovery in the member countries of the NDB. Brazil, China, India and South Africa have already received funds.³³ The net proceeds from the Bond issue will be used to finance sustainable development activities in the NDB's member countries, including emergency assistance loans to the Bank's member countries. Such emergency loans could be used to finance direct expenses related to the fight against the COVID-19 outbreak or provide support to governmental measures contributing to economic recovery in the member countries of the NDB.

The transaction met exceptional high-quality investor support, with strong participation from central banks and official institutions, which represented 75% of allocations. The investor geographic distribution of the final Bond book was as follows: 56% – Asia, 29% – EMEA, 15% – Americas.³⁴

Fast-track Emergency Response to COVID-19

The immediate nature of demands arising from the COVID-19 impacts requires that such assistance be quick. To enable this, fast track processes are being adopted by MDBs for the processing, approval and disbursement of the assistance. Further, since emergency assistance requirements could vary from country to country depending on the severity of impacts and the measures adopted, the response will also need to be flexible to be country specific. Hence, NDB's emergency response will be characterized by speed and flexibility. To the extent that the provisions under the Policy differ from the requirements in existing NDB policies and GCs, the provisions of this Policy will take precedence for NDB's emergency response to COVID-19 under the Facility.

COVID-19 Emergency Program Loan (CEPL)-CEPL will provide sovereign emergency assistance

³⁰ Brics Summit: Fighting terrorism and global COVID-19 pandemic to be the focus tomorrow - The Financial Express

³¹ COVID-19: How multilateral development banks can lead through a crisis | World Economic Forum (weforum.org)

³² NDB's US\$1.5 billion bond targets sustainability, Covid relief | The Asset

³³ BRICS New Development Bank issues second COVID-19 Response bond | The BRICS Post

³⁴ NDB prices inaugural USD 1.5 billion 3-year COVID Response Bond in international capital markets - New Development Bank



in support of government programs comprised of various measures for addressing COVID-19 impacts. b. Purpose. CEPL will support COVID-19-affected MCs to (i) undertake health measures for detecting, testing, curing, containing, and eliminating COVID-19 and for strengthening capacity to respond and prevent future emergency outbreaks; (ii) strengthen social safety nets to address immediate socio-economic impacts arising from the outbreak of COVID-19, and (iii) undertake urgent economy recovery measures.³⁵

Support to South Africa

On June 19, 2020, the Board of Directors of the New Development Bank (NDB) approved a COVID-19 Emergency Program Loan of USD 1 billion to the Government of the Republic of South Africa. “The COVID-19 Emergency Program Loan to South Africa will be provided in response to the urgent request and immediate financing needs of the South African Government. NDB’s assistance will address urgent health needs in South Africa to overcome the COVID-19 pandemic and help mitigate socio-economic impacts on the most vulnerable populations. The Loan will assist the South African Government in rolling out its healthcare response to the Novel Coronavirus Disease-19 and in providing a social safety net to alleviate the economic impact of the disease containment measures on vulnerable individuals. The Program envisages preventing, detecting and responding to the health threat posed by COVID-19, and providing social grants to vulnerable groups affected by measures implemented to prevent and contain the disease³⁶.”

Support to India

The Government of India and the New Development Bank (NDB) today signed a loan agreement for lending \$1,000 million for ‘supporting India’s

economic recovery from COVID-19’ by supporting expenditures on rural infrastructure related to natural resource management (NRM) and rural employment generation under Government of India’s Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

The country-wide restriction on movement of people, coupled with additional stringent restrictions imposed by State Governments and intermittent localized lockdowns to contain the spread of COVID-19, affected domestic supply and demand, resulting in slowed down economic activity. This resulted in loss of employment and income of workers especially those employed in the informal sector, including rural areas. The programme will support Government in mitigating the adverse economic impact of COVID-19 pandemic and enable economic recovery in the rural areas through: natural resource management works which will facilitate economic activity and employment generation to stimulate rural demand, to combat the decline in economic activity due to outbreak of COVID-19. The programme proposes creation of durable rural infrastructure assets relating to NRM and generation of employment opportunities for rural poor, especially migrant workers who have returned from urban areas and have lost their livelihoods due to the COVID-19 pandemic. The programme will support the Government of India’s efforts in mitigating the adverse economic impact of COVID-19 pandemic and enable economic recovery in the rural areas through NRM works and employment generation. The funding under NDB’s Policy on fast-track emergency response to COVID-19 will help preserve rural income and sustain rural expenditure, resulting in increased demand that aids economic recovery.³⁷

³⁵ Policy-on-Fast-track-Emergency-Response-to-COVID-19.pdf (ndb.int)

³⁶ NDB Board of Directors approves USD 1 billion COVID-19 Emergency Program Loan to South Africa file.html (tralac.org)

³⁷ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1681118>

Support to Brazil

On July 20, 2020, the Board of Directors of the New Development Bank (NDB) approved a COVID-19 Emergency Program Loan of USD 1 billion to the Government of the Federative Republic of Brazil. The resources provided by the NDB will help Brazil safeguard the income of about 5 million people in vulnerable situations, including informal, self-employed and unemployed workers. The basic income guaranteed by the program allows the most economically vulnerable families to gain increased access to food and health-related goods, such as medicines and personal hygiene products, which are vital for the prevention and containment of COVID-19.

The loan will also help the Government of Brazil to ensure that strong fiscal support is in place to combat the outbreak and that priority investment projects will be implemented, thereby contributing to the economic recovery of the country. NDB's project in Brazil supplements emergency loans provided by five other multilateral development banks and development agencies – the International Bank for Reconstruction and Development (IBRD), the Inter-American Development Bank (IDB), the Development Bank of Latin America (CAF), the German Development Bank (KfW), and the French Development Agency (AFD) – who joined efforts to provide USD 4 billion of financing, to mitigate the social and economic impacts of the pandemic.³⁸

Support to Russia

The New Development Bank (NDB) has approved a loan of up to \$1 billion to support healthcare workers treating patients for COVID-19 in Russia. The NDB was established by Brazil, Russia, India, China and South Africa, a group of emerging economies known as the BRICS. It set up an Emergency Assistance Facility in April 2020 to provide up to \$10 billion in crisis-related assistance to its member countries. The loan will provide financial resources to address one of the most critical needs in Russia's healthcare response to the COVID-19 outbreak and improve the capacity and resilience of the country's public health sector.³⁹

Support to China

The BRICS New Development Bank (NDB) approved another 7 billion yuan (about USD 1.08 billion) of emergency assistance loan to support China's economic recovery from the COVID-19 pandemic. This is the second emergency loan for the same amount approved by the NDB to help China fight the pandemic. The previous 7 billion-yuan loan was endorsed and paid in 2020. The latest loan to China will support the restoration of production activities, stabilize employment, promote sustainable economic development, a statement from the bank said.⁴⁰

Accountability on NDB supported projects

Despite claiming to promote sustainable infrastructure and proper governance, the NDB met out a \$200 million loan to Transnet – a controversial South African majority state-owned enterprise – to finance the expansion of the Durban port-petrochemical complex amidst fears that not enough due diligence was done in granting the loan.

Moreover, the NDB decided to loan \$180 million to Eskom – a power utilities company which is severely in debt and mired in a corruption scandal. The NDB would do well to practice transparency and due diligence to assuage concerns and criticisms on project financing; more than 100 environmental activists led by four African Goldman Prize winners protested against the NDB at the start of the BRICS Johannesburg summit in 2018.

Besides an overhaul of its financial mechanisms, member states need to deliver on implementation of initiatives already in the pipeline. Although countering pandemics, vaccination, joint medical programs, including telemedicine, have long been prominent on the BRICS agenda, failure to follow through has marred the credibility of the bloc in the past⁴¹.

³⁸ NDB approves USD 1 billion COVID-19 Emergency Program Loan to Brazil - New Development Bank

³⁹ BRICS development bank approves \$1 billion loan for Russia's frontline health workers | Reuters

⁴⁰ BRICS Bank grants over \$1 billion Covid-19 assistance loan to China | Business Standard News (business-standard.com)

⁴¹ Global Health Security: COVID-19 and Its Impacts – BRICS in Time of Pandemic: Leadership from Emerging Economies? | RSIS

Need for strengthening vaccine delivering capability for immunization

Developing additional domestic capacity, perhaps in partnership with international pharmaceutical companies, to develop and produce vaccines, makes sense for the BRICS moving forward. COVID-19 has proved to be developmentally disastrous, adaptable, yet also responsive to vaccines. Sustained development in the future is likely to be predicated on flexible and responsive vaccine development strategies. It will also be dependent on enhanced capacity to deliver vaccines to people – which of course once again places the spotlight on the need for effective political leadership and efficient government policies.⁴²

COVID-19 exacerbated due to socio-economic underdevelopment

The underlying causes of socio-economic challenges and rising population in BRICS, has been responsible for accelerating the rate of infections. Each BRICS country has its specific characteristics in terms of health performance and policy response to COVID-19. During the COVID-19 pandemic, India, Brazil, and Russia were three of the top five countries with the highest disease burden of COVID-19, along with the United States and France. Moreover, the cumulative total COVID-19 cases in BRICS countries accounted for more than a quarter (26.3%) of the global total as of April 30, 2021.⁴³

Country wise civil society response to COVID-19

Ensuring universal basic income in Brazil for the pandemic affected-Building on decades of debate around the idea of a universal basic income, and spurred by the impact of the pandemic in one of the world's most unequal nations, a coalition of over 160 Brazilian civil society organizations and movements

seized the moment last month to turn theory into practice with A Renda Básica que Queremos (The Basic Income that G20 Want). Launched on 20 March, the campaign swiftly built the support of over 500,000 citizens. The campaign presented a detailed policy proposal to several members of Brazil's national Congress, which was then put on the legislative agenda. The bill was approved unanimously by federal deputies and senators (with negotiated changes) by 30 March.

Providing relief and food security in India- Civil society organizations in India, have been at the forefront to provide relief and food assistance induced due to the economic lockdown in the first wave and providing key medical assistance during the second wave.⁴⁴

Supporting frontline workers in China-China has been imposed collective effort to control and limit the spread of the virus. While these efforts have been spearheaded by the state, civil societies such as volunteers, social workers, community-based organizations (CBO), and charity foundations and members of the public have contributed essentially in many ways in assisting the control and prevention efforts, supporting medical staff on the frontlines, and aiding the vulnerable groups most seriously impacted by the lockdowns in Hubei and other areas.⁴⁵

Community mobilization in South Africa-The primary need that galvanized many civil society groups to action has been hunger. Initially, many activists had hoped that this would be mostly a short-term need brought about by the lockdown. But the desperate struggle for food is increasing in many communities. And the need for food has also been joined by other important needs, including children's education and psycho-social requirements. From the onset of the crisis, a big part of many civil society groups' response was to slow the spread of the coronavirus. But now activists are also responding to the growing disease burden, which may include establishing community-based isolation areas, "safe homes" or fighting stigma associated with the virus.⁴⁶

⁴² Combatting COVID-19: the BRICS in comparative perspective Nicoli Natrass, CSSR Working Paper No. 464 July 2021 WP464Natrass.pdf (uct.ac.za)

⁴³ Zhu, J., Yan, W., zhu, L. et al. COVID-19 pandemic in BRICS countries and its association with socio-economic and demographic characteristics, health vulnerability, resources, and policy response. *Infect Dis Poverty* 10, 97 (2021)

⁴⁴ Importance Of Civil Society Organisations In Managing Covid-19 Pandemic (outlookindia.com)

⁴⁵ civil society's response to emerging public health events in china CORD-Papers-2021-06-28 (Version 1) COVID19 (nist.gov)

⁴⁶ South Africa: Civil Society Groups That Mobilised Around COVID-19 Face Important Choices - allAfrica.com

Conclusion

The global recovery from COVID-19 will take much time some time given that mutations of the virus threaten and dampen economic temperament.⁴⁷ However, there are signs that G20 may get to see some semblance of economic revival due to mass production of vaccines,⁴⁸ but on the development front there is a need for more cooperation and action.⁴⁹ The disturbing reports of how a reversal in SDG progresses in these past few years has been worrisome and puts to test more direction and investment of resources which now have been rendered redundant. Key roles will have to be played by multilaterals. G20 has made a promising start and has tried to focus on bringing into conversation the localization of SDGs, a proposal which has fervently been advocated civil society since the days of the post-2015 development agenda.⁵⁰ What roadmap or plan does the G20 has to localize SDGs is yet to unfold but by working with various UN organs and civil society a global framework can be developed which help achieve the target of 2030 Agenda. However, a lot needs to be done and as a start, global recovery can take place, by prioritizing development financing and reform of governance policies that have been impediments in managing the pandemic. Involving civil society as a stakeholder should be taken up as a policy pre-requisite since its reach and support to governments has outstripped their capacities and administrative abilities. One take away for multilateral forums would be to engage

civil society in policy design and not limit its knowledge to customary support and hearings in select conferences and forums. Avoiding perennial dialogues and making civil society partnership a default mechanism in multilaterals will be useful for global governance community. Clearly, G20 will have to also listen to civil society demands on easing the operational space which has considerably shrunk in the years and mandate member countries to provide such enabling environment at the national and sub-national levels. With the BRICS, it is unclear what framework can be developed, however financing development and emergency relief are praise-worthy albeit that their assessment reports and outcome documents are made available for public tracking and monitoring. As such, it remains to be seen how multilateralism will reform itself in the coming years. As civil society G20 appeal that in process of reforming multilaterals, civil society input should be taken for effective policy implementation. Lastly, multilaterals can only guide and actions can be only initiated at the country levels, therefore governments have an avowed responsibility towards citizens in safeguarding their social, economic and health outcomes.

⁴⁷ Warning signs for global recovery as Delta dims outlook | Reuters

⁴⁸ What a COVID-19 Vaccine Means for the Global Economic Recovery (internationalbanker.com)

⁴⁹ COVID-19 Pandemic Demonstrates Multilateral Cooperation Key to Overcoming Global Challenges, President Stresses as General Assembly Concludes Annual Debate | Meetings Coverage and Press Releases (un.org)

⁵⁰ Not Without Us: Civil Society's Role in Implementing the Sustainable Development Goals (who.int)



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