



## Response and Recovery: Mobilising Financial Resources for Development in the Time of COVID-19



**Objective:** To strengthen diagnostic and policy design capacity of the relevant macroeconomic and debt financing authorities in the most vulnerable middle-income and developing countries to better respond to the COVID-19 pandemic and promote recoveries aligned with the achievement of the SDGs.

**Challenges posed to financial resources by COVID-19:** The economic shock that has resulted from the COVID-19 crisis has exacerbated the economic, financial and debt vulnerabilities of low-income and middle-income countries. Many developing countries face distinct limitations on their ability to mount appropriate stimulus packages for their economies, and face far greater challenges to their economies and societies from COVID-19 than is the case in the industrialized world. In many developing countries, a large-scale lock-down of their economies to flatten the contagion curve of the pandemic is not feasible without risking the prospect of more people dying from hunger than from illness, necessitating a coordinated, well-informed macro-financial policy response at the national and regional level.

**Demand from Member States:** The project received requests for assistance from approximately 60 countries in Africa, Latin America and the Caribbean, and the Asia and the Pacific regions.

**Project components:** The project, led by UNCTAD with the support of ECA, ECLAC, ESCAP and other partners, will be organized through three distinct components that combine global macro-financial policy analysis with in-depth analysis of specific policy goals.

*1) Improving policy analysis through a global study of the macro-financial impact of the COVID-19 crisis and policy responses*

*2) Enhancing capacity through the development of cross-regional toolkits for improved debt sustainability strategies and debt crisis prevention*

*3) Increasing economic stability through region-specific macroprudential policy tools*

**Project activities will include:**

- UNCTAD will develop forward-looking policy scenarios based on the expansion and update of the current World Database (WD) and the Global Policy Model (GPM), also identifying policy strategies that could help developing countries to achieve the SDGs.

- UNCTAD will facilitate a workshop for beneficiary developing countries on the usefulness of the GPM for the design of appropriate policy responses to the COVID-19 crisis.

- ECLAC will conduct a policy-oriented study on capital flow regulation in the context of the COVID-19 pandemic, with empirical assessments of selected experiences in developing countries from Latin America, Africa and Asia-Pacific and analysis of the type of capital controls needed to confront the disruptive effects of the crisis.

- ECLAC will deliver capacity building training on innovative financing instruments and initiatives for middle-income countries in Latin America and the Caribbean.

- ECA will develop an analytical framework on tax policy for African countries, providing an overview of best practice policy options for direct and indirect taxes.

- ECA is to offer technical advisory services and capacity building for the adoption and implementation of the developed taxation frameworks.

- ESCAP is to carry out a regional dialogue to exchange experiences of beneficiary Asian-Pacific developing countries and to discuss fiscal mechanisms to ensure the sustainability of overarching economic frameworks.