



United Joint SDG Fund: submission to DFAT's New International Development Policy

November 2022

The United Nations Joint SDG Fund

The Joint SDG Fund is the United Nations flagship global fund that operates on a two-fold strategic mandate to supercharge the United Nations Development System (UNDS) to be fit for purpose, and, in turn, to catalyse systemic transitions at the country level in areas of cross-sectoral and cross-organizational integrated policy and financing to accelerate the Sustainable Development Goals (SDGs).

To date, the Fund has approved US \$240 million across 118 UN country teams with 27 UN entities. The development emergency modality, activated in 2022 to respond to the triple crises, channelled US \$22.9 million to 83 UNCTs. The joint programmes supported by the Fund have helped mobilize over US \$1.7 billion for the SDGs provided 147 million people access to social protection services. This brochure provides highlights of the work of the UN system, supported by the Joint SDG Fund, in the Indo-Pacific region.

In line with the Pacific 2050 Strategy and DFAT's new international development policy, the Joint SDG Fund aims to reinforce the foundations of a peaceful, stable, and prosperous Indo-Pacific, with a particular focus on: i) **building effective, accountable states that can sustain their own development**; ii) **enhancing states and community resilience to external pressures and shocks**. The document below will articulate the Fund's strategy vis a vis these two priority areas in the Indo-Pacific region.

The global cost-of-living crisis

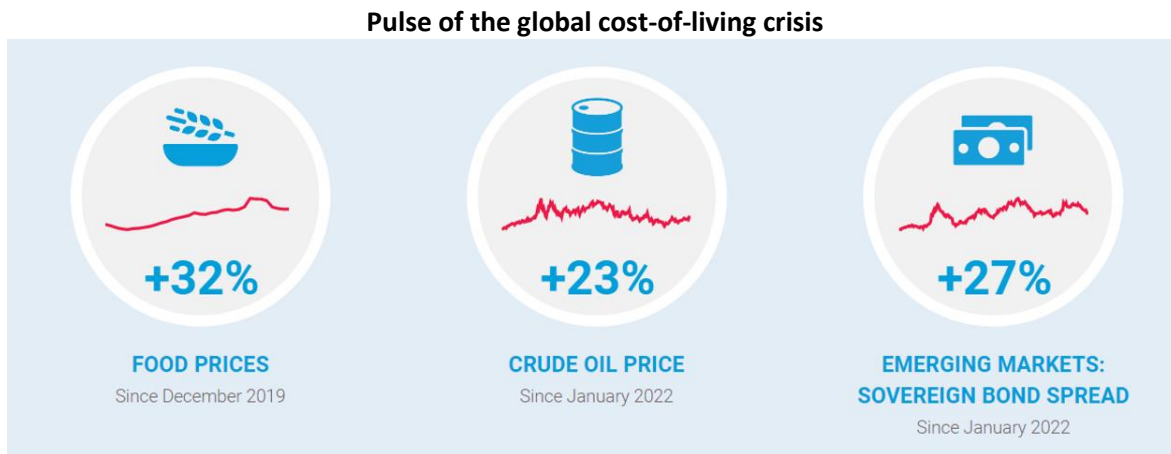
The war in Ukraine has produced a vicious cycle of rising food and energy prices and tightening of financial conditions resulting in a global cost-of-living crisis, affecting up to 1.7 billion people around the world. The turmoil to supply chains, and energy and food markets, is felt most by vulnerable people and developing countries that have already been battered by the COVID-19 pandemic and the chronic effects of climate change. The Indo-Pacific region is being hit by the crisis and the crisis' key impacts are articulated below:

- Food prices are up 32 percent compared to pre-pandemic levels and reached a historic high in March this year. Cereal and wheat prices remain high due to uncertainties in the global market affected by the war in Ukraine.¹
- Energy prices have been extremely volatile since the outbreak of the war. Brent crude oil prices remain high up 23 percent compared to January 2022 at over \$120 per barrel although dropping somewhat from a peak in June due to concerns about a global recession.²

¹ FAO Food Price Index (as of 4 November 2022): <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

² World Bank, *Commodity markets outlook* (October 2022); UNCTAD secretariat estimates (November 2022).

- Global growth is forecast to slow from 6 percent in 2021 to 3.2 percent in 2022, while global inflation is to rise from 4.4 percent in 2021 to 8.8 percent in 2022. Emerging market sovereign and corporate bond spreads are both up near 30 percent compared to January 2022 levels.³
- Soaring inflation rates have sharply increased the number of people facing acute food insecurity from 135 million in 2019 to 345 million in 2022. It is estimated that the global crisis has plunged 71 million people in developing countries into poverty.⁴



Source: UNCTAD (<https://unctad.org/global-crisis>)

Preparing the UN development system response at country level: The Joint SDG Fund’s Development Emergency Modality at work

On 14 March 2022, the UN Secretary-General established a **Global Crisis Response Group on Food, Energy and Finance (GCRG)** in the UN Secretariat to coordinate the global response to the worldwide impacts of the war in Ukraine. Subsequently, GCRG identified 94 countries, home to around 1.6 billion people, that were severely exposed to at least one dimension of the cost-of-living crisis with limited capacities to cope.⁵ Through its three briefs, GCRG also provided policy recommendations for the UN and Governments to act on.

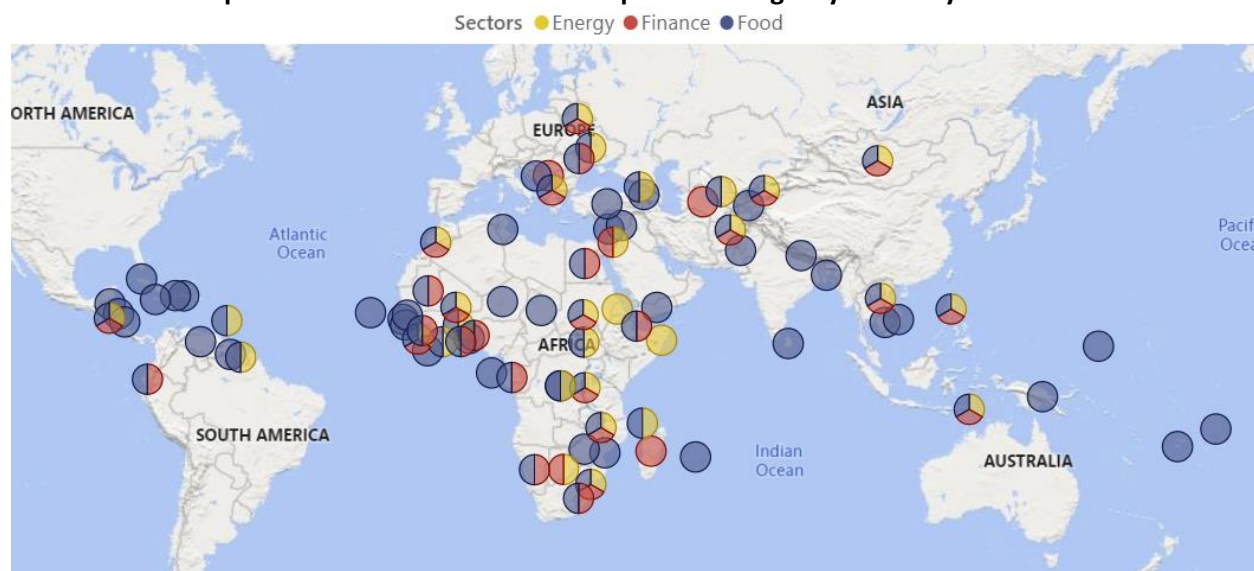
Against this backdrop, the **UN Joint SDG Fund, as the UN’s flagship global fund for the SDGs, activated its Development Emergency Modality, building on the lessons of the UN development system (UNDS) response to COVID-19, to support the UN country teams (UNCTs) response to the global cost-of-living crisis based on the analysis and policy guidance provided by the GCRG task team.** Through this process, the Fund provided \$21 million to 85 UNCTs, serving over 100 countries and territories, in partnership with 24 UN entities implementing the joint programmes under the leadership of UN Resident Coordinators. The programmes aim to support Governments and communities to look ahead and find new data-driven policies and solutions to overcome the socio-economic shocks caused by global crisis.

³ IMF, *World economic outlook* (October 2022); UNCTAD secretariat estimates (November 2022).

⁴ WFP estimates on global food crisis (as of November 2022): <https://www.wfp.org/global-hunger-crisis>; UNDP, *Addressing the cost-of-living crisis in developing countries* (July 2022).

⁵ GCRG brief no 2., *Global impact of the war in Ukraine* (June 2022).

Map of the Joint SDG Fund's Development Emergency Modality activation



Through this support, the UNCTs have **incorporated prevention and crisis management into national socio-economic policies and programmes**. The UN is helping Governments gather up-to-date data on the effects of the crisis at the micro- and macro-levels focusing on priority areas such as food security, child nutrition, trade flows, consumption patterns, and financing. Building on the data and analysis, the joint programmes are promoting **integrated policy making and services**, for example, connecting disaster risk management systems with social protection services and enhancing the coordination between development and humanitarian actors.

The UN support emphasizes the **principles of leaving no one behind** to help reach the hardest-to-reach populations and regions in its crisis response. For instance, the UN team is piloting new social protection services targeting vulnerable families with children in Sierra Leone, supporting enhanced access to finance and renewables for women working in the informal economies in Timor-Leste, and devising measures to address energy poverty in rural areas in Georgia.

In the **Indo-Pacific region**, the Joint SDG Fund invested US \$3 million in 10 joint programmes across 17 countries and territories. These programmes predominantly focus on the food crisis and developing sustainable, and often ocean based, solutions to rising food prices.

For example:

- In the **Cook Islands, Samoa & Niue**, the programme will leverage the expertise of the UN system to support government authorities in increasing their technical capacity to analyse, predict, plan and respond to the global crises of food, energy and finance. The programme includes analysis of the impacts of the ongoing crises on food systems, implementation of an early warning system for future impacts and crises, and engagement of partners to adapt national food systems pathways.
- In **Papua New Guinea**, the programme will focus on improving the resilience of food systems for the refugee community and the social protection systems for the most vulnerable groups who have been adversely impacted by consecutive crises, including climate hazards, the COVID-19

pandemic and the Ukraine crisis. The programme will do this by strengthening data collection around the crisis and by planning and preparing for increased agricultural productivity in the lowara refugee camp.

- In **Timor Leste**, the programme focuses on enhancing the capacity of women entrepreneurs in food related businesses to mitigate the impacts of increasing fuel prices and inflation on their businesses, access finance, and scale up their enterprises for increased food production.
- In **Viet Nam**, the programme will assess the impact of the war in Ukraine on agriculture and rural development in Viet Nam through three key activities: a stakeholder value chain analysis of four key value chains, household surveys in key provinces, and consumer analysis in Ha Noi and Ho Chi Minh City.

UN development system offer for collective country actions

The 85 joint programmes financed by the Joint SDG Fund serve as entry points for the UNDS to support Governments in areas of risks prevention, mitigation and resilience against the cost-of-living crisis. Through the evidence and piloting provided by the interventions, the UN country teams have identified key policy measures and programmatic leverage points to build local resilience and provide much needed social protection and food systems and other services to people. Designed with alignment to the UN Sustainable Development Cooperation Frameworks, the identified interventions directly contribute to national development priorities and the SDGs building on strong partnerships with Government to ensure its future sustainability and scale up.

With critical resource commitments, the Joint SDG Fund in cooperation with UNDS entities is ready to finance the UNDS offer for collective country actions designed to respond and mitigate the impact of the global cost-of-living crisis. The interventions, which can be broadly categorized in areas of food, energy and finance, all incorporate the principles of leaving no one behind especially with core results for gender equality. Furthermore, through the thematic lens, the majority of programmes support the development of robust national SDG data and monitoring systems that enables evidence-based policymaking and early warnings systems. By identifying vulnerabilities in real time and building resilience to shocks in these systems, the joint programmes are supporting countries in adopting a prevention approach in supporting key SDG transformations, while responding to the current crisis.

The UNCTs have also already identified a core group of stakeholders ranging from Governments and public sector partners, through International Financial Institutions and Multilateral Development Banks, to private sector partners and small businesses that will partner to ensure the success, sustainability and scale up of these interventions.

Resource mobilization and partnerships for a collective crisis response

An urgent call for financing the country response

The UNDS, through the Joint SDG Fund, calls on the Australian Government to contribute to the Fund's call to all Member States to commit a total of **\$100 million to enable the full implementation of the country response offer** against the global cost-of-living crisis.

With a focus on the **Indo-Pacific region**, the resources will be committed to the following areas of support:

- **Preparatory country support:** \$25 million to continue and complete the preparatory country-level support initiated by the Joint SDG Fund in the 85 UN country teams.
- **Country flagship initiatives:** \$70 million to finance the mature country flagship initiatives based on the abovementioned UNDS offers identified through the initial preparatory country-level support that are ready for scale up and national implementation in 20-30 countries.
- **Global technical support and knowledge sharing:** \$5 million dedicated to inter-agency coordination and service mechanisms such as the GCRG and other inter-agency bodies to provide dedicated technical support for country programming, global advocacy and knowledge sharing.

Financing through the Joint SDG Fund is proved to have activated the UNDS to pursue a collective response to the crisis both at the global and country levels – there remain more countries in the Indo-Pacific region that could benefit from the Joint SDG Fund's investment.

The Fund works through the RC system that serves in the frontline providing coordination among the UNCT and convening relevant global and local stakeholders including the Government, international financial institutions (IFIs), and private sector to come together to respond to the crisis. The RC also guides coordination efforts between the humanitarian, peace and development actors to actively address the local vulnerabilities in the medium to longer-term along the humanitarian-development-peace nexus. The RCO economists have also played a key role in monitoring and analysing the impact of the crisis and identifying the critical country needs.

Furthermore, the Joint SDG Fund will leverage the expertise of and coordinate with inter-agency coordination mechanisms by linking the development emergency response to SDG transformation priorities. The **UN Food Systems Coordination Hub** brings together food systems knowledge and expertise from diverse constituencies to support national progress and link the emergency response to national food system pathways. The food offer will be coordinated through the UN Food Systems Coordination Hub building on the preparatory country efforts financed through the Fund's DEM as programmatic pipelines for catalytic funding within and/or synergically linked to the Joint SDG Fund's anticipated Food Systems Transformation Window. Relevant programmatic initiatives of the finance offer will also be implemented in coordination with the **Integrated National Financing Framework facility**, launched by UNDP, OECD and UN DESA, that brokers technical assistance and facilitates knowledge exchange for countries to continue devise financing strategies and solutions for their sustainable development priorities.