

RESILIENCE IN ACTION: SOCIAL POLICIES TO NAVIGATE UNCERTAINTY IN LATIN AMERICA AND THE CARIBBEAN

XVI Ministerial Development Forum for Latin America and the Caribbean

Thematic Table 4: Financing Resilience in Uncertain Times: Linking Fiscal Systems with the Sustainable Development Goals

Concept Note

In the face of significant socio-economic challenges and the increasing frequency of global crises, Latin America and the Caribbean (LAC) must prioritize the alignment of their tax systems and budget spending with the Sustainable Development Goals (SDGs) and the 2030 Agenda. The XVI Ministerial Development Forum presents an opportune moment to explore innovative fiscal strategies that bolster resilience and support sustainable development.

The ongoing impact of the COVID-19 pandemic has magnified existing vulnerabilities in fiscal systems across LAC, revealing critical gaps in funding and the need for adaptive, forward-thinking policies. This thematic table will delve into how countries in the region are adjusting their fiscal frameworks to address these challenges. Emphasis will be placed on strategies that ensure tax systems and budget allocations are directly supporting the SDGs, particularly in areas such as gender equality and climate resilience.

A focal point of discussion will be the integration of tax policies and budgetary expenditures with environmental sustainability. Participants will examine how fiscal tools can be leveraged to promote climate adaptation and mitigation efforts, ensuring that budgetary decisions contribute to reducing the region's vulnerability to climate-related risks. Additionally, the session will explore gender-responsive budgeting as a means to address inequalities exacerbated by economic uncertainties and ensure that fiscal policies support the empowerment and well-being of women and marginalized groups.

In the context of constrained public finances, the role of the private sector in financing sustainable development becomes increasingly crucial. This discussion will consider how private sector engagement, through mechanisms such as public-private partnerships and insurance, can be optimized to support resilient fiscal systems, anticipating and mitigating financial risks.

Drawing from the recommendations in the Financing for Sustainable Development Report 2021, this thematic table will emphasize the importance of risk-informed finance. Countries need to adopt a comprehensive risk management approach, incorporating climate and disaster risk assessments into fiscal planning and public investment decisions. This includes the use of state-contingent debt instruments, which can provide automatic debt relief in the event of major shocks, and the implementation of integrated national financing frameworks (INFFs) to align financing with national development priorities and the SDGs.

The thematic table will explore innovative financial instruments and mechanisms such as green bonds and sustainability-linked loans, which can attract private investment into critical areas like renewable energy, sustainable agriculture, and resilient infrastructure. The session will also address the need for improved data

collection and analysis to inform risk assessments and fiscal planning, ensuring that policies are based on accurate and timely information.

The thematic table aims to generate actionable recommendations that can be implemented at both national and regional levels. These recommendations will focus on enhancing the adaptability and sustainability of fiscal policies, ensuring they are capable of responding to evolving needs and crises. By fostering dialogue and collaboration among stakeholders, this session seeks to build a comprehensive approach to financing resilience in uncertain times, contributing to a more equitable and sustainable future for all.

Guiding questions:

- What strategies can be employed to align tax systems and budget spending with the SDGs and the 2030 Agenda?
- How can fiscal policies integrate climate resilience and support environmental sustainability?
- What are the potential benefits of gender-responsive budgeting in promoting equality and resilience?
- How can the private sector be effectively engaged in financing sustainable development in the region?
- What are the best practices for implementing risk-informed finance to mitigate financial vulnerabilities?