

# The poverty and education goals in the face of COVID-19 financial crisis

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# Introduction

- Financial crisis and multidimensional poverty
  - Extreme/monetary poverty (SDG1); Education (SDG4)
- Global context: before the pandemic
- Where we are today
- What needs to be done

# Before the pandemic: SDGs in the debt trap

## Increasing indebtedness

- 'Great Recession' (2008/09) to 'Great Stagnation'
- A second global financial crisis

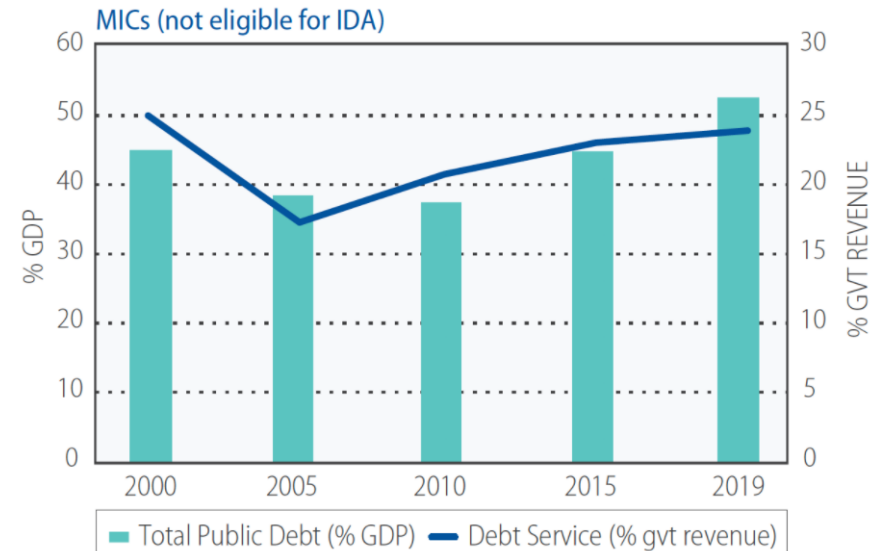
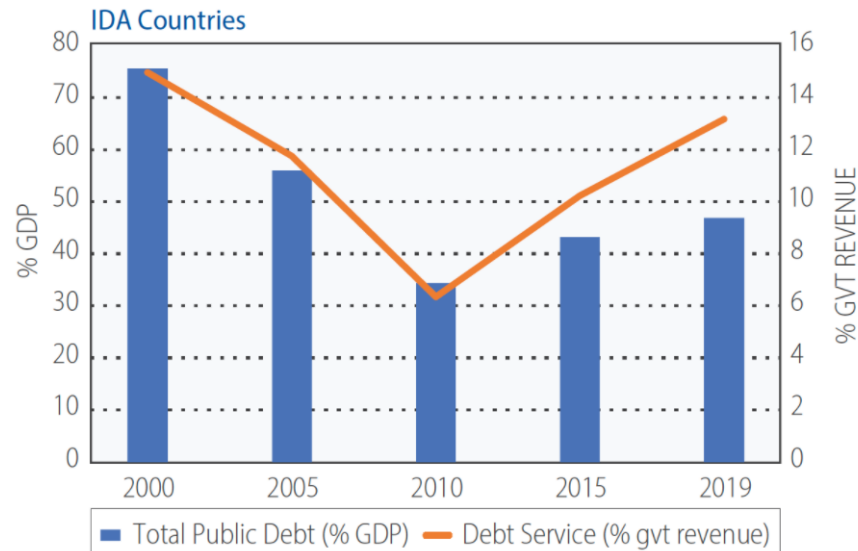
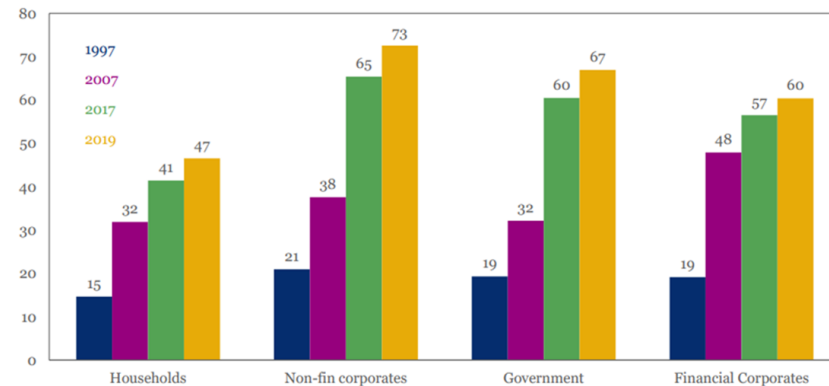
## Global poverty

- **World hunger** on the rise since 2015 (SDG2) (UN)
- **Debt distress** endemic in LIC (IMF)
- **Debt service as a % of government revenues**

**Public debt and debt service** (median, share of GDP and government revenue)

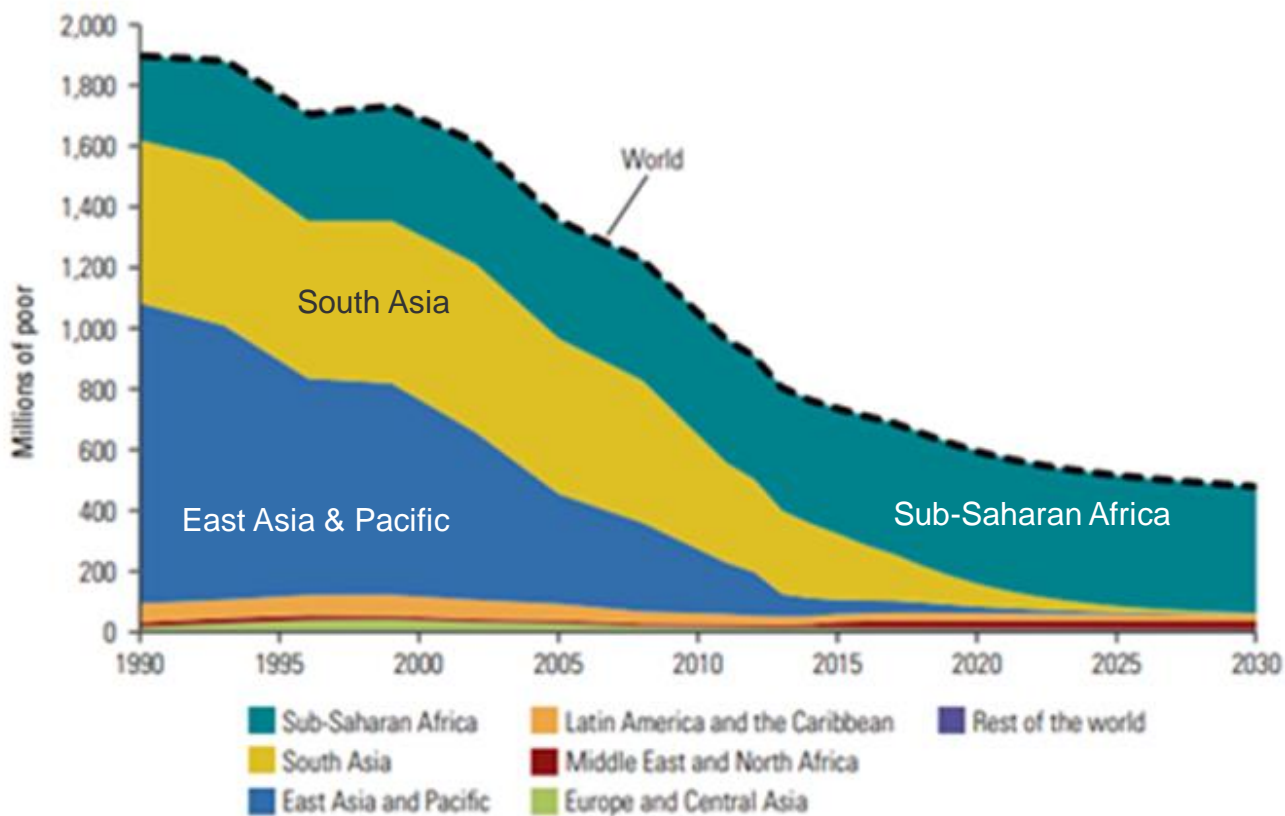
Global Sectoral Indebtedness

\$trillion, Q1 of each year



# Poverty dynamics and the pandemic

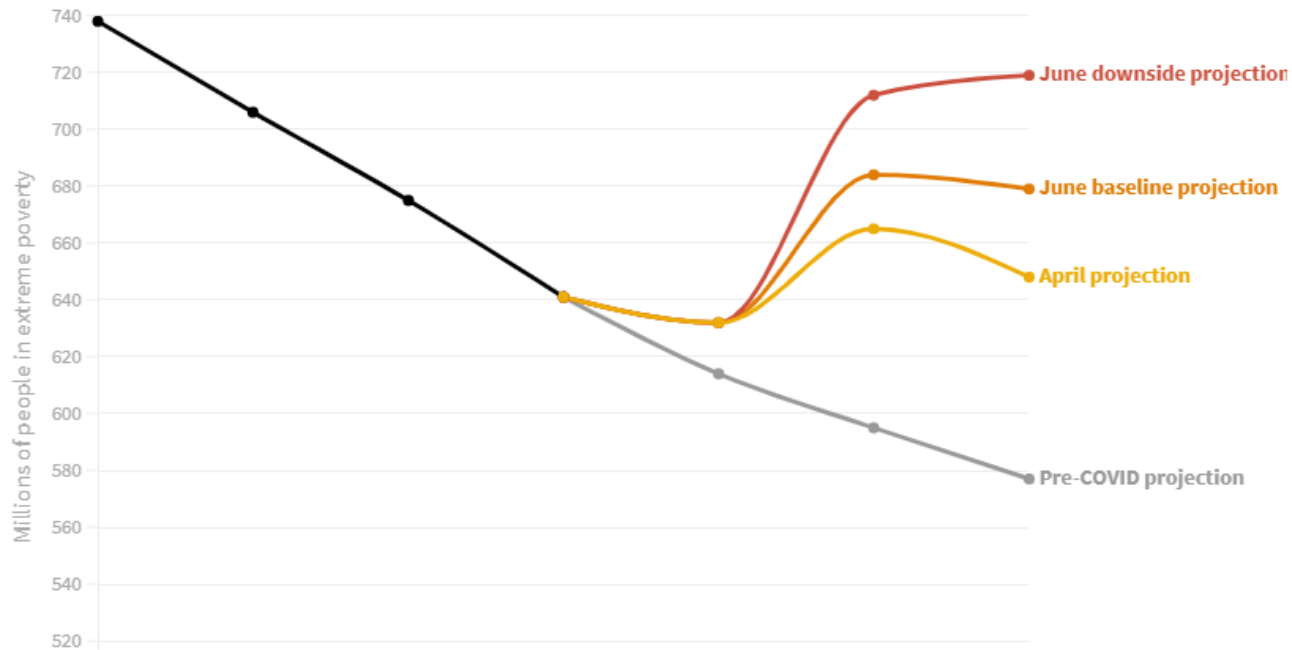
**FIGURE 1.3** Number of Extreme Poor by Region, 1990–2030



# Poverty dynamics and the pandemic

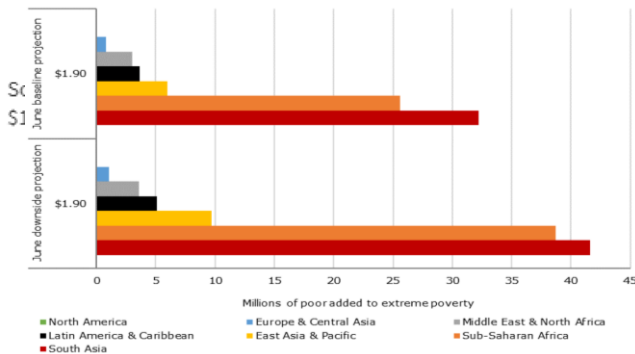
**COVID-19 pushing 71 to 100 million people into extreme poverty**

**The Impact of COVID-19 on Global Extreme Poverty**



perfect storm  
 humanitarian crisis  
 lost decade  
 systemic implications

Figure 2. The regional distribution of the COVID-19-induced poor



extreme poverty is measured as the number of people living on less than

WB, 2020

# Where we are today

A range of unprecedented but insufficient measures; for instance:

- **Increased emergency financing** (e.g. IMF, RCF/RFI) [more than 100 countries have requested support].
- **IMF Debt service relief** (grants via CCRT for 29 countries for IMF debt obligations for 6 months+)
- **G20 Debt Service Suspension Initiative (DSSI)** (bilateral, postponement, coverage)

Other challenges: transitioning to sustainability

# Don't try to hold an unsustainable line; a new policy framework is required

- Change the IMF's Articles of Agreement, and connect **IMF's Special Drawing Rights (SDRs)** issuance to unfulfilled ODA (\$2.7 t. between 2002-2017, UNCTAD) (close also ODA loopholes).
- Issue a **new safe-asset by the UN**, if required.
- **SDGs' attainment metrics should be an integral part of the IMF-WB DSA Framework and 'concessional funding'**. Arrange for **debt cancellation and restructuring** as required for establishing debt sustainability in the SDG context.
- A rules-based **sovereign debt restructuring mechanism**

See also our recent SSRP brief here: <https://www.sussex.ac.uk/ssrp/documents/ssrp-policy-brief-andreas-antoniades-sdgs-in-the-debt-trap-final.pdf>