

Impact of COVID-19 on Attainment of SDGs in Afghanistan

Afghanistan has been hit by COVID-19 pandemic while the country is going through a critical juncture in the peace process. While most of funding needs for emergency health response were largely covered by the donor countries, the economy was hit very hard. Social and humanitarian emergencies were amplified by the combined effect of conflict and natural disasters, rising levels of extreme poverty and unemployment. Demographic pressures, returnees, and internal displacement of population are adding to the complexity of issues. Inevitably these have negative impacts on the attainment of Sustainable Development Goals (SDGs) in Afghanistan.

To better understand the real impact of the pandemic and help the Government make informed decisions on the allocation of shrunk resources, UNDP Afghanistan has produced a series of comprehensive assessment of the socio-economic impact of the pandemic. The first Country Note <<https://bit.ly/2CSefUY>> was developed in Mid-April 2020, in which we presented updates and proposed Social Protection measures in alleviating the immediate adverse impact of COVID-19. The second Note <<https://bit.ly/36tdrCH>> was produced in July 2020, which comprised of an evidence-based analysis where we combined an economy-wide analysis with infection transmission scenarios developed by the Ministry of Public Health.

This third note which builds on the first and second notes, assesses the socio-economic impact of COVID-19 on the Afghan economy and its impact on the Sustainable Development Goals (SDGs). Using evidence from recently developed regional Computable General Equilibrium (A-GTAP CGE) model, this note aims to provide the Government of Afghanistan and its development partners with informed policy options to address immediate impact of the pandemic on SDGs and potential funding options to attain the goals.

Coronavirus crisis has proved, once again, that sustainability is tightly linked to society's well-being as well as global approach to address the gaps towards achieving SDGs. The main cause of transmission of COVID-19 to humans has been recognized by many as illegal, unregulated, and high-risk wildlife markets. Health links to SDG-15 (Life on Land) would require global action in reversing land degradation and habitat destruction, and taking action to address the demand for and supply of illegal wildlife products (SDG-15.7).

In Afghanistan, health links to environmental pollution (SDG-3.9) are particularly important. High levels of air pollution in many Afghan cities may be an important factor in the spread of COVID-19 by increasing the citizens' pre-existing vulnerabilities to respiratory diseases. Access to clean water (SDG-6) is a pre-requisite for being able to handwash frequently; living in substandard, unsanitary and overcrowded conditions such as IDP camps and slums (SDG- 11)

increases the risk of exposure to the virus; and pre-existing health conditions such as non-communicable diseases (SDG-3) tend to worsen disease outcomes.

The pandemic was clearly a setback for Afghanistan economy and the attainment of the A-SDGs in the short-term, but this does not put out of reach neither the attainment A-SDGs, nor Afghanistan's long-term commitment to sustainable development. Based on the findings of the Notes, the Afghan government would need to allocate resources equivalent of 15% of the current GDP for immediate interventions in the health sector, along with social protection measures, including SDGs attainment in 2020. As per the simulations model developed for Afghanistan and its major trade partners by UNDP, governance reforms would make it possible to raise \$300 million necessary to fund the SDG attainment as early as next year.

While the donor funding is declining, the Government of Afghanistan needs to opt for policies and programmes to generate more revenue to address these immediate needs. It could mobilize resources through more efficient tax collections by focusing on strengthening institutions (SDG-16). The government could also generate more revenue by legalizing and regulating mining sector and tapping on the country's rich natural resources. Expansion of regional trade would also significantly increase GDP growth. For example, if the cost of trade between Afghanistan and the South Asian Association for Regional Cooperation (SAARC) countries decreases by 10%, it would boost Afghanistan's GDP by around 4% in 2020. This additional revenue could finance SDG attainment and will provide additional resources to address the adverse impact of COVID-19.

Reducing the intensity of conflict and therefore its cost (SDG-16.1), will also reduce current levels of corruption (SDG-16.5), and an improved trade environment (SDG-10.a.) would enable Afghanistan to address the adverse impact of the Coronavirus on the economy and SDGs attainment. Reforms would include among others accelerated implementation of the anti-corruption strategy, starting with the customs and revenue reforms to boost Afghanistan's trade performance, and finalization of legal reforms to improve overall business environment.

Beyond supporting immediate interventions, long term SDG agenda and funding should be embedded in the national planning and budgeting process starting with the NPPs. There is a need for overall coherence between the NPPs and other national programs to assure sustainability. A comprehensive M&E system is needed regarding national development projects and their impact on SDGs. For instance, despite references to poverty alleviation as a crosscutting policy objective in almost all the NPPs, there are no measurable outcomes directly addressing poverty neither at the national nor sub-national level. Mainstreaming of the A-SDG national indicators framework during the design and roll-out of the second phase of the Citizens' Charter would be a practical starting point. This can be done through social cash transfers, and emergency or public employment programs at scale implemented through the Citizens' Charter Program.

UNDP's socio-economic recovery offer to address the impact of COVID-19 aims to enable national and sub-national authorities to address the crisis in the short-run and help reverse its negative

effects on the realization of the A-SDGs in the medium and long-run. UNDP is re-orientating its programme portfolio towards supporting the Government's strategic agenda and help align the National Priority Programmes with A-SDGs.

Leveraging its strong collaboration with other development organizations, as well as its advisory and continuous dialogue with the Government, UNDP aims to play a catalytic role in Afghanistan's transition to sustainable and inclusive development by 2030. The platform approach proposed by UNDP is being based on a holistic approach which links traditional budget planning with innovative finance towards implementing sustainable development policies and programmes in Afghanistan.