



HIGH-LEVEL POLITICAL FORUM ON SUSTAINABLE DEVELOPMENT

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Building back better after COVID-19 and acting where we will have the greatest impact on the SDGs

Responding to the economic shock, relaunching growth and sharing economic benefits and addressing developing countries' financing challenges

(Most closely related SDGs: SDG 5, SDG 7, SDG 8, SDG 10, and SDG 17)

Wednesday, 8 July 2020, 9:00 AM -10:00 AM

Secretariat Background Note

Introduction

Economic activity provides livelihoods, jobs, incomes and the means to attain many other elements of a better life. But the economic shock of COVID-19 threatens to eliminate livelihoods and push millions of people into poverty while significantly slowing economic growth. This stands to compound already high levels of inequality within countries – between the rich and poor, women and men, and different groups within society, such as between migrants and nationals. There are also challenges of growing environmental degradation, with unsustainable production and consumption systems threatening the well-being of present and future generations. Addressing immediate needs and building back better will require a fundamental reconfiguration in economic policymaking and the production and consumption of goods and services toward a diminished environmental footprint and greater distributional justice that prioritizes gender equality, access to decent jobs, and social protection for all. Achieving this in line with the 2030 Agenda for sustainable development will require leadership from both the public and the private sector, engagement with civil society and the science community, and broad-based support to overcome developing countries' financing challenges.



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Successes and challenges¹

In some key areas, progress has been made toward sharing economic and social benefits more broadly including for future generations. But there is still a significant way to go during the decade of action leading to 2030 and the COVID-19 pandemic is putting further pressure on progress. In 2018, the global real GDP per capita growth rate was 2%. In addition, the real GDP growth rate for LDCs was 4.5% in 2018, less than the 7% growth rate targeted by the 2030 Agenda. Moreover, projections indicate that the COVID-19 crisis is pushing the world into the worst global economic crisis since the Great Depression in addition to the toll on human health and lives. While the decline in GDP will be destructive, it is also important to recognize that GDP is not a comprehensive measure of progress since it does not capture the value of activities such as unpaid care work, economic inequality, environmental impacts and other components that affect well-being.

Growth is not reaching all equally. Informal employment - which has an impact on the adequacy of earnings, access to social protection, occupational safety and health and safe working conditions - remains pervasive. Globally, 61% of workers were in informal employment in 2016. The need to rely on informal employment was more prevalent in sub-Saharan Africa and Central and Southern Asia, where 89% and 86%, respectively, of workers were in informal employment. In developing economies, the vast majority of women's employment – 70 per cent – is in the informal economy.² Due to unemployment and underemployment caused by the current crisis, some 1.6 billion workers in the informal economy—half of the global workforce—are significantly impacted. Globally, the income of informal workers is estimated to drop by 60% in the first months of the crisis.

Considering that labour income is the main source of income for households, especially those at the lower end of the income distribution, sustainable growth will need to be based on improved access to productive and quality jobs for all to ensure a more equitable sharing of the fruits of progress. This includes preventing and protecting against discrimination, reducing informality, and ensuring access to comprehensive social protection for all.

There have been signs of reducing inequality in some dimensions. In 73 of the 90 countries with comparable data during the period 2012 to 2017, the bottom 40% of the population saw their incomes

¹ Data are from the Report of the Secretary-General on SDG Progress 2020 - forthcoming.

² [UN Policy Brief: The Impact of COVID-19 on Women](#) (9 April 2020)



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grow. Moreover, in slightly more than half of those countries, the bottom 40% experienced a growth rate of income that was higher than the overall national average. However, inequality still persists in all its forms and COVID-19 is hitting the poorest and most vulnerable people hardest and threatens to have a particularly damaging impact on the poorest countries. To better support equality, national and international financial systems must be aligned to the SDGs and the Addis Action Agenda with financing meeting needs to respond to COVID-19.

Gender inequality remains pervasive in every country and the current pandemic is hitting girls and women hard. Globally women aged 25-34 are 25 per cent more likely than men to live in extreme poverty.³ The gender gap in labour force participation among adults 25-54 has stagnated over the past 20 years, standing at 31 percentage points globally.⁴ At the same time, women devote on average roughly three times more hours a day to unpaid care and domestic work than men, limiting the time available for paid work, education and leisure.

The environmental sustainability of production has seen improvements with global primary energy intensity (energy used per unit of GDP) having improved by 2.2% annually, but the rate is still short of the 2.7% annual rate needed to reach SDG target 7.3. The renewable energy share of total final energy consumption gradually increased from 16.3% in 2010 to 17.3% in 2017. Much faster growth is required to meet long-term climate goals. International financial flows to developing countries in support of clean and renewable energy reached \$21.4 billion in 2017, 13% more than in 2016. Achieving the 2030 Agenda for sustainable development will require leadership from both the public and the private sector, shifts in social norms, and engagement with civil society and the science community.

Interlinkages, synergies and trade-offs

The goals and targets in the 2030 Agenda are interlinked and transitioning toward sustainable and just economies and building back better from the COVID-19 crisis will require policies that respond to the interactions among goals and targets, and across geographies, finding opportunities to build synergies and mitigate trade-offs. There is already a significant amount of knowledge about interactions in economic systems where interventions around one Goal or Target can alter the possibilities of meeting

³ E/CN.6/2020/3

⁴ Ibid.



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other goals. Acting on evidence about these interlinkages can help **harness synergies** across goals and targets to generate multiple positive outcomes (e.g. actions that increase GDP growth rates in least developed countries and close gender pay gaps); **mitigate trade-offs** between Goals (e.g. actions that increase access to decent jobs while also reducing the energy intensity of production); and accelerating progress towards achieving the overarching objective of **‘leaving no one behind’** by ensuring that the needs and rights of vulnerable and disadvantaged groups are respected in economic policies. Economic growth must be pursued in ways that reduce tensions with other sets of goals and are inclusive of vulnerable groups and regions (see table).

	Closely related SDGs selected for HLPF	Selected SDGs with synergies to harness	Selected SDGs where trade-offs need to be mitigated
<i>Responding to the economic shock, relaunching growth and sharing economic benefits and addressing developing countries’ financing challenges</i>	5, 7, 8, 10, 17	1, 9, 12	13, 14, 15

Recommendations for action: Mechanisms and partnerships to accelerate progress

As countries respond to the COVID-19 crisis and identify longer-term plans to build back better, transformative actions in economic systems are needed to simultaneously promote growth for poverty reduction and support equitable access to full and productive employment and decent work and access to social protection, while also reducing income and wealth inequality, gender inequality, green-house gas emissions and unsustainable natural resource consumption. In the context of the Decade of Action, the international community must work together to address challenges in an integrated way and to support the financing needs of developing countries. For this, sustainable solutions are possible drawing on the substantial knowledge about interactions within economic systems and in relation to the SDGs. Such solutions can be adopted and scaled up through collaboration among important levers of action – governance, business and finance, individual and collective action, and science and technology. Sharing information and identifying ways to fill knowledge and data gaps, scale up actions, and address context



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specific conditions, as well as leveraging political will and evidence-based decision-making, will be the key to successful transformation.

Guiding questions

- What are some promising actions to support progress toward sustainable economic growth and sharing economic benefits that generate synergies across Goals and targets? Are there trade-offs from these actions and if so, how can they be mitigated?
- What challenges and opportunities does COVID-19 present for relaunching sustainable growth and sharing economic benefits? What are the most critical interventions and partnerships needed over the next 2 years, 5 years, 10 years?
- Which groups are especially vulnerable to missing out on economic benefits and decent work, and what are ways to ensure that actions leave no one behind?
- How might responses to COVID-19 facilitate or complicate efforts to reduce these vulnerabilities including for informal workers and the working poor?
- What long-term policy measures and social protections are necessary to promote the resilience of the most marginalized groups to economic and environmental shocks?
- Are there examples of successful partnerships and initiatives to harness synergies and/or reduce trade-offs in economic systems?
- What steps can be taken to promote the sustained participation of civil society organizations, women's and girls' organizations, youth-led organizations and national human rights institutions? Can these be scaled up or adjusted to fit other contexts?
- What role can science, technology and innovation (STI) play in the transformation to sustainable and equitable economic systems, and how do we prevent STI from expanding inequalities within and among groups vulnerable to being left behind?