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### **Building back better from the coronavirus disease (COVID-19) while advancing the full implementation of the 2030 Agenda for Sustainable Development**

#### **Report of the Secretary-General**

##### **Summary**

COVID-19 is a human tragedy, having caused more than 6 million deaths globally and bringing the economy and people's lives to a standstill for considerable periods in many parts of the world. For the building back better from COVID-19 to be sustainable, countries must avoid returning to the "business as usual" patterns and activities of the past and opt to make their societies and economies more socially equitable and environmentally sustainable. This makes it imperative that countries pursue a strategy of a more inclusive and sustainable recovery from the pandemic and introduce transformative reforms to improve health, social protection and other systems as well as international governance and multilateral cooperation. It will also be particularly important to accelerate the process of decoupling economic growth from environmental degradation, including reducing CO<sub>2</sub> emissions. Building back better from the pandemic and advancing the full implementation of the SDGs are thus inextricably linked.

The full implementation of the SDGs can serve as the overarching framework for the recovery and building back better from the COVID-19 pandemic during the current Decade of Action and Delivery for Sustainable Development. The building back better process should particularly focus on putting in place policies that drive fundamental transformation towards sustainable development; eradicate poverty and hunger; rein in inequalities, including gender inequality; build resilience; and take decisive and effective action against climate change, while halting biodiversity losses and environmental degradation. This present report on the 2022 ECOSOC and HLPF theme serves to inform the ECOSOC high-level segment in July 2022 and is complemented by the report of the Secretary-General E/HLS/2021/\_ on "Long-term future trends and scenarios—impacts in the economic, social and environmental areas on the realization of the Sustainable Development Goals." It can also inform the 2022 HLPF.

## I. Introduction

1. This report<sup>1</sup> highlights strategies that countries could consider with a view to building back better from the COVID-19 pandemic while advancing the full achievement of the 2030 Agenda for Sustainable Development. The report offers analysis and policy recommendations to inform discussions at this year's high-level segment of the Economic and Social Council. It has benefited from substantive contributions made by United Nations system entities and others and is complemented by the report E/HLS/2022/\_ on "Long-term future trends and scenarios - impacts in the economic, social and environmental areas on the realization of the Sustainable Development Goals".
2. COVID-19 is a human tragedy, having caused more than 6 million deaths globally and bringing the economy and people's lives to a standstill for considerable periods in many parts of the world. The pandemic and the containment measures to control it have also significantly slowed economic growth, increased unemployment, raised poverty and hunger, and caused additional adverse impacts on women and children in many countries around the world. However, the struggle to stop the spread of COVID-19 is not yet over, as in the week 28 March to 3 April 2022 WHO reported nine million new cases and 26,000 new deaths globally.
3. The global economic recovery from the COVID-19 pandemic hinges on a delicate balance given the uneven pace of vaccinations, potential new waves of the virus, labour market challenges, lingering supply-side constraints, inflationary stresses, diminished fiscal support and challenges for the multilateral system. The world gross product in 2021 was 1.9 per cent higher than in 2019 but still 3.3 per cent below the level of global output projected prior to the pandemic. After expanding by 5.5 per cent in 2021, the global economy was projected, prior to the conflict in the Ukraine, to grow by 4.1 per cent in 2022 and 3.5 per cent in 2023.<sup>2</sup> However, the negative spillover effects of the Ukraine crisis and the economic sanctions imposed on the Russian Federation could reduce global output in 2022 by 0.8 per cent according to UN DESA estimates. The global economic recovery has thus slowed significantly.
4. However, the aggregate growth figures mask marked divergences in the economic prospects across countries. Many developing countries face daunting challenges in building back better from COVID-19 due to lower vaccination rates, more limited access to financial resources leading to tighter fiscal and monetary policies and more persistent scarring from the pandemic. UNCTAD has estimated that the global cumulative income loss in 2020-2021 was about \$10 trillion, with developing countries, excluding China, accounting for more than \$3 trillion of that amount.<sup>3</sup>
5. Data from this year's Secretary-General's SDG Progress report<sup>4</sup> shows that years, if not decades, of development progress have been halted or reversed. In 2020, an additional 93 million people were pushed back into extreme poverty and as many as 161 million more people faced chronic hunger compared to 2019. Global health systems were overwhelmed, and many essential health services were disrupted, posing major health threats and undermining years of progress fighting other deadly diseases. Billions of children significantly missed out on schooling and over 100 million more children fell below the minimum reading proficiency level and other areas of academic learning. Women also have been disproportionately affected by the socioeconomic fallout of the pandemic, struggling with lost jobs and increased burdens of unpaid care work.
6. Employment remains also well below the pre-pandemic level. The speed of job creation has generally not compensated for employment losses. Yet, the picture varies across regions. While labour markets in developed countries are gradually improving as the economic recovery gathers pace, employment growth in developing countries remains anemic amid lower vaccination progress and limited stimulus spending. A return to pre-pandemic labour market performance is thus likely to remain elusive for much of the world over the coming years. In 2022, it is estimated that global working hours will be almost 2 per cent below their pre-

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<sup>1</sup> This report is presented in accordance with the mandate provided by the General Assembly in resolutions 61/16 and 72/305, as well as resolutions 74/298 and 75/290 A on the strengthening of the Economic and Social Council, and in alignment with General Assembly 75/290 Ba on the review of the implementation of General Assembly resolutions 67/290 on the high-level political forum on sustainable development and 70/299 on the follow-up and review of the 2030 Agenda for Sustainable Development at the global level

<sup>2</sup> World Economic Situation and Prospects, UN DESA, January 2022.

<sup>3</sup> Trade and Development Report 2021, UNCTAD.

<sup>4</sup> E/2022/xx

pandemic level when adjusted for population growth, corresponding to a deficit of about 52 million full-time equivalent jobs.<sup>5</sup>

7. The adverse impact of the pandemic on growth and employment have resulted in major setbacks to global poverty reduction, leading to a substantial reversal in progress in achieving SDG 1 to end extreme poverty by 2030. The number of people in extreme poverty has risen by an estimated 100 million because of COVID-19 and is projected to remain well-above pre-pandemic levels, especially in Africa and Latin America. Hunger (SDG 2) has also risen significantly as the result of COVID-19, with 840 million people estimated to suffer from insufficient food consumption in early 2022, compared to 690 million people in 2019 and 17 countries experiencing very high levels of hunger.<sup>6</sup> These deprivations have hit children, youth, women, and older persons, as well as the least-developed countries and other vulnerable developing countries, harder.
8. The COVID-19 pandemic has also impacted progress towards SDG 5 by exacerbating the gender divide, particularly in developing countries where women have experienced sharper declines in employment and labour force participation than men.<sup>7</sup> Many women are shouldering additional care work burdens and facing significant barriers to re-entering the labour force, especially those with young children.
9. The pandemic has imposed high costs on students worldwide because of school closures. Students in developing countries have been particularly hard hit. It has been estimated that more than 50 million learners worldwide have been affected by school closures at a cost of \$17 trillion in terms of learning losses, lower productivity and disruptions to employment.<sup>8</sup> The most vulnerable families with little or no access to the internet, particularly in rural areas of developing countries, have been most severely affected by the impact of the school closures. The pandemic has also placed an estimated 10 million girls at risk of dropping out of school during this decade, further threatening progress on gender equality.<sup>9</sup>
10. A temporary reduction in CO<sub>2</sub> emissions over 2020 has since dissipated. Global CO<sub>2</sub> emissions declined by 5.8 per cent in 2020, the largest ever decline.<sup>10</sup> CO<sub>2</sub> emissions fell further than energy demand in 2020 owing to the pandemic hitting demand for oil and coal harder than other energy sources while the use of renewables increased. However, in 2021 global energy-related CO<sub>2</sub> emissions increased by 4.8 per cent as demand for coal, oil and gas rebounded with the economy. This was the largest single increase since the carbon-intensive economic recovery from the global financial crisis more than a decade ago, leaving global emissions in 2021 at 1.2 per cent below the 2019 peak.
11. The global impact of the conflict in Ukraine is already evident, including the humanitarian challenges of millions of displaced persons, both internally and as refugees. The war has placed additional pressures on the post-pandemic recovery of developing countries that were already at a significant disadvantage. It is projected to lower economic growth expectations across the world, which can further exacerbate debt burdens for many developing countries. One of the key channels through which impacts are being felt globally are sharp increases in the prices for fuel, food, fertilizer and selected metals/minerals. Increases in the prices of energy and food will hit importing countries disproportionately, as well as the poor in all countries most severely. The global shortage and associated price hike in wheat, coarse grain, fertilizers and crude oil will not only deteriorate macroeconomic conditions but also other development indicators, in particular those related to poverty and food security.

## **II. Building back better through full implementation of the 2030 Agenda for Sustainable Development**

11. An important foundation for a sustainable recovery from the pandemic has been laid in the form of safe and effective vaccines, which have been developed in record time. Worldwide access to vaccines offers the best hope for slowing the pandemic, saving lives and securing a global economic recovery. However, the virus is moving faster than the global distribution of the vaccines, particularly in developing countries. WHO has set the target of vaccinating 70 per cent of the global population by the middle of this year (2022). It is an absolute imperative that vaccine manufacturers share their technology and know-how with developing countries.

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<sup>5</sup> World Employment and Social Outlook, Trends 2022, January 2022, International Labour Organization.

<sup>6</sup> Global Hunger Map, WFP (February, 2022).

<sup>7</sup> United Nations Secretary-General, Policy Brief: The Impact of COVID-19 on Women, 9 April 2020.

<sup>8</sup> Group of 20 Surveillance Note, IMF, February 2022.

<sup>9</sup> The State of the Global Education Crisis: A Path to Recovery, World Bank, UNESCO and UNICEF, 2021.

<sup>10</sup> Global Energy Review 2021, International Energy Agency.

12. Countries that had made more progress in achieving the SDGs were in a better position to deal with the pandemic, especially in its early phase. For example, countries that had achieved greater access to clean water (SDG 6), reduced number of people living in slums (SDG 11) and decreased pre-existing health conditions such as non-communicable diseases (SDG 3) were in a better position to mitigate the COVID-19 risk, particularly in the period prior to the availability of vaccines and treatments. Similarly, past progress in inclusive social protection systems (SDGs 1 and 8), robust universal health care (SDG 3) and effective public institutions (SDG 16), as well as smartphone and internet penetration (SDG 9), all contributed to more successful containment measures.
13. A recent analysis of COVID-19 stimulus spending in 30 countries shows that a higher percentage of such budgets went towards green-related expenditures than in the aftermath of the 2008 financial crisis.<sup>11</sup> As countries build back better from the pandemic and reenergize their efforts to achieve the SDGs, it will be important to build on those emergency measures rather than reverting to the pre-COVID-19 state. This includes supporting developing countries in strengthening their social protection systems. Well-designed and implemented social protection system are particularly powerful as they reduce inequalities, build resilience, and end the inter-generational cycle of poverty, enabling the poor to climb out of poverty.
14. Building back better from COVID-19 will generally depend on minimizing further damage from the pandemic, generating a speedy recovery from the damages, holding on to and building further upon the positive changes introduced to the healthcare, social protection and public institutions during the pandemic, and ensuring that recovery pathways accelerate the transformations necessary for bolstering the SDGs, including those that are planet-related, thereby countering negative environmental effects and more generally reenergizing the momentum toward sustainable development.
15. For the building back better from COVID-19 to be sustainable, countries must avoid returning to the “business as usual” investment patterns and activities of the past and opt to make their economies more socially equitable and environmentally sustainable. on societies. This makes it imperative to ensure that countries build back better by pursuing a strategy of a greener, more inclusive and sustainable recovery from the pandemic. The economic measures must encourage investments and behavioural changes that will decrease the risk of future shocks while also increasing countries’ resilience to them if they occur. Global environmental emergencies like climate change and biodiversity loss have the potential to impose much higher and longer lasting economic and social costs.
16. Building back better from the pandemic and advancing the full implementation of the SDGs are thus inextricably linked. The full implementation of the SDGs can serve as the overarching framework for the recovery from the COVID-19 pandemic during the current Decade of Action. While COVID-19 has created sizeable hurdles for the full achievement of the SDGs by 2030, a commitment to build back better by using the SDGs as our common roadmap can help put us on the path to success.
17. Looking ahead, countries, both individually and collectively, have a historic opportunity to end the pandemic and bring the world on a sustainable development path by forging a strategy that recognizes and addresses the multiple interlinkages that exist among the SDGs and their targets. Seizing this opportunity will require significant adjustments to how policies are made and in the way societies produce, consume and share benefits and risks. The international community must seize this opportunity.

*Building an inclusive, resilient and sustainable economy for accelerating the SDGs*

18. The slowing pace of the global economic recovery discussed above heightens the importance of governments focusing on reducing income inequality (SDG 10) in society as a strategy to make progress on not only the SDGs concerning poverty (SDG 1), hunger (SDG 2) and other material deprivation, but multiple other Goals as well. A decline in income inequality can be a potent driver of poverty reduction and, combined with robust economic growth, can produce highly significant, if not astonishing, results for the eradication of extreme poverty by 2030. For example, a 2 per cent average annual reduction in income inequality in developing countries from 2022 to 2030, coupled with the UN DESA projected GDP per capita average yearly growth

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<sup>11</sup> “Building back better from the coronavirus disease (COVID-19) while advancing the full implementation of the 2030 Agenda for Sustainable Development”, Stakeholder Forum Report for the United Nations, Report on Theme of 2022 High-Level Political Forum on Sustainable Development, David O’Connor.

rate of 4.2 per cent, could bring down the global poverty headcount by close to 200 million people by 2030.<sup>12</sup> Reducing income inequality can thus be one of the key drivers of eradicating extreme poverty and achieving SDG 1 by 2030.

19. The economic benefits of closing the gender gap in the labour force participation rate are also significant. Globally, there is a 20-percentage point gap between male and female labour participation rates, reaching as high as 31.2 percentage points in Asia and as low as 8.7 per cent in North America. This significant gap in the labour force participation rate of men and women imposes high economic costs on the countries concerned. The losses to an economy from the economic disempowerment of women have been estimated to range from 10 per cent of GDP in advanced economies to more than 30 per cent in South Asia and in the Middle East and North Africa. This amount can be considered the global opportunity cost of lower labour force participation of women.<sup>13</sup>
20. Measures to build back better measures must also reverse any damage to the labour market prospects of youth that may have occurred as a result of the pandemic. This will require governments to put in place forward-looking employment frameworks that target young women and men. The Africa region, for example, is projected to experience an increase in the prime-age working-age population (25-64 years) from 480 million in 2019 to 2,1 billion by 2100.<sup>14</sup> It will be critical for countries in such a demographic situation to invest in education and their human capital more generally and introduce effective economic policies that enable the rapidly growing working-age population to be productively employed. This will require developing countries with projected large labour surpluses to adopt transformative economic and structural reforms that enable them to attract foreign direct investment and green technologies and build their productive capacities. The ability of developing countries to meet this demographic challenge and productively employ the large number of young people entering the labour markets in the coming decades provides not only a major development opportunity for them but also for the world as a whole.
21. The continued improvement in the education and skills levels of the workforce in developing countries strengthens their comparative advantage as major hubs for production and global value chains because of their competitive wage positions. It is critical for developing countries with projected large labour surpluses, particularly of young people, to increase their investment in human and physical infrastructure as a strategy to capitalize on this demographic window of opportunity.
22. Encouraging entrepreneurship among disadvantaged groups in society is also important with a view to boosting jobs and tackling social exclusion. Building back better from the pandemic needs to include support for disadvantaged groups in society such as women, seniors, the unemployed, ethnic minorities, immigrants and people with disabilities, for example, to start and run businesses through greater access to finance, leadership, management and networking training.
23. The digital revolution offers developing countries an extraordinary opportunity to make the public and private sectors more cost-effective and transparent as a catalyst for economic growth. The advent of the digital revolution also offers developing countries an opportunity to bypass a traditional structural transformation pathway anchored in the rapid expansion of a highly polluting manufacturing sector to one with a lighter environmental footprint and greater emphasis on growth in services, such as business process outsourcing, e-commerce and fintech.
24. Using resources for the recovery for promoting the accelerated application of smart, digital and precision technologies in the agricultural sector provides a unique opportunity to improve the productivity of smallholder farmers in developing countries and to generate the rural transformation required to achieve the SDGs by 2030. To address the barriers to the uptake of such technologies it is important to invest in digital literacy in rural areas, establish a new generation of agricultural extension services, make digital platforms user-friendly for smallholder farmers and build up infrastructure for agriculture e-commerce. The application of circular agricultural practices that focus on using minimal amounts of external inputs, closing nutrients loops, regenerating soils, and minimizing the impact on the environment, is also well-suited for labour

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<sup>12</sup> The critical role of income redistribution for poverty reduction: Alternative scenarios, Policy Brief No. 119, UN DESA.

<sup>13</sup> Closing the Gender Gap, Era Dabla-Norris and Kalpana Kochhar, Finance & Development, International Monetary Fund, 19 March 2019.

<sup>14</sup> World Population Prospects 2019, Department of Economic and Social Affairs, United Nations.

intensive smallholder farming and contributes to more inclusive and gender-sensitive economic development in rural areas.<sup>15 16</sup>

*Leaving no one behind by establishing robust and universal healthcare and social protection systems*

25. *Analysis* of COVID-19 experiences shows that of all the determinants of COVID-19 performance, the healthcare system (Goal 3) and the social protection system (Goal 1 and 8) proved to be particularly important.<sup>17</sup> The success of the post-pandemic building back better process will particularly depend on whether countries can sustain and further build on these emergency measures, thereby laying a strong foundation for the revitalization of the social dimension of sustainable development.
26. Quality, affordable healthcare is the foundation for individuals to lead productive and fulfilling lives and for countries to have strong economies. It is also central to the realization of many other SDGs such as those relating to the eradication of extreme poverty, reducing inequality and building human capital in society. Access to affordable, quality primary healthcare to all members of society is the cornerstone of universal healthcare coverage. A recent study has estimated that total health spending in developing countries needs to increase by \$1.4 trillion, or 4.6 per cent of GDP, in order to achieve universal primary healthcare by 2030.<sup>18</sup> In GDP terms, the costs amount to 9.7, 4.1 and 4.6 per cent of GDP in low-, lower-middle- and upper-middle-income countries respectively. The WHO has estimated that investment of this magnitude could save 100 million lives by 2030.
27. The strengthening of social protection is a major contributing factor to achieving SDGs relating to poverty, food security, nutrition, health, gender equality, decent work and economic growth, reduced inequalities and peace, justice and strong institutions. In response to the COVID-19 crisis, many countries put in place exceptional social protection measures, from extended unemployment benefits to universal transfers, with significant results. However, many of these measures have already been withdrawn even where economic growth and employment have not fully recovered, putting their beneficiaries at risk of falling into poverty.
28. Some 53 per cent of the global population still has no access to any type of social protection, with only 31 per cent of the working-age population being legally covered by comprehensive social protection systems.<sup>19</sup> High priority should be accorded to achieving SDG target 1.3 on nationally appropriate social protection systems for all, including floors by 2030, shock-proofing social protection systems, and adapting them to the digital economy. The cost of achieving target 1.3 in developing countries is estimated at \$1,000 billion, or 3.3 per cent of GDP.<sup>20</sup> In GDP terms, the costs are estimated at 8.5, 3.4 and 3.2 per cent for low-, lower-middle- and upper-middle-income countries respectively. While some developing countries have the fiscal space to develop nationally appropriate social protection floors, others would need to extend such benefits to their population in stages. The objective should be to ensure that all countries implement nationally appropriate social protection systems, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable, which is also part of target 1.3.
29. There are several options for financing the implementation of SDG target 1.3 in developing countries. This includes re-allocating public expenditures, increasing tax revenues, expanding social security scheme contributory revenues; official development assistance; eliminating illicit financing flows; and managing debt, including borrowing, or restructuring existing debt. Governments could replace high-cost, low-impact investments with those offering higher socioeconomic returns, identified, for example, by undertaking public expenditure reviews, while also reducing spending inefficiencies and tackling corruption. This could include shifting budget allocations away from military expenditures to social protection programmes.

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<sup>15</sup> Circular agriculture for sustainable rural development, Policy Brief No. 105, UN DESA.

<sup>16</sup> Frontier technologies for smallholder farmers: Addressing information asymmetries and deficiencies, Frontier Technology Issues, November 2021, UN DESA.

<sup>17</sup> Sustainable Development Outlook, Achieving the SDGs in the wake of COVID-19: Scenarios for policymakers, UNDESA.

<sup>18</sup> Financing gaps in social protection: Global estimates and strategies for developing countries in light of COVID-19 crisis and beyond. ILO Working Paper, 14, October 2020.

<sup>19</sup> World Social Protection Report 2020-2022, International Labour Organization, 2020.

<sup>20</sup> Financing gaps in social protection: Global estimates and strategies for developing countries in light of COVID-19 crisis and beyond. ILO Working Paper, 14, October 2020.

30. Social protection systems also need to cope with the ongoing transition of a significant number of workers to digital platforms. While such new forms of employment provide greater flexibility to enterprises and workers and lower the cost of services for clients, they can also translate into lower and more volatile earnings and higher levels of income insecurity, inadequate or unregulated working conditions, and non-existent, or limited, social protection for workers. For example, it is difficult to identify the party responsible for contributing to the employer's share of social insurance since neither those requesting the service nor the organizers (the digital platforms) may recognize an employment relationship entailing responsibilities concerning social protection.
31. Several policy options can help address these gaps. For example, the coverage of legislative frameworks can be broadened to include workers on digital platforms, who are almost invariably classified as independent contractors and thus lacking social protection. Minimum thresholds on enterprise size, working time or earnings for contributions could also be lowered or removed in order to expand social protection coverage to all workers and create a level playing field for all employers. In addition, it may be possible to simplify administrative and financing requirements, for example, by using mobile platforms.

*Moving forward on sustainable pathways to protect the planet*

32. It will be particularly important during the building back better phase to accelerate the process of decoupling economic growth from environmental degradation, including further increases in CO<sub>2</sub> emissions (SDG 13). Climate change is the result of more than a century of unsustainable energy and land use, lifestyles and patterns of consumption and production. Climate change is causing extreme weather events that have exposed millions of people to acute food and water insecurity, especially in Africa, Asia, Central and South America, on Small Islands and in the Arctic.
33. The 2022 report of the Intergovernmental Panel on Climate Change spells out the consequences of failing to curb the rise in CO<sub>2</sub> emissions through effective measures.<sup>21</sup> Global greenhouse gas emissions need to peak before 2025 at the latest and be reduced by 42 per cent by 2030, while methane also needs to be reduced by about a third in the same time period. There are options in all sectors to halve emissions by 2030, according to the IPCC report. Moreover, having the right policies, infrastructure and technology in place to enable changes in our lifestyles and behaviour can result in 40-70 per cent reduction in greenhouse gas emissions by 2050.
34. The Sub-Saharan Africa region, which experiences one-third of all droughts, is particularly vulnerable to rising temperatures and extreme weather because of its dependence on rain-fed agriculture. Investments in better irrigation and seed varieties can generate large long-term savings in the region and reduce its vulnerability to climate change, particularly considering that a single drought can reduce the medium-term economic growth potential by 1 percentage point.<sup>22</sup> Climate change is also inflicting heavy losses in the Middle East and Central Asia, with poor and conflict-affected countries suffering the most from higher temperatures and extreme weather events. According to recent analysis, climate disasters in the Middle East and Central Asia reduce economic growth by 1-2 percentage points per year on a per capita basis.<sup>23</sup> In countries in these regions, it has become urgent to strengthen disaster preparedness; increase investment in water infrastructure to improve resilience to droughts; boost public investment in resilient infrastructure; and mainstream climate adaptation policies into national economic strategies.
35. Limiting global warming will particularly require major transitions in the energy sector. All countries must increase investments in areas such as the development of clean energy infrastructure; renewable energy sources; improved batteries; smart grids; new fuels like green hydrogen; electric vehicles; maximizing efficiencies; and carbon capture and sequestration technologies as strategic actions to address the threat of global climate change. The cost of electricity generated from renewables such as solar and wind has come down measurably in recent years and is now more competitive with fossil fuel energy sources. For example, since 2010, there have been sustained decreases of up to 85 per cent in the costs of solar and wind energy and batteries. The development of lower cost and higher capacity lithium batteries is also making it more

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<sup>21</sup> International Panel on Climate Change Report, February 2022.

<sup>22</sup> International Monetary Fund, Regional Economic Outlook, Sub-Saharan Africa, April 2020.

<sup>23</sup> Feeling the Heat: Adapting to Climate Change in the Middle East and Central Asia, Staff Paper, International Monetary Fund, March 2022.

economical to shift to the use of renewables as an energy source.<sup>24</sup> Further investment in smart grids is also needed in order to make renewable energy sources more accessible to customers over long distances. The development of new fuels such as hydrogen is similarly making it possible to expand the share of emission-free energy sources. The rapid development and commercialization of electric vehicles is another area with potential to play an important role in limiting global temperature increases. Previous experiences from the global financial crisis show that green recovery measures can generate high rates of return, create short-term jobs, and promote more long-term cost savings than traditional fiscal stimulus.<sup>25</sup>

36. Cities and other urban areas, where more than half of the global population lives, offer significant opportunities for reduction of CO<sub>2</sub> emissions. These can be achieved through lower energy consumption, green buildings, sustainable transport systems and reliable supplies of clean water and renewable energy. In addition, it will be important to ensure that infrastructure investments in cities and other urban areas are climate resilient so as to limit the risk that their disruption could have on economic activities, particularly as retrofitting existing infrastructure after a climate event is often much more costly.
37. Industry accounts for about a quarter of global CO<sub>2</sub> emissions. Achieving net zero will be challenging and require the introduction of new production processes, low and zero emissions electricity, hydrogen, and where necessary, carbon capture and storage. Agriculture, forestry and other land use can also be part of large-scale emissions reductions, in addition to removing and storing carbon dioxide at scale.
38. The global economy is consuming annually more than 100 billion tons of the Earth's resources.<sup>26</sup> Of all the minerals, fossil fuels, metals and biomass that enter the economy each year, only 8.6 per cent is cycled back. The global ecological footprint of the current material consumption and production patterns exceeds the Earth's biophysical capacity by 1.8 times.<sup>27</sup> Some 1.3 billion tons of food waste are generated each year, as the result of unsustainable practices. Recent analysis by the Food and Agricultural Organization shows that the SDG targets for ending hunger and achieving food security can be achieved with a modest expansion of agricultural output, as long as agricultural systems become more sustainable and food is more equitably distributed across and within countries. In a sustainable scenario, production processes experience a shift towards less-resource intensive technologies and a "circular economy" in response to changing consumer preferences. This transition would involve greater emphasis on conservation and organic farming, which would make it possible to reduce both CO<sub>2</sub> emissions and land use by 2030.
39. The response to COVID-19 has shown the immense potential of digital technologies for health and education. The new digital technologies also offer many opportunities to achieve the goal of sustainable consumption and production. The Internet, for example, has made "working from home" or telecommuting widely possible. Further development of 3D printing and additive manufacturing will make the congregation of a large number of personnel in one place for production purposes less necessary. These new technologies have the potential to fundamentally alter business models and redefine comparative advantage by facilitating scale-independent efficient production closer to the consumers. This can contribute to greater resource efficiency and more consumption of digital products, thereby facilitating the achievement of SDG 12 on responsible consumption and production. It is critical for developing countries to strengthen their national innovation systems if they are to be able to effectively capitalize on the opportunities offered by the new digital technologies.
40. With manufacturing being increasingly carried out through geographically dispersed supply chains, there is also a need for such production to be subject to high standards of circularity in the use of resources along all their component units. Governments can also design public procurement processes to promote the goals of resilience, low-carbon and innovation. In addition, an effective green building back better package could include levying or increasing carbon taxes and winding down fossil fuel subsidies, allowing the market price to provide signals that encourage sustainable consumption and investment.

### *Enhancing multilateral cooperation and partnership*

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<sup>24</sup> Lithium-Ion Batteries: A pillar for a fossil fuel-free economy, Frontier Technology Issues, July 2021, UN DESA.

<sup>25</sup> Hepburn, Cameron, and others (2020), Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?, Oxford Review of Economic Policy, May.

<sup>26</sup> Circularity Gap Report 2020, Circle Economy.

<sup>27</sup> Sustainable Development Outlook 2021, Achieving the SDGs in the wake of COVID-19: Scenarios for policy-makers, UNDESA.

41. Strong multilateral cooperation and partnership for the COVID-19 global vaccination plan is critical to bringing the pandemic to an end and could build on the ACT-Accelerator model. It is important to ensure rapid universal access of all developing countries to vaccines, treatments and diagnostics. Every country benefits from the equitable global deployment of vaccines, which can deter the emergence of new variants, while there is also a strong moral imperative to ensure that people are not cut off from lifesaving drugs.
42. Multilateral cooperation is also needed to ensure the preparedness capacity of all countries, particularly developing countries, for future pandemics and risks. Pandemic prevention and containment are a global public goods and providing them requires effective international coordination. It is important that countries determine at the intergovernmental level how to best organize international coordination in this area, drawing upon the experience with the pandemic. In December 2021, the World Health Assembly adopted a decision that establishes an intergovernmental negotiating body to draft and negotiate a WHO convention, agreement, or other international instrument on pandemic prevention, preparedness and response.
43. The sheer scale of the impact of COVID-19, as well as the threats of other catastrophic risks such as those relating to climate change and loss of biodiversity, which could impose even higher costs, all point to the need to strengthen multilateral cooperation and partnership.
44. It is estimated that 1 per cent of GDP will be required in low-income countries to adapt to climate change, while this figure is much higher in Small Island Developing States. However, the pandemic has greatly reduced the fiscal space of many developing countries, which are unlikely to have the financial capacity to make the necessary investments without greater support through multilateral cooperation. The 26<sup>th</sup> Conference of Parties to the United Nations Framework Convention on Climate Change that took place in Glasgow in the United Kingdom in November 2021, stressed that insufficient financial support to developing countries remains the biggest barrier to achieving the net zero CO<sub>2</sub> emissions goal by 2050. The delivery of earlier commitments for developing countries amounting to \$100 billion per year at the start of this decade has not yet materialized.
45. This commitment is particularly important to provide financing and institutional support to the poorest and most vulnerable developing countries, which often suffer the most from the impact of climate change though they are least responsible for causing it. The global community has a common interest in ensuring that climate change costs do not jeopardize development and stability in the poorest and most vulnerable developing countries. The 27<sup>th</sup> Conference of Parties to the United Nations Framework Convention on Climate Change to be held in Egypt later this year provides an opportunity for the international community to re-commit to significant scaling-up of financial support for climate change action in developing countries, including fulfilling previously agreed commitments.
46. Our Common Agenda spells out a vision of what is required to strengthen the governance of our global commons, such as the atmosphere, rainforests, oceans, global health, global economy and scientific knowledge. Addressing these challenges will not require the creation of new institutions but rather a renewed commitment to work together across the diverse landscape of actors in the public, civic and private spheres. The upcoming Oceans Conference and Transforming Education Summit this year and the 2023 SDG Summit provide important opportunities for the international community to raise the level of ambition and reenergize multilateral cooperation and partnership in these key areas.
47. Countries have a joint stake in strengthening the capacity of the global public health system so that it can withstand and deal with pandemics, such as COVID-19, and other health risks if and when they arise. Strengthening healthcare systems in developing countries that are particularly deficient in this regard should no longer be seen as a task of those countries alone but of the global community as a whole. Enhanced multilateral cooperation and partnership is vital to accomplish this task.
48. As stressed by the outcome of the 2022 ECOSOC forum on a strong commitment to multilateral debt relief and development cooperation, including official development assistance, is critical to restore the fiscal space of many developing countries in the aftermath of the pandemic and as a precondition for building back better and advancing the full implementation of the SDGs. Many developing countries are currently severely constrained by debt servicing obligations which stand in the way of the necessary investment in building back better. Additional measures, such as a moratorium on debt service payments, debt restructuring and the use of Special Drawing Rights, are needed to ensure that developing countries are equipped to build back

better while advancing the full implementation of the SDGs. Many developing countries also rely heavily on remittances to finance household consumption and reducing the cost of such transfers would be an important measure to improve their fiscal space. Overcoming these barriers requires effective multilateral cooperation. The outcome of the 2022 ECOSOC forum on financing for development follow-up (FfD Forum)

49. Global production and supply chains have received particular attention during the pandemic due to the perception that complex and long chains have worsened the country-level implications of the pandemic. However, research shows that shorter production and supply chains and domestic self-sufficiency do not necessarily imply reduced vulnerabilities.<sup>28</sup> Rather, supplier diversification can help firms maintain production and supply lines in times of crisis. Building forward better from the pandemic should thus include enhanced multilateral cooperation to reverse protectionist policies while simultaneously ensuring the robustness and resilience of global production and supply chains.
50. Many low-income and least-developed countries are facing a rapid growth in the working-age population in the short- to medium-term, as highlighted earlier. This demographic change offers a window of opportunity to accelerate their economic growth if new labour market entrants can be productively employed in the economy. Enhanced multilateral cooperation and partnership can play a key role in supporting developing countries with large surpluses of young labour entrants in adopting transformative economic and structural reforms so that they can become a magnet for foreign direct investment and technological diffusion. For many developed countries with an ageing population, it is also an attractive proposition to foster strong global production and value chain linkages with developing countries with abundant surpluses of young labour. The ability of developing countries to meet this demographic challenge and productively employ the large number of young people entering the labour markets in the coming decades provides an extraordinary development opportunity for the world as a whole.
51. There is growing recognition that population displacement, humanitarian assistance and migration are contemporary global challenges that can only be solved through effective multilateral cooperation. It is important for States, including in the current context to build on the current nascent governance architecture, such as the Global Compact on Refugees and the Global Compact for Migration, so that the benefits of migration and population displacement can be more effectively harnessed for the achievement of the SDGs.
52. Our Common Agenda has called for rethinking the yardsticks used to measure well-being, going beyond GDP which does not reflect changes in social and environmental conditions, nor it includes major economic activities such as care work and other non-market services. The flaws of GDP as a measure of well-being have long been recognized and practical steps to complement it with other measurements of progress need to be accelerated. The damage done to the environment as the result of the current consumption and production patterns, for example, need to be accounted for when framing policies for economic growth. The Statistical Commission has achieved breakthrough progress. The UN System is working to develop additional proposals to be presented to Member States.
53. Enhanced multilateral cooperation and partnership can thus play a key role in ensuring the success of all countries, particularly developing countries, in building back better from the COVID-19 pandemic while advancing the full implementation of the SDG. If the different stakeholders fail to forge the necessary partnership towards this end, the building back better process is unlikely to be successful. On the other hand, if all countries and stakeholders can see the writing on the wall and recommit to further strengthening multilateral cooperation and partnership, the success of this process would be greatly enhanced.

### **III. Mobilizing the support of the United Nations system for building back better**

53. The United Nations Crisis Management Team, led by the World Health Organization, and involving 23 UN entities, has worked closely together at the global level in implementing a three-pronged strategy in response to the COVID-19 pandemic: (a) a strengthened health response focused around the Updated COVID-19 Strategic Preparedness and Response Plan, (b) a humanitarian response led by the Office for Coordination of Humanitarian Affairs, and (c) a transformative and sustainable recovery grounded in the SDGs and the 2030 Agenda led by the UN Sustainable Development Group. In 2020, the WHO was also one of the founders of

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<sup>28</sup> Miroudot, Sebastien (2020), Resilience versus robustness in global value chains: Some policy implications.

the Access to COVID-19 Tools Accelerator, a major global collaboration to accelerate development, production, and equitable access to COVID-19 tests, treatments, and vaccines. The WHO, in addition, has joined forces with the International Monetary Fund, World Bank Group and World Trade Organization to form the Multilateral Leaders' Task Force on COVID-19 Vaccines, Therapeutics and Diagnostics for Developing Countries, which aim is to accelerate access to COVID-19 vaccines, therapeutics and diagnostics by leveraging multilateral finance and trade solutions, particularly in low- and middle-income countries.

54. UN country teams have been vigorously advancing the rollout of vaccines in 145 countries through the COVAX facility under the leadership of WHO and UNICEF. As of mid-January 2022, the COVAX facility had shipped almost 1 billion vaccines to 144 countries and secured 2.8 billion doses from funded agreements and confirmed donations. While significant progress has been achieved to date, the global access to vaccines remains uneven and greater support is needed to ensure vaccine equality across the world. For example, by end of November 2021, only 2.6 per cent of the population of low-income countries were fully vaccinated. The goal of WHO is to have 70 per cent of the world fully vaccinated by mid-2022. Towards this end, WHO has created the COVID-19 Technology Access Pool, which aims among other things to enable the sharing of intellectual property. Looking ahead, it is important that all stakeholders draw lessons from the limited availability of effective vaccines for much of the developing world two years into the pandemic, including the need to strategically expand vaccine production capabilities worldwide.
55. At the country level, the UN resident coordinators have spearheaded the socio-economic response to the pandemic and building back better efforts. Response plans have been developed in 139 countries and territories to support the provision of essential services, strengthen social protection services, protect jobs and vulnerable workers and maintain social cohesion. The strategy particularly stresses the need to ensure that the national recovery process in programme countries is designed with a view to capitalizing on opportunities for building back better and by pursuing opportunities for transformative societal change. The response plans align closely with the SDGs and include focus on green recovery, digitalization and inclusion.
56. At the global level, this effort is supported by the Secretary-General's COVID-19 Response and Recovery Trust Fund, whose objective is to assist low- and middle-income programme countries in building back better from the socio-economic impact of the pandemic. The United Nations system had also launched in 2020 a Solutions Catalogue to support the work of the COVID-19 Response and Recovery Trust Fund. The Catalogue consisted of 206 programmes, which have been assessed by the resident coordinators as the most critical, urgent, and under-funded projects derived from the socio-economic response plans, which had been developed by 104 programme countries. In addition, a global monitoring system has been developed to report on progress in the implementation of the support strategy.

#### **IV. Conclusion**

56. Building back better from the COVID-19 pandemic while advancing the full implementation of the SDGs will require countries to adopt and invest in policies that strengthen human, social, economic and planetary resilience as well as pursue a strong focus on resource allocations for achieving the Goals. The COVID-19 crisis has demonstrated that governments and other stakeholders, when called upon, are capable of extraordinarily determined action. Building back better from the pandemic will require similar extraordinary efforts.
57. The building back better process should particularly focus on putting in place policies that drive fundamental transformations towards sustainable development; eradicate poverty and hunger; rein in inequalities, including gender inequality; take decisive and effective action against climate change; while halting biodiversity losses and environmental degradation.
58. The COVID-19 outbreak has shown that the global system is only as strong as its weakest link. This means that further strengthening of multilateral cooperation and partnership is critical to achieving a sustainable and resilient recovery for countries both individually and collectively. The COVID-19 experience must be used to renew the spirit and substance of multilateral cooperation, including revitalizing the international institutions that sustain it.

59. As Member States begin the process of building back better from the COVID-19 pandemic while accelerating the implementation of the SDGs during the remaining years of the Decade of Action and Delivery for Sustainable Development, this report makes the following recommendations:

(a) Vaccine equity for all countries is essential for sustainable recovery and building back better. This requires all actors at all levels to ensure timely and equitable access and distribution of vaccines, therapeutics, diagnostics and other health tools to close the vaccination gap, in line with the World Health Organization's Global Vaccination Strategy.

(b) For the building back better from COVID-19 to be sustainable, countries must avoid returning to the "business as usual" investment patterns and activities of the past and opt to make their economies more socially equitable and environmentally sustainable. For this, transformative changes are needed led by governments. Changes are needed regarding social protection and inclusion, energy and food systems, the macro relationship of the economy to the environment and natural resource extraction and use as well as different measurements of well-being and progress. These changes require adequate resources from recovery packages as well as through international cooperation.

(c) A strong focus on reducing income inequality in society is key to eradicating extreme poverty and hunger by 2030, while also contributing to the achievement of multiple other Goals.

(d) The full implementation of the SDGs requires countries to address long-term gender inequality in society. If the gender gap in the labour force participation rate can be closed, it can be a potent driver of higher growth in GDP per capita, including in countries facing an ageing population.

(e) All countries must step up efforts to combat the threat of global climate change. Half measures are no longer an option. This will require countries to increase investment in clean energy infrastructure, renewable energy sources, improved batteries, smart grids, electric vehicles, and carbon capture and sequestration technologies.

(f) The 27<sup>th</sup> Conference of Parties to the United Nations Framework Convention on Climate Change to take place in Egypt later this year provides a major opportunity for the international community to re-commit to scaling-up of financial support for climate action in developing countries.

(g) Increasing the circular use of resources in the economy is key to preventing further environmental degradation and social inequality. The end goal is to establish an ecologically safe and socially just operating space for mankind, in which all countries have a pivotal role to play.

(h) It is especially critical that all countries, particularly developing nations, put in place the necessary legal, policy and institutional measures to enable them to build back better social protection and healthcare systems as part of their strategy recover from COVID-19 and to advance the full implementation of the SDGs by 2030. This also includes stepping up international solidarity with developing countries and making sure that social protection systems are able to cope with the ongoing transition towards the digital economy.

(i) For regions and countries where the working-age population is projected to grow at a high rate, it will be important to adopt transformative and structural reforms so that they can become a genuine magnet for foreign direct investment and green technologies. The outsourcing of production and global value chains to developing countries with a rapidly growing working-age population offers a major opportunity to deal with the predicted asymmetries in the global labour supply across regions and countries.

(j) The COVID-19 pandemic showed the benefits of the digital revolution, which offers an enormous opportunity for health and education. At the same time, the digital divide between the North and the South and various population groups, including between women and men, must be bridged.

(k) It is also important to increase access to technology and strengthen capacity building, taking into account that technology transfer and capacity building are among the core priorities of the developing countries in implementing the 2030 Agenda.

(l) It is necessary to address financing gaps and rising debt risks. This includes raising resources from all sources of finance, as well as ensuring that these resources are spent well and contribute to sustainable development.

(m) A strong commitment to multilateral debt relief and development cooperation, including official development assistance, is critical to restore the fiscal space of many developing countries in the aftermath of the pandemic and as a precondition for building back better and advancing the full implementation of the SDGs.

(n) The United Nations system has a key role to play in supporting programme countries in building back better from the COVID-19 pandemic while advancing the full implementation of the SDGs. This calls for renewed commitment of all United Nations entities to working more closely together in every aspect of planning, programming and implementation of country-level activities and in forging effective partnerships with Member States at all levels.