



**United Nations**

Department of  
Economic and  
Social Affairs

# Sustainable Development Outlook 2020

*Achieving SDGs in the  
wake of COVID-19:  
Scenarios for policymakers*



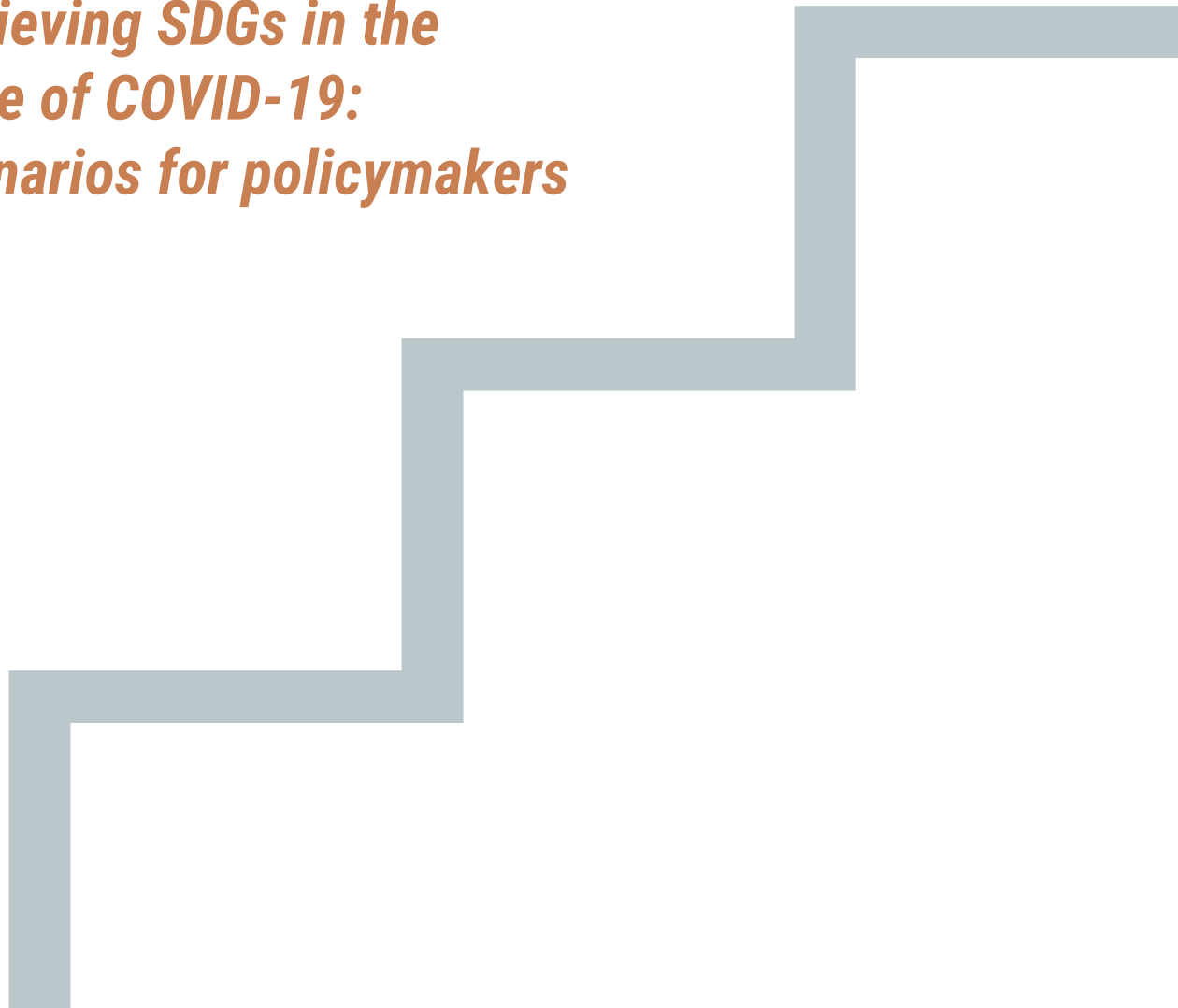


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## Foreword

COVID-19 has been a tragedy, killing more than half a million people and bringing the economy and life to a standstill in many parts of the world for a long period. Economic growth has slowed down dramatically and poverty is on the rise everywhere. Questions therefore have arisen whether these setbacks will have a permanent effect, jeopardizing progress towards the Sustainable Development Goals (SDGs).

In this special issue of the *Sustainable Development Outlook* (SDO), the United Nations Department of the Economic and Social Affairs (UN DESA) examines these important questions, drawing upon analysis done at the United Nations and by other organizations and individuals on the impact and possible repercussions of COVID-19. SDO 2020 draws three main conclusions: *First*, while the impact of the crisis has been unprecedented in its scope and scale, it has not affected all countries and all people in the same way, and the setbacks caused by COVID-19 need not be permanent. It is quite possible to regain the momentum and move ahead towards the SDGs. *Second*, it is even possible to convert the crisis into an opportunity for recovering better. This can be done by gearing policy interventions toward the strengthening of human and planetary resilience, and directing much of the resources earmarked for recovery toward investment in promoting the Goals. This crisis has highlighted many of the weaknesses of our socioeconomic structures and of the existing policy frameworks, but it has also demonstrated that governments and other stakeholders are capable of unprecedented and determined action when necessary. *Third*, the impact of COVID-19 has varied across the SDGs. While its impact for many prosperity-related SDGs was negative, its impact for many planet-related SDGs has been positive: greenhouse gas emissions declined; air and water quality improved; and a process of regeneration of the nature could be witnessed in many areas. These opposite impacts of COVID-19 demonstrate yet again that the current ways of achieving prosperity are in conflict with the health of the planet. The upheavals caused by the COVID-19 crisis therefore create the opportunity for recognizing this conflict in a more profound way and for putting in more energetic efforts during the Decade of Action to reach the SDGs by 2030.

SDO 2020 examines the outcomes of three different scenarios in the wake of COVID-19. It proceeds from the pre-COVID-19 benchmark and presents the COVID-19 pessimistic and optimistic scenarios, laying out the policies that can enable policymakers to avoid the former and achieve the latter, leading them towards the SDGs.

We see the SDO 2020 as a complementary analysis to the *Sustainable Development Goals Report 2020*, illustrating pathways to better recovery and the reinvigoration of the Decade of Action. I hope that the analysis and recommendations presented in the SDO 2020 can be of much use for all policymakers.



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# Overview

COVID-19 has been a tragedy, killing more than half a million people and bringing the economy and life to a standstill in many parts of the world. It is directly impacting life and health, with more than ten million confirmed cases. The various containment measures are affecting hundreds of millions of people and their livelihoods. The aggregate effect at the national and global levels will persist for a long time.

COVID-19 has slowed economic growth, increased unemployment, and raised poverty and hunger. The global output is estimated to shrink by 5.2 per cent in 2020, with a downside estimate of about 8 per cent contraction should the lockdowns continue into the second half of the year.<sup>1</sup> The decline in world gross product could lead to an additional 25 million people unemployed worldwide.<sup>2</sup> The global poverty headcount is estimated to increase by as much as 100 million people, assuming the income distribution does not change.<sup>3</sup> Hunger will also increase, with the number of people facing acute food insecurity doubling to about 265 million by the end of 2020. These deprivations are likely to hit children, women, and the elderly, as well as least developed countries (LDCs) and other vulnerable developing countries, harder.

While COVID-19 has been damaging for many of the people and prosperity-related SDGs, it has had some positive impact on planet-related SDGs. For example, annual CO<sub>2</sub> emissions for 2020 are projected to be 4–7 per cent lower than last year. Air and water became cleaner; and in many places, a resurgence of nature has been observed.

The above divergent outcomes of COVID-19 reveal once more that the current ways of achieving prosperity are a threat to the health of the planet. In fact, the zoonotic nature of COVID-19 and other recent epidemics — such as SARS, MERS, Ebola, and the bird flu — show the importance of protecting the planet and sharing it equitably with other animal and plant species.

The impact of COVID-19 deepens further the concern over whether the SDGs can be achieved by 2030. The answer depends to a large extent on how human societies themselves respond to the COVID-19 crisis and its aftermath. To illustrate the above, the current SDO presents three pathways, namely the pre-COVID-19 benchmark and the post-COVID-19 pessimistic and optimistic scenarios.

## Baseline and alternative scenarios of SDG achievement

The pre-COVID-19 benchmark scenario was already laid out in the 2019 Global Sustainable Development Report (GSDR) (Independent Group of Scientists appointed by the Secretary General, 2019). It classified SDG targets into, broadly, three groups (Figure O.1). The first comprises the SDG targets that are on track. The second comprises those which are considered within reach with extra efforts. The third comprises the SDGs where implementation is moving in the opposite direction. While many of the people and prosperity-related SDGs belong to the second group, with a few being in the first, all the planet-related SDGs fall into the third.

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<sup>1</sup> For more details on the estimates, please refer to World Bank (2020b).

<sup>2</sup> For more details on the estimates, please refer to International Labour Organization (2020a).
















<sup>3</sup> For more details on the estimates, please refer to World Bank (2020c).



Figure O.1

## Pre-COVID-19 assessment of progress toward SDGs

## Distance from reaching the target by 2030 without transformation

GOAL	WITHIN 5%	5–10%	>10%	NEGATIVE LONG-TERM TREND
 Goal 1		1.1. Eradicating extreme poverty	1.3. Social protection for all	
 Goal 2		2.1. Ending hunger (undernourishment)	2.2. Ending malnutrition (stunting) 2.5. Maintaining genetic diversity 2.a. Investment in agriculture*	2.2. Ending malnutrition (overweight)
 Goal 3	3.2. Under 5 mortality 3.2. Neonatal mortality		3.1. Maternal mortality 3.4. Premature deaths from non-communicable diseases	
 Goal 4	4.1. Enrolment in primary education	4.6 Literacy among youth and adults	4.2. Early childhood development 4.1 Enrolment in secondary education 4.3 Enrolment in tertiary education	
 Goal 5			5.5. Women political participation	
 Goal 6		6.2. Access to safe sanitation (open defecation practices)	6.1. Access to safely managed drinking water 6.2. Access to safely managed sanitation services	
 Goal 7		7.1. Access to electricity	7.2. Share of renewable energy* 7.3. Energy intensity	
 Goal 8			8.7. Use of child labour	
 Goal 9		9.5. Enhancing scientific research (R&D expenditure)	9.5. Enhancing scientific research (number of researchers)	
 Goal 10			10.c. Remittance costs	Inequality in income*
 Goal 11			11.1. Urban population living in slums*	
 Goal 12				12.2. Absolute material footprint, and DMC*
 Goal 13				Global GHG emissions relative to Paris targets*
 Goal 14				14.1. Continued deterioration of coastal waters* 14.4. Overfishing*
 Goal 15				15.5. Biodiversity loss* 15.7. Wildlife poaching and trafficking*
 Goal 16			16.9 universal birth registration**	

Source: Independent Group of Scientists (2019, p. 10, Table 1-1: Projected distance from targets by 2030 (at current trends)).

\* Quantitative target for 2030 is not specified in the SDG indicator framework; targets are estimated.

\*\* Assessment is based on indicators outside the SDG indicator framework; inequality in income is based on data from household surveys.

Analyses of COVID-19 experiences show that many countries took various emergency measures to strengthen their healthcare, social protection, and overall governance systems to deal with the crisis.<sup>4</sup> The post-COVID-19 scenario of a country therefore also depends on whether it sustains these emergency positive changes and builds on them, rather than letting them wither away and thus falling back to the pre-COVID-19 state.

Overall, the kind of post-COVID-19 scenario that takes hold of a country depends on whether it can: (i) minimize the damage caused by COVID-19; (ii) recover quickly from the damages; (iii) hold on and build further on the positive changes introduced to its healthcare, social protection, and governance systems during the pandemic; (iv) sustain and bolster the positive gains that were made regarding the planet-related SDGs during the COVID-19 crisis; and (v) reenergize its general effort toward sustainable development. Should countries succeed at the above efforts, they will enter the optimistic scenario. Otherwise, the pessimistic scenario will prevail, driving society further away from attaining sustainable development.

## **Success with the SDGs is tied to success dealing with COVID-19**

The extent to which a country suffers from the pandemic and the rapidity with which it emerges from those damages depend on its success in dealing with the COVID-19 crisis itself. Therefore, the likelihood of the post-COVID-19 pessimistic and optimistic scenarios at the global level depends on the distribution of countries in terms of their success in dealing with the COVID-19 crisis.

The COVID-19 experience shows that countries that had made more progress in achieving the SDGs were able to better deal with the COVID-19 crisis. For example, countries that had achieved 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) had more success in mitigating the COVID-19 risk. Similarly, past progress in smartphone and internet penetration (SDG 9) helped ensure greater communication between the public and the authorities, helping containment measures to be more successful. Of all the determinants of COVID-19 performance, the most important proved to be the healthcare system (SDG 3), social protection system (SDG 1 and 8), and the overall governance system (SDG 16). Unique country-specific factors did play an important role in the COVID-19 performance. However, their role was mediated through their impact on the healthcare, social protection, and overall governance systems.

## **Building on the economic responses to COVID-19**

Countries across the world have taken up recovery measures, amounting to about 10 per cent of GDP, but the efforts have been uneven. Proper spending of these resources not only can facilitate recovery but also help build back better, ensuring that post-COVID-19 economic growth and employment expansion are more oriented toward sustainable development.

To support employment and income, many governments have rapidly employed monetary policies aimed at inserting liquidity in the financial system. However, in the

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<sup>4</sup> See Islam et al. (2020) for a detailed discussion of COVID-19 experiences of a select group of countries and the lessons they offer.

absence of complementary measures, much of this additional liquidity may end up in precautionary balances and not have the desired effects. Targeted fiscal measures that boost immediate consumption spending are therefore necessary and more effective. Facing constraining fiscal space, many developing countries will require additional external assistance, including debt relief, to carry out such policies and tide over the crisis.

Going forward, putting in place social protection measures that serve as automatic stabilizers will help to avoid sharp economic downturns. Policymakers must also prepare themselves to better contain possible future waves of COVID-19 and mitigate their adverse effects, putting countries on firmer footings in terms of achieving sustainable development after the pandemic. In the face of weak GDP growth rates, a more equitable distribution of income will be necessary to ensure progress toward the SDGs concerning poverty, hunger, and other material deprivation. Adoption of these policies can help a country avoid the pessimistic scenario and be ensconced in the optimistic scenario.

## Strengthening healthcare and social protection

One of the important lessons of the COVID-19 experience is that even low-income countries cannot leave the establishment of robust universal healthcare and social protection systems as goals to be achieved in the distant future. Instead, developing these systems needs to be considered as an urgent current task and should ideally build upon the emergency measures taken during the COVID-19 crisis to overcome the weaknesses of these systems. Countries can then take additional policy measures in the short-, medium-, and long-run to move forward to building robust healthcare and social protection systems with universal access.

In many developed countries, healthcare and social protection were first employment-driven and only later acquired a more universal character. This gradual progression may not be appropriate for many developing countries, where vast sections of the population are either self-employed or work in the informal sector. Meanwhile, transfer of the bulk of the population of these countries to employment in the formal sector will require a long time and is uncertain because of the new technologies that are changing the nature of work away from being formal and permanent. Under these circumstances, many developing countries may need to accomplish an institutional leapfrogging from very little to universal healthcare and social protection (including Universal Basic Income). Some examples show that appropriate policies and bold initiatives can allow committed developing countries to carry out such leapfrogging.

The policies that may help countries get on the trajectory of the optimistic scenario regarding the health goals include: (i) increasing public spending on the health sector; (ii) emphasizing primary and preventive healthcare; (iii) ensuring hygienic housing and living conditions for all (instead of passively witnessing large numbers of rural migrants ending up in urban slums); (iv) shock-proofing of the healthcare system against future epidemics and pandemics; and (v) making more use of technologies and telemedicine to ensure affordable healthcare for all, including those living in remote and inaccessible areas.

Regarding social protection, a three-pronged strategy can enable a country to follow the COVID-19 optimistic scenario. This strategy includes: (i) accelerating efforts to achieve universal, nationally appropriate social protection floors; (ii) shock-proofing of social protection systems; and (iii) adapting social protection systems to the new digital economy.

## Sustainable recovery and protecting the planet

One of the priorities of the post-COVID-19 period must be to maintain the downward trend in greenhouse gas (GHG) emissions that has been observed during the pandemic and make it sustainable and robust, so that the Paris climate change targets are achieved. A significant part of the resources earmarked for COVID-19 recovery can be directed to investments needed to reduce GHG emissions. The current low fuel prices may be used to introduce carbon taxes to both discourage GHG emissions and generate more revenues to enable carbon reduction. Given that many of the GHG mitigation activities are labor-intensive, activities along these lines will also help to generate employment.

The concrete areas of investment for climate action include: (i) power generation using renewable energy sources; (ii) building smart grids; (iii) developing high capacity batteries; (iv) carbon capture and sequestration; (v) development of new clean fuels; (vi) production and use of power-saving appliances; and (vii) switching to electric vehicles based on clean power. Investments are also needed for adaptation purposes, particularly in developing low-lying countries that are hard hit by the effects of climate change. Policies that may facilitate climate action include: (i) direct public investment; (ii) subsidized financing of private investment; (iii) providing a guaranteed market for clean power; (iv) ensuring necessary cooperation among firms operating in the energy sector; (v) enabling cooperation between the energy industry and the related R&D organizations; and (vi) mobilization of the public. Phased out over the short-, medium-, and long-run, these policies can help a country to avoid the COVID-19 pessimistic scenario and proceed along the optimistic scenario and reach the climate action goals.

The zoonotic nature of COVID-19 and other recent epidemics have made it urgent to reduce human pressure on nature and thereby protect land, water, and biodiversity. Some positive indications observed during the COVID-19 crisis of relieving human pressure on nature need to be sustained, expanded, and made durable. This would require meeting the Aichi biodiversity targets, including target 11, which asks countries to preserve 17 per cent of their terrestrial area and 10 per cent of marine areas as protected from human interventions. So far, these targets remain unmet by most countries, and particularly regarding the Key Biodiversity Areas (KBAs).

One reason for the relentless increase of human pressure on nature is the incessant growth in the global volume of material consumption and production, so much that sustaining the current volume requires almost twice the biocapacity that the Earth can offer. In addition to the increase in volume, there has been a menacing shift in the composition of waste, with a dramatic increase in non-biodegradable plastics. While vast sections of the populations in the developing world still need to increase their material consumption level, urgent measures are necessary to reduce the impact on nature by encouraging efforts to (i) reduce, reuse and recycle (RRR); (ii) adopt circular economies; (iii) shift consumption toward digital products; and (iv) fundamentally reconfigure social institutions, facilitating delinking of economic growth from an increase in material consumption.

## Better governance and stronger partnerships

Another important lesson of COVID-19 is that, with the investment in efficient governance systems, even countries at a relatively low-income level can effectively confront emergencies such as the one posed by the pandemic. Going forward, countries need to pay special attention to improving their governance by ensuring: (i) effective communication and

transparency; (ii) participation; (iii) stakeholder engagement; (iv) accountability and anti-corruption; (v) effective coordination across units of governments (horizontal integration); (vi) effective coordination across levels of governments; (vii) technical competency of the bureaucracy; and (viii) smart use of technology.

COVID-19 has shown that the world has now become so integrated that the public health of one country may easily affect the public health of other countries. Thus, for the world as a whole, the public healthcare system can only be as strong as it is in the weakest country. Consequently, building a robust public healthcare system in countries lacking one is not only the responsibility of the respective country but also that of the global community. Furthermore, dealing with the COVID-19 pandemic and its effects is the responsibility not only of national governments but also of other stakeholders. Going forward, a greater partnership is necessary among countries and all stakeholders within and across countries for confronting future public health crises such as COVID-19 and for achieving the SDGs.

## Chapter I

# COVID-19: Setbacks, uncertainties and opportunities

COVID-19 has been a tragedy killing more than half a million people and infecting more than ten million worldwide. It has confined hundreds of millions of people, affecting their life and livelihood. It has also brought the economy and life to a standstill in many parts of the world and for a long period. It is sure to have a lasting impact on the world community.

An important question is how COVID-19 is going to affect the quest for sustainable development, and, in particular, what its influence will be on the on-going effort to achieve the Sustainable Development Goals (SDGs) during the Decade of Action that was launched to accelerate the progress and ensure the achievement of these goals by 2030. This year's Sustainable Development Outlook (SDO) attempts to answer these questions.

This opening chapter provides a brief outline of the setbacks that COVID-19 has created, the uncertainties involved in assessing these setbacks, and the opportunities that this has created for achieving the SDGs. As the saying goes, every cloud has its silver linings, and this is also true for COVID-19. What is important is to search for these silver linings and make proper use of them.

## Setbacks caused by COVID-19

The general contours of the setbacks caused by COVID-19 are well-known. The first comprises the direct health effects. The disease itself impacts an individual's health in various ways, some of which are still being understood, including in terms of how individual and group characteristics (e.g. age, gender, race, ethnicity, living and working conditions) are linked to virus exposure in determining the severity of illness.

Then there are effects arising from crisis response measures such as social distancing and mandated lockdowns. These, too, vary across individuals — lost livelihoods, forced absences from the classroom, foregone vaccinations against other infectious diseases, stresses on mental health, and, for women in particular, a disproportionate increase in the burden of care work as well as greater risk of domestic violence.

Apart from the deaths, quarantines, confinements, and other bodily and emotional sufferings, COVID-19 has led to significant loss of output, employment, and income. The global output is estimated to shrink by 5.2 per cent in 2020, with a downside estimate of about 8 per cent contraction, in case the lockdowns continue into the second half of the year.<sup>5</sup> This would imply the largest contraction in economic activity since the Great Depression, and far worse than the 2008–2009 global financial crisis (World Bank, 2020b). The decline in world gross product could lead to an additional 25 million people unemployed worldwide.<sup>6</sup> Some 1.6 billion people working in the informal sector including the gig economy are estimated to be at risk of losing their livelihoods and many lack access to any form of social protection (ILO, 2020b).

<sup>5</sup> For more details on the estimates, please refer to World Bank (2020b).

<sup>6</sup> For more details on the estimates, please refer to International Labour Organization (2020a).

The loss of employment and income has led to rise in poverty and hunger, and these will certainly affect social outcomes. The global poverty headcount is estimated to increase by as much as 100 million people, assuming income distribution does not change.<sup>7</sup> This will reverse the declining global trend in poverty of the last twenty-plus years. Hunger will also increase, with the number of people facing acute food insecurity doubling to about 265 million by the end of 2020. These deprivations are likely to hit children, women, and the elderly. For example, an additional 10 million of the world's children could face acute malnutrition (Food Security Information Network, 2020). School closures have affected over 90 per cent of the world's student population—1.6 billion children and youth (UNESCO, 2020). Accounting for the inability to access the internet for remote learning, this could result in out-of-school rates in primary education not seen since the mid-1980s (UNDP, 2020). These setbacks are especially worrisome as they can translate into life-long deficits, perpetuating inequalities across generations. These deprivations are hitting LDCs and other vulnerable developing countries particularly hard.<sup>8</sup>

The aggregate effects also include falling public revenues and shrinking fiscal space, price increases or quantity disruptions, balance of payments stress due to capital flow reversals, collapses in tourism,<sup>9</sup> decreases in commodity exports and remittances, and more persistent inequalities.<sup>10</sup> Clearly, the setbacks are many, and it is no wonder that they have led to concerns about whether or not it will be possible to achieve the SDGs.

## Uncertainties in ascertaining the impact of COVID-19

While the broad contours of the setbacks and the channels through which they are caused by COVID-19 are clear, considerable uncertainties remain about the exact magnitude of these impacts.

One reflection of these uncertainties can be seen in the wide range of growth projections that different entities have put forward. The *World Economic Situation and Prospects (WESP) as of mid-2020*, launched in May, projected the global economy to contract by somewhere between 1.4 and 4.9 per cent,<sup>11</sup> with the estimates varying depending on assumption of the trajectory of COVID-19 and countries' policy responses to mitigate the pandemic risk (UN DESA, 2020e). Similarly, the Bretton Wood Institutions have produced growth forecasts with a significant range. For example, the latest World Bank forecast, launched in June 2020, projected a contraction of the global economy that ranges from 4 per cent to 8 per cent. On the other hand, also in June 2020, the International Monetary Fund decided to revise downwards its baseline growth forecast for 2020 from a contraction of 3 per cent to 4.9 per cent in less than two months' time.

The significant uncertainty of the GDP growth projection is also reflected in the employment forecast. ILO's forecast of additional global unemployment in 2020 ranges from 5.3 million to 24.7 million, depending on the growth scenarios. Projections of other key development and social indicators such as poverty and hunger are also subject to

<sup>7</sup> For more details on the estimates, please refer to World Bank (2020c).

<sup>8</sup> See for details, UN DESA (2020f).

<sup>9</sup> The World Travel and Tourism Council estimates the total job loss in tourism to be over 100 million.

<sup>10</sup> For more discussion of the inequality-enhancing effects of COVID-19, see UN DESA (2020c).

<sup>11</sup> Global growth figures here use market exchange rate-based weights, meaning it is not directly comparable with other growth figures using purchasing power parity-based weights.

much variation. Overall, while it is clear that the adverse impact of COVID-19 would be substantial, their exact quantitative dimensions are difficult to pin down.

One reason for the uncertainties regarding the consequences of COVID-19 is that the very progress of the disease across the world and within particular countries still remains uncertain. Some countries that appeared to have overcome the COVID-19 are now witnessing a second round of outbreaks. On the other hand, many countries, particularly in the developing world, are yet to witness a large-scale outbreak of the disease, though they apparently remain vulnerable. Needless to say, much will depend on whether the disease spreads significantly in these countries and whether a second round of outbreaks occurs more widely. The future progression of the disease will also depend to a considerable degree on whether and when an effective vaccine will be available — which remains uncertain. To the extent that the progression of the disease and its economic effects are not yet fully known, the exact dimensions of the social consequences of COVID-19 also remain to a great extent uncertain.

Thus, the impacts of COVID-19 are still unfolding, and it may take months, even years, to know these impacts with certainty. Yet, the clock is ticking on the SDGs, and it is necessary to know what course corrections and adjustments are needed in the SDG effort despite the uncertainties. The analysis and recommendations presented in this SDO therefore need to be viewed more as a qualitative exercise than as an attempt at precise quantitative estimation.

## Opportunities created by COVID-19

As the saying goes, every cloud has its silver lining. This is also true for COVID-19. Despite the deaths, deprivation, and other setbacks, COVID-19 provides some opportunities too.

In its assessment of the progress toward the SDGs, the Global Sustainable Development Report (GSDR) (Independent Group of Scientists appointed by the Secretary-General, 2019) classified the SDG targets into broadly three groups (see Figure O.1 on page 8). The first comprises the SDG targets that are on track. The second comprises those which are considered within reach with extra efforts. The third comprises the SDGs where implementation is moving in the opposite direction. While many of the people and prosperity-related SDGs belong to the second group, with a few being in the first, all the planet-related SDGs fall into the third.

It is against this backdrop that certain aspects of the COVID-19 impact appear particularly instructive. While being harmful for the people and prosperity-related SDGs, the pandemic proved to be beneficial for the planet and led to a reversal of the negative trends that the world was witnessing regarding the planet-related SDGs. For example, after rising during the pre-COVID-19 years, daily global CO<sub>2</sub> emissions fell by an estimated 17 per cent in early April, relative to mean levels of 2019 (Le Quéré and others, 2020). Current estimates for 2020 CO<sub>2</sub> emissions are 4–7 per cent lower than last year. The quality of air and water has improved; and in many parts of the world, a regeneration of the nature was witnessed. These divergent outcomes of COVID-19 reveal once more that the current ways of achieving prosperity are on a collision course with the health of the planet. In fact, the zoonotic nature of COVID-19 and other recent epidemics — such as SARS, MERS, Ebola, and the bird flu — show the importance of protecting the planet and sharing it equitably with other animal and plant species. While not new, the realization of this fact can be a strong booster for the effort towards achievement of the SDGs.



Another way in which COVID-19 can serve as a silver lining for the SDGs is the increased awareness it has created in countries across the world about the necessity of robust and universal healthcare and social protection systems. This increased awareness can serve as another strong booster for further efforts in strengthening these systems, thus helping to achieve the SDGs related to health, employment, poverty, hunger, and equality. Furthermore, in the process of dealing with the COVID-19 crisis, many countries had to adopt emergency measures in order to overcome the weakness in their healthcare, social protection, and overall governance systems. These countries now have the opportunity to build on these emergency measures and make further progress in these directions, making them more capable for facing emergencies like COVID-19 in the future.

Finally, the emergency response measures put in place, though they vary in size and scope, have demonstrated the commitment of governments to respond to this crisis with the necessary determination. A similar degree of determination in directing the crisis response towards a better recovery would allow societies to rectify some of the deficiencies in policy that have hindered progress toward the SDGs. With the ambition to build back better, it may now be possible also to address issues that previously would have seemed too controversial or politically difficult.

### Three scenarios for SDGs

SDO 2020 takes note of both the setbacks COVID-19 caused and the opportunities created in answering the question regarding its impact on the progress toward the SDGs. To take into account the various possibilities, it considers three policy scenarios. The first is the “pre-COVID-19 scenario,” which is based on the trends that held during the pre-COVID-19 years, as laid out by the Global Sustainable Development Report 2019, noted above. The other two scenarios are post-COVID-19, named for short as “COVID-19 pessimistic” and “COVID-19 optimistic.” Which of these two scenarios takes hold of a country depends on whether it can: (i) minimize the damage caused by COVID-19; (ii) recover quickly from the damages; (iii) hold on and build further on the positive changes introduced to its healthcare, social protection, and governance systems during the COVID-19 crisis; (iv) sustain and bolster the positive gains that were made regarding planet-related SDGs during the COVID-19 crisis; and (v) reenergize the effort toward sustainable development. Should countries succeed at the above, they will enter the optimistic scenario. Otherwise, the pessimistic scenario will prevail, driving the country further away from attaining the SDGs.

The extent to which a country suffers from the COVID-19 pandemic and the rapidity with which it emerges from those damages depend on its success in dealing with the COVID-19 crisis itself. Therefore, the likelihood of the post-COVID-19 pessimistic and optimistic scenarios at the global level depends on the distribution of countries in terms of their success in dealing with the COVID-19 crisis.

### Road map to SDO 2020

The rest of the SDO is divided into the following three chapters.

Chapter 2 considers the three policy scenarios for the SDGs related to people and prosperity. These include SDGs regarding economic growth, employment, poverty, hunger, and health. The section in turn is divided into three subsections: the first one considers SDGs related to growth, employment, poverty, and hunger. The other two sections discuss the policy scenarios pertaining to healthcare and social protection, respectively.

Chapter 3 discusses the policy scenarios for the SDGs related to the planet. It is also divided into three sections. The first examines the policy scenarios regarding climate change. The second section discusses the policy scenarios regarding protection of land, water, and biodiversity. The third section examines the policy scenarios for the SDG regarding responsible and sustainable consumption and production.

Chapter 4 deals with SDGs that are relevant for both people and prosperity and planet. It has two sections. The first discusses policies regarding governance and institutions and the second examines the role of partnership. Throughout the SDO, in discussing policy scenarios, distinctions are made between the short-, medium-, and long-runs.<sup>12</sup>

Though the SDO covers most of the SDGs, it does not cover them all in equal measure. Resource constraints do not allow it to focus on all SDGs equally in all years. In a particular year, it therefore focuses on the ones that appear to be more relevant. Consequently, some SDGs do not figure prominently in this SDO. That however does not mean that they are less important.

Overall, COVID-19 has been a tragedy. However, it also revealed in a new way the importance of sustainable development and has offered valuable lessons that can be used to make progress toward the SDGs. This SDO strives to show how this can be done.

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**12** To withstand, recover and build back better from COVID-19, countries will need to establish effective interlinkages between policies at different time periods. In the short-term, the prime objective for governments is to *react* to the immediate socioeconomic challenges facing both individuals and societies. In the medium-term, countries have an opportunity to *resolve* some of the underlying problems of their development vulnerabilities that have been exposed during the COVID-19 pandemic. And in the long-term, countries can focus on *rebuilding* and *reinventing* with a view to achieving sustainable development.



## Chapter II

# Achieving prosperity in the wake of COVID-19

## Growth, employment, poverty and hunger

### Pre-COVID-19 scenario

Even before the onset of the COVID-19 pandemic, the world was not on track to eradicate poverty, end hunger and achieve growth and employment targets under the Sustainable Development Goals, as indicated by Figure O.1 on page 8. Indeed, none of the indicators for SDGs on poverty, hunger, growth and employment included in the figure are projected to reach the target by 2030.

Just prior to the pandemic, in 2019, global growth slowed to a 10-year low of 2.6 per cent, with a modest acceleration being expected in the following two years (UN DESA, 2020a). Growth in the LDCs has been rapid in recent years, but still failed to approach the 7 per cent annual growth target set out in the SDGs. Driven by the prospect of insufficient growth, the pre-pandemic projection suggested that 6 per cent of the global population would still be living in extreme poverty in 2030, falling well short of the target of poverty eradication (United Nations, 2020a). Hunger and food insecurity were also on an upward trajectory, and the pandemic further worsened the situation as it disrupted economic activities and food supply chains.

### Impact of COVID-19 on growth, employment, poverty and hunger

While the international community was already facing an uphill battle in achieving many Sustainable Development Goals, the outbreak of the pandemic amplified many existing obstacles in the narrow path of sustainable development.

The COVID-19 pandemic first and foremost brings deaths and illnesses, but it also has major consequences for economic growth and employment, as containment measures confined people to their homes and prevented them from congregating with each other. It has led to significant decline in economic activities, putting a lot of people out of jobs and livelihoods. In the immediate future, the global economy is unlikely to return to its pre-pandemic full capacity until an effective vaccine is developed and made widely available. A gradual unlocking process — one that painstakingly reduces risks to workers and consumers and shifts resources away from the sectors that have been made unviable by the pandemic — would appear to be essential but also put a drag on economic growth.

Persistence of behavioural changes due to the pandemic may also challenge a quick economic recovery. Comparison between Denmark and Sweden, for example, has shown that changes in consumer behaviour, irrespective of whether one is facing a lockdown or not, is a major factor behind the drop in consumption (Andersen and others, 2020). If such changes in personal behaviour prove to be persistent beyond the end of the pandemic, countries will face a difficult path in returning to pre-pandemic economic output levels.

The effect of the COVID-19 pandemic on the labour market is both immediate and significant. Women and youth are particularly vulnerable. The former group is over-represented in sectors most affected by the containment measures, such as services, or in occupations that are directly dealing with the pandemic (ILO, 2020a). And youth — already facing higher unemployment or underemployment — are disproportionately affected by falling labour demand caused by the pandemic (ILO, 2020a).

Without concerted national and international efforts to quickly contain the pandemic and to put the global economy on a more sustainable development path, the aforementioned growth and employment effects could become long-lasting, and the goals of eliminating poverty and hunger could become even more unattainable.

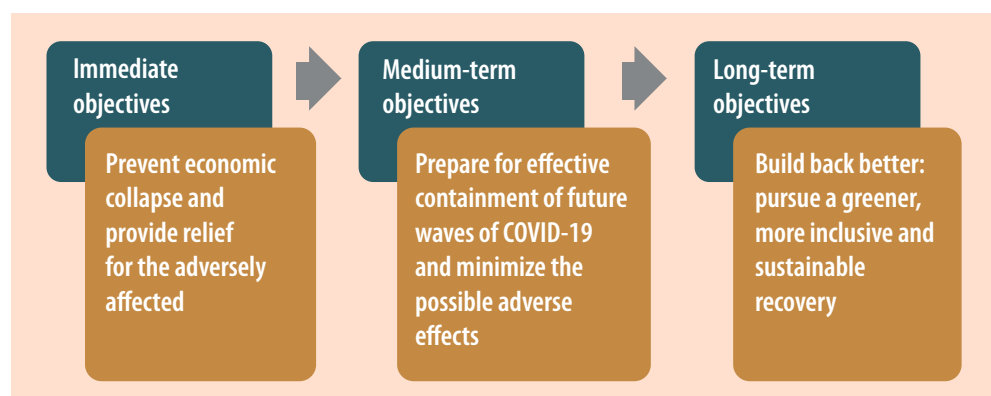
## Policies for recovery from COVID-19: Opportunities for building back better

### *Short-term policies to restore growth and reduce poverty*

Building on the economic measures, undertaken to support the COVID-19 containment efforts and to provide relief for those that are adversely affected by the pandemic, Governments must — in the immediate term — put in concerted efforts to prevent a collapse of the economy, and lay the foundation for building back better from the current crisis.

Figure II.1

### Objectives of policies for recovery from COVID-19



Source: UN DESA.

At the outset of the pandemic, some of the most rapid policy responses came from central banks around the world. These include policy rate cuts, bond-buying programmes that ensure sufficient credit flow and reduced borrowing costs, and emergency loans and debt payment relief for firms adversely affected by the crisis. However, previous crises have shown that monetary policy measures alone are unable to boost economic activities sustainably, as much of the added liquidity found its way into precautionary balances. Also, the excess liquidity could be channeled into financial markets and cause further turbulence in markets that are already facing significant uncertainty, putting additional pressure on consumption and investment.

The constrained monetary policy space and the limitation of such policy measures in boosting economic activities in the current context have prompted many governments

to turn to fiscal stimulus. Fiscal interventions have become particularly attractive given their effectiveness tends to increase as countries keep the short-term interest rate at or near zero,<sup>13</sup> and the fact that this crisis was caused by an exogenous shock that directly hit the real economy without intermediation of the financial sector. Also, fiscal stimulus can be targeted at supporting vulnerable population groups and sectors, and investing in areas that help to promote sustainable development, allowing countries to build back better from the COVID-19 crisis.

Since the outbreak of the COVID-19 pandemic, governments around the world indeed have been stepping up their fiscal spending, such as income support, targeted increase in government spending and tax reliefs, but these efforts have been uneven. Collectively, fiscal measures worldwide amount to more than 10 per cent of the 2019 world gross product. Developed countries have generally been introducing fiscal stimulus of greater scale, whereas developing countries have less options in this regard and therefore need to be more conservative in their fiscal interventions. Most developing country governments are implementing fiscal stimulus of a size between 1 and 2 per cent of GDP (UN DESA, 2020e), which is unlikely to be adequate in bringing their economies back to the pre-pandemic trajectory, much less a path that will lead to the achievement of sustainable development. Fiscal space is particularly constrained for lower-income countries, which have seen both domestic and external financial resources shrunk significantly due to lockdown measures worldwide. Without sufficient resources to contain the pandemic and mitigate its effects, populations in lower-income countries face the highest risks of living in poverty and hunger.

For many developing countries, international support is therefore critical for mobilizing the financial resources needed to contain COVID-19 and mitigate its disastrous effects. Debt vulnerabilities of many countries would have to be addressed, including through a freeze on debt services in the short run and the introduction of structural reforms in the international debt architecture to prevent prolonged financial and economic crises caused by debt defaults in the long run (United Nations, 2020b; UN DESA, 2020e).

Overall, much of the fiscal support across countries is focused on extending financing to businesses and providing tax relief to keep them from bankruptcy and to minimize job losses; increasing direct government spending; and introducing or strengthening social outlays and social protection measures. While the situation is evolving, the existing data suggests that stimulating new demand and investment has not been the central objective of fiscal interventions (Segal and Gerstel, 2020). In the case of the United States, high frequency transaction data show that low-wage workers tend to use their stimulus payment to repay debt — e.g. credit card payments and mortgages, etc. — and purchase non-durable essentials, which means cash flows immediately to banks and companies which may not use the earnings for investment right away (Baker and others, 2020). Moreover, among households with high levels of bank account balances, there has not been noticeable increase in spending upon receipt of stimulus payment.

All this evidence gives a strong indication that targeted fiscal measures would have greater impact. They must aim at reducing the risk borne by firms and households so as to incentivize them to consume and invest. An example are loans and mortgages for which

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**13** Fiscal stimulus injects purchasing power into the economy, which puts upward pressure on interest rate as money demand rises relative to money supply. The ensuing increase of interest rate would offset some of the expansionary effect of the initial fiscal stimulus, as the higher rate encourages people to save, rather than to consume. However, at a zero-lower-bound situation in which the Government seeks to keep interest rates close to zero, such offsetting effect from rate increase would be minimized and therefore fiscal stimulus would be more effective at boosting economic activities.

the amount and timing of payments are conditional on future income of the borrowers.<sup>14</sup> These would allow governments to share some of the risks that households bear in using such financial instruments and therefore encourage them to act on their consumption or investment decisions. Another example are the spending vouchers introduced in China that are valid for purchases of certain products and within only a specified time frame, and thus could be effective in boosting consumption immediately.

Countries must also be careful with the duration of the economic stimulus, and avoid switching too soon from an expansionary fiscal stance to one that is contractionary (UN DESA, 2020e). The experience of the 2008–2009 global financial crisis showed that countries that phased out fiscal stimulus measures too early — which could involve cutting social spending, reducing or capping public sector wages, and increasing taxation — adversely affected GDP growth and employment, ultimately undermining the recovery (Ortiz and others, 2015).

### *Medium-term policies to minimize the adverse effects of possible future waves of COVID-19*

In anticipation of possible new waves of COVID-19 in the future, the medium-term priority of countries must be to prepare themselves for better containing future waves of COVID-19 and thereby limiting its adverse effects. Failure to effectively contain the pandemic would put efforts to build back better on a precarious footing, further threatening the prospect of achieving the SDGs.

Resources should be promptly dedicated to supporting the development of facilities for large-scale testing, tracing and quarantining, which has shown to be effective in containing COVID-19 and reducing the likelihood that health systems become overwhelmed. Devising systems that allow better monitoring of epidemiological situations at a higher resolution, e.g. districts within a city, could enable targeted lockdowns that affect smaller populations, therefore lowering the cost of restricting mobility and economic activities. In parallel, there should also be support towards scaling up health preparedness, for example, through adequate stockpiling of personal protective equipment.

Policymakers should put in place a set of ex-ante mechanisms that aim at supporting people to maintain some basic levels of economic wellbeing and thereby reducing the pressure on them to go out to work at the risk of contracting and spreading COVID-19. The important advantage of an automatic stabilizer-like mechanisms over emergency relief measures is that it would help to avoid delay in the delivery of economic support. This is important in a situation when reduction of effective contact by even one week can dramatically reduce the number of COVID-19 cases (Lai and others, 2020).

The possibility of a second wave of the virus also adds great urgency to the retraining of workers so that they are more capable to work in a situation of social distancing and work-from-home. Governments should support firms to develop their employees' skills required in the new normal, including their ability to operate in a digital environment, and acquiring social and emotional skills necessary to maintain mental health and to collaborate with others in a meaningful way.

<sup>14</sup> For some additional discussions on effective economic stimulus, please see Stiglitz and Rashid (2020).

### *Long-term policies for a green, inclusive and sustainable recovery*

While generally deployed by Governments with short-term objectives in mind, economic stimulus can also be guided to produce desirable longer-term outcomes. The insufficient global progress in sustainable development demands that the stimulus and recovery measures aim at not just returning the economy to the pre-pandemic path, but also at directing resources toward achieving a more sustainable, inclusive, and greener recovery. Similar calls were made in the aftermath of the global financial crisis, but the progress in pursuing a more sustainable development path has been uneven across areas and across countries.

Following the global financial crisis, a range of green stimulus measures led to increased global investment in clean energy and low carbon technologies, but — from the emission standpoint — the ensuing recovery was energy and carbon intensive (Birol, 2020a). This time around, the need for a green recovery is even more acute as otherwise the world continues to move away from the 1.5°C threshold. On the other hand, there is also a better chance that a green recovery can materialize at a large scale, as some key components of a low carbon future have since matured, and major clean energy technologies have become cost competitive.

Not only would a well-planned and executed green recovery package produce favourable environmental outcomes, previous experiences from the global financial crisis showed that such a package can also provide high rates of return, create short-term jobs, and generate more long-term cost savings than traditional fiscal stimulus (Hepburn and others, 2020). A survey of central bankers, finance ministry officials and other economic experts from G20 countries has indicated that there are a number of fiscal policies that have significant multiplier effects on the rest of the economy and substantially contribute to climate change mitigation. For example, building clean-energy infrastructure, which is labour-intensive, would create twice as many jobs per dollar as fossil-fuel investments. Other areas where the surveyed policymakers found fiscal support doubly effective include building efficiency retrofits, investment in education and training, natural capital investment, and clean R&D.

An effective green recovery package should also 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. The historically low oil price — a result of collapsed demand in the midst of the pandemic — has made introducing a carbon tax and phasing out fossil fuel subsidies more palatable to the public, thereby entailing less political cost. It can be shown that even a substantial carbon tax of \$54 per metric ton of CO<sub>2</sub> — a level that falls within the estimated range required to meet the Paris Agreement<sup>15</sup> — would only lead to an increase of less than 50 cents per gallon for gasoline in the United States, which would still keep the gasoline prices at very low levels.

The COVID-19 pandemic has also exposed the grim reality that many in the global labour force — particularly those in low-skill and low-paid employment — face high health and economic risks in the face of a pandemic. As discussed earlier, the situation is particularly dire for young people. It is therefore important that the economic stimulus and recovery measures following the COVID-19 crisis focus on preventing long-lasting damage to the labour market prospects of young people. This will require governments to put in place forward-looking employment frameworks that target young people. Stimulus and recovery measures also need to ensure that support is channeled to sectors that are able

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15 For more details on the estimates, please refer to High-Level Commission on Carbon Prices (2017).



to create a sufficient amount of decent and productive employment. Around the world, a number of initiatives are being developed to leverage young people's efforts to deliver support to at-risk populations or populations affected by the pandemic. Many youth-driven technology innovation hubs are supporting startups to develop effective solutions to address the impacts of COVID-19.

Persistent inequality has been a global feature for decades and the COVID-19 pandemic could further exacerbate the trend (UN DESA, 2020c). It would mean failure to achieve SDG 10 of reducing inequality, while making poverty eradication more challenging as poverty is sensitive to changes in the distribution of income in society.<sup>16</sup> As growth in GDP per capita is expected to remain weak in many countries, poverty eradication will need to rely to a greater extent on measures to reduce high levels of income inequality. Therefore, policymakers must pay particular attention to the distributional aspect of recovery while building back better (UN DESA, 2020c).

### Three scenarios regarding growth, employment, poverty and hunger

As noted at the outset of this section, the pre-COVID-19 projections suggest that the world as a whole is not on a course that will lead to the achievement of SDGs on poverty, hunger, growth and employment.

In the wake of the pandemic, two possible paths are ahead for the world. A continuation of the pre-COVID-19 development path, with progress further hindered by the pandemic, means sustainable development will be most certainly out of reach. Global output is estimated — in a baseline scenario — to shrink by 5.2 per cent in 2020 due to the stringent restrictions to contain the pandemic, with a downside estimate of about 8 per cent contraction should the lockdowns go well into the second half of the year.<sup>17</sup> Meanwhile, a world gross product growth decline of around 8 per cent in 2020 is estimated to lead to an increase in global unemployment by 24.7 million worldwide.<sup>18</sup> As a result of the massive loss of income and employment, the contraction of the global economy in the COVID-19 pessimistic scenario could raise the global poverty headcount up by 71 million, if income distribution does not improve.<sup>19</sup> The poverty headcount could increase by 100 million if the stringent lockdowns remain in place for much of the rest of 2020. The increase in poverty headcount could be even greater if income inequality worsens during the pandemic (see Figure II.2). As for hunger, the pandemic could cause the number of people facing acute food insecurity to nearly double by the end of 2020, rising to 265 million people.<sup>20</sup> Rising food insecurity, coupled with strained health systems, would increase malnutrition rates, especially among children, pregnant and lactating women and the elderly.<sup>21</sup>

In the COVID-19 pessimistic scenario, the world will still eventually rebound, but the progress on eradicating poverty and hunger and achieving growth and employment targets will only follow the pre-COVID-19 trajectories at best. The relevant SDGs would not be achieved. In fact, the global community would be even further from attaining the

<sup>16</sup> The discussion of inequality here and in other parts of this document benefited from the input provided by the Division for Inclusive Social Development (DISD) of UN DESA.

<sup>17</sup> See World Bank (2020b).

<sup>18</sup> See International Labour Organization (2020a).

<sup>19</sup> See World Bank (2020c).

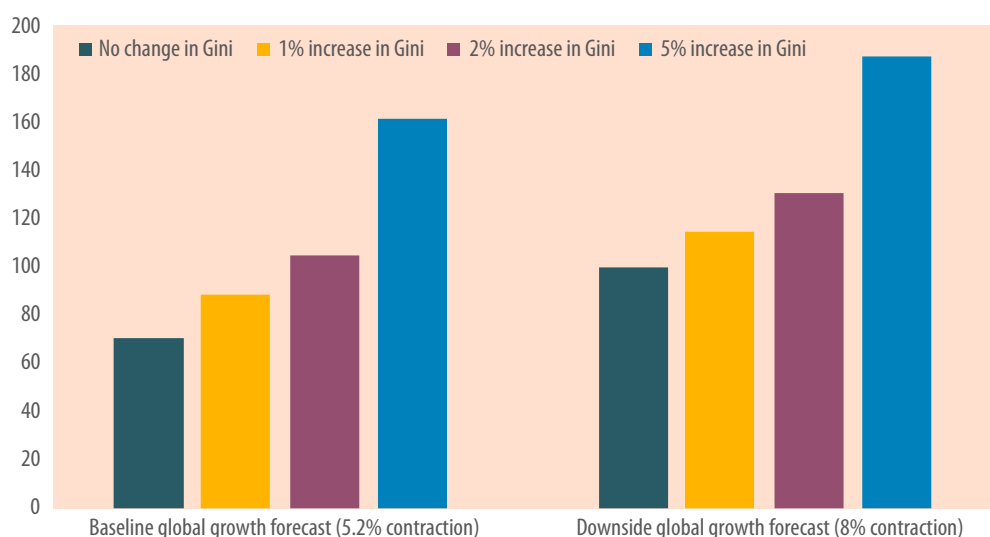
<sup>20</sup> See Food Security Information Network (2020).

<sup>21</sup> Ibid.

SDG targets. The interlinkages of growth, employment, poverty and hunger mean that slow progress on any of these fronts could hamper progress in other areas. There could be a vicious cycle in which anemic economic activity means less job opportunities and higher poverty and hunger, and people trapped in poverty and hunger are less able to pursue productive initiatives, feeding into even slower growth.

Figure II.2

### Different scenarios for estimated impacts of COVID-19 on additional global poverty headcount in 2020 (millions of people)



Source: UN DESA compilation, based on estimates from World Bank (2020c).

Such a disheartening scenario, however, can be avoided if countries promptly pursue policies that seek to build back better, with the necessary international support. It is important that the fiscal and monetary support provided in the emergency response not be withdrawn too quickly, as that would stall the recovery. In the COVID-19 optimistic scenario, where countries pursue a better, more sustainable recovery, as previously discussed, income growth could be expected to exceed the pre-pandemic benchmark, helping to speed up progress in eradicating poverty and hunger. It is estimated that acceleration of structural transformation in clean energy systems, smarter urban development, sustainable land use, wise water management, and a circular industrial economy could deliver a cumulative economic gain of \$26 trillion during 2018–2030, as compared to the business-as-usual scenario (Global Commission on the Economy and Climate, 2018). These ambitious actions could also generate over 65 million additional low-carbon jobs in 2030. The gains would be particularly pronounced in countries that invest in complementary infrastructures and institutions and develop more mature markets that can better realize the commercial potential of green sectors.

## Towards robust and universal healthcare

Experience shows that the countries having robust healthcare systems with universal access performed better in dealing with the COVID-19 crisis. Achieving robust and universal healthcare is therefore no longer just an aspiration, but an urgent task.

## Pre-COVID-19 scenario

Despite significant progress regarding some health-related indicators, the world was off-track with regard to many important health-related targets. For example, there was a steady decline in incidence and mortality from major infectious diseases and improvements in maternal, neonatal, and child health care. The pre-COVID-19 rates of improvement, however, fall short of what is needed to achieve the health targets by 2030. As Table II.1 shows, for the nine indicators that have explicit targets, only two were on track to meet the 2030 targets prior to COVID-19.

Table II.1

### Progress on SDG indicators with explicit targets for 2030

Progress stalled or in wrong direction	Insufficient progress to meet target	On-track to meet target
3.6.1 - Road traffic mortality	3.1.1 - Maternal mortality 3.4.1 - Noncommunicable diseases mortality 3.4.2 - Suicide mortality 6.1.1 - Safe drinking-water coverage 6.2.1 - Safe sanitation coverage 7.1.2 - Clean energy coverage	3.2.1 - Under-5 mortality 3.2.2 - Neonatal mortality

Source: WHO (2019a).

Table II.2 provides a disaggregated picture of the pre-COVID-19 situation regarding health achievements. As can be seen, both the maternal and child mortality ratios were many times higher in Sub-Saharan Africa, LDCs, and South Asia than their values in developed parts of the world. To make matters worse, the world as a whole is not on track to achieve universal health coverage (UHC) by 2030. According to the WHO, only between 33 and 49 per cent of the global population was covered by essential health services in 2017. In low-income countries, the coverage was only between 12 and 27 per cent. Before COVID-19, the WHO expected the global coverage to increase to between 39 and 63 per cent by 2030, significantly below the target of full coverage. This would mean that billions would continue to be left behind (WHO, 2019a, 2020).

Table II.2

### Selected health indicators, 2017

Region	Government health expenditure (% of GDP)	Life expectancy at birth (years)	Maternal mortality ratio (per 100,000 live births)	Under-5 mortality rate (per 1,000)
South Asia	0.9	69.2	163	44.2
Least Developed Countries	1.0	64.7	415	66.4
Sub-Saharan Africa	1.9	60.9	534	79.9
Middle East & North Africa	3.3	73.9	57	22.4
Latin America & the Caribbean	4.2	75.3	74	17.0
East Asia & the Pacific	4.5	75.9	69	15.6
Europe & Central Asia	6.7	77.8	13	9.1
North America	8.5	78.9	18	6.5
World	5.9	72.4	211	39.8

Source: World Bank (2020a), World Development Indicators Database.

### *Informality and poverty add to the challenge of providing healthcare access*

One important reason for the lack of progress in realizing the health targets is that the pre-COVID-19 expenditures in this area were not sufficient to achieve these targets. As Table II.2 shows, the total government expenditure on healthcare averaged 5.9 per cent of GDP for the world in 2017, with significant variation across regions. Notably, countries with the greatest health challenges also had the smallest rates of government expenditures in this sector.

Access to, and affordability of, healthcare services also differed across population groups within the same country. In many countries, people living in poverty, people relying on informal work, and those residing outside cities have limited access to health services, and their health outcomes are poor. According to the ILO, more than 60 per cent of all workers — about 2 billion people — rely on informal work arrangements only. That share is highest in Africa, where 86 per cent of workers have informal jobs. In the Arab States, as well as in Asia and the Pacific, the share of informality is 68 per cent (ILO, 2018). The poor are more likely to have informal and temporary employment that lacks social and health protection. For them, the direct and indirect costs of using health services are onerous. For many, the loss of income from being sick and seeking treatment can lead to debt and impoverishment. The WHO has estimated that nearly 90 million people fell below the \$1.90 poverty line in 2015 because of out-of-pocket health spending (Table II.3). There is thus a powerful argument for expanding health services in a way that directly protects the most vulnerable and those outside of formal work arrangements.

Thus, COVID-19 hit at a time when health systems of many countries were not prepared for such a pandemic. It is not surprising therefore that it took a significant toll, particularly in terms of life and health.

Table II.3

#### **Number of people driven into poverty by out-of-pocket spending on health, 2015**

WHO Region	\$1.90-a-day poverty line		\$3.20-a-day poverty line		Relative poverty line	
	Share of the population	Millions of people	Share of the population	Millions of people	Share of the population	Millions of people
World	1.2	89.7	1.4	98.8	2.5	183.2
Africa	1.5	14.8	1.4	13.3	1.6	15.8
The Americas	0.2	1.5	0.4	4.2	1.5	14.6
Eastern Mediterranean	0.4	2.6	1.2	8.2	2.2	14.2
Europe	0.1	0.4	0.1	1.1	1.6	14.3
South-East Asia	2.8	53.0	3.3	63.6	3.1	59.7
Western Pacific	0.9	17.4	0.4	8.2	3.5	64.5

Source: WHO (2019b).

Note: The relative poverty line refers to 60 per cent of median per capita consumption or income.

## Post-COVID-19 pessimistic scenario<sup>22</sup>

With the COVID-19 pandemic, the challenge of expanding health services is made worse. The COVID-19 crisis is disrupting essential health services around the world as governments work to free up resources for COVID-19 patients and reduce the risk of transmission. Since March 2020, routine childhood immunization services have been disrupted on a scale not seen since the 1970s. At least 24 million people in 21 lower-income countries are at risk of missing out on vaccines against polio, measles, typhoid, yellow fever, and many other diseases. If routine health care is disrupted and access to food is decreased, there would be a devastating rise in child and maternal deaths.

The COVID-19 crisis has caused demand for some critical services to fall as patients postpone non-emergency procedures and avoid health facilities. Disruptions to health services will lead to large numbers of additional deaths from communicable diseases next year. A six-month long disruption in HIV services could lead to more than 500,000 additional deaths in 2020–2021 from AIDS-related illnesses in sub-Saharan Africa. For tuberculosis, a 25 per cent reduction in detection for only 3 months would mean a 13 per cent rise in deaths. For malaria, cancellation of prevention campaigns and severe disruptions in treatment in sub-Saharan Africa could lead to a doubling of deaths by the end of 2020 compared to 2018. COVID-19 will put the world further off track unless governments close existing gaps in health services.

The COVID-19 crisis is also hurting economies (see section on Growth, employment, poverty and hunger on page 19), and therefore ability of countries, households and businesses to spend on healthcare. Economic performance is connected with performance in healthcare. Countries that are still struggling to contain the disease are likely to struggle in resuming robust economic growth and hence spend less on health. In countries where health spending is already low (see Table II.2), particularly in sub-Saharan Africa and the LDCs, the cycle of poor economic outcomes and decrease in health outlays would prove catastrophic.

## Post-COVID-19 optimistic scenario

While exerting the negative effects on various healthcare activities as mentioned above, COVID-19 has had some positive effects that can form the basis for an optimistic outlook. For example, many countries took emergency steps to increase the physical capacities, bolster healthcare personnel, and plug gaps in the health insurances systems and health financing. Going forward, it is possible to make these emergency measures durable and build on them to achieve a more robust healthcare system with more universal access. These efforts can then result in a post-COVID-19 optimistic scenario that can put the world back on track to achieving the health targets of the 2030 Agenda. The following discusses some of the ways in which this can be done, starting from building on the emergency steps and continuing to rebuilding and reimagining healthcare for long-term development.

### *Policies in the short run: React and then build on emergency steps*

The experience of countries that have successfully controlled the disease shows that progress in recovery must begin from a successful effort to slow and stop the spread of the disease. Countries that succeeded in controlling the spread of the virus were those who managed

<sup>22</sup> This section is based on United Nations (2020a).

to ensure (i) an adequate supply of healthcare materials, equipment, and physical facilities; (ii) an adequate supply of healthcare personnel; and (iii) the removal of cost barriers to testing and treatment.

The healthcare system is the most important determinant of success in managing the COVID-19 crisis. In the short-run, it is important for countries to find ways to boost health spending and the capacity of health services. Massive-scale (free or low-cost) testing, tracing, supported isolation, protective equipment and, when available, treatment, are key, particularly for underserved, disadvantaged communities. Routine health services, including in mental health, should be maintained and expanded where possible. Barriers that may obstruct or delay care — for instance due to age, gender, race, migrant or disability status — must be removed to ensure equitable access.

Scaling up primary health care requires significant investments in human resources and infrastructure. The WHO estimates that it needs \$675.5 million to combat COVID-19, which is in addition to the funding needs for countries and other agencies (United Nations and Inter-agency Task Force on Financing for Development, 2020). It also estimates that building up primary health care and universal health care requires an additional annual investment of 5 per cent above what is currently spent on healthcare globally (WHO, 2019b). For most countries, increasing domestic spending on health by just 1 per cent of GDP is manageable and a good beginning. However, for countries with very low income, this is neither affordable nor sufficient. In this case, humanitarian and development assistance for health can help fill the gap. A priority should be given to scaling up new and innovative approaches to expand access to health services.

### ***Policies in the medium term: Rebuild health services***

The world should not miss the opportunity to build on the positive initiatives undertaken during the COVID-19 crisis and to accelerate future progress in all areas of health. Building the right capacities to control the spread of the disease will lead to stronger health systems but will also release resources needed to invest in primary and universal health care.

Many countries have been able to rapidly expand their health infrastructure to respond to expected demand for emergency services. This provides a basis for making these expanded services more permanent, particularly in traditionally underserved areas. As countries strengthen and rebuild their health systems, they should work to systematically expand access to affordable healthcare systems of good quality, particularly for the poorest and most vulnerable.

Governments could take this opportunity to enhance access to quality health services through greater use of technology and telemedicine. Governments also need to work towards shock-proofing healthcare systems for possible future global pandemics. This will mean working to keep health spending high for the full duration of the health crisis and after it is over.

### ***Policies in the long run: Recommit and reinvent to achieve the health goals***

With efforts to strengthen and ensure adequate financing of health systems underway, governments can build on this momentum to recommit to long-term objectives. The goal of achieving universal health coverage should be the immediate and consistent goal of reforms. Progress can be accelerated using interventions known to work, particularly investing in primary healthcare. This path is consistent with emphasizing prevention, expanding access to most essential health interventions, and limiting out-of-pocket spending on health.

Prior to the COVID-19 pandemic, the WHO estimated that progress towards universal healthcare coverage needed to at least double if the world was to achieve the health SDGs by 2030. This would require an additional \$200 billion each year until 2030 to scale up primary health services and an additional \$170 billion per year to strengthen overall health systems. Together this represents an additional 5 per cent increase in the global amount spent each year on health and is estimated to save 100 million lives (WHO, 2019a).

While new estimates have not been released, it is likely that the commitment needed to accelerate progress and meet the 2030 goals will be much higher. Governments and the global multilateral system need to turn the COVID-19 crisis into an opportunity to build back better, addressing the underlying fragilities the pandemic has exposed and which the SDGs were intended to address. The COVID-19 disease is likely to be with us until a vaccine is developed and made available. This also calls for a renewed commitment to strengthening legal frameworks, systems, and institutions that are critical for responding to global health emergencies such as COVID-19 and by extension contribute to the realization of the SDGs.

## **Towards universal social protection**

The COVID-19 crisis has shown that the provision of effective social protection for all can no longer be viewed as an aspirational goal but has become an urgent necessity in a world that is so highly interconnected. COVID-19 has had devastating impact on the world's labour markets, particularly on workers in informal employment, self-employed, daily wage earners and workers in sectors at high risk of disruption. The COVID-19 pandemic has resulted in the highest global unemployment since World War II, with total working hours estimated to have dropped by nearly 11 per cent in the second quarter of 2020, or more than 300 million full-time workers (ILO, 2020c). The projected cumulative output losses during 2020 and 2021 — nearly \$8.5 trillion — are expected to wipe out nearly all output gains over the previous four years (UN DESA, 2020e).

One lesson learned from the COVID-19 pandemic is the critical role that social protection systems play in stabilizing household income and aggregate demand and in contributing to economic recovery. The countries that have invested in building robust social protection systems have been able to quickly scale-up existing mechanisms and weather the COVID-19 storm better. Others that have not made such investments have generally been harder hit by the pandemic.

Some 190 countries and territories have planned, introduced or adapted social protection measures in response to COVID-19, according to the World Bank (2020d). These emergency measures have helped countries address the immediate challenges posed by the pandemic, and, if institutionalized, can also lay the foundation for longer-term, sustainable social protection standards that can contribute to the realization of the SDGs.

## **Pre-COVID-19 scenario**

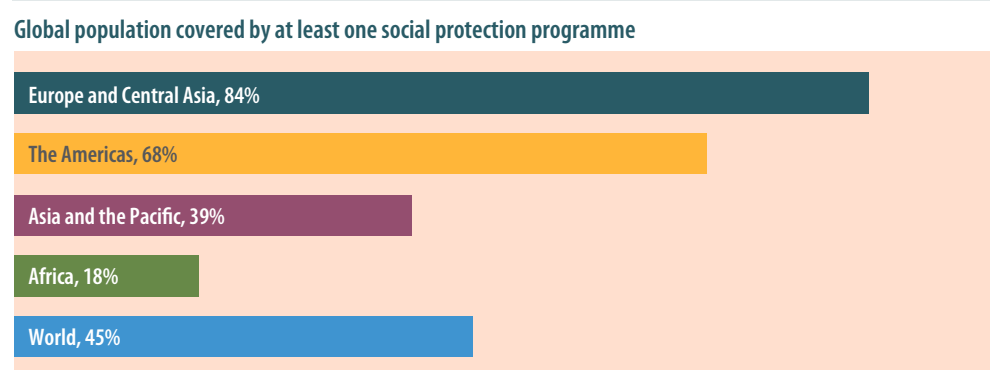
Making significant progress in strengthening social protection is an important part of the 2030 Agenda for Sustainable Development. Target 3 of SDG1 commits countries to implement nationally appropriate social protection systems for all, including floors, for reducing and preventing poverty. By raising household incomes, social protection policies can help boost domestic demand, support structural transformation of national economies, promote decent work, and foster inclusive and sustainable growth.

In 2017, 45 per cent of the global population, or 3.2 billion, were covered by at least one social protection scheme, leaving 55 per cent, or some 4 billion people, without any such security (see Figure II.3). These global numbers, however, mask significant regional differences. In Africa, for example, more than 80 per cent of the population has no social protection at all. Furthermore, only 29 per cent of the world's population enjoys adequate social security, with 71 per cent, or more than 5 billion people, either not or only partially, protected.

Expenditure estimates also show that worldwide only 3.2 per cent of GDP is spent on public social protection to ensure income security for persons of working age, although they constitute about half of the global population (ILO, 2017).

Figure II.3

### Proportion of global population covered by at least one social protection programme – pre-COVID-19 benchmark



Source: UN DESA compilation, based on ILO (2017).

Figure II.4 provides select statistics on the latest global state of the four key components of social protection floors. It shows that, for the world as a whole, older people enjoy higher social protection coverage than children. This is also reflected in public expenditure figures: for example, 1.1 per cent of global GDP is estimated to be spent on social protection of children compared to 6.9 per cent for older persons (ILO, 2017). The weakest social protection is for people with disabilities, which account for some 15 per cent of the world's population, many of them living in developing countries.

Figure II.4

### Select key social protection floors, World – pre-COVID-19 benchmark



Source: UN DESA compilation, based on ILO (2017).



## Post-COVID-19 pessimistic scenario

The post-COVID-19 pessimistic scenario envisages that the pandemic will slow the pace of growth in building social protection floors to below the rate experienced in the most recent decade, which came on the heels of the Great Recession in 2008–2009. A projected slowdown in economic growth coupled with reduced government revenues during the Decade of Action is expected to drive lower spending on social protection, compared to the pre-COVID-19 benchmark. This scenario also envisages that short-term policies during the COVID-19 containment phase have not been effectively used in many countries to put in place longer-term, sustainable social protection standards, thereby prolonging the negative impact of the pandemic on economic growth and government revenues and resulting in reduced ability to invest in social protection.

According to the 2010 World Social Security Report of the International Labour Organization (ILO, 2010), some 28.5 per cent of the world's population at the time had access to one of the above four key components of the social protection floors that are part of SDG 1.3, compared to 45 per cent in the pre-COVID-19 benchmark. Some 20 per cent of the world's population similarly enjoyed adequate social security some ten years ago, as defined by the International Labour Organization, compared to 29 per cent in the pre-COVID-19 benchmark (ILO, 2017).

The post-COVID-19 pessimistic scenario thus envisages that the pandemic will slow down the pace of improvements in social protection because of lower economic growth and less government revenues over the next ten years, compared to the previous decade. It is estimated that only 67.5 per cent of the world's population would be covered by at least one of the four above key components of the social protection floors by 2030 in this scenario, rather than 100 per cent, which is the target of the 2030 Agenda. However, if countries maintain the same rate of improvement in the four above components of the social protection floors during the Decade of Action as has been the case in the past ten years, this ratio would be about 71 per cent in 2030. In the pessimistic scenario, nearly one-third of the global population, or some 3 billion people, would thus not enjoy any social security in 2030 (see Table II.4). Nearly half of all children and orphans would also continue to be without social protection in this scenario. The goal of providing pension to all older people, however, would be achieved by 2030 in the pessimistic scenario. On the other hand, only roughly 40 per cent of people with disabilities would receive social protection benefits by 2030.

Table II.4

### The impact of different scenarios on achieving SDG 1.3

	Pre-COVID-19 benchmark (per cent)	Post-COVID-19 pessimistic scenario by 2030 (per cent)	Post-COVID-19 optimistic scenario by 2030 (per cent)
Children and orphans covered by social protection	35	52	78
Older persons receiving pensions	68	100	100
Social protection for people with disabilities	28	42	62
Mothers receiving maternity benefits	41	61	90
World	45	68	100

Source: UN DESA compilation and estimation, based on ILO (2017).

## Post-COVID-19 optimistic scenario

In the post-COVID-19 optimistic scenario, it is envisaged that countries will be able to contain the pandemic quickly and return to robust economic growth that would result in higher government revenues and greater capacity to invest in social protection. This scenario also assumes that governments have used the emergency policies adopted during the COVID-19 containment phase to lay the foundation for longer-term, sustainable social protection measures, thereby creating a virtuous cycle where strong COVID-19 performance drives economic growth and increases in government revenues and social protection spending.

The post-COVID-19 optimistic scenario may follow a three-pronged strategy for building back better social protection systems. The highest priority would be to achieve SDG 1.3 by 2030. In addition, the optimistic scenario envisages that building back better would include concerted efforts by countries to shockproof their social protection systems and adapt them to the digital economy.

### *Achieving universal nationally appropriate social protection floors (SDG 1.3) by 2030*

The post-COVID-19 optimistic scenario envisages that the rebound in economic growth and government revenues would enable all countries to commit to realizing SDG 1.3. An important objective would be to reduce inequality in society and improve the well-being of vulnerable groups like children and orphans, older people, people with disabilities, and women (see Figure II.4). The average incremental cost for all developing countries of achieving SDG 1.3 is estimated at 1.6 per cent of GDP, or \$56 billion annually, based on a sample of 57 countries (Ortiz and others, 2017). Many upper-middle-income countries have already established such universal social protection schemes for vulnerable segments of society, which lowers the average cost for developing countries as a group. For low-income countries, the average cost is estimated at 4.2 per cent of GDP. While some developing countries have the fiscal space to develop nationally appropriate social protection floors for vulnerable groups, others would have to extend such benefits to the population in stages. In most developing countries, it has proven difficult to improve social protection through employment because of the large size of their informal sector. This raises the question whether in a world that is so interconnected, developing countries will need to carefully review the financial viability of leapfrogging to universal basic income as an essential social protection.

By 2030, according to the post-COVID-19 optimistic scenario, 100 per cent of the global population would have access to at least one of the components of the nationally appropriate social protection floors. Some 78 per cent of children and orphans, compared to 35 per cent in the pre-COVID-19 benchmark, would also benefit from social protection and all older people would receive old-age pension.

Developing countries have several options for financing the implementation of SDG 1.3. This includes re-allocating public expenditures; increasing tax revenue; expanding social security coverage and contributory revenues; official development assistance; eliminating illicit financing flows; and managing debt, including borrowing or restructuring existing debt (Ortiz and others, 2017).

For example, governments could replace high-cost, low-impact investments with others offering higher socioeconomic return identified 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. Military expenditures in developing countries account for some 40 per cent of the average cost of the social protection floor package (ILO, 2017a). Another option could be to curtail illicit financial flows, which account for some 10 per cent of GDP in many developing countries, a staggering amount when compared against the necessary investments in social protection floors.

The financing of the social protection floor goal (SDG 1.3) is thus affordable to most low-income and lower middle-income countries. In others, there would be need for additional international support.

### *Shockproofing social protection systems*

The COVID-19 pandemic has also highlighted the importance of shockproofing social protection systems so as to reduce the risk to the economy and the society as a whole (UN DESA, 2020i). This could involve ensuring that social protection schemes are optimized for the typical crises faced by a country. For example, in an earthquake-prone region, it might be prudent to have the flexibility to temporarily waive school attendance conditionality in case of an earthquake. Countries can also take advantage of the existing social protection infrastructure. Some examples in this regard would include borrowing a list of beneficiaries or a payment mechanism from an existing programme. The value or duration of a benefit can also be temporarily increased in response to a shock. An example is the temporary increase of the Canada Child Benefit (CCB) in response to the COVID-19 outbreak. The CCB was increased by up to CAD 300 per child (The Canada Child Benefit, 2020). The coverage of existing social protection programmes can also be increased by temporarily allowing for the inclusion of new beneficiaries. This can be accomplished by expanding the geographical coverage of a programme or by adjusting eligibility criteria. An example is the adjustment of eligibility rules for the short-term work subsidy in Germany in response to COVID-19, which extended benefits to temporary workers and lowered the eligibility threshold of affected employees (Federal Ministry of Finance, 2020). Such measures could also include introducing a provision for a universal basic income scheme during times of crisis.

### *Adapting social protection systems to the new digital economy*

Social protection systems also need to cope with the ongoing transition of a significant number of workers to digital platforms and a more precarious employment environment. While such new forms of employment provide greater flexibility to enterprises and workers and lower the cost of services for clients, they also often imply for workers lower and more volatile earnings and higher levels of income insecurity, inadequate or unregulated working conditions, and no or limited social protection. It is difficult in the digital economy to identify the party responsible for contributing to social insurance since neither the buyers (i.e. those requesting the service) nor the organizers (the digital platforms) may recognize an employment relationship entailing responsibilities concerning social protection.

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 lack social protection. Minimum thresholds on enterprise size, working time or earnings for contributions could also be lowered or removed in order to expand the coverage to all workers and create a level playing field for employers. In addition, administrative and financing requirements can be simplified, e.g. by using mobile platforms.

## Chapter III

# Protecting the planet in the wake of COVID-19

### More forceful climate action

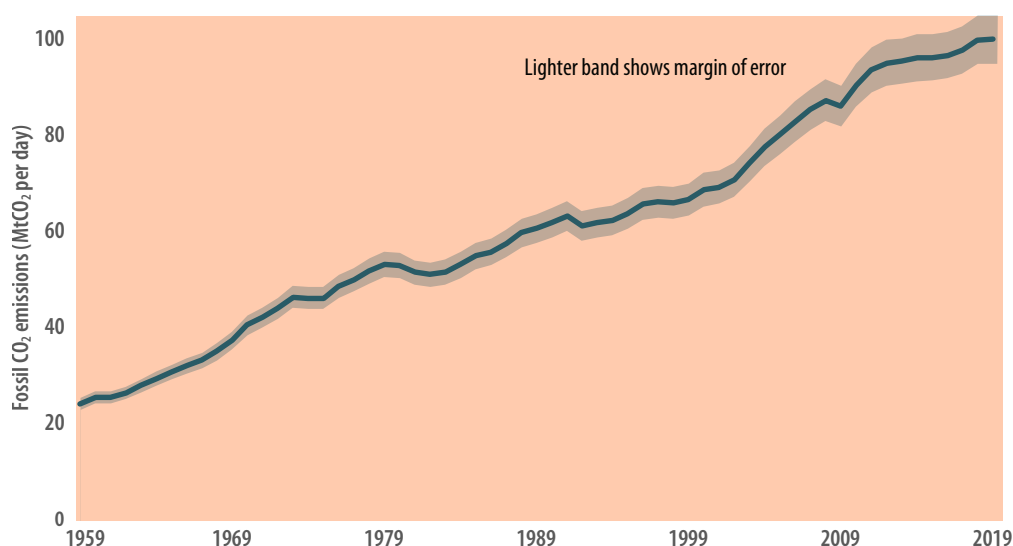
The progress toward the planet SDGs in the pre-COVID-19 years was the most disappointing, as the world was in fact moving in an opposite direction. Ironically, COVID-19 has been good for the planet: CO<sub>2</sub> emissions declined and air and water quality improved. As COVID-19 forced human beings into confinement, other species (both animal and plant) reclaimed some of the ground they had lost over the years. The world appeared to have witnessed a regeneration of nature. The question now is whether the world will be able to sustain this process of regeneration or will fall back to the pre-COVID-19 trajectory leading away from the planet SDGs. This chapter addresses this question, focusing on SDGs regarding climate action, protection of land, water, and biodiversity, and sustainable consumption and production.

### Pre-COVID-19 scenario

Achieving the Paris Agreement goal of limiting global warming to 1.5°C requires global emissions to peak as soon as possible, with a rapid fall of 45 per cent by 2030 from 2010 levels and to continue to drop off steeply to achieve net zero emissions by 2050. Unfortunately, the world was way off track in meeting this target. As Figure III.1 shows, the global annual volume of CO<sub>2</sub> emissions kept on increasing prior to COVID-19, instead of decreasing, as was stipulated by the Paris Agreement.

Figure III.1

#### Global CO<sub>2</sub> emissions, 1959–2019



Source: Le Quéré et al. (2020).

It may be noted that, to meet the 1.5°C – or even the 2°C – maximum target, called for in the Paris Agreement, greenhouse gas emissions were supposed to decline 7.6 per cent per year between 2020 and 2030 (UNEP, 2019b). Thus, so far as climate action is concerned, the pre-COVID-19 trend was opposite to that required to achieve SDG 13. In fact, if the current trends persist, global temperatures are likely to increase by 3.2°C by the end of the century, more than double the 1.5°C target. Some indications of the catastrophic impact that this trend may entail can be seen in the massive wildfires, hurricanes, droughts, floods and other climate disasters across continents seen in recent years.

### Post-COVID-19 pessimistic scenario

In the background of the disappointing scenario above, it was instructive to see COVID-19 leading to a significant reduction in carbon emissions. As noted earlier, daily global CO<sub>2</sub> emissions fell by 17 per cent in early April, relative to mean levels in 2019, and annual CO<sub>2</sub> emissions for 2020 are projected to be 4–7 per cent lower than last year (Le Quéré and others, 2020). There were two main sources for this reduction. First, many industrial and commercial enterprises were closed, leading to drastically reduced demand for electricity, as reductions in commercial and industrial uses far outweighed the increase in residential demand that was caused by widespread teleworking and stay-at-home orders (IEA, 2020). Second, there was a dramatic reduction in travel. According to the UN DESA (2020a), travel restrictions by many governments has led to the grounding of about 90 per cent of fleets — the hardest hit industry in the transport sector — by April 2020. Le Quéré and others (2020) estimates that CO<sub>2</sub> emissions from the surface transport sector will decline by 20.6 per cent in 2020. It may be noted that GHG emissions must begin falling by 7.6 per cent each year starting in 2020 till 2030, if the Paris target of temperature increase (of 1.5°C) is to be achieved (IEA, 2019a). The question, however, is whether this decrease will prove to be a sustained trend, or the world will return to the pre-COVID-19 alarming trend as soon as the pandemic is under control.

The earlier experience in this regard does not provide much basis to be hopeful. Following the global financial crisis in 2008, the global carbon dioxide emissions declined by 400 million tons in 2009. However, they rebounded by 1.7 billion tones in 2010, the sharpest annual upswing in history (Birol, 2020b). A similar response in the wake of the COVID-19 crisis will lead to the post-COVID-19 pessimistic scenario, under which the world will quickly get back to the pre-COVID-19 trajectory leading away from the Paris targets. Thus, the post-COVID-19 pessimistic scenario will hold if the world community does not take any new actions to sustain the emission reductions that were achieved due to COVID-19 and instead lets the emissions bounce back to their previous level and trend.

### Post-COVID-19 optimistic scenario

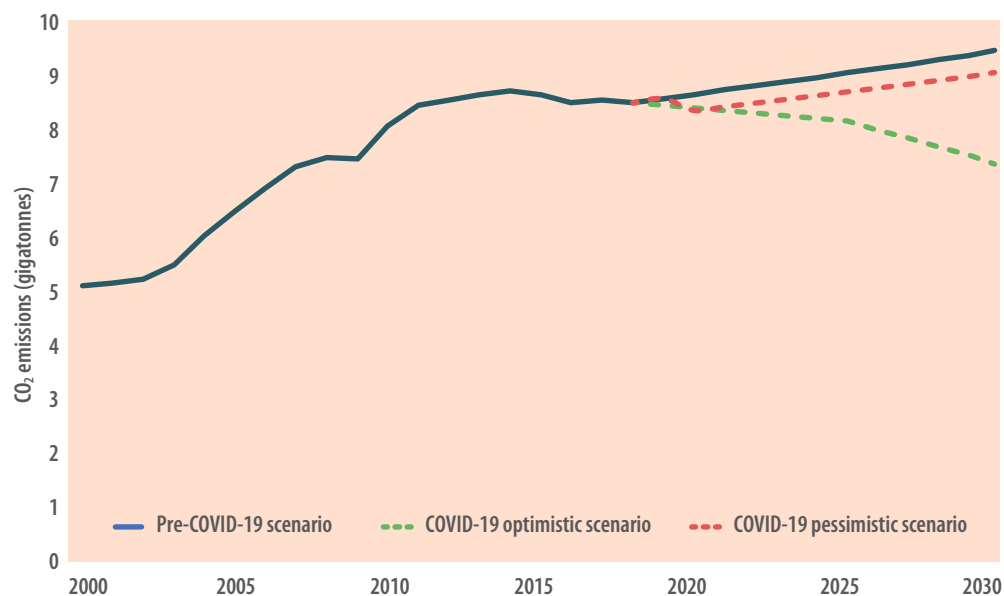
However, bouncing back and returning to the pre-COVID-19 trajectory are not inevitable. It is possible to take measures that would make the emissions reductions observed during COVID-19 crisis durable and thus put the world on track to achieving the Paris targets. An important task in this regard will be to invest in climate action a significant part of these resources earmarked for recovery from the COVID-19 aftermath. The main objective would be to decouple economic growth from increase in carbon emissions. Progress in this regard can lead to the post-COVID-19 optimistic scenario that reverses the direction of the pre-COVID-19 emissions trajectory and orients it to the Paris targets. This optimistic scenario

is consistent with the Sustainable Development Scenario, developed by the International Energy Agency (2019a), which is aligned with the Paris Agreement's goal of limiting the temperature increase to 1.5°C above pre-industrial levels.

Figure III.2 presents an illustration, based on industrial emissions, of the possibility of the post-COVID-19 optimistic scenario. It shows both post-COVID-19 pessimistic and optimistic scenarios. Under the pessimistic scenario, the emissions reduction observed during the COVID-19 crisis proves temporary, and the world gets back to the pre-COVID-19 trend. In contrast, under the optimistic scenario, the change in trend observed during the COVID-19 crisis is made durable. The following provides a brief survey of policies that could be adopted to bring this about.

Figure III.2

### Industry direct CO<sub>2</sub> emissions trajectories under alternative scenarios, 2000–2030<sup>a</sup>



**Source:** UN DESA calculations, based on data from International Energy Agency (IEA, 2019a).

<sup>a</sup> The pre-COVID scenario assumes 0.9 per cent annual growth from 2018 to 2030. The pessimistic scenario, on the other hand, reflects the 6 per cent drop in CO<sub>2</sub> emissions predicted by the UN SDG progress report (2020a). The optimistic scenario represents the IEA latest Sustainable Development Scenario, which was updated in 2019.

An important task, as noted above, will be to invest a significant part of the resources that have been earmarked for COVID-19 recovery on various climate mitigation activities. Also, as observed in Chapter 2, the currently prevailing historically low oil prices provide an opportunity to end fossil fuel subsidies and impose gasoline taxes. These measures can reduce fossil fuel consumption and provide additional resources for climate action. To the extent that climate action is generally labour intensive, these investments can also help expand employment, raise income share of labour and reduce inequality (UN DESA, 2020c). Some of the areas in which such resources can be invested are briefly noted below.

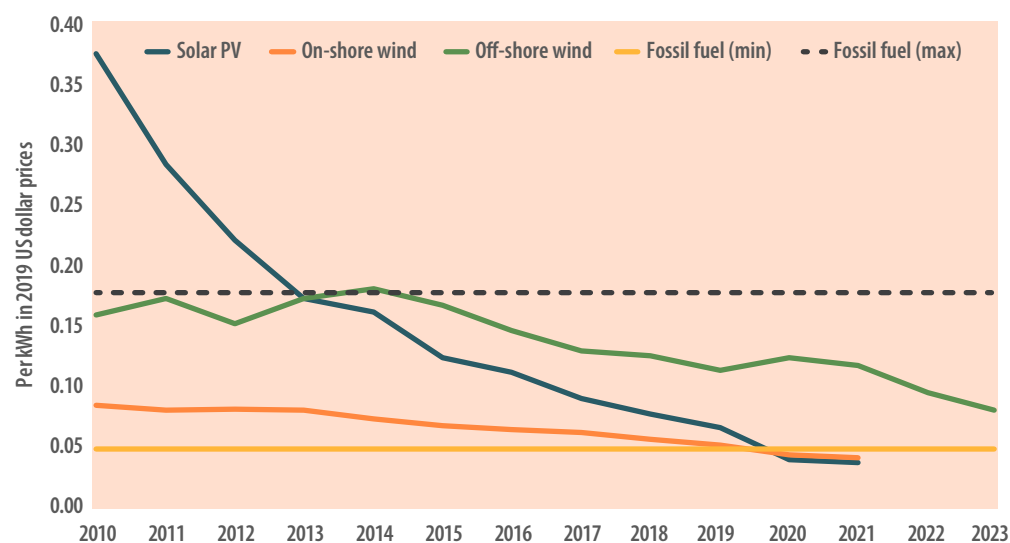
*Renewables:* Coal still counts for about 40 per cent of electricity, and its share needs to decrease to about 26 per cent by 2040 (IEA, 2019b). Progress so far has been slow. The expected decline in demand for electricity this year provides an opportunity for governments and private investors to cancel investment in new coal plants or planned expansions of existing ones. Meanwhile, the cost of electricity generated from renewables, such as solar and wind power, is now competitive (see figure III.3). In fact, per unit cost of power generated from

solar PV is now lower than that generated using fossil fuel. One reason why coal-fired power plants still persist — despite the dramatic shift in comparative costs — is sunk costs, embodied in these plants. Part of the additional resources can be used to overcome this sunk cost barrier and to expand generation of power using renewable energy sources.

*Batteries:* Limitations regarding the capacity and costs of batteries act as an important constraint on further expansion in the generation and use of power based on renewable energy sources, whose availability fluctuates over time. Lithium (li-ion) batteries hold considerable potential in overcoming these constraints. More investment directed to development of batteries can therefore be an important area of climate action.

Figure III.3

### Cost of generation of power using alternative sources of energy, 2010–2023



Source: UN DESA, based on data from International Renewable Energy Agency (2020).

*Smart grids:* Grids play an important role in the realization of the potential of renewable sources of energy, such as solar and wind. This is because the energy sources are often located far away from the places of consumption. Also, owing to the diffused character of these energy sources, bringing the power generated from them into a common point that can be carried to consumers requires a longer and smarter grid. The transition to a smarter grid requires not only the deployment of new infrastructure, but also the interconnection via high-speed IT-based communications networks. Building a smart grid calls for both public and private efforts.

*New fuels:* Development of new fuels can be another important area for investment oriented to climate action. Hydrogen fuel is emissionless; and fusion can provide unlimited power. However, as of now, hydrogen fuel faces serious constraint of availability; and the technology for harnessing power through fusion is yet to be developed and become commercially viable. Investment in the development of these fuels, and other prospective new fuels, can play an important role in winning the battle against climate change.

*Production and use of power-saving renewables-based appliances:* Reduction in carbon emissions can be brought about by switching to power-saving appliances, ranging from efficient light bulbs or solar lamps to efficient and solar heating systems. The traditional heating systems — which mostly run on the basis of fossil fuels — need to be replaced with heating systems that are either more efficient or are based on cleaner fuels and with better insulation and energy management. Higher up-front costs and long payback times are the major obstacles to rapid expansion of the newer technology. Public investment or incentives provided to private firms and households can play an important role in overcoming these obstacles.

*Electric vehicles:* An important upcoming appliance offering the opportunity of switching fuels is electric vehicles. Though electric vehicles are emissionless, their net effect on emissions depends on whether the power on which they depend is generated using fossil fuel and whether their manufacturing is more material and emission intensive than manufacturing of conventional, internal combustion engine-based vehicles. As shown in UN DESA (2018a, 2019a), a rapid shift to EVs, powered by batteries or hydrogen fuel cells and supported by widespread renewable power generation, should be part of the strategy for not crossing the 1.5°C target.

*Carbon capture and sequestration:* Given the amount of carbon already accumulated in the atmosphere, all the above lines of action and areas of investment together, may not be sufficient to ensure the world stays below the 1.5°C threshold. Capture and sequestration of new emissions and of already accumulated atmospheric carbon have to play an important role. Many new technologies are evolving in this area. However, because of the infancy, more financial and regulatory support are required for them to develop rapidly and play a critical role. Furthermore, as the International Energy Agency notes, the elimination of a large amount of CO<sub>2</sub> from the atmosphere requires not only rapid rate of technological change and significant infrastructure investment, but also social acceptance and behavioural changes, which go far beyond the energy sector alone (IEA, 2019a).

### ***Ways to promote green energy investment***

There are multiple ways in which governments can realize the optimistic scenario (Biro 2020a). The instruments that governments can use include: (i) direct public investment; (ii) subsidized financing for the private sector; (iii) provision of guaranteed market; (iv) facilitating cooperation among firms operating in the market; (v) facilitating cooperation between firms and R&D organizations; (vi) subsidies offered to consumers toward adoption of emission-reducing appliances and behaviour; and (vii) imposition of administrative rules and regulations to influence both producer and consumer behaviour.

The COVID-19 crisis offers an opportunity for application of many of these instruments. As noted in Chapter 2, the fiscal measures that the governments are taking for recovery can be used to implement many of the policies above. For example, a government may require the recipients to spend their income on energy efficient appliances, including cars. Earlier examples of such “cash-for-clunkers” programmes include the Car Allowance Rebate System (CARS), implemented between July and August in 2009 in the United States. Overall, what is critical for policymakers is to take the COVID-19 crisis as an opportunity to decarbonize economies. Furthermore, as noted in Chapter 2, the green investments are also more employment-generating, and hence lead to more equitable distribution of income. Hence, the optimistic scenario can be beneficial in several dimensions.



## More protection of land, water and biodiversity

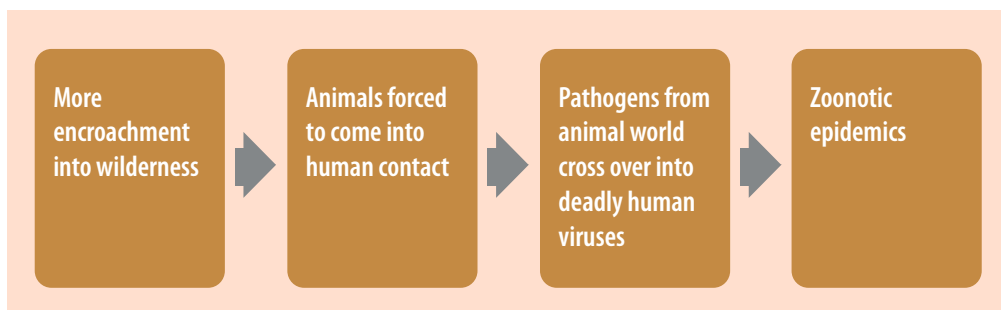
An important lesson of COVID-19 crisis is that the tasks of protection of land, water, and biodiversity, as embodied in SDG 14 and SDG 15, need to be taken more seriously. In fact, COVID-19 has shown that frequent epidemics and pandemics are another way in which the neglect of the planet can put people and prosperity in peril.

### Zoonotic nature of COVID-19

As is widely recognized, COVID-19 is a zoonotic disease, originating in the nature and crossing over to humans and transmuting into a deadly virus. The underlying reason for these crossovers is increasing contact of humans with wildlife due to expansion of human habitat and economic activities into areas that used to be exclusive habitats of wildlife. COVID-19 is just the latest in a series of zoonotic diseases that emerged and afflicted human societies. These include SARS, MERS, Ebola, Bird flu, etc. (Andersen and Rockstrom, 2020; UN DESA 2020h).<sup>23</sup> The connection between increasing encroachment on the nature and the emergence of zoonotic diseases can be shown schematically as follows (Figure III.4):

Figure III.4

#### Encroachment of nature leading to zoonotic epidemics



Source: UN DESA.

In fact, observers have warned that the zoonotic diseases witnessed so far may be just the tip of the iceberg, and as the encroachment on the nature progresses further, such diseases can become even more frequently and deadly in terms of their consequences for human lives and material well-being (Andersen and Rockstrom, 2020). Thus, just as the neglect of the nature has led to the existential threat of physical type in the form of climate change, etc., it has also given rise to an existential threat of the biological type, in the form of new epidemics and pandemics. An important post-COVID-19 task is to take into cognizance this new type of threat seriously.

<sup>23</sup> The discussion here benefited from the input provided by the UN Forum on Forests.

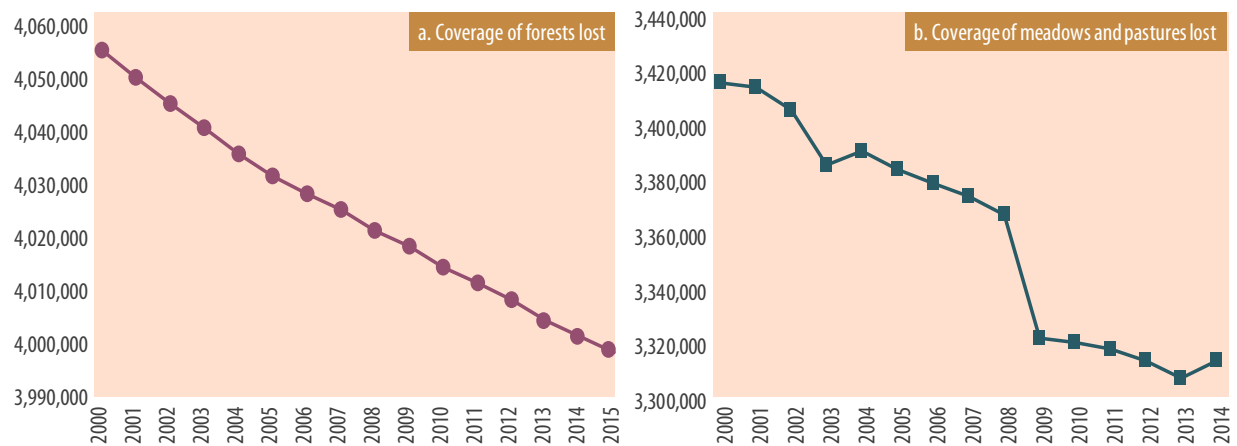
### Pre-COVID-19 scenario

Despite SDGs 14 and 15, the pre-COVID-19 trends with regard to protection of land, water, and biodiversity have been all going in the opposite direction, as noted in Chapter 1. For example, as Figures III.5a and III.5b show, the coverage of forests, meadows, and pastures has been declining in recent years.

Figure III.5

#### Decline in forests (2000–2016), and meadows and pastures (2000–2014)

Area (thousands of hectares)



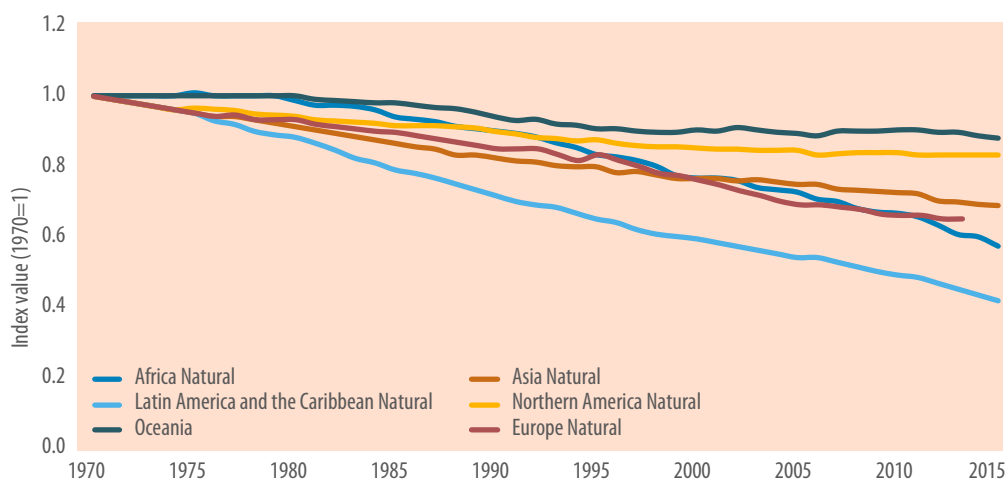
Source: UNEP (2019a, Figure 8.14).

Source: UNEP (2019a, Figure 8.13).

Similarly, Figure III.6 below shows that the Earth was losing its freshwater bodies. This has been particularly true for Latin America and the Caribbean, and Africa. In these two regions, the index value fell from 1 in 1970 to 0.4 and less than 0.6, respectively.

Figure III.6

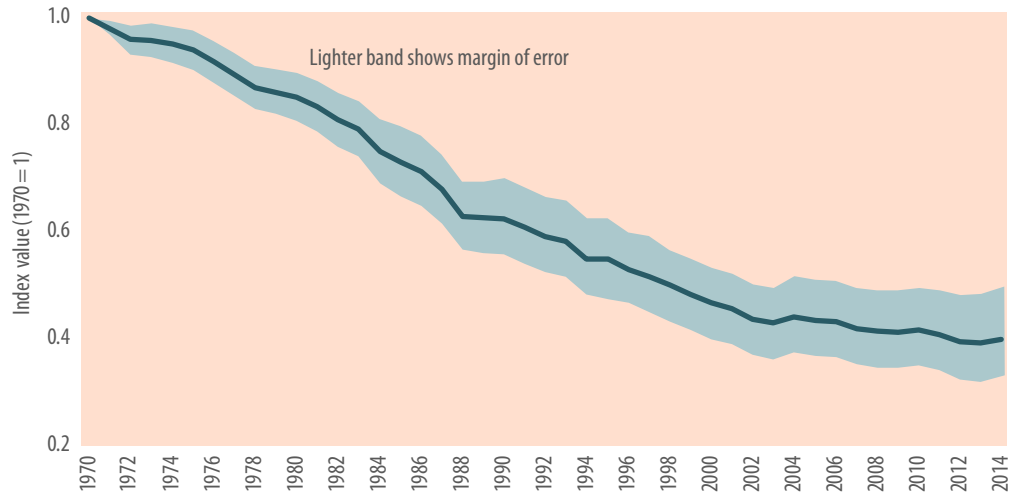
#### Disappearing wetlands, 1970–2015



Source: UNEP (2019a, Figure 9.14).

With vanishing forests, meadows, pastures, and waterbodies, it is not surprising that the Earth is losing living species at an alarming rate. According to GEO-6, the value of the Global Living Planet index has fallen from 1 in 1970 to around 0.4 by 2014 (Figure III.7).

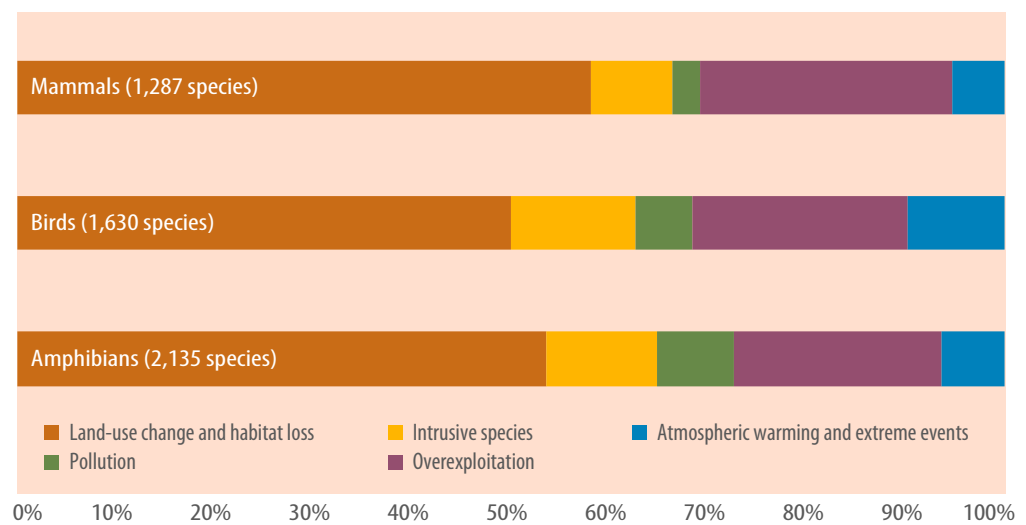
Figure III.7  
Decline in Global Living Planet index, 1970–2014



Source: UNEP (2019a, Figure 6.13).

Also, more than 50 per cent of the loss of biodiversity is due to land-use change and habitat loss (Figure III.8). Needless to say, the other causes of biodiversity loss are also anthropogenic, and overexploitation figures prominently among them.

Figure III.8  
Causes of biodiversity loss

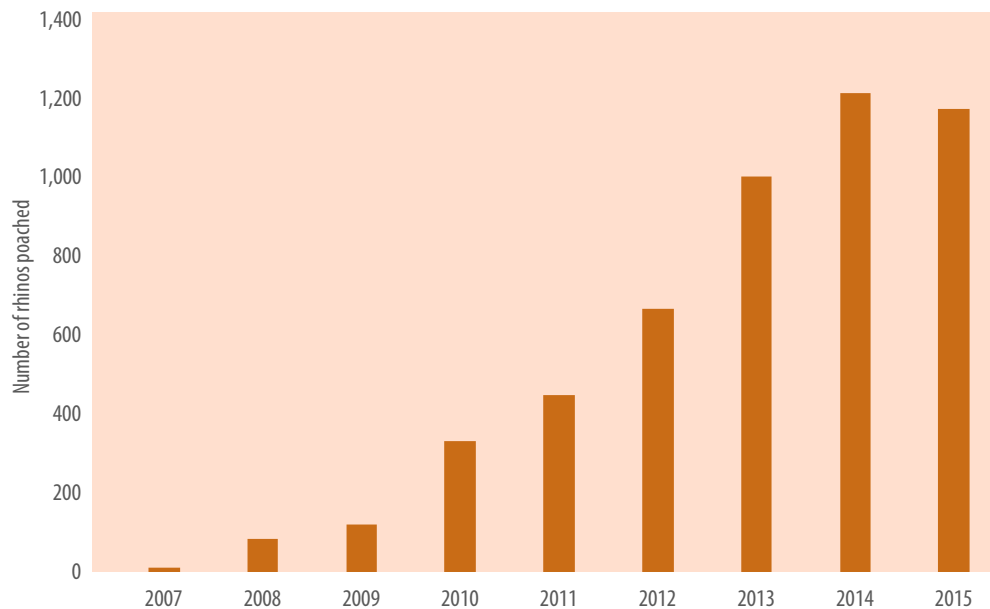


Source: UNEP (2019a, Figure 6.4).

The picture of progressive loss of biodiversity is already clear from the above aggregate information and figures. However, the tragedy becomes more vivid when considered in the case of some particular species. Figure III.9, for example, shows the number of rhinos killed in recent years. This shows the kind of abuse the nature is suffering at the hands of human beings.

Figure III.9

### Number of rhinos killed, 2007–2015



Source: UNEP (2019a, Figure 6.7).

As the Independent Group of Scientists appointed by the Secretary General (2019) warns in GSDR 2019, the Earth natural system is now at a tipping point, around which small perturbations can trigger an irreversible transition. It points to several such points — such as the Arctic summer sea ice, the Greenland and Antarctic ice sheets, and the Amazon rainforest. The processes are self-reinforcing and, hence, accelerating.

### Post-COVID-19 pessimistic scenario

The post-COVID-19 pessimistic scenario will result if the world community fails to heed to the lessons of COVID-19 and the warnings expressed in GSDR 2019 and continues along the pre-COVID-19 trends. The little regeneration of the environment and reclamation of space by plant and animal species that were seen in some parts of the world during COVID-19, will quickly vanish and the world will head toward the tipping points at an accelerated speed.

### Post-COVID-19 optimistic scenario

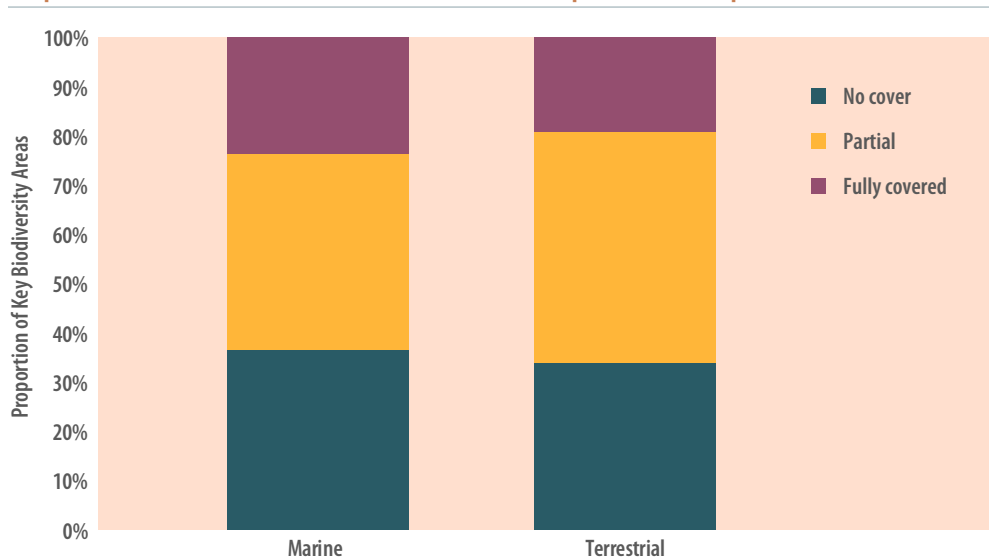
The post-COVID-19 pessimistic scenario, however, is not inevitable. It is possible to arrest the processes that are leading the planet, along with people and prosperity, to the precipice. Even before the adoption of the 2030 Agenda, the parties to the Convention on Biological Diversity had adopted in 2010 the 20 Aichi Biodiversity targets to be achieved by 2020. These targets aimed at reducing the rate of loss of all-natural habitats, including forests, at least by half, and where feasible to zero by 2020 (Target 5). To achieve this goal, the Aichi targets called for protection (from human intervention) at least 17 per cent of terrestrial land and inland water and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services — generally called Key Biodiversity Areas (KBAs). In its recent assessment, the Global Partnership on Aichi Target 11 informs that significant progress has been made in meeting this target. In particular, it reports that, as of September 2019, the terrestrial area protected has reached 15.0 per cent and marine protected area has reached 7.8 per cent (Gannon and others, 2019).

The problem, however, lies in the qualitative elements of Target 11, and there is a recognized need to address issues pertaining to them (Gannon and others, p. 8). A reflection of the qualitative issues is the much less protection of the KBAs. As Figure III.10 shows, less than 40 per cent of the terrestrial KBAs have been brought under full protection.

Despite these weaknesses, the progress in achieving the Aichi targets in general, and Target 11 in particular, demonstrate that active policy measures can make a difference. This gives the hope for post-COVID-19 optimistic scenario, which will result if the world community pays attention to the zoonotic nature of COVID-19 and the urgent necessity of ending further encroachment on the environment. The pain inflicted by COVID-19 will have some redemptive value if it helps the world community to realize the precipice that has been reached and to take urgent action to turn away from it.

Figure III.10

#### Proportions of marine and terrestrial KBAs under full, partial, and no protection



Source: Gannon and others (2019, p. 9, fig. 2)

## Greater necessity for sustainable consumption and production

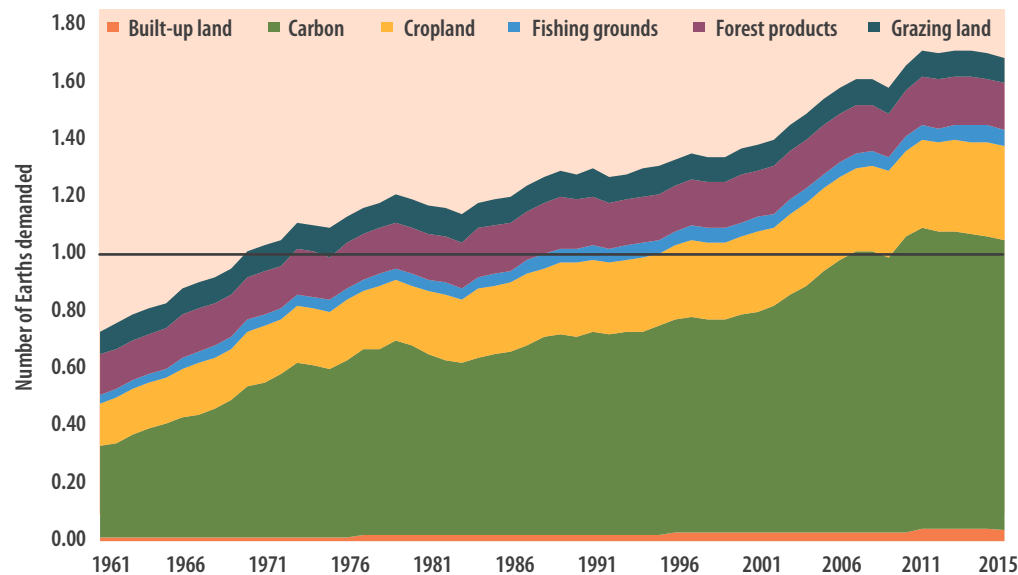
### Pre-COVID-19 scenario

The pre-COVID-19 trends regarding sustainable consumption and production were also heading in the opposite direction to what was needed for achieving SDG 12. This was not surprising given the trend regarding land, water, and biodiversity, noticed above. The increasing pressure on land, water, and biodiversity is, in part, a direct consequence of the increase in the global volumes of material consumption and production. These volumes have now surpassed the biophysical capacity of the Earth, as can be seen from the fact that the global ecological footprint now exceeds the biophysical capacity of the Earth by about 1.8 times (Figure III.11).

Also, it is not only an issue of volume. The composition of consumption and waste has also assumed a more ominous character. One reflection of this process is the rising share of plastic. From a minimal level of 1.7 million tons in 1950, the global annual production of plastics increased to 322 million tons by 2015 (Figure III.12). Most of this plastic is non-biodegradable, and is contaminating the land, air, and water of the Earth. The most striking manifestation of this spread and contamination is the huge islands of plastics that are now floating in the oceans (Figure III.13). Also, plastic debris and micro-particles are getting ingested by animals and they are also entering human food chain and ultimately into the blood, leading to many carcinogenic consequences.

Figure III.11

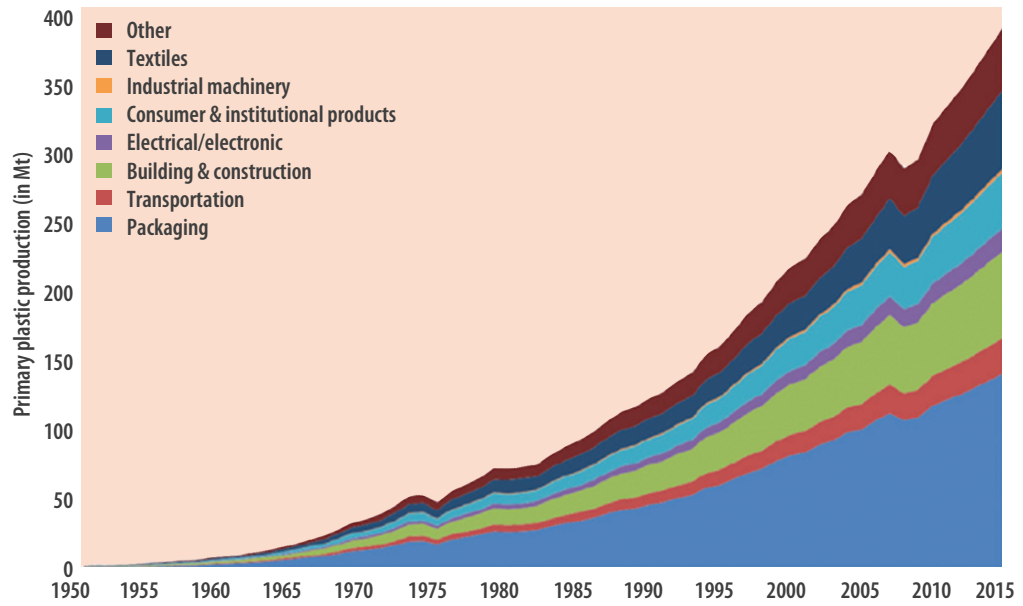
### Ecological footprint, 1961–2015



Source: Global Footprint Network. "Open Data Platform," 2020. [http://data.footprintnetwork.org/?\\_ga=2.10966964.1832337556.1593502771-1589314971.1593502771#/compareCountries?type=earth&cn=5001&yr=2016](http://data.footprintnetwork.org/?_ga=2.10966964.1832337556.1593502771-1589314971.1593502771#/compareCountries?type=earth&cn=5001&yr=2016).

Figure III.12

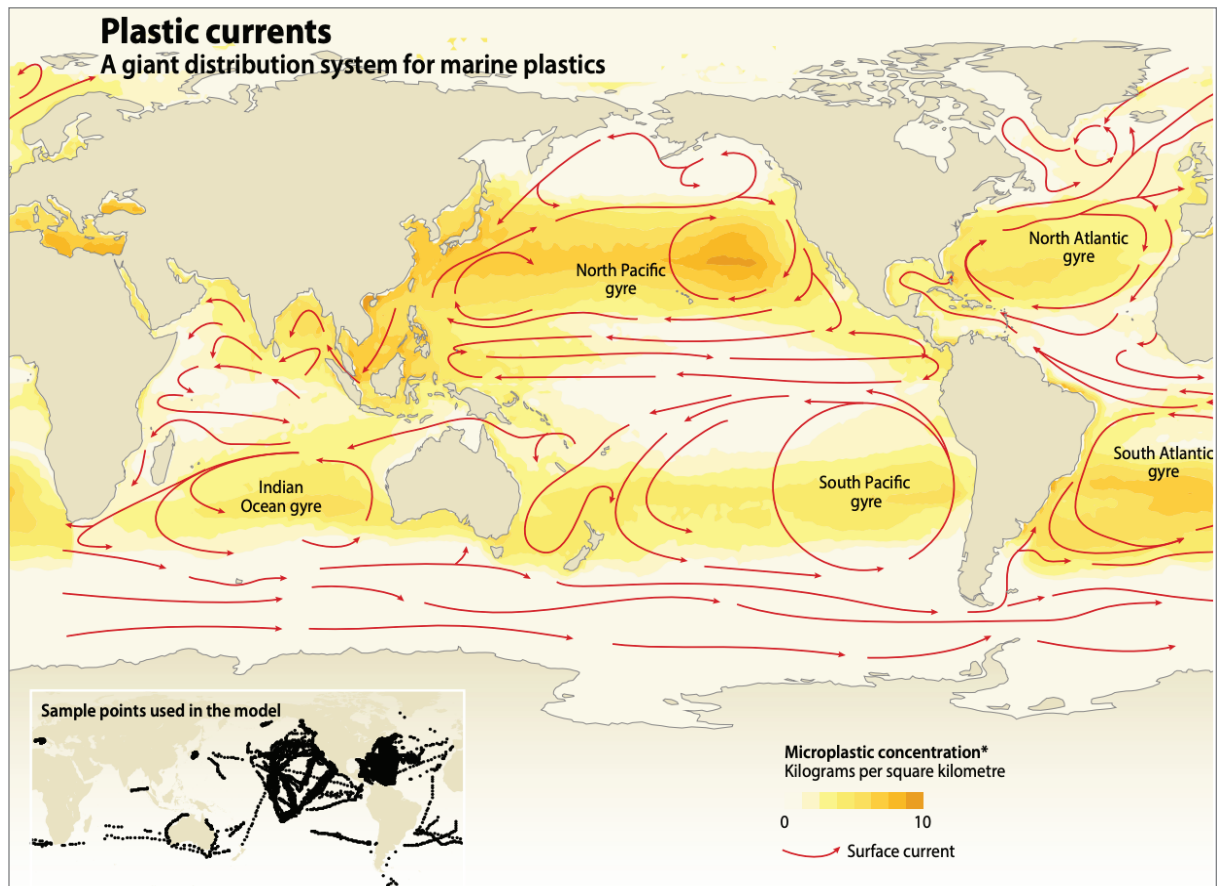
**Rapid increase in the global production of plastics, 1950–2015**



Source: UN DESA (2019b).

Figure III.13

**Floating islands of plastic debris in oceans**



Source: UNEP (2019a, Figure 7.7).

## Post-COVID-19 pessimistic scenario

COVID-19 caused some reduction in the material consumption growth, which was in part a direct consequence of the drop in the GDP growth. There was some deceleration in the production and consumption of plastics too. This was in part due to the general reduction in the growth of material consumption. This was also because some plastic-intensive consumption witnessed sharper decline in growth than other types of consumption. In particular, COVID-19 showed that it is possible to carry out many activities without travelling. Often this provided win-win solutions, allowing more to be accomplished and less time, energy, and resources spent on travel. COVID-19 also showed that consumption may be directed more toward digital products, entailing less physical waste. In short, COVID-19 revealed many new opportunities for making consumption and production sustainable. The post-COVID-19 pessimistic scenario will result if the world community fails to see and appreciate these opportunities for reduction and reorientation of consumption and instead returns to the pre-COVID-19 trends.

## Post-COVID-19 optimistic scenario

However, there is also the opportunity for the world community to take lessons from COVID-19 and gear up its efforts toward sustainable consumption and production. Of course, there are many issues that need to be confronted in this effort, as noted briefly below.

First, it is necessary to recognize that the tasks for achieving sustainable consumption and production differ across regions, countries, and population groups within countries. Vast number of people in the developing world still suffer from acute hunger, malnutrition, lack of basic education, health, amenities, and cultural services, so that their level of material consumption needs to increase.

Second, it is necessary to make the increase in consumption as less resource- and waste-intensive as possible. This requires a whole series of efforts spanning across the entire chain, extending from reduction, distribution, and consumption, and include efforts directed toward reduce-reuse-recycle (RRR), circular economy, greater weight of digital products in the consumption basket, and so on.

Third, necessary modifications need to be introduced to the yardsticks used for measuring well-being. The flaws of GDP as a yardstick of well-being have long been recognized, but practical steps toward modifying the definition and methodology of computing GDP need to be accelerated. In particular, non-marketed — yet highly important for well-being — activities need to be included. Similarly, damages done to the environment in the process of production and consumption need to be properly accounted for. Integration of the economic and environmental accounts and quantification of natural capital and its depreciation caused by various economic activities need to be considered in this regard. Earlier, the United Nations played an important role in setting up the national income accounts across countries. In this new era, it can play a similar pioneering role in introducing new yardsticks for measurement of well-being that are needed for faster progress toward sustainable consumption and production. The efforts in this direction currently undergoing at its Statistics Division need to be bolstered.<sup>24</sup>

Fourth, the current links between GDP, employment, and income need to be modified. Modification of the definition and methodology of computation of GDP will

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<sup>24</sup> The discussion here benefited from input provided by the Statistics Division of UN DESA.



already be of help in this regard. However, with appropriate changes in social institutions, productivity growth may lead to shorter working weeks and employment sharing instead of unemployment and loss of income on the part of workers and employees. Meanwhile, more leisure time will create greater opportunities for consumption of various digital products, providing synergy between the availability of leisure time and the availability of more digital products for consumption.

Finally, the potential of the new digital technologies needs to be used more fully to achieve the goal of sustainable consumption and production. Internet has already made “working from home” or telecommuting possible. Further development of 3D manufacturing will make congregation of large number of people at one place for production (the factory-organization of work) redundant. Overall, production can be more digital, and people can have shorter working weeks with no loss of income, allowing them the leisure time necessary for more consumption of digital products, thus lessening the pressure on the biophysical capacity of the Earth and facilitating achievement of SDG 12. The COVID-19 crisis helped to reveal some of these opportunities, and this is another silver lining that it offered. Vigorous pursuit of this silver lining through the adoption and implementation of the above and other related policies can help the world community to avoid the pessimistic scenario and instead achieve the post-COVID-19 optimistic scenario.

## Chapter IV

# Better governance and stronger partnership for post-COVID-19 success

### Better governance for post-COVID-19 optimistic scenario<sup>25</sup>

One of the important lessons of the COVID-19 is that governance plays an important role in the success of a country in dealing with the crisis and in determining whether a country will be able to be on a COVID-19 optimistic trajectory.

National governance arrangements are always a key determinant of governments' and other stakeholders' actions to foster progress on all the Sustainable Development Goals (SDGs). Institutions mediate the actions of governments and other stakeholders in a number of ways, including four that are particularly important in the context of a pandemic. First, the quality of public institutions critically matters for the delivery of individual goals — for instance, health and education. Important criteria in this regard, among others, are adequacy of resources; commitment of leadership; and the competence, motivation and integrity of public servants. Second, the capacity of national institutions to foster policy integration is critical to setting visions, strategies, and plans that align with the 2030 Agenda, and to allocate resources accordingly. Institutional arrangements for horizontal integration, vertical integration and engagement with non-State actors are critical to the delivery of the SDGs. Third, the capacity of institutional systems to promote efficient and effective public spending and limit corruption, in particular through accountability and oversight mechanisms, affects the delivery of actions regarding the SDGs in a positive or negative way, depending on the context. Fourth, at a broader level, the way institutions are set up and operate in practice influences the trust that people place in them and their ability to promote transformation at the societal level (for example, through changing social norms or fostering whole-of-society approaches), which is necessary to achieve the SDGs.

The COVID-19 pandemic and the responses adopted by governments have affected national institutions in all the four dimensions above. The pandemic has exposed weaknesses and vulnerabilities of national institutions to shocks such as COVID-19, for example in the lack of preparedness for crisis, inadequacy of public infrastructure and investment, including in health systems, and imbalances in economic and social development. The stress put on national institutions and their capacity to cope has varied across countries. In some cases, the shock of the COVID-19 pandemic has compounded pre-existing vulnerabilities, for instance in post-conflict countries where national institutions were already weak.

National governance arrangements are extremely diverse, and the COVID-19 experience shows that there is not one model of governance that performed better than others to fight the pandemic. However, analysis of developments since the beginning of the pandemic has shown the relevance of key dimensions of governance highlighted in Sustainable Development Goal 16 to successfully limiting the spread of the pandemic and

<sup>25</sup> Discussion of this section is based on an input provided by the Division for Public Institutions and Digital Governance (DPIDG) of UN DESA.

enabling recovery. More generally, the principles of effective governance for sustainable development, endorsed by the Economic and Social Council of the United Nations in 2018,<sup>26</sup> can inform the efforts of governments in this regard.

**(i) Effective communication and transparency:** Transparency is critical for accountability and for public trust in government. For citizens to trust institutional responses to the COVID-19 crisis, they must know what governments are doing and have access to reliable information, including: the facts about the virus; the data on the spread of the pandemic and its effects, and the public policies in response to the crisis as well as the assumptions and scenarios on which they are based. Effective communication between the government and the public is an essential ingredient for success. On the one hand, it allows the government to get more policy input from the public. On the other hand, it promotes compliance on the part of the public and thus reduces the policy implementation costs.

**(ii) Participation:** Strong legislatures are especially crucial in an emergency like the COVID-19 pandemic to balance power and ensure independent oversight, represent people's needs and demands, and pass legislation to deploy public resources to those in need. Parliaments across the world have had to find innovative ways to work around social distancing constraints. Innovations in this regard can be capitalized on in the post-pandemic phase.

**(iii) Stakeholder engagement:** As governments have been challenged to respond to the coronavirus emergency, collaboration with stakeholder groups and citizen engagement have generated innovative responses to COVID-19 and helped to enhance public trust. Participatory response strategies, the development and use of new digital platforms and tools to enable engagement, including in the collective development of digital tools and solutions (e.g., through crowdsourcing, hackathons) and the use of social media to connect with people are some of the approaches used in different countries. Civil society around the world has also mobilized in response to the pandemic. Citizen-led community responses have helped inform the public on the risks of the pandemic and provided essential services such as food and care. These responses can be leveraged by public institutions to ensure effective and inclusive responses to the pandemic.

**(iv) Accountability and anti-corruption:** Fundamental safeguards of government accountability can be challenged or disregarded by institutional responses to an emergency (for example, ruling by decree without legislative oversight). Moreover, emergencies and subsequent rapid responses as well as other measures focused on the longer-term economic recovery (e.g., economic stimulus packages) create opportunities for integrity violations in public organizations, in the allocation and use of public resources, and in core government functions such as public procurement. Legislative and judicial oversight can help mitigate those risks. Internal and external auditors also play a critical role in identifying potential risks in public financial management and procurement systems, providing assurance on transactions, enhancing transparency and providing critical information and data for holding governments accountable.<sup>27</sup>

**(v) Effective coordination across units of governments (horizontal integration):** The capacity of government departments to work together in order to ensure coherence in the design and implementation of policies has emerged as a critical factor in the context of the

<sup>26</sup> Economic and Social Council, Official Records, 2018, Supplement No. 24, E/2018/44-E/C.16/2018/8, para. 31.

<sup>27</sup> See UN DESA (2020d).

pandemic. Managing the pandemic and its aftermath requires coordination of policies and actions across departments as diverse as health, policing, public transport, border controls, education, economic policy, and a range of social safety nets. Lessons learned by government while addressing the pandemic can help accelerate SDG implementation post-COVID-19.

**(vi) Effective coordination across levels of governments:** Whereas countries have varied arrangements in terms of decentralization, effective coordination across levels of governments is critical to deliver the SDGs<sup>28</sup> and has proven critical in addressing the pandemic. Coordination across levels of government and clear assignment of responsibilities are critical in order to ensure coherence in response measures, support local health systems that are at the front line, and ensure the delivery of assistance packages to local communities. Lessons from the pandemic in this regard can be used by countries to strengthen their preparedness for similar shocks, and to make progress towards more coherence of actions taken at different levels of government in SDG implementation.

**(vii) Technical competency of the bureaucracy:** It is important to ensure technical competency of the bureaucracy, no matter how the appointment system in the public service works. This requires proper recruitment, training, compensation, and incentive framework, as well as leadership. Competent bureaucracy can help not only in better implementation of policies but also in formulation of better policies.<sup>29</sup>

**(viii) Smart use of technology:** Effective use of new technologies to enhance governance is becoming increasingly important. The COVID-19 pandemic has illustrated the power of digital government in addressing the pandemic and its impacts, by facilitating government operations on a daily basis, enabling the provision of information and supporting transparency, and providing innovative arrangements in sectors such as health and education, among other beneficial impacts.<sup>30</sup> The use of digital technologies is however fraught with issues relating to privacy, potential for exclusion of certain groups in society, and other risks. Addressing those issues in the post-pandemic context will be critical in all countries, with solutions depending on each country's specific circumstances.

The likelihood of the post-COVID-19 optimistic scenario for a country very much depends on the quality of its governance system. The pandemic has shown the importance of investing in the public sector and strengthening the capacity of state institutions. Depending on a country's circumstances, the influence of governance arrangements on whether the SDGs can be achieved could go both ways, making projections uncertain.

On the one hand, the current stress faced by national institutions, when added to other negative impacts of the crisis (for instance, lasting setbacks in employment levels and incomes and high levels of public debt), could easily jeopardize the capacity of governments to foster progress on all the goals. As countries transition from the immediate response to the crisis to longer-term recovery efforts, it will be critically important to take stock of how the COVID-19 pandemic has affected key dimensions of national institutional systems such as accountability, transparency and participation, in order to prevent reversals of progress on these critical institutional dimensions and to avert longer-term consequences on human rights.

On the other hand, the current and post-pandemic periods present a unique opportunity to reimagine the role of institutions, to promote new governance norms and shift

<sup>28</sup> See chapter 3 in United Nations (2018b).

<sup>29</sup> See UN DESA (2020g).

<sup>30</sup> See UN DESA (2020b).

to transformative pathways that strengthen resilience and accelerate action to achieve the SDGs. Leveraging and sustaining the massive engagement that has been witnessed from public servants and civil society in most countries, and finding ways to durably incorporate innovative practices for inclusion, public service delivery, and civic engagement explored during the crisis, can help a country to move forward along the post-COVID-19 optimistic scenario.

### **Stronger partnership for post-COVID-19 optimistic scenario<sup>31</sup>**

The new round of globalization beginning in the 1980s raised the integration of the world to a new level. Economies across the world have become more dependent on each other. Much of the world output is now produced through global value chains, under which different production operations are performed in different places, and the place of consumption of a commodity differs from any of these places through which the production process unfolds. However, COVID-19 and other epidemics of recent years revealed starkly yet another consequence of the higher level of global integration. First, these diseases themselves are a result of the global pressure on nature, a pressure that the recent globalization has increased. Second, thanks to the greater integration, epidemics can become pandemics in a matter of weeks, and no country, how hard it tries, can be impervious to their spread.

COVID-19 has therefore shown that greater partnership among countries is needed in order to keep all the countries safe. First, greater partnership is needed to decrease the global pressure on nature, so as to reduce the likelihood of emergence of pandemics. Second, greater partnership is needed so as to create a global public health system that is able to withstand and deal with such pandemics, if they arise. The latter also shows that the global public health system can be only as strong as it is in the weakest country. Consequently, strengthening of healthcare system in countries that are particularly deficient in this regard is no longer a task of those countries alone but of the global community as a whole. Greater partnership among countries is needed to accomplish this task.

Another task that requires stronger partnership is mitigation of the shrinking fiscal space that is a major barrier for many developing countries. Unless addressed, this constrains their capacity to urgently expand emergency services, strengthen health systems and other public services to build resilience, and roll out stimulus plans to counter the economic destruction caused by the crisis. Capital flight from developing countries is high, commodity prices and remittances are dropping, and trade restrictions and declines in air traffic are reducing export revenue. In this context, many countries are severely constrained by debt servicing obligations which stand in the way of response efforts. Overcoming these barriers requires concerted and meaningful multilateral actions to ensure that developing countries have adequate fiscal and policy space to respond to the pandemic and implement long-term development policies.

To accomplish the above task, first and foremost, existing international development cooperation commitments must be met, and the supply of concessional finance increased. Depending on country circumstances, additional measures may include moratoria on debt service payments, debt restructuring, the use of Special Drawing Rights (SDRs), and building participatory and inclusive tracking mechanisms to ensure that funds are directed towards social sectors and help to secure minimum essential levels of economic and social

<sup>31</sup> Discussion of this section benefited from inputs provided by the Division for Sustainable Development Goals (DSDG) of UN DESA.

rights. Reducing the cost of remittances could help spur recovery after the crisis and greatly assist in restoring household consumption in recipient countries. Incentives are also needed to encourage increases in foreign direct investment to support recovery efforts and social assistance. Public spending can communicate priorities with which the private sectors and others can align themselves.

COVID-19 has also shown that greater partnership is required not just among countries, but also among all stakeholders, including public and private sectors; business and research sectors; experts and lay people; people belonging to different political parties and persuasions; and different population groups in general.

Such multi-stakeholder partnerships can be forged both within and across countries, and can be essential for embarking on the optimistic scenarios presented in this report. For example, the speedy development of a COVID-19 vaccine supported by entities, such as the Coalition for Epidemic Preparedness Innovations (CEPI), launched in 2017 as an international partnership between public, private philanthropic and civil society organizations works to accelerate the development of epidemic vaccines. Its ongoing work has cut the expected development time for a COVID-19 vaccine by about 12 to 18 months, and its grants are providing quick funding for some early candidates. However, once developed, speedy and universal access is not a given, and partnerships must be established to overcome a lack of incentives in producing enough to meet the needs of the poor, as well as the disinformation about vaccines that can result in people refusing them. Tools such as advance market commitments and measures to combat disinformation on social media are available, but need robust partnerships across different levels of society to be effective.

Thus, whether or not post-COVID-19 pessimistic or optimistic scenario will prove true depends also on whether or not the world community will be able to move forward toward greater partnership. If countries of the world indulge in ill-feeling to each other and acrimony and the different stakeholders fail to forge the necessary partnership, the likelihood of the post-COVID-19 pessimistic scenario will be greater. On the other hand, if all countries and stakeholders can see the writing on the wall and move forward to forge greater and stronger partnership, the likelihood of the post-COVID-19 optimistic scenario will increase. It is of utmost importance that the world community chooses the latter option, which it owes to the future generations.

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## Sustainable Development Outlook 2020 Achieving SDGs in the wake of COVID-19: Scenarios for policymakers

COVID-19 has been a tragedy, killing more than half a million people and bringing life and the economy to a standstill in many parts of the world. Economic growth has slowed down and poverty is on the rise. Questions, therefore, have arisen whether these setbacks will jeopardize progress towards the Sustainable Development Goals (SDGs).

*Sustainable Development Outlook 2020* offers three main messages: First, the setbacks caused by COVID-19 need not be permanent, and it is possible to regain the momentum and move ahead towards the SDGs. Second, it is even possible to convert the COVID-19 crisis into an opportunity for recovering better, by directing much of the resources earmarked for recovery toward investment in promoting the SDGs. Third, while the impact of COVID-19 for many prosperity-related SDGs was negative, its impact for many planet-related SDGs has been positive: greenhouse gas emissions declined; air and water quality improved; and a process of nature's regeneration was witnessed in many areas. These opposite impacts of COVID-19 revealed vividly that the current ways of achieving prosperity are in conflict with the health of the planet. The COVID-19 pandemic has created the opportunity for recognizing this conflict in a more profound way and for working more energetically during the Decade of Action to reach the SDGs by 2030.

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