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Social development

Implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly

Report of the Secretary-General

Summary

In the present report, submitted in accordance with General Assembly resolution 75/151, the Secretary-General emphasizes the need to strengthen national action and regional and international cooperation for social development, focusing on a significant increase and/or more efficient utilization of the resources allocated to social development, in order to achieve the goals of the World Summit for Social Development, taking into consideration the multifaceted impacts of the coronavirus disease (COVID-19) pandemic and its consequences, especially on social development. He examines the impact of the COVID-19 crisis on social development and underscores the importance of developing long-term social policies to enhance people’s capacities and resilience for future shocks, and of preserving social spending to support such national policies and strategies, so that countries can recover better and get back on track to implement the 2030 Agenda for Sustainable Development. The Secretary-General also presents the outcomes of the fifty-ninth session of the Commission for Social Development and concludes by setting out policy recommendations for consideration by the Assembly.
I. Introduction

1. In recognizing the significance of social development and human well-being for all, the World Summit for Social Development forged a historic consensus to put people at the centre of development. Member States pledged to eradicate poverty, promote full and productive employment, and foster social integration/inclusion to achieve stable, safe and just societies for all, which remain relevant today, as countries face the social and economic fallouts of the coronavirus disease (COVID-19) pandemic.

2. To commemorate the twenty-fifth anniversary of the World Summit, the General Assembly convened a high-level meeting jointly with the Economic and Social Council in December 2020. During the meeting, Member States highlighted that the multifaceted consequences of the COVID-19 pandemic had posed unprecedented global challenges in advancing social development, with the poorest and the most vulnerable disproportionately affected. It has exacerbated inequalities and vulnerabilities and negatively affected the abilities of Governments to implement the 2030 Agenda for Sustainable Development and achieve its Sustainable Development Goals. At the same time, recovery from the pandemic provides an opportunity to bring the transformative changes needed to build more inclusive, equitable, resilient and sustainable societies, with the 2030 Agenda and the Goals as a blueprint. It was recognized that effective social policy, grounded in the visions, principles and commitments made at the World Summit, is key to enabling a better recovery. A coordinated global response is critical to assisting countries in preserving or increasing social spending now and as they recover. Furthermore, there is a need to strengthen international solidarity, multilateral cooperation and genuine partnerships among all stakeholders, in order to recover better to achieve the objectives of the World Summit and the 2030 Agenda, while leaving no one behind.

II. Multifaceted impact of the COVID-19 pandemic on social development and the 2030 Agenda for Sustainable Development

3. Recognizing the ongoing impacts of COVID-19, the Commission for Social Development focused its discussion of emerging issues on the theme of “Social policy to promote a more inclusive, resilient and sustainable recovery: building back better post-COVID-19 for the achievement of the 2030 Agenda in the context of the decade of action and delivery for sustainable development”. The present section draws on the note by the Secretariat on the emerging issues and the Commission’s deliberations (E/2021/4).

A. Social impacts of the COVID-19 pandemic

4. With less than 10 years left to realize the objectives of the 2030 Agenda, the COVID-19 pandemic has had devastating consequences on social development in all
countries. The crisis has not only exposed, but also exacerbated pre-existing inequalities and weaknesses in current social and economic systems.

5. COVID-19 has led to a resurgence of extreme poverty for the first time since 1998, especially in least developed countries, landlocked developing countries and small island developing States owing to their reliance on tourism, remittances and external capital flows. At the $1.90/day line, the number of COVID-19-induced new poor is estimated to be between 119 million and 124 million in 2020. This number is projected to rise to between 143 million and 163 million in 2021. Low-income families have borne the brunt of the crisis, owing to, among others, loss of employment, increasingly precarious housing situations and worsened nutrition due to school closures.

6. Food insecurity has risen globally, given that the global and domestic food supply chains, already under strain from climate change and conflicts, have been disrupted by the fallout from COVID-19. Owing to declines in income and remittances and, in some contexts, rising food prices, the pandemic could push 132 million additional people into hunger, almost doubling the number of people suffering from acute food insecurity to 265 million in 2020. More families are being forced to ration food, leading to an increase in child stunting, with long-term negative effects on children’s health, well-being and capacities to reach their full potential.

7. COVID-19-induced workplace closures, reductions in working hours and a decline in labour and non-labour sources of income have led to the economic contraction, severely undermining people’s economic security, long-term livelihoods and well-being worldwide. Even before COVID-19, many countries were already experiencing the worsening of labour market conditions. A total of 3.3 billion people (57 per cent of the global working age population) were in informal employment. Informal workers (e.g., daily wage earners, farm workers, domestic workers and migrant workers) often lack social protection, rights at work and the economic security to afford sick leave, making them more vulnerable to infection and income loss. Low-paid, low-skilled workers (1.25 billion, or 38 per cent of the global workforce) were also hard hit. In developed countries, owing to the rise in precarious employment and new types of jobs (e.g., platform workers), an increasing number of workers, especially young and female workers, face job insecurity and are particularly vulnerable to the loss of job/income. The crisis is having an especially devastating effect on some social groups in the labour market, including young people, women and migrant workers, who are overrepresented in the hardest-hit sectors such as hospitality, retail and construction.

8. The COVID-19 crisis has also exacerbated pre-existing inequalities, with marginalized and disadvantaged social groups, including women, older persons, persons with disabilities, indigenous peoples, children and adolescents, most affected. Women have experienced increases in financial insecurity, unpaid family and care-giving work, and gender-based violence. With reduced or a loss of income and greater difficulties in gaining access to health services during the pandemic, many older persons and persons with disabilities experienced acute negative impacts on their well-being. Indigenous peoples are particularly at risk of falling into extreme poverty. Because of school closures, many children lost the meals provided at school, leading to malnutrition and other health risks. With their access to education and training disrupted, young people’s transition from education to the labour market has become extremely challenging and their career paths interrupted. In 2020, more than one in six young people were out of work because of COVID-19. Those already with jobs may face layoffs, unemployment and reduced income. The decrease in their early earnings also lowers their prospect of future income, de facto affecting their opportunities for a productive and fulfilling life.
9. Deepening the levels of poverty, inequality and economic insecurity, due to the prolonged effects of the COVID-19, further undermine trust in public institutions, thereby weakening social cohesion and giving rise to social unrest.

B. Policy responses to COVID-19 and a strategy for an improved recovery towards building a more inclusive, sustainable and resilient society

10. The COVID-19 pandemic has shed new light on the growing inequalities and economic insecurity that people are facing. It has also brought to the fore gaps in social protection systems and inadequacies in health and education systems that feed structural inequalities. Even before the pandemic, approximately 4 billion people did not have any form of social protection, and many others were protected only in part.

11. The crisis has also highlighted the importance of effective socioeconomic policy to address these inequalities. Unlike the 2008 global financial crisis, Governments have taken swift emergency response measures (mainly in the form of fiscal stimulus packages) to mitigate the immediate negative impact of the COVID-19 pandemic. These measures include temporary tax cuts, the extension of social protection benefits to previously uncovered people, and the provision of support to small businesses and of liquidity support. Many Governments rolled out new social protection initiatives, including special allowances and grants, income, and job and health protection. To support the most vulnerable, measures such as cash transfers, food assistance programmes and child benefits have been implemented.

12. Thanks to these timely temporary measures, funded by massive stimulus packages, global growth is projected to rebound to 5.6 per cent in 2021, the strongest post-recession pace in 80 years. However, the prospect of a strong recovery is uneven. Nearly 80 per cent of the $12.7 trillion in fiscal stimulus worldwide has been dispersed mainly in developed countries. While the size of the stimulus in developed countries averaged 15.8 per cent of their gross domestic product (GDP), the group of 46 least developed countries collectively managed to increase direct and indirect fiscal support by only 2.6 per cent of their GDP. As a result, advanced economies are rebounding, while many emerging and developing economies are anticipated to recover slowly. Many low-income countries are at risk of being left behind, owing not only to a lack of access to COVID-19 vaccines, but also to, among others, increased levels of debt, a decrease in remittances, increased social spending and reduced tax revenue. The poorest and the most vulnerable countries are likely to be pushed further behind.

13. While temporary measures are critical to addressing short-term needs, once they end, beneficiaries are left just as vulnerable to future shocks. Negative social impacts of pandemics tend to last long after economic recovery has returned. Such damaging effects will particularly affect children and young people, owing to lost educational and employment opportunities. Prematurely ending emergency measures would risk reversing progress made in many aspects of social development. Governments need to strike a balance between promoting inclusive growth and ensuring continued and

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adequate support for sectors and populations hardest hit by the crisis, while ensuring fiscal sustainability.

14. To safeguard the livelihoods of disadvantaged and vulnerable populations, the size, duration and terms of temporary support measures should be optimized and used as a springboard to build comprehensive social protection systems that can protect societies and vulnerable segments of the population against future shocks. The COVID-19 recovery phase is an opportunity for countries to invest in the design and delivery of national social protection systems to assist individuals and families in the most vulnerable social groups to sustain their livelihoods. This includes expanding social protection coverage to include all workers, regardless of the type of employment. Governments can take steps to secure the progress made in the identification and coverage of beneficiaries, substituting one-off types of assistance with a more permanent safety net. Digital capabilities developed during the COVID-19 crisis should be further strengthened to make social protection systems more inclusive and effective.

15. At the same time, there is a need to build societal consensus around a common vision and long-term strategies that are comprehensive, people-centred, inclusive and resilient to recover better and accelerate the implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals. This would require bold action to address the root causes of inequalities and deprivations. Governments should continue to promote inclusive growth, create decent and productive jobs, especially in the green, sustainable and care economies, leverage new technologies, establish or extend the coverage of nationally appropriate social protection systems, including floors, and ensure the provision of high-quality essential services and basic infrastructure for all. Targeted efforts should ensure the elimination of social or legal barriers for marginalized and disadvantaged social groups.

III. Fifty-ninth session of the Commission for Social Development

16. The Commission is the primary intergovernmental body responsible for the follow-up to and review of the implementation of the World Summit. Pursuant to the guidance of the President of the Economic and Social Council on COVID-related limitations to in-person meetings, the Commission decided to update recurrent resolutions at its fifty-ninth session. The present section outlines the work undertaken at the fifty-ninth session of the Commission, as reflected in the draft resolutions adopted on future organization and methods of work of the Commission (E/CN.5/2021/L.4), social dimensions of the New Partnership for Africa’s Development (E/CN.5/2021/L.3/Rev.1), a socially just transition towards sustainable development: the role of digital technologies on social development and well-being of all (E/CN.5/2021/L.6) and policies and programmes involving youth (E/CN.5/2021/L.5). The first three draft resolutions were subsequently adopted by the Council.

17. Member States acknowledged that the outcome of the World Summit remained as relevant today as ever, in the context of the COVID-19 pandemic, and that the Commission had played an important role in promoting social protection, social justice and eradicating poverty, as well as ensuring that no one is left behind. With the pandemic exposing massive disparities in access to health, education and employment across regions, there is a need for inclusive and human-centred recovery to protect people, especially the most vulnerable, from hunger, income and job losses and gender-based violence, and to build resilience for future shocks. The pandemic also highlighted the huge gap in access to digital technologies, given that the pace of digital transformation had been accelerated by COVID-19. There is an urgent need to
bridge the digital divide and promote digital inclusion, while addressing new risks brought by digital technologies, to ensure the well-being of all.

18. At the ministerial forum on the theme of “Promoting multilateralism to realize inclusive, resilient and sustainable recovery from COVID-19 in the context of the decade of action and delivery for sustainable development and its social dimensions”, ministers across regions presented national policies and measures being implemented to address the fallout of the COVID-19 pandemic and emphasized the need for strengthening multilateralism to ensure inclusive and resilient recovery.

A. **Priority theme: socially just transition towards sustainable development – the role of digital technologies on social development and well-being of all**

1. **Need for a socially just transition**

19. Even before COVID-19, there was a recognition that the current trajectory of economic development had led not to shared prosperity for all, but to high and rising inequalities in many countries. The multifaceted impact of the pandemic has further exacerbated pre-existing socioeconomic inequalities, taking a heavy toll on social development and people’s well-being, especially among the most vulnerable.

20. High inequality undermines sustained growth, given that inequality in access to quality education and other essential services results in a large proportion of the population having lower levels of education, fewer skills and a poor health status, leading to lower productivity and reducing growth potential. Lowered growth prospects hamper poverty eradication, thus increasing the need for more social spending. High inequality also increases incidents of violence and corruption and erodes the quality of social relationships and social capital in populations. Inequality also lowers public support for environmental protection, because of social polarization and a lack of trust in public institutions.

21. A socially just transition towards sustainable development requires putting an end to current unsustainable consumption and production patterns that are depleting natural resources and causing irreversible environmental damage. The food production and the apparel industries alone are responsible for 25 and 10 per cent of global greenhouse gas emissions, respectively. Future policies should support a decoupling of economic growth from environmental degradation, ensure the sustainable management of resources and encourage sustainable business practices and consumer behaviour.

2. **Social policy to promote a more inclusive, resilient and sustainable recovery**

22. While COVID-19 has reversed decades of development gains, it has also unlocked resources and political will and provided an unprecedented opportunity to change the development trajectory to enable a socially just transition towards sustainable development. In their efforts to recover better, countries need to redesign policies aligned with the 2030 Agenda and its Sustainable Development Goals and address the root causes of inequality and vulnerability. Such a socially just transition must involve a new way of thinking about economic activity and growth as a means to achieve sustainable advances in human well-being and capabilities, while protecting the environment.

23. Such a forward-looking policy framework should focus on investing in people’s capabilities and resilience and ensuring equal opportunities and access to quality public services (especially education and health care) and universal social protection. It should also promote decent work for all and foster economic security. Closing the
digital divide and investing in sustainable infrastructure to facilitate a transition towards more resource-efficient and greener economies are also an integral part of this framework.

24. It will also require coordinated action and stronger multilateral systems that can complement and support national efforts to put countries on the trajectory of sustainable development. Furthermore, whole-of-government and whole-of-society approaches are necessary to make the ongoing COVID-19-related recovery stronger, more inclusive, and economically, socially and environmentally resilient. Lastly, collective action and global collaboration are critical to preventing disruption in the global food supply chain, to make affordable COVID-19 vaccines and treatments available as global public goods, to strengthen the financial position of developing countries and to embrace a recovery that is guided by the 2030 Agenda.

3. **COVID-19 and the role of digital technology**

25. Digital technologies have played a critical role in the COVID-19 response, enabling remote work, remote learning and the delivery of essential goods and services. The pandemic also accelerated the pace of digital transformation. Digital technologies are central to recovering better and implementing the 2030 Agenda.

26. More than 90 per cent of ministries of education have enacted some form of policy to promote digital and broadcast remote learning. For example, in India, national and state governments are rolling out QR (quick response) code-based learning systems to help students and teachers to learn and evaluate performance in real time. The Government of Fiji is delivering curriculum content through radio and the “Walesi” initiative, a dedicated education channel on digital and satellite television and available through a mobile application. Digital technologies offer innovative ways to promote adult education and lifelong learning. For example, in a primarily remote work environment, virtual reality training can intensify the lessons and comprehension of both novice trainees and experienced workers. Inclusive digital education can create equitable learning opportunities that include marginalized and vulnerable groups, such as persons with disabilities. Blended learning, namely, integrating online education with traditional in-classroom methods, allows for the personalization of teaching. New digital platforms, including massive open online courses, allow open access and unlimited participation. Potential benefits include lower cost replication of high-quality teaching, self-paced learning and data analytics to optimize learning.

27. Digital technologies have played a key role in the massive expansion of government-to-people social transfer programmes since the onset of the COVID-19 crisis. Digital tools have been key to launching new emergency support programmes and increasing access to existing programmes to assist the “new poor” (typically

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urban, informal sector workers) who have emerged in the wake of the crisis and who comprise much of the missing middle of social assistance programmes in developing countries. Digital communication campaigns, digital registration/screening and digital payments have enabled the processing and payment of millions of grants, on a scale that would have been impossible without them. Countries with robust digital infrastructure were able to disburse emergency financial support more rapidly and effectively than those without those tools. For example, the Ehsaas emergency relief programme in Pakistan allows eligible families to use SMS messages for registration. Family members can receive cash from banks, using their biometric identification card. In 2020, the Government of Bangladesh, in collaboration with the private sector, implemented a mobile-powered cash assistance programme. The Novissi digital social safety net programme in Togo provides bimonthly cash transfers to vulnerable workers in the informal sector.

28. Digital technologies have shown great potential for improving people’s lives by driving socioeconomic transformation, increasing productivity and enhancing connectivity between national and international economies. The exponential increase in e-commerce has created new jobs and income-earning opportunities, which have the potential to spur household income and lift individuals and communities out of poverty and revitalize rural communities. For example, Rwanda launched a project in 2020 intended to strengthen the capacities of small and medium-sized enterprises to engage in e-commerce and gain access to the online international market. Colombia is supporting entrepreneurs and small and medium-sized enterprises in developing their digital expertise, engaging in e-commerce and formalizing through online platforms. In China, e-commerce is helping to revitalize rural villages by widening market access for rural producers. In Ghana, a business-to-business e-commerce platform, Agrocenta, connects farmers with buyers, allowing farmers to secure a higher price for their production.

29. Digital technologies can enhance productivity. In developing countries, women could increase yields on their farms by 20 to 30 per cent if they had the same access to productive resources as men. Gender-sensitive deployment of digital technologies represents a double-dividend in closing productivity gaps while achieving enhanced gender equality. Countries are establishing national strategies to support their digital economies, such as Digital 2020 in Morocco and Digital Senegal 2025. Human resources are the cornerstone of such digital transformation, and many Governments are promoting digital talent. Colombia is supporting the training of 100,000 programmers for the period 2021–2022. Rapid digitalization is also accelerating the shift towards digital finance. Digital tools (e.g., mobile money and e-wallets, crowdfunding, alternative credit scoring and cross-border remittances) have the potential to support the financial inclusion of underserved persons and communities and provide new livelihood and market opportunities.

4. **Gaps in digital access and emerging risks**

30. In accelerating the pace of digital transformation, the COVID-19 crisis has also widened the digital divide and further exacerbated existing inequalities in its wake.

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In addition, for all their advantages and potential, digital technologies alone cannot solve complex issues, such as hunger, poverty, inequality and environmental challenges. Rather, digital technologies are one of many tools to address the root causes of these challenges.

31. Internet connectivity is a crucial means to help vulnerable populations to move out of poverty. However, significant digital divides exist among regions and countries. A little more than half of the world’s population uses the Internet (53.6 per cent), while the remainder (amounting to 3.6 billion people) does not. Within countries, digital divides are evident, with already disadvantaged and marginalized groups, especially those with limited education and low literacy, overrepresented in the offline population.

32. To address multiple barriers faced by the offline population – notably, a lack of access to information and communications technology (ICT) infrastructure and devices, unaffordability, a lack of digital and literacy skills and lack of relevant content online – Governments should take a holistic and integrated approach across sectors in collaboration with other stakeholders, including the private sector. An increasing number of countries are formulating national connectivity plans to ensure that no one is left offline. Countries are also investing in digital skills and taking steps to make the Internet more affordable through accessible tariffs, subsidized tariffs and free access. The COVID-19 crisis has also increased the urgency of closing the digital gender divide. As education moved online, girls have been disadvantaged and discriminated against in many countries, given that boys have often been given priority to have access to digital devices and the Internet.5 Millions of girls have since not returned to school owing to a surge in early and forced marriage among girls, adolescent pregnancy and child labour.

33. Digital inclusion plays a pivotal role in advancing social inclusion, decent work and the well-being of all. Given that factors such as location, gender, age and disability status are predictors of access to the Internet, dedicated and tailored policies, programmes and strategies that meet the needs of disadvantaged and marginalized groups (especially women, children and young people, older persons, persons with disabilities, indigenous peoples and poor families) can help to close the digital gap. For example, persons with disabilities often face physical accessibility barriers to using digital technologies owing to their impairments.

34. Automation and digital technologies, including artificial intelligence, machine learning and robotics, have proved valuable in enhancing productive efficiency in the world of work. However, these transformations have also increased polarization of the labour market, through the hollowing out of middle-skilled occupations, and have had adverse effects on income and wage inequalities. To date, highly skilled workers have benefited the most from new technologies, while low-skilled and middle-skilled workers, engaged in routine manual and cognitive tasks, are seeing their opportunities shrink. The COVID-19 crisis has increased the pace of automation and digitalization of labour, accelerating, in turn, technology-based job disruptions for workers who lack the necessary digital skills and/or are not able to gain access to reskilling opportunities. According to one estimate, by 2025, 85 million jobs worldwide may be displaced, while 97 million new jobs may be created because of a shift in the division of labour between humans, machines and algorithms.

35. Within the labour market, the growth of platform work is challenging social protection systems in many developed countries, which were established on the overarching model of full-time and long-term employment contracts. Platform

workers do not have the same rights as full-time employees when it comes to pension coverage, paid parental leave, sick leave or eligibility for income support measures.

36. Globally, many people lack the digital skills required for a digital society and economy. In Europe, the forecast for 2020 was a deficit of more than 500,000 ICT professionals, and 42 per cent of European citizens lack basic digital skills. Investment in the digital upskilling of workers through life-long learning is necessary to meet current and future labour market needs. While young people are more likely to be connected to the Internet, they often lack the relevant digital skills required in the labour market. Governments can further prioritize digital skills within school curricula and work with the private sector to create vocational education and training programmes that provide on-the-job training in digital skills. Incentives should be created to ensure that digital companies hire and train more women and promote flexible work arrangements. Governments should also invest in providing all children with access to technology and provide young people with digital and skills in science, technology, engineering and mathematics. Girls should be encouraged to excel in these fields. It is important to ensure that gains made towards gender equality are not eroded, because digital technology can become a tool that perpetuates gender-based discrimination and violence.

37. The risks and ethics surrounding the use of digital technologies, such as misinformation, the right to privacy, the protection of digital identity, online harassment, changes in the world of work and unconscious bias in artificial intelligence, should be addressed in a public debate and protections should be put in place to guard against them. Through public engagement and the updating of regulatory frameworks, countries should drive digital transformation towards building better societies by ensuring that digital innovation supports both social and business needs. Several tools can help to prevent and mitigate biases from entering artificial intelligence systems, for example, training, awareness-raising and ensuring diversity among artificial intelligence programmers and developers. At a societal level, this requires building institutional and legislative ecosystems, with the correct incentives, adequate capacity and rules and processes in place to audit and provide redress.

38. Ensuring the privacy, security and responsible management of data in the digital economy is a fundamental human right. However, challenges abound because legal frameworks struggle to keep up with technological changes. For example, remote work is facilitating the tracking of employees through digital software and applications while raising the issues of identifying legitimate business needs and the privacy of employees.

B. Social dimensions of the New Partnership for Africa’s Development and policies and programmes involving youth

39. The socioeconomic impacts of the COVID-19 pandemic in Africa and the response of African countries and their partners, including the United Nations system, were reviewed at the fifty-ninth session of the Commission. Even though the crisis has reversed hard-won development gains, such as poverty and gender inequality reduction, it also offers an opportunity to promote a paradigm shift and reset socioeconomic policies for an improved recovery for all. African countries need to continue to prioritize policies that improve the health sector, eradicate extreme poverty, combat inequality, in particular gender inequality, and provide quality education and decent jobs for all in order to recover better from the COVID-19 crisis and to accelerate inclusive growth during the decade of action to deliver the Sustainable Development Goals.
40. Three thematic issues linked to the World Programme of Action for Youth were also reviewed at the fifty-ninth session of the Commission, namely, youth poverty alleviation, the digital global economy, and youth and criminal justice, and Member States and all stakeholders were urged to take concerted action to close the digital divides, including the youth digital divide, promote digital inclusion and the responsible use of ICTs, prevent their use for criminal purposes and bridge the gender gap in digital access and competences, as well as accelerate the catalytic role that digital technologies play in reducing the impact of the COVID-19 pandemic on education, health, communication, commerce and business continuity. Member States were called upon to promote innovation among young people by ensuring that ICTs were fully and appropriately integrated into education and training at all levels (curriculum development, teacher training and institutional administration and management).

IV. Preserving or increasing social spending and more efficient utilization of the budget allocated to social development for an improved recovery

41. Around the world, drastic falls in tax revenue and increases in emergency spending needs in response to the COVID-19 pandemic have increased fiscal deficits and worsened government debt levels. While all countries are severely affected, there is a risk of a bifurcated global response. Developed countries are recovering thanks to strong stimulus measures on an unprecedented scale and widespread access to vaccines, while developing countries are struggling to finance adequate response and recovery measures owing to a lack of liquidity and of fiscal space, as well as the risk of public debt distress.

42. Domestic and international efforts must go hand in hand in creating the fiscal space needed to safeguard development gains, support an effective COVID-19 response, prevent a further worsening of inequality between countries, enable an improved recovery and get back on track in the implementation of the outcomes of the World Summit and the 2030 Agenda. Domestically, preserving and/or increasing social spending is necessary to reduce poverty and inequalities, promote decent work for all and advance digital and social inclusion. Countries need to redouble their efforts to promote progressive tax reforms and target public spending towards investing in people, thereby creating more resilient societies. This needs to be supported by global collective action and solidarity. International tax cooperation remains essential to combat tax evasion and tax avoidance. The provision of greater international liquidity to developing countries and coordinated action to provide debt relief, along with, among others, long-term reform of the multilateral debt architecture, could provide developing countries with the fiscal space that they need without hampering their future development.

43. In view of the devastating impact of the COVID-19 crisis on national fiscal space to support social development, especially in developing countries, the below analysis places emphasis on the role of international and regional cooperation. It should be read in conjunction with the 2020 report of the Secretary-General (A/75/216), which presents in greater detail the crucial role of domestic resource mobilization to preserve and increase social spending.
A. International and regional cooperation to create fiscal space for social development

44. The impact of the COVID-19 pandemic is expected to be more severe and long-lasting in developing countries than the 2008 financial crisis. The onset of the economic crisis from COVID-19 was characterized by unprecedented levels of capital outflows, currency depreciations and lost export earnings, including falling commodity prices and declining tourist revenue. While advanced economies have also been hard hit, growth will continue to be bolstered by extraordinary fiscal and monetary measures that have cushioned the socioeconomic impact of the pandemic.

45. Although capital outflows have stabilized recently in developing countries and some have been able to gain access to international capital markets at relatively low cost, many developing countries lack sufficient monetary, fiscal and administrative capacity to effectively respond to the crisis, reversing their progress towards achieving the Sustainable Development Goals. At the international level, multilateral cooperation is of vital importance. Group of 20 countries are pursuing concrete action to deliver on their commitment of “a global response in the spirit of solidarity”. This entails leveraging the international financial system to create the much-needed fiscal space for developing countries to put in place effective crisis response packages.

1. Meeting the financing needs of developing countries

46. Ensuring that the resources of international financial institutions are commensurate with the financing needs of developing countries will help to strengthen their recovery. The United Nations Conference on Trade and Development estimates that developing countries would need an extra $2.5 trillion in terms of liquidity and financing requirements to weather the crisis. At the end of May 2021, the International Monetary Fund (IMF) had approved financing of nearly $110 billion for 84 countries and granted $726 million in debt relief for 29 of its poorest members. Meeting countries’ financing needs requires the scaling-up of concessional financing. Such an imperative is behind the ongoing discussions to create multilateral funds for the reallocation of resources from developed to developing countries. One initiative is the fund to alleviate the COVID-19 economy (Fondo para Aliviar la Economía COVID-19) proposed by the Government of Costa Rica to be financed with resources from developed countries and channelled through multilateral development banks. Efforts are also needed to lower borrowing costs for vulnerable countries. One proposal, by the Economic Commission for Africa, is the creation of a liquidity and sustainability facility, which would lower Governments’ borrowing costs by increasing the demand for their sovereign bonds.

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6 The information presented in the section has been drawn from United Nations Conference on Trade and Development (UNCTAD), “The COVID-19 shock to developing countries: towards a ‘whatever it takes’ programme for the two-thirds of the world’s population being left behind” (March 2020); Statement of Group of 20 leaders on COVID-19, 26 March 2020, available at https://reliefweb.int/report/world/g20-leaders-statement-extraordinary-g20-leaders-summit-statement-covid-19.

47. Strengthened regional cooperation through improved lending response capacity of regional, subregional and national development banks could help countries to rebuild better and strengthen their resilience to future shocks. For example, the Inter-American Development Bank and subregional development banks have committed $8 billion and $12 billion, respectively.

48. Special drawing rights have an important role to play as part of a broader effort to support vulnerable countries in dealing with the fallout from the COVID-19 crisis. The new issuance of the special drawing rights of IMF is an efficient way to supplement member countries’ international reserves, as was the case with the previous allocation in the aftermath of the global financial crisis. In March 2021, the Group of 20 approved a new issuance of special drawing rights by IMF, expected to reach the unprecedented amount of $650 billion. Developing countries would be allocated approximately 40 per cent of newly issued special drawing rights, while the remainder would go to developed countries. Moreover, discussions are ongoing regarding the possibility of channelling special drawing rights, both newly issued and existing unused special drawing rights, from countries with strong external reserve positions to countries most in need. Several mechanisms have been proposed, from using the existing Poverty Reduction and Growth Trust of IMF to channel special drawing rights to low-income countries, to the establishment of a new resilience and sustainability trust at IMF that is accessible to middle-income counties ravaged by COVID-19 and/or climate change and that can be used to finance health/vaccine expenditure and a green recovery.

49. These exceptional measures should not distract from the need to fulfil official development assistance (ODA) commitments to developing countries to achieving the target of 0.7 per cent of gross national income of donors. ODA increased by 0.7 per cent in 2019, to $155 billion in real terms, while falling marginally as a share of donor country gross national income, from 0.31 to 0.30 per cent on average. While social sectors represent the largest portion of ODA allocations, that share has been falling in recent years, from 40 per cent in 2010 to 35 per cent in 2017. ODA for education has plateaued since 2009, after having doubled in the early 2000s. In general, low levels of ODA are provided to social protection systems (averaging $1.1 billion annually between 2007 and 2017), especially compared with ODA allocated to social services, such as health and education (averaging $5.6 billion and $9.2 billion a year, respectively, during the same period). The impact of the COVID-19 crisis on ODA outcomes for 2020 is uncertain: while some major donors increased their development cooperation budgets, others succumbed to domestic fiscal pressure and cut ODA. The ambitious International Development Association replenishment (IDA20) and sixteenth replenishment of the African Development Fund in 2022 will help to deliver grant finance where it is most needed.

2. Support debt management and relief through reform of the international debt architecture

50. The COVID-19 crisis has exacerbated pre-existing debt vulnerabilities and increased the risk of debt distress, hampering developing countries’ capacity to address the health crisis, food insecurity and growing unemployment and poverty rates, and to invest in climate action. Even prior to the crisis, some 64 low-income countries were spending more on debt service than on their health systems. These rising debt levels threaten developing countries’ capacity to put in place measures for a sustainable, inclusive and resilient recovery. For example, in Latin America and the Caribbean, the most indebted region in the developing world, government debt at the

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regional level is expected to have increased from 68.9 per cent in 2019 to 79.3 per cent in 2020.

51. The Debt Service Suspension Initiative agreed by the Group of 20 in April 2020 to relieve economies suffering from external public debt vulnerabilities provides a temporary suspension of loan repayments from official bilateral creditors to 73 International Development Association countries. In November 2020, and in recognition that the severity of debt problems in several countries calls for stronger measures, the Group of 20 put in place the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative, which provides maturity extensions and a debt write-down in exceptional cases. However, both the Initiative and the Common Framework remain limited: they do not apply to the most vulnerable middle-income countries and small island developing States that hold more than two thirds of estimated external public debt service payments at risk and have experienced a lower participation than expected, owing in part to fears of credit-downgrades. In addition, the Catastrophe Containment and Relief Trust of IMF also provides debt service relief to 29 of its poorest and most vulnerable member countries.

52. To lay the groundwork for an enabling environment for investing in the Sustainable Development Goals while preserving sustainable debt levels, a growing number of voices are calling for immediate or near-term debt relief. This includes public sector relief through the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative and further efforts to explore debt climate swap initiatives and buybacks. Growing consideration is also being given to contingent debt instruments, such as hurricane clauses, which would enable an automatic debt moratorium. A broad multipronged approach may be needed to address gaps in the international financial architecture. This could include a range of reforms, from market-based to legal measures, to debt relief and restructuring for distressed economies overseen by an independently created debt authority. The creation of a multilateral debt restructuring mechanism overseen by an independent debt authority could help to ensure long-term debt sustainability and address the obligations owed to private creditors.

3. **Creating a more sustainable and resilient international financial architecture**

53. Beyond the pressing need to create sufficient fiscal space for a sustainable global recovery, the generalized increase in fiscal imbalances and indebtedness has spurred shared momentum within the international community for a more fair and resilient international financial architecture that can make the ongoing recovery from COVID-19 stronger, more inclusive and resilient. Under the aegis of the United Nations system, the High-level Event on Financing for Development in the Era of COVID-19 and Beyond, held in May 2020, kicked off a process of reflection through six thematic working groups on the reform of global financial architecture that will help to drive this process of reform. This work is being carried forward in six clusters through the United Nations system.

54. The world is witnessing a push towards greater international taxation cooperation, which remains essential to the broader efforts combat illicit financial flows, including tax avoidance and tax evasion. Estimates of individual tax evasion and multinational corporate profit-shifting based on combining multiple sources of incomplete data find that countries are losing an estimated $400 billion annually to

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9 See United Nations Development Programme, “Sovereign debt vulnerabilities in developing countries: which countries are vulnerable and how much debt is at risk?” (March 2021).

individual tax evasion and multinational corporate profit-shifting, which undercuts public investment in sustainable development, including funding for a COVID-19 response and a sustainable and resilient recovery. Significant progress has been made on tax transparency, and, in the context of increased digitalization, a large subset of Member States is discussing reforms to international tax norms. Proposals being negotiated include reallocating some taxing rights and agreeing on a global minimum corporate tax rate. In tax norm setting, the interests and voice of developing economies require greater priority and attention. The global community should ensure effective inclusion in tax norm-setting processes and adaptation of tax norms and practices to the realities and needs of developing countries.

55. Development banks could further support resilient and sustainable recovery by shifting their lending priorities, for example, by transforming the composition of their lending portfolios to support a greater share of green investment and climate change-related projects. This also means exploring options to provide long-term sustainable financing to the most vulnerable countries, including through fixed-term lending, so that countries can take advantage of ultra-low global interest rates, extending maturities of lending and exploring options to provide grants or ultra-long-term (e.g., 50 years) financing to developing countries for investment in long-term growth and sustainable development.

56. Remittances are a critical lifeline for millions globally and have remained so throughout the COVID-19 crisis. The money sent home by migrant workers support the lives of one in every nine persons globally (some 800 million persons), helping them to cover the costs of essential everyday goods, including food, medical expenses, school fees and housing expenses. Defying predictions, remittance flows have been resilient during the crisis. In 2020, officially recorded remittance flows to low- and middle-income countries amounted to $540 billion, only 1.6 per cent below the $548 billion sent in 2019. However, remittances remain expensive to send. Remittance fees averaged more than 6.5 per cent in the fourth quarter of 2020, more than double the Sustainable Development Goal target of 3 per cent by 2030. Average remittance costs ranged from 4.9 per cent in South Asia to 8.2 per cent in sub-Saharan Africa. Further efforts are needed in remittance infrastructure to reduce these transaction costs.

B. Domestic resource mobilization to preserve and increase social spending

57. Domestic public finance remains the primary source of financing for social spending globally. The 2021 report of the Secretary-General on the implementation of the outcome of the World Summit (A/75/216) provides an overview of the fundamental role of domestic resource mobilization in preserving and increasing social spending. In the field of education, domestic public funds account for 79 per cent of spending globally. Less than 1 per cent of global health spending comes from external aid, making domestic spending central to universal health coverage. The COVID-19 shock further exposed the already existing inadequacies in health and social protection systems.

58. Significantly increasing domestic resource mobilization will require economic growth in most countries. The COVID-19 crisis has crippled countries’ economies and depleted their domestic budgets, threatening essential spending on public services that are crucial to social development and long-term growth. Buoyed by the strong recovery in China and the United States, the global economy is projected to expand

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11 United Nations, Department of Economic and Social Affairs, “World economic situation and prospects as of mid-2021”, 11 May 2021; A/75/216.
by 5.4 per cent in 2021. However, this global figure masks the fact that growth in several countries in South Asia, sub-Saharan Africa, and Latin America and the Caribbean remains fragile and uncertain. For a vast majority of developing countries, economic output will remain below 2019 levels for most of 2021.

59. The trajectory of economic growth is linked closely to vaccination timelines, thus making access to the COVID-19 vaccine an important factor in economic recovery and, by extension, domestic resource mobilization for an improved recovery. In developed countries, the faster-than-expected vaccination roll-out in 2021 contrasts sharply with the limited access in developing countries, in particular in Africa. Timely and universal access to safe and affordable COVID-19 vaccines, treatments and diagnostics – including through the ACT-Accelerator and its COVAX facility, dose sharing, the strengthening of distribution capacities and the acceleration of vaccine production in cooperation with the private sector – will remain critical for ensuring the broad-based and inclusive recovery of the world economy.

60. Appropriate exceptional fiscal measures – notably, public health and social spending measures – need to be maintained for as long as required to ensure a robust health response, the necessary support to vulnerable groups and an inclusive socioeconomic recovery. A premature move towards austerity measures, as was prevalent following the 2008 financial crisis, would disproportionately affect the poorest and most vulnerable and stifle countries’ recovery. Investing in people by preserving or increasing spending on public services, including quality education, health care and social protection systems, and placing equality and environmental sustainability at the centre of a green, resilient and inclusive recovery will help to realize the 2030 Agenda.

61. Enhancing domestic resource mobilization through sustainable, transparent and accountable tax systems can lead to fairer and more inclusive societies. This involves strengthening the capacities of revenue administration to pursue progressive fiscal systems, in line with the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. Developing countries’ reliance on indirect taxes, such as sales taxes and value added taxes, risks creating regressive fiscal systems without careful calibration of the revenue and expenditure frameworks. Different thresholds for taxation and transfers, as well as expenditure targeting challenges, can result in worsening poverty for some groups, even as the fiscal system improves the situation of others.

62. Similarly, improving the collection of direct taxes, notably personal income taxes and wealth taxes, could provide additional revenue to help to address rising inequalities and ensure more equitable social outcomes. In many developing countries, widespread informality in the labour market remains a significant obstacle to the collection of corporate and personal income tax. Corrective taxes targeting public health issues (e.g., alcohol, tobacco and foods with high sugar content) could diversify and increase tax revenue. Likewise, environment-related taxes and fees, such as carbon taxes or charges on polluting vehicles, can have positive effects on resource mobilization, on the environment and on human health and well-being. Prioritizing effective and progressive tax systems and expenditure also entails building policy and administrative capacity for the effective and efficient taxation of the digital economy. Countries cannot achieve this alone and international cooperation remains critical. The Secretary-General has also called for a form of solidarity tax linked to COVID-19 to reduce extreme inequalities in wealth, which could be further taken into consideration.
V. Conclusion and policy recommendations

63. With less than 10 years left to realize the objectives of the 2030 Agenda, the world is facing the devastating impacts of the COVID-19 pandemic, with the poorest and the most vulnerable populations disproportionately affected. It has not only exposed and exacerbated pre-existing inequalities and weaknesses in current social protection, health and education systems, but also negatively affected the abilities of Governments to implement the 2030 Agenda and achieve the Sustainable Development Goals. The pandemic has accelerated the pace of digital transformation, while also widening the existing digital divide. It could also reverse decades of progress made to date in social development.

64. At the same time, the pandemic has unlocked resources and political will and provided an unprecedented opportunity to change the development trajectory to enable a socially just transition towards sustainable development. In their efforts to recover better, countries need to redesign long-term socioeconomic policies to build more inclusive, equitable, resilient and sustainable societies, with the 2030 Agenda and Sustainable Development Goals as a blueprint.

65. As follow-up actions to the World Summit to accelerate progress in achieving the Sustainable Development Goals, the General Assembly may wish to consider the following recommendations:

(a) Develop a forward-looking policy framework, focusing on investing in people’s capabilities and resilience, ensuring equal opportunities and access to quality education, health care and universal social protection, promoting decent work for all, fostering economic security, closing the digital divide and investing in sustainable infrastructure to facilitate a transition towards more resource-efficient and greener economies;

(b) Mobilize global solidarity and cooperation to provide equitable access to COVID-19 vaccines and treatments, and strengthen health systems and the financial position of developing countries to enable inclusive and resilient recovery that is guided by the 2030 Agenda;

(c) Establish national strategies to support digital economies and close the digital divide, including through investment in digital skills and the accessibility and affordability of digital infrastructure and devices;

(d) Building on the digital capabilities developed during the crisis, improve the delivery and accessibility of social services, notably quality education for all and universal health care, and strengthen social protection systems to make them more inclusive and effective by investing in national digital infrastructure (including digital identification systems and digitized payment systems and social registries) and securing the progress made in the identification and coverage of beneficiaries hitherto unaccounted for, including informal workers;

(e) Strengthen international and regional cooperation to create fiscal space for social development to enable an improved recovery, and expand and redistribute liquidity from developed to developing countries, including through the scaling-up of concessional financing and rechannelling unused special drawing rights to all countries in need, including middle-income countries, through the establishment of a new resilience and sustainability trust. Governments and the private sector should further support debt management and relief through reform in the international debt architecture within a more sustainable and resilient international financial architecture, to make the ongoing recovery stronger and more inclusive and resilient, including by encouraging greater cooperation on international taxation.