



Economic and Social Council

Distr.: General
28 December 2020

Original: English

Commission for Social Development

Fifty-ninth session

8–17 February 2021

Item 3 (c) of the provisional agenda*

Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly

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

Note by the Secretariat

Summary

Pursuant to Economic and Social Council resolution 2006/18, the Commission for Social Development has included the agenda item entitled “Emerging issues” since the 2007–2008 review and policy cycle. Under that item, the Commission addresses current issues affecting social development that require urgent consideration and new cross-cutting issues in the context of evolving global development challenges. At its fifty-ninth session, the Commission will consider “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 note has been prepared to provide substantive background information for the Commission’s deliberation on the topic. The note contains an examination of the social impact of the coronavirus disease (COVID-19) pandemic in the areas of poverty, employment and decent work, and inequality and social exclusion, and addresses some of the specific needs of people who have been hit the hardest during the COVID-19 crisis, including women, older persons, young people, persons with disabilities, indigenous peoples, migrant workers, people living in poverty and those in vulnerable employment. It also provides an overview of social policies that will enable an inclusive, resilient and sustainable recovery and facilitate building back better to achieve the 2030 Agenda for Sustainable Development.

* E/CN.5/2021/1.



I. Introduction

1. The coronavirus disease (COVID-19) pandemic has exposed and exacerbated pre-existing inequalities and vulnerabilities worldwide. The resulting multifaceted crisis threatens to reverse decades of progress in social development, leaving more people behind. It has also had a negative impact on the abilities of Governments to achieve the 2030 Agenda for Sustainable Development and the Sustainable Development Goals. At this critical moment of the decade of action and delivery for sustainable development, the visions, principles and commitments made at the World Summit for Social Development are central to addressing this global challenge.

2. The 2030 Agenda provides a blueprint for building back better after the pandemic. As part of the decade of action and delivery, Member States called for accelerated efforts to implement the 2030 Agenda for all, through sustainable long-term investments to eradicate poverty in all its forms and address inequality in all its dimensions, in order to build more inclusive, equitable, resilient and sustainable societies in which no one is left behind.

3. Social policy has a key role to play in mitigating and overcoming the negative socioeconomic impact of the COVID-19 crisis, in particular the impact on disadvantaged and marginalized populations, so that recovery strategies can be centred on people, inclusive, resilient and sustainable and so that countries can build back better to accelerate the implementation of the 2030 Agenda. That can be achieved through a two-pronged strategy: taking fast-acting temporary measures to weather the crisis, while putting in place more comprehensive long-term policies and measures to build resilience against future risks and shocks.

4. Social policies need to be further strengthened to address the specific needs of people who have been hit the hardest during the crisis, including women, older persons, young people, persons with disabilities, indigenous peoples, migrant workers, people living in poverty and those in vulnerable employment who do not have social protection.

5. The COVID-19 crisis has also shone a spotlight on the social and economic risks of insufficient investment in social protection systems and public services. To build back better, a renewed social contract is needed to make the current socioeconomic system more inclusive, equitable, resilient and sustainable. There is an opportunity for transformational change.

6. Concerted efforts are needed to support countries facing particularly severe challenges in the context of the COVID-19 crisis. Among these are countries whose limited financial resources have been diverted to emergency response measures to mitigate the health crisis, protect jobs and livelihoods through fiscal stimulus measures or extend social protection coverage in order to prevent people from falling into poverty.

II. Social impact of the crisis

A. Rising poverty

7. Lockdowns and other measures to contain virus transmission have led to a sudden halt in economic activity, disruptions in trade and a drop in oil and commodity prices.¹ The massive economic contraction has resulted in social impacts that are

¹ United Nations, "Achieving the Sustainable Development Goals through the COVID-19 response and recovery", Policy Brief No. 78, June 2020.

likely to have long-term effects in all countries and regions, but in particular in developing countries. As a result of the loss of jobs and income, extreme poverty is expected to increase in all countries, but especially in the least developed countries, landlocked developing countries and small island developing States, which all rely heavily on tourism, remittances and external capital flows.

8. In 2020, globally the total number of people living in extreme poverty (defined as those living on less than \$1.90 per person per day) is likely to have increased for the first time since 1998.² The World Bank predicts that, in 2020 alone, some 100 million people will have fallen into extreme poverty and the global rate of extreme poverty will have increased from 8.2 per cent in 2019 to between 9.1 and 9.4 per cent in 2020, and will be between 8.9 and 9.4 per cent in 2021, which will effectively erase the progress made since 2017.³ That means that between 88 million and 115 million more people worldwide will have fallen into poverty (between 49 million and 57 million in South Asia and between 26 million and 40 million in sub-Saharan Africa). The number of people living under the poverty lines for lower-middle-income countries and upper-middle-income countries (defined as those living on less than \$3.20 per day and \$5.50 per day, respectively, in purchasing power parity dollars) is also projected to increase by an additional 176 million and 177 million people, respectively, the majority of whom will be in sub-Saharan Africa and South Asia.⁴

9. If swift and effective actions are not taken, the number of food-insecure people could almost double from 135 million in 2019 to 265 million by the end of 2020, mainly in low-income and middle-income countries. The current crisis could result in an additional 130 million people experiencing acute food insecurity, not because of food shortages, but because of the inability of vulnerable families to purchase food as a result of job and income losses.⁵ In addition, many more people are likely to be forced to ration food (i.e. reduce the quality or quantity of the food that they consume), which will have long-term negative effects on the well-being and potential of their children.

10. Even before the COVID-19 crisis, the world was not on track to achieve the eradication of extreme poverty, one of the central goals of the 2030 Agenda, because the rate of poverty reduction had slowed to 0.5 per cent per year between 2015 and 2017, compared with more than 1 per cent per year between 1990 and 2015. The sustained decline in extreme poverty levels since 1990 stalled at 689 million in 2017. Considering the sharp downturn of global economic growth in 2020,⁶ the COVID-19 pandemic is expected to set back progress made in ending extreme poverty by at least three years.⁷ Although economic growth is projected to bounce back in 2021 (by 5.2 per cent globally, 3.9 per cent in advanced economies and 6.0 per cent in emerging and developing economies), the benefits of such growth are more likely to go to higher-income groups than to the rest of the population (what some have described as a “K-shaped recovery”), making it more difficult to lift out of poverty those who had fallen into it during the pandemic. It is therefore crucial to have policies and measures

² *The Sustainable Development Goals Report 2020* (United Nations publication, 2020).

³ World Bank, *Poverty and Shared Prosperity 2020: Reversals of Fortune* (Washington, D.C., 2020).

⁴ *Ibid.*

⁵ World Food Programme, “COVID-19 will double number of people facing food crises unless swift action is taken”, 21 April 2020.

⁶ International Monetary Fund (IMF), *World Economic Outlook: A Long and Difficult Ascent* (Washington, D.C., October 2020). IMF updated global growth projections to minus 4.4 per cent, and growth projections for advanced economies to minus 5.8 per cent and for emerging and developing economies to minus 3.3 per cent. Global growth in 2021 is projected at 5.2 per cent.

⁷ World Bank, *Poverty and Shared Prosperity 2020*.

to protect people from job and/or income losses during the crisis, to ensure not only that no one is left behind, but also that no one is pushed further behind.

B. Those most affected by worsening inequality and social exclusion

11. Inequality was high and increasing before the outbreak of COVID-19. Since 1990, income inequality has increased in most developed countries and in some middle-income countries. Over 70 per cent of the world's population is living in countries in which income inequality has grown.⁸ Despite progress in fulfilling certain basic needs, major gaps persist or are widening, in particular concerning access to important basic services, including high-quality education, health care, safe drinking water and sanitation, social protection and decent work.

12. The COVID-19 pandemic is shining a spotlight on the many mutually reinforcing strands and layers of inequality, as highlighted in the statement by the Secretary-General at the Nelson Mandela Lecture in July 2020. The devastating impacts of the crisis are set to worsen pre-existing inequalities, since the most marginalized and disadvantaged members of societies are those who are being affected the most.

13. The increasing number of closures of micro- and small enterprises and of layoffs, the higher unemployment levels of young and lower-skilled workers and severe human capacity losses in disadvantaged households owing to school closures and to a lack of access to information and communications technologies may further accelerate widening within-country inequalities. Without appropriate policies and measures, that will further dampen aggregate demand, reduce productivity and lower social mobility, making it more difficult to achieve the inclusive growth necessary to reduce poverty and inequality.

14. The pandemic has also brought to the fore gaps in social protection systems, as well as inadequacies in health and education systems that feed structural inequalities. The unequal impact of the pandemic is further exacerbated by the long-standing chronic underinvestment in public health and persistent barriers to health services faced by poor and marginalized groups. Health systems have been overwhelmed, which has forced many countries to take difficult decisions to balance the increased demand for services caused by COVID-19, while simultaneously maintaining essential health service delivery. For example, 70 countries reported disruptions to or the suspension of childhood vaccination services in March and April 2020.⁹

15. Restrictions related to COVID-19 (lockdowns and physical distancing) have had devastating effects on everyone, but they have hit those already in vulnerable situations, including marginalized and disadvantaged groups, the hardest.¹⁰ The vulnerabilities of those groups often intersect with other inequalities (such as heavy dependence on the informal economy, low incomes, lower education levels, inadequate access to social services and a lack of social protection), exacerbating the risks faced by individuals and communities.

16. Deepening levels of poverty are diversifying the profile of people living in poverty – who bear the brunt of the crisis – which makes the vicious cycle between poverty and inequality more difficult to break. Before the pandemic, people living in extreme poverty were predominantly young and undereducated and resided in rural

⁸ *World Social Report 2020: Inequality in a Rapidly Changing World* (United Nations publication, 2020).

⁹ United Nations, "Policy brief: education during COVID-19 and beyond", August 2020.

¹⁰ United Nations, "Responses to the COVID-19 catastrophe could turn the tide on inequality", Policy Brief No. 65, May 2020.

areas. Although only 48 per cent of the global population lives in rural areas, 80 per cent of people living below the international poverty line reside in such areas, half of them children. Most of the urban poor living in informal settlements originally migrated from rural areas for better livelihood opportunities. About 70 per cent of people aged 15 years and above who live in extreme poverty have received no schooling or only a basic education.¹¹

17. In addition to those profiles, which existed before, it is predicted that the current crisis will create a new category of poor people (an estimated 72 million people, 80 per cent of whom will live in middle-income countries),¹² who live in urban areas and are younger, better educated and less likely to work in agriculture.¹³ Those who have recently escaped extreme poverty are particularly vulnerable to falling back into it. In countries of the Organization for Economic Cooperation and Development (OECD), younger people, couples with children and people educated below tertiary level are at greater risk of falling into poverty because they have insufficient financial assets to keep their family above the poverty line when faced with a sudden loss of income for at least three months.¹⁴ The current crisis is exacerbating existing inequalities and reducing social mobility, making it more difficult for the new poor to move out of poverty and heightening their risk of being trapped in a vicious cycle of intergenerational poverty.

18. Women are disproportionately represented among the new poor because nearly 60 per cent of them work in the informal economy and thus have a greater risk of falling into poverty. The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) estimates that the pandemic and its fallout will push 47 million more women and girls into extreme poverty and widen the poverty gap between women and men.¹⁵ While the pandemic will have an impact on all people living in poverty worldwide, women will be disproportionately affected, especially those of reproductive age. It is estimated that, by 2021, about 435 million women and girls will live in extreme poverty and, among people between 25 and 34 years of age in sub-Saharan Africa and South Asia, there will be 118 women living in poverty for every 100 men.¹⁶

19. The pandemic has also hit the working poor, who are directly affected by job and income losses and rising food costs. In 2017, there were more than 300 million workers with an income below \$1.90 per day. The rate of relative poverty (i.e. the proportion of workers with monthly earnings below 50 per cent of the median earnings of the population) for informal workers is expected to increase by almost 34 percentage points globally.¹⁷ While in most countries, COVID-19 primarily hit urban areas, the economic impact was swiftly felt in rural areas.¹⁸ Limits on the movement of seasonal and migrant workers have led to labour shortages and lost income for agricultural wage workers and have had a ripple effect on their families and communities (see [A/75/189](#)). Global remittances of migrant workers are predicted

¹¹ World Bank, Poverty, Overview. Available at www.worldbank.org/en/topic/poverty/overview (accessed on 3 January 2020).

¹² World Bank, *Poverty and Shared Prosperity 2020*.

¹³ Ibid.

¹⁴ OECD, "COVID-19: Protecting people and societies", 31 March 2020. Available at www.oecd.org/coronavirus/policy-responses/covid-19-protecting-people-and-societies-e5c9de1a/.

¹⁵ UN-Women, "COVID-19 will widen poverty gap between women and men, new UN Women and UNDP data shows", 2 September 2020.

¹⁶ UN-Women, *From Insight to Action: Gender Equality in the Wake of COVID-19* (2020).

¹⁷ United Nations, "Policy brief: the world of work and COVID-19", June 2020.

¹⁸ Food and Agriculture Organization of the United Nations, "COVID-19 and rural poverty: supporting and protecting the rural poor in times of pandemic", 28 April 2020.

to fall by 20 per cent in 2020, the sharpest decline in recent history,¹⁹ which will have a huge impact on the livelihoods of about 800 million people worldwide who depend on remittances to remain above the poverty line.²⁰

20. COVID-19 has also further exacerbated stigma and discrimination against indigenous peoples, who already experience marginalization and extreme poverty (see [A/75/185](#)). Growing numbers of indigenous peoples are falling into extreme poverty amid a spike in land evictions and the loss of traditional livelihoods brought about by the pandemic.²¹ Indigenous communities face a grave health threat because they have poor access to health care, face significantly higher rates of communicable and non-communicable diseases and lack access to essential services, sanitation and other key preventive measures.

21. Older persons already had a higher risk of impoverishment because the risk of poverty increases with age.²² The pandemic not only is threatening the lives and safety of older persons, but also may significantly lower their incomes and living standards. Older persons may rely on multiple income sources, including paid work, savings and financial support from families and pensions, all of which may be jeopardized as a result of the COVID-19 crisis. Older women are particularly vulnerable as they live longer than men and yet represent nearly 65 per cent of the world population above retirement age (60 to 64 years of age) who do not have a regular pension.

22. Before the onset of the pandemic, young people were already three times more likely to be unemployed than adults.²³ Since the beginning of the pandemic, one out of every six young people worldwide has stopped working, while those still employed have experienced a 42 per cent drop in income.²⁴ Many young people have also lost educational opportunities, with 164 countries implementing restrictions on schools and education institutions that have affected over 1.4 billion students. Moreover, many young people are not adequately included in social protection systems because of requirements in terms of contributions, formal employment or age.

23. The pandemic and the resulting economic fallout further increase the vulnerability of persons with disabilities, who comprise approximately 15 per cent of the world's population and a majority of whom are already living in poverty (20 per cent of the world's poorest people have some kind of disability).²⁵ Persons with disabilities are less likely to be employed and, if employed, are more likely to work in the informal sector without social protection. COVID-19 measures affect them directly because of the loss of jobs and incomes, but also indirectly through the loss of income sustained by family members of the same household, especially given that such households typically face extra costs and expenditure related to disability. Persons with disabilities may therefore be pulled more rapidly into poverty.²⁶

¹⁹ World Bank, "World Bank predicts sharpest decline of remittances in recent history", 22 April 2020.

²⁰ International Labour Organization (ILO), "Protecting migrant workers during the COVID-19 pandemic: recommendations for policymakers and constituents", policy brief, April 2020.

²¹ Statement by the Deputy Executive Director of the United Nations Children's Fund.

²² United Nations, "Policy brief: the impact of COVID-19 on older persons", May 2020.

²³ ILO, *Global Employment Trends for Youth 2020: Technology and the Future of Jobs* (Geneva, 2020).

²⁴ ILO, *Youth and COVID-19: Impacts on Jobs, Education, Rights and Mental Well-Being* (Geneva, 2020).

²⁵ Disability and Development Report: Realizing the Sustainable Goals by, for and with Persons with Disabilities 2018 (United Nations publication). Available data for the period 2011–2016 show that the proportion of persons with disabilities living under the national or international poverty line is higher, and in some countries double, that of persons without disabilities.

²⁶ Office of the United Nations High Commissioner for Human Rights, "COVID-19 and the rights of persons with disabilities: guidance", 29 April 2020.

24. Almost all children (about 94 per cent of schoolchildren worldwide and 99 per cent in low- and lower-middle-income countries) have been directly affected by school closures, which have put their education at risk,²⁷ especially given that existing differences are aggravated by unequal access to remote learning options. In some countries, school closures risk causing spikes in child labour and neglect. Girls are also paying a high price: sustained disruption of education could increase school dropout rates, leading to increased gaps in education and compounding the risk of sexual abuse, early pregnancy, and early and forced marriage, as was the case during the Ebola virus disease outbreak.²⁸ In addition, malnutrition is a threat to the approximately 370 million most disadvantaged children who missed out on school meals in the first half of 2020, since it leads to severe human capacity loss in disadvantaged families and further accelerates widening inequalities.

C. Loss of employment and decent work

25. The COVID-19 pandemic hit the world in a context in which many countries were already confronted with rising inequalities and the worsening of labour conditions. Even before the pandemic, as much as 57 per cent of the global population of working age (3.3 billion people) was engaged in informal employment, often without rights at work and social protection.²⁹ In developed countries, an increasing number of workers, especially young and female workers, have been facing job insecurity because of the rise in involuntary part-time and temporary work, and the emergence of new types of jobs (such as those in the gig economy). Those trends are coinciding with the COVID-19 crisis to worsen its impact and are exacerbating inequality and insecurity in the world of work.

26. COVID-19 restrictions have resulted in workplace closures, reductions in working hours and a decline in labour and non-labour sources of income (such as remittances and rent), which have severely undermined people's economic security and livelihoods (94 per cent of workers live in countries in which some sort of workplace closures have been enforced).³⁰ In the second quarter of 2020 alone, 17.3 per cent of the total number of working hours (corresponding to 495 million full-time equivalent jobs) have been lost, and that trend is expected to continue in the third quarter of 2020 (12.1 per cent of working hours, corresponding to 345 million full-time equivalent jobs).³¹ The repercussions affect not only those already in the labour market when the crisis hit, but also those seeking to enter it for the first time, or re-enter it after a break in employment.

27. Working hour losses³² are having a devastating impact on labour income around the world. Globally during the first three quarters of 2020, labour income (wages for employees and a portion of the income of the self-employed), excluding income

²⁷ United Nations, "Policy brief: education during COVID-19 and beyond", August 2020.

²⁸ United Nations Educational, Scientific and Cultural Organization (UNESCO), "COVID-19 school closures around the world will hit girls hardest", 31 March 2020; Save the Children and others, "Children's Ebola recovery assessment: Sierra Leone", 2015; and Irish Aid and the United Nations Development Programme (UNDP), "Assessing sexual and gender-based violence during the Ebola crisis in Sierra Leone", 26 October 2015.

²⁹ United Nations, "Policy brief: the world of work and COVID-19".

³⁰ ILO, "ILO monitor: COVID-19 and the world of work", 6th ed., 23 September 2020.

³¹ Ibid.

³² ILO, "ILO monitor: COVID-19 and the world of work", 5th ed., 30 June 2020. Working hour losses can be divided into four components: (a) Shorter hours: a drop in average weekly hours worked compared with during the pre-crisis situation; (b) Being employed but not working, not being at work or being temporarily absent from work (e.g. furloughed workers and workers on sick leave); (c) Unemployment: being available for and seeking employment; and (d) Inactivity: withdrawal from the labour force.

support measures, is estimated to have declined by 10.7 per cent compared with the corresponding period in 2019 (equivalent to 5.5 per cent of global gross domestic product (GDP), or \$3.5 trillion).³³ Labour income losses are highest in middle-income countries and in the Americas and Africa.³⁴ If those losses are not compensated for by other forms of income, such as social protection transfers, it is estimated that an additional 35 million people will be at risk of being pushed into poverty.³⁵

28. The consequences of the current crisis differ greatly by sector and employment status. The crisis is predicted to have a devastating impact on low-skilled-low-wage workers.³⁶ Globally, 1.25 billion low-paid, low-skilled workers (38 per cent of the workforce) are employed in the four sectors that have been hit the hardest: food and accommodation (144 million), retail and wholesale (482 million), business services and administration (157 million) and manufacturing (463 million).³⁷ In the manufacturing sector, reduced global demand in the garment industry has had an impact on subcontractors and workers in developing countries, in particular the least developed countries. In Bangladesh, for example, 2.25 million factory workers have been affected by the decline in demand;³⁸ in Cambodia, one in six factories has been forced to suspend work, affecting about 60,000 workers.³⁹ Low-wage workers in OECD countries, who account for 15 per cent of the full-time workers, are particularly vulnerable because of the scarce savings on which they can rely in cases of loss of income.⁴⁰

29. Most vulnerable workers are in the informal economy, which represents over 60 per cent of the global workforce.⁴¹ Informal workers (e.g. daily wage earners, farm workers and migrant workers) often lack social protection, rights at work and the economic security to afford sick leave and treatment or to cope with lockdown measures, making them more vulnerable to income loss. In the first month of the crisis alone, they suffered a 60 per cent decline in earnings globally (around 80 per cent in Latin America and Africa).⁴² Informal workers also face higher health and safety risks as the nature of their work often involves interaction with co-workers and customers, while they lack adequate protections. Domestic workers, for example, who number over 67 million worldwide, the vast majority of whom are women, are predominantly informal workers and are therefore particularly vulnerable in the crisis.⁴³

30. Those who work in micro-, small and medium-sized enterprises have been especially affected by the crisis. Such enterprises account for over 70 per cent of global employment and 50 per cent of global GDP but,⁴⁴ because of their lower resilience and higher vulnerability on account of their size, they often have few assets and do not have access to credit, fiscal measures and the more recent COVID-19 crisis-related stimulus packages, in particular in developing countries, where they

³³ ILO, "ILO monitor: COVID-19 and the world of work", 6th ed.

³⁴ Ibid.

³⁵ ILO, "ILO monitor: COVID-19 and the world of work – Impact and policy responses", 1st ed., 18 March 2020.

³⁶ United Nations, "Policy brief: the world of work and COVID-19".

³⁷ Ibid.

³⁸ *Development Policy and Multilateralism after COVID-19* (United Nations publication, 2020).

³⁹ Ibid.

⁴⁰ OECD, "COVID-19: Protecting people and societies".

⁴¹ United Nations, "A UN framework for the immediate socio-economic response to COVID-19", April 2020.

⁴² United Nations, "Policy brief: the world of work and COVID-19".

⁴³ United Nations, "Policy brief: the world of work and COVID-19"; and ILO, "Beyond contagion or starvation: giving domestic workers another way forward", May 2020.

⁴⁴ ILO, "MSME Day 2020: the COVID-19 pandemic and its impact on small business", 26 June 2020.

operate predominantly in the informal sector.⁴⁵ More than half of the small and medium-sized enterprises in OECD countries indicated that without support they might fail within three months, while some operating in the formal sector could be pushed into informality.⁴⁶ An International Labour Organization (ILO) survey showed that 70 per cent of the micro-, small, and medium-sized enterprises surveyed had taken coping measures, such as providing paid leave, reducing the number of temporary workers, laying off permanent staff or asking workers to take unpaid leave or to work for reduced pay.⁴⁷

31. Migrant workers and refugees often work in sectors with high levels of temporary, informal or unprotected work. Some migrant workers have been forced to return to their countries of origin because of heightened discrimination and xenophobia, job losses and a lack of access to support measures, including social protection. Travel restrictions, including the closing of borders, have stranded at least 3 million migrants attempting to reach their countries of origin.⁴⁸ The pandemic has also had an impact on the internal mobility of migrant workers. In India, for example, millions of people working in urban areas have returned to their villages.⁴⁹

32. In many countries, the multifaceted impacts of the pandemic are also disproportionately felt by female workers, who are highly concentrated in the sectors hardest hit by the crisis. Some 40 per cent of all employed women worldwide (almost 510 million women) work in the most affected sectors: food and accommodation, retail and wholesale, business services and administration, and manufacturing.⁵⁰ Women are overrepresented in the health sector (70 per cent of the global health workforce) and are more likely to be front-line health workers, such as nurses, midwives and community health workers.⁵¹ In addition, they face increased unpaid care responsibilities for out-of-school children and/or for older persons and sick family members, while also being at risk of increased gender-based violence.⁵²

33. The majority of women in developing countries work in the informal sector, including more than 80 per cent of women in non-agricultural jobs in South Asia, compared with 74 per cent of women in sub-Saharan Africa and 54 per cent of women in Latin America and the Caribbean.⁵³ They therefore have no or very limited access to social protection, such as health insurance, paid sick leave, maternity leave, and pension and unemployment benefits. That is compounded by multiple and intersecting inequalities, such as socioeconomic status, disability, age and geographical location.

34. Young people are significantly affected by the current crisis in multiple ways: disruption to education and training could potentially diminish future employment opportunities and incomes; those already with jobs may face layoffs, unemployment

⁴⁵ ILO, *Small Matters: Global Evidence on the Contribution to Employment by the Self-Employed, Micro-Enterprises and SMEs* (2019).

⁴⁶ OECD, "Coronavirus (COVID-19): SME policy responses", 15 July 2020.

⁴⁷ ILO, "ILO SCORE global COVID-19 enterprise survey: how are enterprises affected and how can we support them?", 15 May 2020.

⁴⁸ International Organization for Migration (IOM), Migration Data Portal: Migration data relevant for the COVID-19 pandemic. Available at <https://migrationdataportal.org/themen/migration-data-relevant-covid-19-pandemic> (accessed on 13 July 2020).

⁴⁹ Susan F. Martin and Jonas Bergmann, "COVID-19 and the transformation of migration and mobility globally: shifting forms of mobility related to COVID-19", August 2020.

⁵⁰ ILO, "As jobs crisis deepens, ILO warns of uncertain and incomplete labour market recovery", 30 June 2020.

⁵¹ Mathieu Boniol and others, "Gender equity in the health workforce: analysis of 104 countries – health workforce working paper 1", Geneva, March 2019.

⁵² Sandro Galea, Raina M. Merchant and Nicole Lurie 2020, "The mental health consequences of COVID-19 and physical distancing: the need for prevention and early intervention", *Jama Internal Medicine*, vol. 180, No. 6 (10 April 2020).

⁵³ United Nations, "Policy brief: the impact of COVID-19 on women", 9 April 2020.

and reduced income; young people will also have difficulties entering or re-entering the labour market and/or transitioning to better positions.⁵⁴ Almost 77 per cent, or 328 million, of the world's young workers are in informal jobs in low- and middle-income countries.⁵⁵ In developed countries, new business models, such as the platform economy and the gig economy, have expanded the informal sector: the lack of a standard employment relationship often entails a lack of protection and benefits for workers, which makes those workers particularly vulnerable to the effects of the pandemic.

35. A significant feature of the current crisis is the rising number of inactive individuals (i.e. those not actively seeking employment and therefore not counted in the employment statistics), which is growing to higher levels than unemployment and which traditionally includes more of the older and younger generations.⁵⁶ On average, 40 per cent of young people experience a period of inactivity or unemployment of four years or more. Before the pandemic, around 20 per cent of young people around the world (267 million) were not in employment, education or training,⁵⁷ however, the current crisis could increase those percentages, leading to possible dejection and exclusion and reduced future potential earnings. Inactivity therefore requires particular attention in policies, as higher rates of inactivity make job recovery more difficult and increase economic costs for Governments. For example, even before the pandemic, the economic cost of people not in employment, education or training in OECD countries was estimated at between \$360 billion and \$605 billion, equivalent to between 0.9 and 1.5 per cent of GDP.⁵⁸

III. Social policy to enable inclusive, resilient and sustainable recovery from the pandemic to achieve the 2030 Agenda for Sustainable Development

36. Concerns over growing inequality and economic insecurity were mounting before COVID-19 hit. The current crisis has, however, drawn more attention to those issues, as they affect exposure to the virus, ability to work from home and access to adequate health care and social protection. The pandemic has exposed the precarity of many people's lives and revealed how much risk and uncertainty are embedded in today's society.

37. At the same time, inequality and insecurity stand to widen as a result of the devastating impact of the crisis on jobs, livelihoods, health and education. These negative social effects could last for years, even after the pandemic has ended and economic growth has returned. They will affect the prospects of children and young people who have lost educational and employment opportunities and may even leave a mark on future generations.

38. However, the long-term outcomes of the crisis depend on the policies used in response. Historically, pandemics and other major crises have reshaped policies and societies in ways that have helped to reduce inequality and address insecurity. Major shocks often tested institutions and practices and reinforced demands for social protection and higher wages. A notable example is the case of the United States of America, where the social protection system was created in the aftermath of the Great Depression of 1929. Similarly, the United Kingdom of Great Britain and Northern

⁵⁴ ILO, "ILO monitor: COVID-19 and the world of work", 4th ed., 27 May 2020.

⁵⁵ Ibid.

⁵⁶ ILO, "ILO monitor: COVID-19 and the world of work", 6th ed.

⁵⁷ ILO, "ILO monitor: COVID-19 and the world of work", 4th ed.

⁵⁸ OECD, "COVID-19: Protecting people and societies".

Ireland established its universal health-care system after the Second World War. Wherever Governments accommodated such demands, inequality fell once the initial shock had subsided.

39. Much like earlier crises, the COVID-19 pandemic is a fork in the road. An insufficient response to the crisis and its social impacts could put countries on a negative path, intensifying public discontent and further weakening trust in institutions. At the same time, the tragedy of the pandemic binds people's fates together, even more so than recent economic crises. It shows how much collective actions matter and instils a new awareness of the social and economic risks of deficient social protection systems and inadequate public services. The crisis can therefore lead to the transformational changes needed to build a new social contract.

40. To recover better and accelerate the implementation of the 2030 Agenda, a people-centred, inclusive, resilient and sustainable strategy is needed. The strategy has two prongs: fast-acting temporary measures to weather the crisis and comprehensive long-term policies and measures to build resilience against future risks and shocks. Such actions must be supported by adequate financing for social development.

A. Fast-acting temporary measures to address negative effects of the pandemic on social development

41. The COVID-19 pandemic is affecting societies and economies at their very core. Governments have taken unprecedented fast-acting temporary measures to limit the socioeconomic impact of the crisis. There are opportunities to build on those emergency response measures to transform economies and create more inclusive, equitable, resilient and sustainable societies.

42. In parallel to efforts to contain the pandemic, which is the most urgent priority, most countries have taken swift emergency response measures (fiscal stimulus packages) to counter its negative impact on employment and poverty. More than 170 countries have allocated funds to fiscal stimulus plans, which, as at 11 September 2020, amounted to \$11.7 trillion, or close to 12 per cent of global GDP.⁵⁹ Major fiscal stimulus packages have typically included additional spending and forgone revenue (including temporary tax cuts), the extension of social protection benefits to those who were previously not covered, the provision of support or interest-free loans to small businesses and the provision of liquidity support. The stimulus packages have been crucial in reducing the effects of the crisis: in countries with sufficient data, ILO has reported a direct correlation between the size of fiscal stimulus packages and the number of job losses.

43. Many Governments have undertaken new, although often temporary, social protection initiatives in response to the pandemic: between 1 February and 16 November 2020, 94.1 per cent of all countries and territories (209 countries and territories) released 1,596 social protection measures in response to the COVID-19 crisis.⁶⁰ Measures included special allowances and grants (16.7 per cent), income and job protection (14.9 per cent), unemployment protection (10.8 per cent) and health protection (10.7 per cent).⁶¹ The main beneficiaries of measures were workers and/or

⁵⁹ IMF, *Fiscal Monitor: Policies for the Recovery* (Washington, D.C., October 2020).

⁶⁰ ILO, "Social protection monitor: social protection responses to the COVID-19 crisis around the world", 30 November 2020.

⁶¹ ILO, "Social protection responses to COVID-19 crisis around the world", 30 November 2020. Available at www.social-protection.org/gimi/ShowWiki.action?id=3417&lang=EN (accessed on 5 January 2020).

their dependants (241 measures) and poor or vulnerable populations (219 measures).⁶² Measures to support the most vulnerable included cash transfers, food assistance programmes, social insurance and child benefits to support families. Cash transfer programmes were the most widely used safety net interventions (one third of all social protection programmes related to COVID-19).

44. Wage subsidies were the most widespread measures aimed at employment retention, with particular attention paid to disadvantaged groups, including women, persons with disabilities, migrants and young people. Most OECD countries have deployed short-time work schemes in response to the pandemic.⁶³ Several Governments have extended publicly financed sickness benefits to workers who are not otherwise entitled to paid sick leave. School closures and the high number of infections among family members in need of care have drawn attention to family leave policies. Some countries have taken measures to support workers who have to take care of children or sick family members, such as expanding statutory sick pay and sickness benefits.

45. Countries have also used their unemployment protection systems to prevent job losses, guarantee income security to workers and support those who have lost their jobs. That has been pursued through five main instruments: the expansion of unemployment benefits; the provision of wage subsidies; the expansion or introduction of partial unemployment benefits to compensate for crisis-induced reductions in working hours; the provision of employment services to complement income support for unemployed workers; and the relaxation of job-seeking preconditions associated with unemployment insurance payments.⁶⁴

46. Some countries have addressed the particular vulnerability of older persons and persons with disabilities by introducing old-age, survivor and disability benefits to guarantee income security to those affected by the crisis. Measures include advancing the payment, or increasing the level, of pensions: in Australia, pensioners have been among the recipients of a one-off payment of 750 Australian dollars (equivalent to \$431.9); South Africa has provided early payment of social grants to older persons and persons with disabilities; and Kenya has provided additional targeted support to vulnerable people, including orphans and older persons.

47. While those measures will address short-term needs, once they end, beneficiaries will be left just as vulnerable to future shocks as before. To safeguard the livelihoods of the most disadvantaged and vulnerable groups and individuals, Governments should optimize the size, duration and terms of such temporary measures and use them to lay the foundations of comprehensive long-term policies and social protection systems that can protect populations against future shocks. This would require bold actions 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 strengthen and extend the coverage of nationally appropriate social protection systems, including social protection 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 groups.

⁶² Ibid.

⁶³ European Foundation for the Improvement of Living and Working Conditions, definition of short-term work. Available at www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/short-time-work.

⁶⁴ ILO, "Social protection responses to the COVID-19 crisis: country responses in Asia and the Pacific", 25 March 2020.

B. Long-term measures to build back better: the need for a renewed social contract

48. To build back better, a new social contract to address the root causes of inequality and vulnerability, rather than just cushion shocks temporarily or palliate market failures, is needed. To forge that new path, Governments and other stakeholders (employers, workers and civil society organizations) must adapt their roles and responsibilities to meet the rapidly changing needs of today's societies. Specifically, rising levels of job insecurity in developed countries and insecure working conditions in developing countries mean that many people can no longer rely on work to provide economic security. Transformations to the structure of families and households challenge their role as a traditional source of informal support. Changes in the world of work, globalization and technological breakthroughs, which foster aspirations but also give rise to fears, are compounded by growing threats from climate change and pandemics. All in all, societal changes beyond the control of humankind are increasing people's exposure to shocks that they are unable to overcome. Governments, together with other stakeholders, must safeguard people's ability to cope, recover and thrive.

49. A first step in strengthening people's resilience is to invest in them by promoting equal opportunities and equal access to social services. To date, no country, rich or poor, has succeeded in giving all children the same chances, regardless of economic or social background. Ensuring equal access to inclusive, high-quality education, health care and other basic services is key. The current crisis demonstrates that health-care systems are only as effective as the care that they provide to the most vulnerable: universal policies should be complemented by targeted policies and measures to address inequalities based on gender, age, race, ethnicity or other factors that have been reinforced by social norms. Barriers to access to basic services, such as discrimination and stigma, and cultural insensitivity by service providers, must be identified and removed.

50. In particular, the COVID-19 crisis provides Governments with the opportunity to promote strong and resilient health systems and accelerate efforts towards the achievement of universal health coverage (see General Assembly resolution 74/2). Universal health coverage, whereby all individuals and communities receive the health services that they need without undue financial hardship, is an essential tool for achieving the goal of health for all.⁶⁵ Governments need to invest in "common goods for health", which includes access to essential medicines and equitable distribution of all health facilities, goods and services.⁶⁶ Countries should invest in creating high-quality health-care jobs, with a focus on primary health care, to fill critical gaps. In addition to strengthening health systems at the national level, countries need to invest in global public goods for health (i.e. cross-border functions or interventions, beyond market forces, that contribute to health progress), such as inter-country disease surveillance and preparedness systems, global information-sharing, and cooperation on research into causes and treatment of diseases, and vaccines.⁶⁷

51. Education is a key enabler and equalizer. To prevent the learning crisis from becoming a generational catastrophe that widens disparities, Governments must prioritize equal access, including to digital learning tools, from early learning to

⁶⁵ United Nations, "Policy brief: COVID-19 and universal health coverage", October 2020.

⁶⁶ World Health Organization, "Common goods for health". Available at www.who.int/health-topics/common-goods-for-health#tab=tab_1.

⁶⁷ United Nations, "Recovering from COVID-19: the importance of investing in global public goods for health", Policy Brief No. 83, July 2020.

lifelong education. That will mean investing in public education systems to address learning losses, prevent dropouts, in particular among marginalized groups, and take into consideration the social and emotional welfare of students, teachers and staff. Governments should strengthen the resilience and flexibility of education systems, focusing on equity and the inclusion of the most marginalized groups, in collaboration with all stakeholders and on the basis of data and evaluation. The current crisis provides an opportunity to rethink the purpose and role of schools and expand their capacity, build knowledge and skills in areas with high employability, promote health and well-being and improve digital skills.

52. The second step is to further strengthen labour institutions, including labour regulations, employment contracts and innovative forms of collective agreement. Without decent jobs that provide economic security, a good education does not automatically create opportunities. In the current context of massive joblessness, the way out of the crisis is through the promotion of decent work for all. Under a renewed social contract, Governments may consider establishing a universal labour guarantee that ensures fundamental rights at work and an adequate wage, regardless of workers' employment status.⁶⁸ There is also space for job guarantee programmes to address unmet needs in the care economy, build necessary infrastructure or facilitate the transition to green economies.

53. The third, essential, step is to promote more equitable fiscal and monetary policies for implementing nationally appropriate social protection systems, including social protection floors. Social protection systems that provide unemployment and disability benefits, child benefits, old-age pensions and access to health care offer income security at all stages of the life cycle and minimize the risk of people falling into poverty. While targeted measures may be necessary to reach those individuals and groups most in need, they should complement universal programmes, rather than replace them. In addition, long-term employment contracts can no longer be the prerequisite for access to social protection. A social contract fit for today's challenges requires adequate coverage of workers under non-standard contracts, including in the gig economy, of workers in informal employment and of people outside the labour force.

54. Social protection measures play a critical role in addressing the crisis as they are powerful economic and social stabilizers, contribute to job and income security for individuals affected by the crisis and provide effective access to health care. Countries that already had social protection systems in place before the pandemic have proved to be more prepared to rapidly mobilize health-care, job protection and income security measures. Social protection measures have also been more efficient in countries with universal, or close to universal, health coverage and adequate benefit levels for delivering comprehensive benefits and services and preventing poverty.⁶⁹ To build back better, Governments should create social protection systems that can respond to systemic shocks affecting many households simultaneously, whether natural disasters, food shortages, economic crises or disease outbreaks such as the COVID-19 pandemic.⁷⁰

55. That would involve building systems that provide comprehensive and adequate protection for all and ensure easy access to entitlements and redress mechanisms. Social protection floors guarantee income security across the life course. It can be achieved through a combination of contributory schemes, such as pensions and

⁶⁸ As proposed by ILO in *Work for a Brighter Future: Global Commission on the Future of Work* (Geneva, 2019).

⁶⁹ ILO, "Social protection responses to the COVID-19 crisis: country responses in Asia and the Pacific".

⁷⁰ United Nations, "COVID-19 and a primer on shock-responsive social protection systems", Policy Brief No. 82, July 2020.

unemployment insurance, and tax-financed schemes, such as cash transfers for children, food and nutritional assistance for families and social pensions for older persons and persons with disabilities. Countries should also develop integrated strategies to extend social protection to informal workers and promote their transition to the formal economy. That should be carried out in dialogue with a variety of stakeholders, including workers in the informal economy.⁷¹

56. Social protection systems need to have system design and delivery mechanisms that reduce barriers to access for disadvantaged social groups, including discrimination, a lack of information, complex registration and administrative processes and the digital divide. Thus far, less than one fifth of social protection and labour market measures taken in response to the COVID-19 crisis strengthen women's economic security or support unpaid care.⁷² Recovering better provides a chance to integrate support for care into social protection systems and public services, thereby reducing income and gender inequalities. To do so, social protection systems need to provide for leave and cash transfers for caregivers, while strengthening care services for children, older persons and persons with disabilities.

57. Those social policy imperatives will have a limited impact on poverty, inequality and insecurity if discrimination continues to preclude the participation of certain people and groups in social, economic and political life. A new social contract depends on complementary universal policy measures involving broader processes of institutional change that promote equal access to productive resources, fair inheritance rights, full legal capacity for all and access to justice. The process of reforming institutions and reversing entrenched prejudices is often slow and may be perceived as challenging by some sectors of society. However, that process also provides an opportunity to stem the social discontent and political instability that are provoked by inequality and insecurity.

58. At a time of growing public discontent in developed and developing countries in all regions, rebuilding trust hinges on the availability of quality public services that promote equal opportunities, universal social protection that fosters economic security and public institutions that guarantee equal rights. Those should be the building blocks of a renewed social contract. The stronger the social policies, the higher the level of trust in institutions and, in turn, the larger the space for robust social policies.

C. Sustainable financing and partnerships for social development

59. The pandemic and its economic fallout are currently having a devastating impact on public balance sheets. The strain placed on domestic resource mobilization is compounded by the urgent need to boost expenditure in order to contain and mitigate the impact of the crisis. Providing adequate financial investment in social protection systems and reversing chronic underinvestment in public services, including education and health care, will be critical to ensuring an inclusive and sustainable recovery from the crisis and to creating societies that are more resilient to future shocks.

Financing gaps for social development have dramatically increased because of the crisis

60. The crisis not only is laying bare certain risks that have been ignored for decades (in particular, inadequate health-care and education systems, and gaps in social protection), but also is exposing and exacerbating financing gaps in those areas.

⁷¹ ILO, "Social protection spotlight: extending social protection to informal workers in the COVID-19 crisis – country responses and policy considerations", 14 September 2020.

⁷² UNDP and UN-Women, COVID-19 Global Gender Response Tracker.

61. When the crisis hit, only 45 per cent of the global population was effectively covered by at least one social protection benefit. The remaining population – as many as 4 billion people – was completely unprotected. Those coverage gaps reflect significant financing gaps in social protection. According to ILO, to ensure basic income security and access to essential health care for all in 2020, developing countries would have needed to invest some \$1.2 trillion (on average, 3.8 per cent of their GDP) to close the financing gap.⁷³ Low-income countries account for \$77.9 billion of that gap, equivalent to 15.9 per cent of their GDP. The relative burden of closing that gap is particularly marked in Central and Western Asia, North Africa and sub-Saharan Africa (between 8 and 9 per cent of their GDP). Those financing requirements reflect the increasing need to provide health-care services and income security to workers who have lost their jobs because of the pandemic, as well as the extent to which GDP has decreased because of the crisis. Globally, it is estimated that the financing gap for social protection has increased by 30 per cent since the onset of the crisis.⁷⁴

62. Education systems have been underfunded for years. Even before COVID-19 hit, low- and middle-income countries would have needed to at least double their education spending to reach the \$3 trillion a year needed to achieve Goal 4, on high-quality education for all by 2030.⁷⁵ The crisis not only has highlighted alarming inequalities in access to education, but also has served as a reminder of the urgent need for budgetary prioritization. Annual spending on education worldwide was \$4.7 trillion in 2019, with Governments accounting for 79.3 per cent of spending, households for 20.4 per cent and donors for 0.3 per cent (12 per cent in low-income countries). Globally, the share of government budgets allocated to education has remained relatively constant, at an average of 14.2 per cent, during the period 2000–2017.⁷⁶ The recession triggered by the pandemic has severely challenged the capacity of Governments to raise revenue and will force them to make tough decisions regarding the prioritization of limited financial resources in the coming months and years. National budgets will be squeezed, and aid earmarked for education in low-income countries may suffer, at the very time when increased funding is needed for recovery. According to estimates by the United Nations Educational, Scientific and Cultural Organization (UNESCO), even if the budget share allocated to education remains stable, public spending could drop by 8 per cent (\$210 billion) and aid earmarked for education by 12 per cent (\$337 billion).⁷⁷

63. Significant additional financing is required to achieve universal access to health care. In 2019, the World Health Organization (WHO) estimated that up to 5 billion people would miss out on health care in 2030 if rates of global spending on health remained stable. It warned that countries must increase spending on primary health care by at least 1 per cent of their GDP if the world were to close glaring coverage gaps and meet the health targets set out in the 2030 Agenda.⁷⁸ The COVID-19 crisis has intensified those financing needs and increased the financing gap for health care. Another important challenge in many countries is to reduce households' out-of-pocket

⁷³ Fabio Durán-Valverde and others, *Financing Gaps in Social Protection: Global Estimates and Strategies for Developing Countries in Light of the COVID-19 Crisis and Beyond*, ILO Working Paper (Geneva, ILO, 2020).

⁷⁴ Ibid.

⁷⁵ International Commission on Financing Global Education Opportunity, *The Learning Generation: Investing in Education for a Changing World* (2016).

⁷⁶ See <https://data.worldbank.org/indicator/SE.XPD.TOTL.GB.ZS>, based on UNESCO Institute for Statistics.

⁷⁷ UNESCO, “Why the world must urgently strengthen learning and protect finance for education”, 16 October 2020.

⁷⁸ WHO, *Primary Health Care on the Road to Universal Health Coverage: 2019 Monitoring Report* (Geneva, 2019).

payments on health care, which is crucial to tackling poverty and social inequities. The incidence of catastrophic health expenditure, defined as large out-of-pocket spending in relation to household consumption or income, continuously increased between 2000 and 2015.⁷⁹

Domestic resource mobilization and progressive taxation and expenditure needed to preserve and increase social spending

64. Domestic resource mobilization is crucial to building back better, but in many countries, progress made in that respect has been insufficient to match the scale and ambition of the 2030 Agenda.⁸⁰ Between 2015 and 2018, only 40 per cent of developing countries clearly increased tax-to-GDP ratios.⁸¹ With global GDP estimated to have contracted sharply in 2020 by between 3.2 and 5.2 per cent,⁸² domestic resource mobilization is likely to suffer. Dramatic falls in public revenue are putting national budgets under strain. While all countries are affected, the least developed countries and small island developing States, which are both heavily dependent on remittances, tourism, oil, commodity exports and manufacturing exports, are experiencing dramatic fall in public revenue.⁸³ Estimates show that government revenues in sub-Saharan Africa could decline by between 12 and 16 per cent compared with a non-COVID-19 baseline scenario. In April 2020, year-on-year revenue decreased by 40 per cent in Peru and by 49 per cent in Jordan.⁸⁴

65. Political will to reform national tax and fiscal policy is needed in order to increase domestic revenues. During the recovery phase, Governments may consider measures to make tax systems more effective and progressive and expenditure that reduces poverty and inequality.⁸⁵ Similarly, countries should take bold measures to eradicate tax evasion and avoidance, as well as illicit financial flows, as those are major barriers to domestic resource mobilization and result in significant forgone investment in social development.⁸⁶

International cooperation to create fiscal space for social development

66. International and regional cooperation can help to create fiscal space for social development. However, even before the COVID-19 crisis, levels and trends in external financing already fell short of the spending needed to achieve the Sustainable Development Goals. In 2019, official development assistance (ODA) totalled 0.3 per cent (\$152.8 billion) of gross national income, which was below the United Nations commitment target of 0.7 per cent.⁸⁷ Moreover, although social sectors remain the largest recipients of ODA, the percentage of total ODA devoted to social spending fell from 40 per cent in 2010 to 35 per cent in 2017.⁸⁸

⁷⁹ Ibid.

⁸⁰ *Financing for Sustainable Development Report 2020* (United Nations publication, 2020).

⁸¹ Ibid.

⁸² United Nations, "Achieving the Sustainable Development Goals through the COVID-19 response and recovery", Policy Brief No. 78, June 2020.

⁸³ United Nations, Department of Economic and Social Affairs, *Responding to COVID-19 and Recovering Better* (2020).

⁸⁴ OECD, "The impact of the coronavirus (COVID-19) crisis on development finance", 24 June 2020.

⁸⁵ For a more detailed analysis of financing for social development, see [A/75/216](#).

⁸⁶ *Financing for Sustainable Development Report 2019* (United Nations publication, 2019).

⁸⁷ United Nations, "Global ODA, and aid for least developed countries, recovers in 2019", data update to the *Financing for Sustainable Development Report 2020*, following the release of OECD, "Aid by DAC members increases in 2019 with more aid to the poorest countries", 16 April 2020.

⁸⁸ *Financing for Sustainable Development Report 2019*.

67. With rising spending needs and falling revenue, public debt is likely to increase significantly in many countries. The risk of debt distress is particularly marked in Africa.⁸⁹ Increases in debt servicing costs, spurred by the devaluation of many countries' currencies against the United States dollar, will further narrow countries' available fiscal space and limit the impact of COVID-19 response measures. Downgrades of countries' sovereign credit scores risk further increasing the cost of public borrowing on the international capital markets.

68. In the short term, official development finance has an important role to play in supporting developing countries through the COVID-19 crisis. ODA played an important countercyclical role in previous crises, supporting health-care and social protection systems in developing economies.⁹⁰ While the global economic recession threatens the level of external financing available, members of the Development Assistance Committee of OECD have asserted their ambition to "strive to protect ODA budgets" during the crisis.⁹¹ Ultimately, the evolution of ODA will depend on political will and global solidarity. Similarly, multilateral development banks, including the World Bank Group, the International Monetary Fund, regional development banks and other multilateral and intergovernmental agencies, have ramped up rapid disbursement of financial support to counter the economic and social fallout of the COVID-19 pandemic and strengthen social protection systems. The Group of 20 announced the commitment of its members to suspending debt service payments by the 76 countries eligible for support from the International Development Association. Although more should be done to promote sustainable debt management, that marks a first step.⁹²

69. In sum, domestic resource mobilization is the only long-term viable source of financing for building back better. To support developing countries through the worst of the current crisis and prevent a decline in social development outcomes, members of the international community should sustain their political commitment and work together to support national sustainable development strategies and cushion the dramatic fall in the domestic financing of social development.⁹³

⁸⁹ OECD, "COVID-19 and Africa: socio-economic implications and policy responses", 7 May 2020.

⁹⁰ OECD, "Six decades of ODA: insights and outlook in the COVID-19 crisis", in *Development Co-operation Profiles* (OECD Publishing, Paris, 2020).

⁹¹ OECD, joint statement by members of the Development Assistance Committee of OECD. Available at oecd.org/dac/development-assistance-committee/DAC-Joint-Statement-COVID-19.pdf.

⁹² United Nations, "Debt and COVID-19: a global response in solidarity", 17 April 2020; and United Nations, "COVID-19 and sovereign debt", Policy Brief No. 72, May 2020.

⁹³ OECD, "The impact of the coronavirus (COVID-19) crisis on development finance".