



United Nations

Department of
Economic and
Social Affairs



The SDGs at a turning point

Ensuring progress amid recurrent crises



HIGH-LEVEL POLITICAL FORUM
ON SUSTAINABLE DEVELOPMENT

Summary and key takeaways

“Headwinds in an increasingly turbulent world”

- The outlook for the SDGs faces uncertainty due to cumulative and amplifying impact of global and local crises.
- These impacts are universal and unequal.
- The unequal impact on SDG progress also means the SDG shortfalls are more concentrated.
- Multiple and recurrent crises also exhaust the capacity of poorer countries to react and prepare for subsequent crises.

“A roadmap to accelerate progress on the SDGs”

- In this context, achieving the SDGs requires choosing the most effective policies, and ways to target them.
- There are clear options for policymakers that can accelerate progress. Among them:
 - Investments in social protection, health and infrastructure made during the pandemic should be maintained and expanded.
 - There are also new opportunities to accelerate energy transformation and to adopt transformative digital technologies.

We are in the midst of three simultaneous global crises that amplify one another

In addition to the many local and regional crises that are ongoing...

Climate Change

Increasing the frequency and intensity of extreme weather events across the world, besides resulting in longer-term damage such as prolonged drought and rising sea levels.

Covid-19 Pandemic

Caused more than 6 million deaths globally and brought the economy and people's lives to a standstill for long periods in many parts of the world.

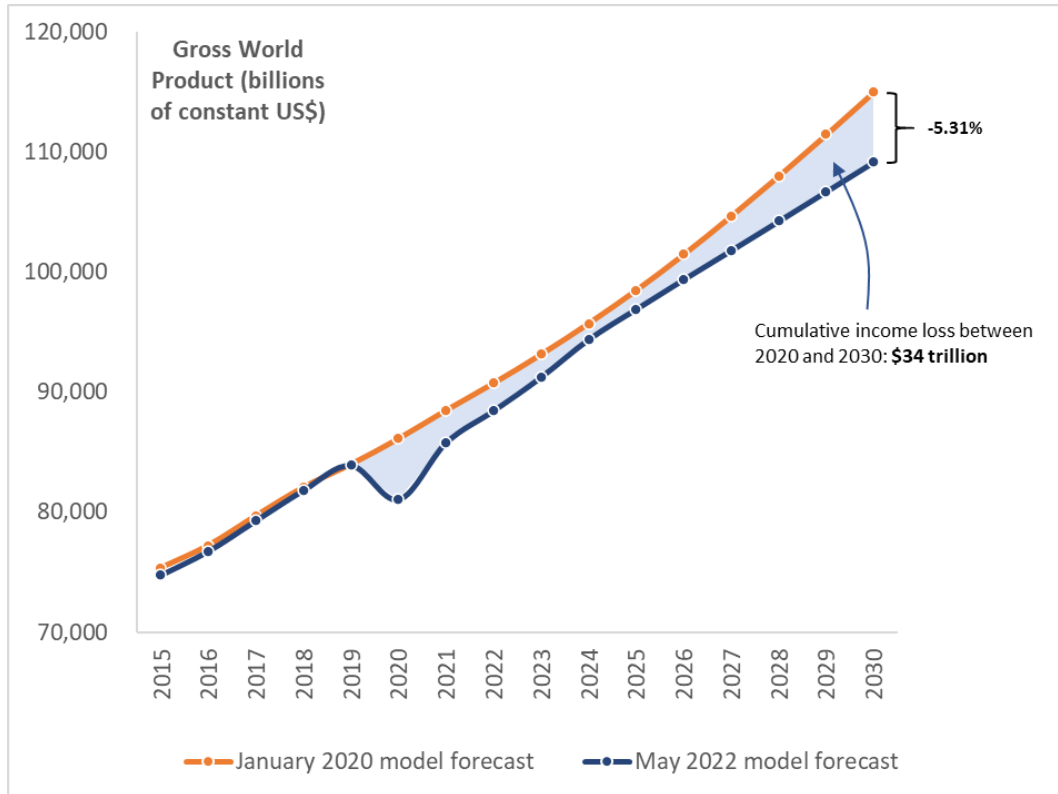
War in Ukraine

Humanitarian emergency, accompanied by a global food and energy shock, upending a fragile economic recovery from the pandemic.

Impact on
SDG progress
and outlook
for 2030

The shocks from each crisis are transmitted through several channels

Changes to gross world product forecasts before and after the pandemic, in billions of constant US\$

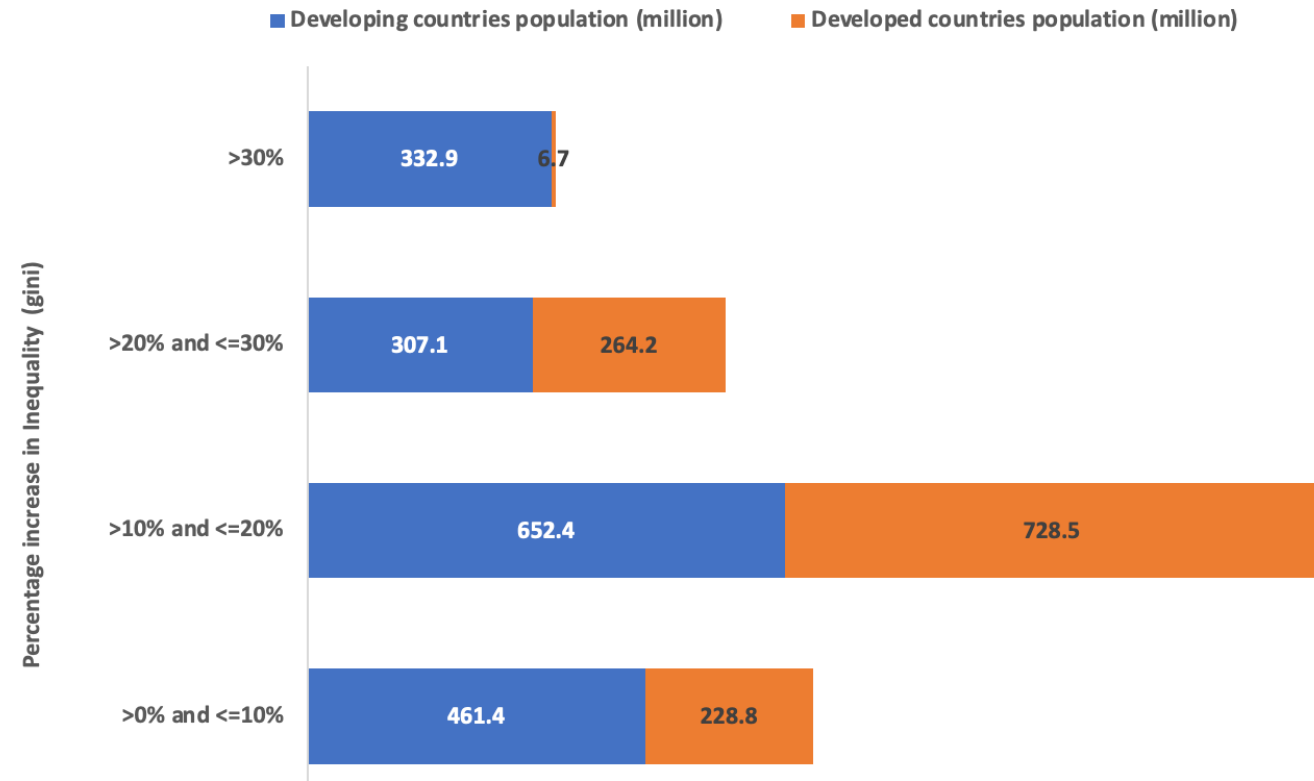


Source: UN DESA, based on scenario results from January 2020 and May 2022.

- Growth is a key enabler of SDG progress on multiple SDGs. Revised forecasts show a persistent shortfall in the level of global output compared to pre-crisis expectations.
- Global inflation is projected to rise to 6.7 per cent in 2022, twice the average of 2.9 per cent during the 2010-2020 period. Sharp increases in food and energy prices disproportionately impacts the poor and imperils economic growth.
- Global trade fell by 9.6 per cent in 2020 during the pandemic. Transport costs increased by almost 350 per cent between May 2020 and June 2021. Rising fuel prices from the war in Ukraine have added to transport costs.
- Global employment remains below pre-pandemic levels. Declining economic prospects since February 2022 presage a weaker recovery of employment. ILO forecasts of January 2022 predict a shortfall of about 52 million full-time equivalent jobs in 2022 compared to their pre-pandemic level.
- Remittance flows, a significant source of income for many developing country households, have become less reliable, especially for those that rely on income from Ukraine.

The effects are universal, but also unequal

World population that are susceptible to different levels of rising within-country income inequality caused by inflationary shock

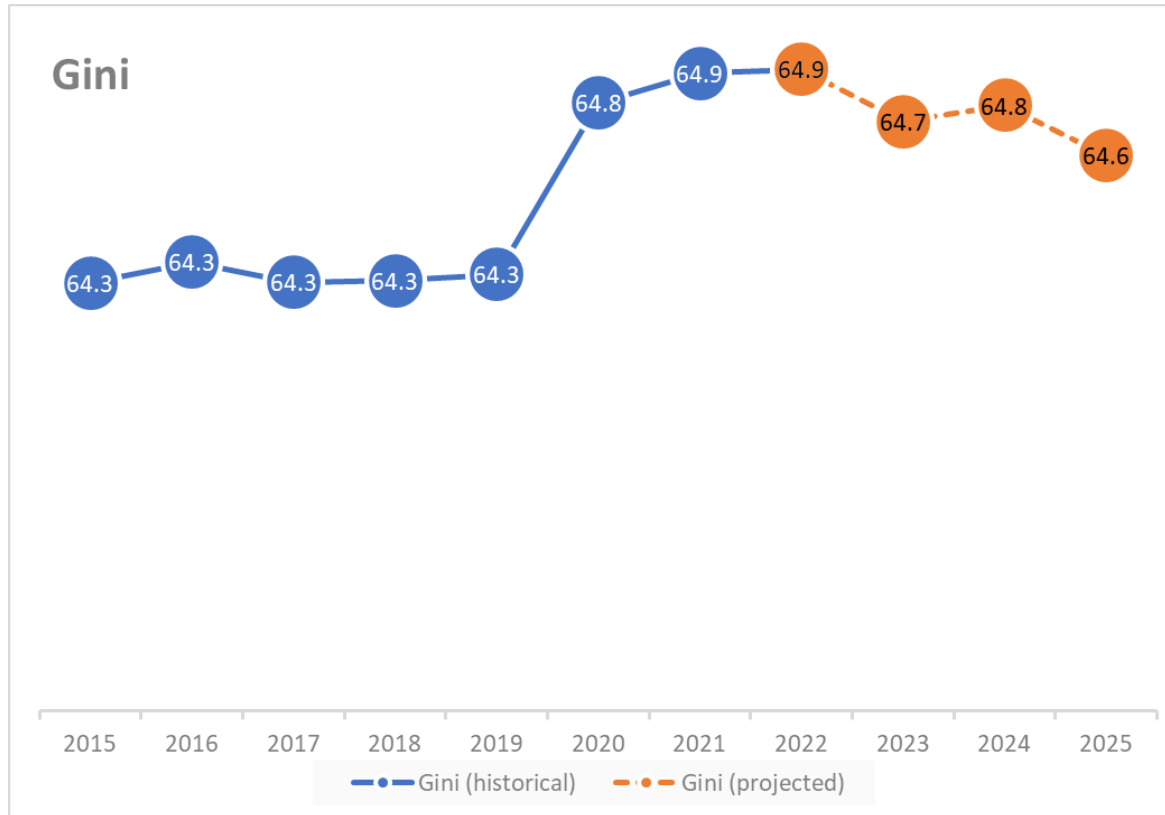


Source: UN DESA calculation, based on Ha, Kose, and Ohnsorge (2021) and estimate from Nuguer and Powell (2020).

- Nearly every person affected by climate disasters since 1998 lived in developing economies and economies in transition.
- COVID-19 started a vicious cycle whereby disadvantaged groups were not only more exposed to immediate risks from the pandemic, but also less prepared to cope with the financial burdens of the lockdowns.
- Long-term impacts on children are likely to be severe, particularly in developing countries. An estimated 147 million children missed more than half of their schooling during the past two years.
- Rising food and energy prices disproportionately affect poorer households. About 910 million people live in countries where income inequality could increase by more than 20 per cent due to COVID-related inflationary shock. 70 per cent live in developing countries.
- The war in Ukraine, in the worst-case scenario, is expected to cause an additional 11 million people to fall into poverty.

Reducing inequality has become more difficult and requires more attention

Evolution of between-country income inequality, 2015-2025



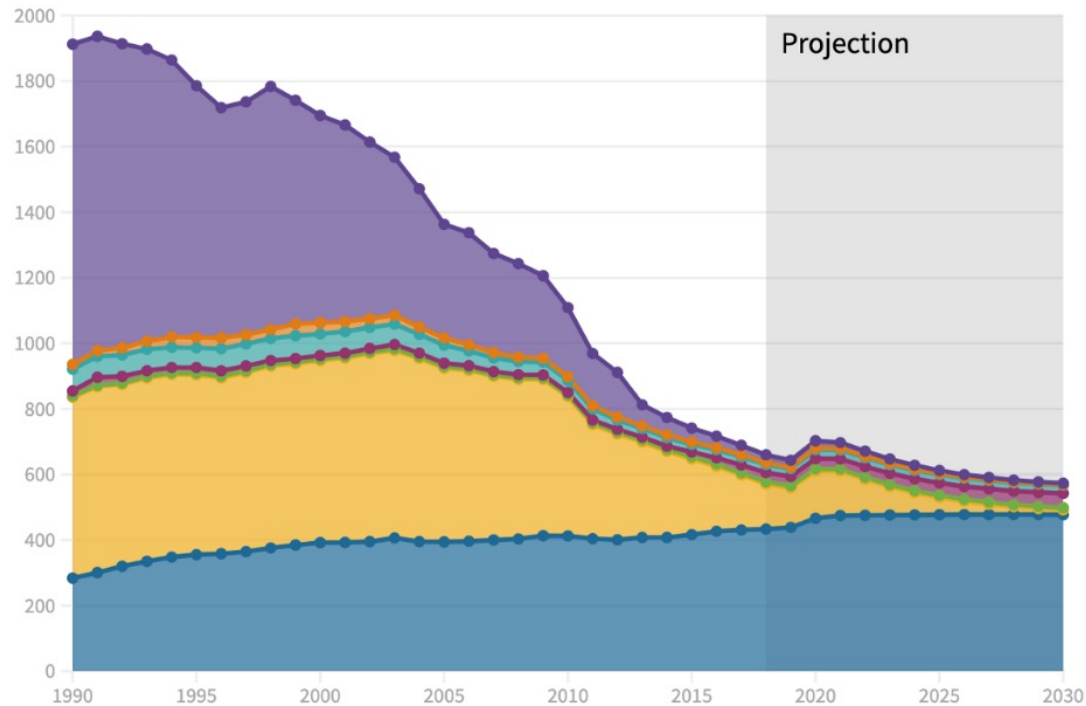
- Lower-income countries have been more adversely affected by the pandemic causing higher global inequality.
- Between-country income inequality, having remained relatively steady since 2015, rose sharply due to the pandemic and is expected to remain above pre-pandemic levels well into the second half of this decade.

Source: UN DESA calculation, based on scenario results in May 2022.

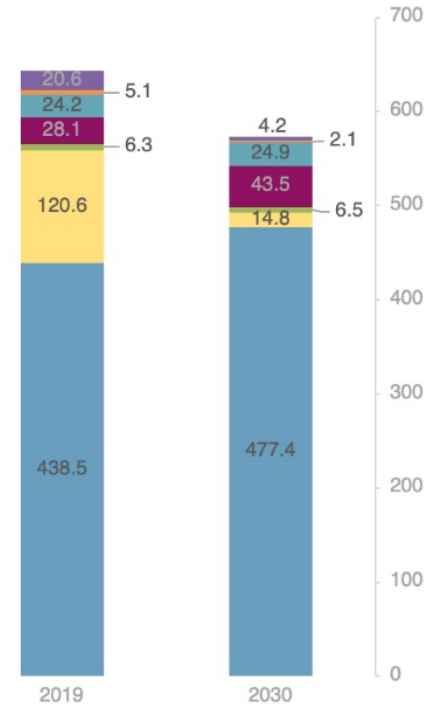
Key SDG challenges are becoming concentrated in certain regions

Population living in extreme poverty by region (1990-2030)

Sub-Saharan Africa South Asia Rest of the world Middle East & North Africa
Latin America & Caribbean Europe & Central Asia East Asia & Pacific



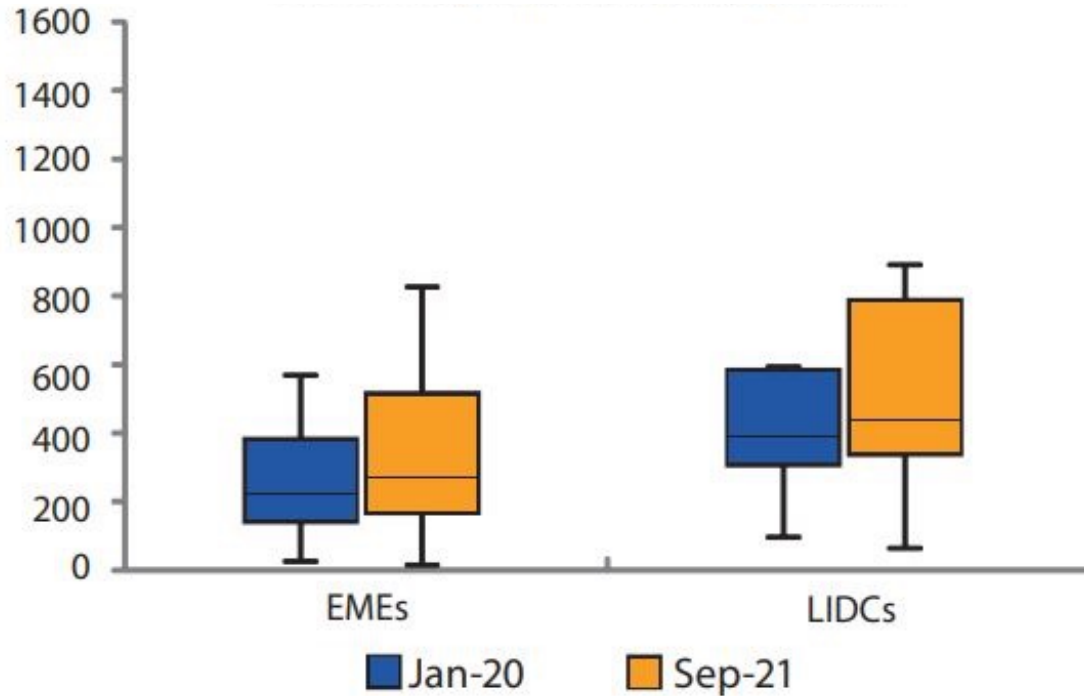
Source: UN DESA, based on data from the World Bank.



- By 2030 sub-Saharan Africa is projected to be home to 83 per cent of the world's poor, or 477 million people.

As needs rise, the policy space available in developing countries is shrinking

Sovereign bond spreads (basis points)

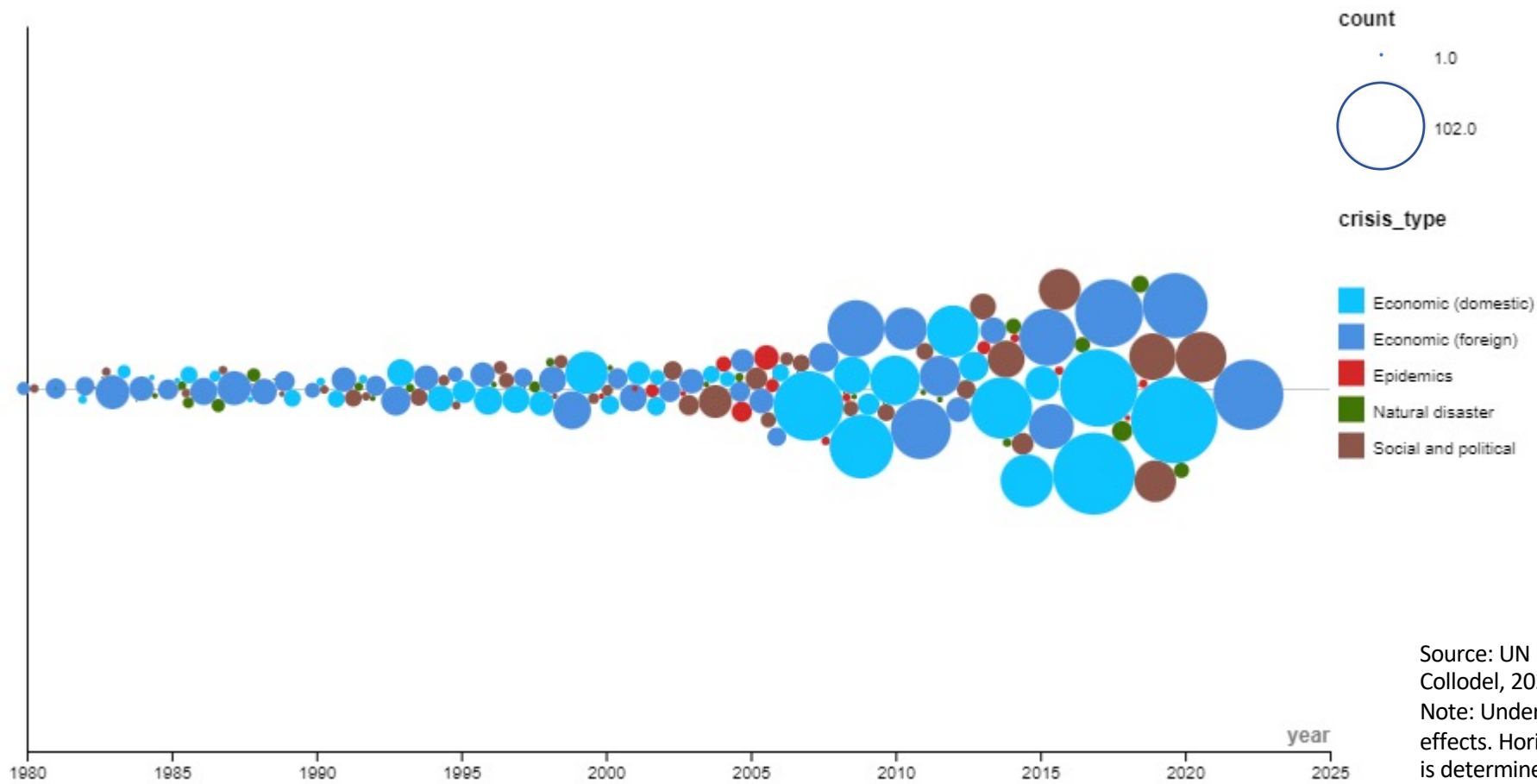


- In some countries the annual spending required to meet the SDGs in education, health, road, electricity, and water and sanitation could increase by 21 per cent compared to the pre-pandemic baseline estimates.
- The investment required to cope with climate change has similarly increased. It is estimated that capital spending on physical assets for energy and land-use systems in the net zero transition scenario between 2021 and 2050 increased by \$3.5 trillion each year.
- The compounding impact of the recurrent crises has reduced the fiscal space of developing countries. In sub-Saharan Africa, total government tax revenue decreased by 15 per cent in 2020 compared to the prior year.
- The cost of borrowing for emerging market economies and low-income developing economies increased substantially and is likely to remain high as global interest rates rise.

Source: Reproduced from UN DESA, 2022. Financing for Sustainable Development Report 2022. <https://developmentfinance.un.org/fsdr2022>. Based on data from JPMorgan Emerging Market Bond Index (EMBI) spreads, collected from Refinitiv Datastream, and the IMF.
Note: EME refers to Emerging Market Economies. LIDC refers to Low-income Developing Countries.

Crises are becoming more numerous

Number of countries in crisis by year and crisis type, 1980-2019



Much more needs to be done to finish the job

- **Implement interventions that are more impactful and better targeted**
 - Identify policies with the most impact on the SDG. Policymakers can benefit from the available evidence on the most cost-effective policies for a given sector to decide on how to direct their limited funds.
 - Increase the focus of national and global SDG efforts on those most in need. Efforts to eradicate poverty and accelerate progress in other SDGs must be better targeted to address context-specific challenges.
 - Official development assistance and support for debt relief must be targeted and scaled up, especially for the LDCs.
- **Harness new opportunities for faster SDG progress**
 - Build on the energy transition momentum. The spike in oil and gas prices increased incentives to invest in low-carbon energy systems. Temporary measures to deal with fuel shortfalls mustn't derail plans for energy transition.
 - Invest in the digital transformation. Digital technologies improves access to services including education, health, finances and public transfers. More broadly, digitalization offers developing countries a fast pathway to a knowledge and innovation economy.

Much more needs to be done to finish the job

- **Invest in policy and infrastructure resilience to unexpected events**
 - Recover and expand the national policy space of the most vulnerable countries.
 - Sustain and further strengthen emergency response measures and early warning systems.
 - Invest in the robustness and resilience of global production and supply chains.
- **Strengthen multilateral cooperation for universal progress and resilience in the face of shocks**
 - Donors must strive to achieve the 0.7 per cent of GNI target for ODA. The fiscal impact of the current crises must not divert attention from the critical role played by ODA in many developing countries.
 - There must be a coordinated multilateral response to advance the reform of the international financial system.
 - The resilience of multilateral trade should be reexamined in light of the consequences of the crisis-induced disruptions to the global supply chains.

Questions for future research

- The overarching picture is that there are big shifts happening.
- Some questions that we expect to answer in the coming months include:
 - How to best quantify the impact on SDG scenarios and outlook?
 - How can multilateral cooperation accelerate the SDGs?
 - How can an improved multilateral system build resilience to a world where crises are more common?
 - How should the GVC be improved in light of the stresses and weaknesses that became evident during the pandemic and with the war in Ukraine?
 - Could rules defining global trade be modified to create more resilience for vulnerable countries?
 - What are the areas for cooperation and interactions among countries and the broader global community?



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Thank you