

A woman in a red patterned top and floral sarong is flying a kite in a dusty, makeshift settlement. The kite is green and white with a purple square in the center. She is holding the string with her right hand and gesturing with her left. In the background, another woman is holding a blue and white kite. The scene is set in a dusty, makeshift settlement with simple structures and a clear blue sky.

# COVID-19, Inequalities and Building Back Better

**POLICY BRIEF BY THE  
HLCP INEQUALITIES TASK TEAM**

Photo: UN Women / Nadira Islam



The **United Nations System Chief Executives Board for Coordination (CEB)**, chaired by the Secretary-General, is the longest-standing and highest-level coordination forum of the United Nations system, enhancing UN system-wide coherence and coordination in response to decisions adopted by legislative and governing bodies of UN system organizations.

The **High-level Committee on Programmes (HLCP)** is the principal mechanism for forging policy coherence and programme coordination on strategic policy issues facing the UN system, serving as the 'think tank' for CEB, and as a platform for interagency dialogue, sharing of best practices and developing common strategies.

In 2019, HLCP decided to establish an **Inequalities Task Team (ITT)** to strengthen the UN system's leadership, coordination and impact on reducing inequalities and supporting SDG 10. Twenty-two entities are currently represented: OHCHR (co-lead), UN Women (co-lead), DCO, DESA, FAO, IFAD, ILO, IOM, ITU, OSGEY, PBSO, Regional Commissions, UNCTAD, UNDP, UNDRR, UNEP, UNESCO, UNFPA, UNHABITAT, UNICEF, UNODC, WHO.

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# Introduction

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## COVID-19, INEQUALITIES AND BUILDING BACK BETTER

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The United Nations Secretary-General has described inequality as the defining challenge of our era – one that the COVID-19 crisis has thrown into even greater relief.<sup>1</sup> Moreover, the pandemic threatens to derail progress towards the Sustainable Development Goals (SDGs). COVID-19's immediate health impacts, coupled with its longer-term social and economic consequences, have cost more than a million lives, destroyed countless livelihoods, curtailed young people's education, increased violence against women and threatened food security. The pandemic is expected to reverse decades of progress on poverty reduction and worsen inequalities.

Whether a consequence of age, sex, disability, race, ethnicity, origin, religion, economic or other status,<sup>2</sup> inequalities are pervasive – both within and between countries. These inequalities often coexist, overlapping and interacting in ways that create severe and compounded forms of deprivation and disadvantage. Inequalities hold back social and economic prosperity, exacerbate environmental degradation, distort democratic governance systems, fuel conflict and are a barrier to the realization of fundamental human rights. Despite progress in some countries, income and wealth are

### Key messages

- Threatening to derail progress towards the SDGs, COVID-19's devastating health, social and economic impacts are set to worsen inequalities within and between countries.
- To avoid a downward spiral that intensifies economic damage and catalyzes a broader humanitarian crisis, addressing inequalities should be a core part of implementing the UN system's framework for the immediate socioeconomic response to COVID-19.
- Governments and the global community have a once-in-a-generation opportunity to 'build back better', to transform economies and create more equitable societies that allow everyone to enjoy the full range of their human rights, without discrimination.
- To achieve this, bold action is needed to build stronger, equity-focused health systems; to strengthen social protection and public services; to forge a jobs-intensive recovery for people-centred and environmentally sustainable economies; to implement gender-responsive economic policies, based on international solidarity and multilateral collaboration; and to ensure social cohesion and community resilience.

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1 UN Secretary-General (UNSG). 2020a. "Nelson Mandela Lecture,"

2 UN General Assembly. 2015. *Transforming Our World: The 2030 Agenda for Sustainable Development*. A/RES/70/1.

increasingly concentrated at the top. During the period 2012 to 2017, in all countries with comparable data, the poorest 40 per cent of the population received less than 25 per cent of the overall income, while the richest 10 per cent received at least 20 per cent of total income.<sup>3</sup>

**Rising inequalities are not inevitable. Policies and institutions matter, at national and global levels.**

Yet rising inequalities are not inevitable. Inequality levels and trends differ among countries that are at similar levels of development and that are equally exposed to global trade, technological innovation and even the effects of climate change. Policies and institutions matter, at national and global levels. In adopting the 2030 Agenda for Sustainable Development, countries committed to leave no one behind, reduce inequalities and eliminate discrimination.

The 2030 Agenda includes a specific goal (SDG 10) to reduce inequality within and between countries, as well as Goal 5, to achieve gender equality and empower all women and girls. The UN Development System has put combating inequalities and discrimination at the heart of its support for 2030 Agenda implementation, as outlined in the Chief Executive Board's Shared UN System Framework for Action on Equality and Non-Discrimination.<sup>4</sup>

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## COVID-19 IS EXACERBATING INEQUALITIES

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The virus may not discriminate, but unequal societies do. While wealthier groups and those benefiting from various forms of privilege enjoy better underlying health, access to treatment and options to limit their exposure, mortality rates have been highest among marginalized communities, those with lower socioeconomic status, and those with pre-existing health conditions, many of which are non-communicable diseases linked to poverty.

The unequal impact of the pandemic is further exacerbated by the long-standing chronic underinvestment in public health as well as the persistent barriers to health services faced by poor and marginalized groups. Food insecurity for poorer groups is also increasing in many countries, due to the loss of income and the breakdown of food markets, further contributing to ill health and health inequalities.<sup>5</sup> The redirection of health spending to the COVID-19 response also risks shortfalls in other critical health services, including treatments for cancer, diabetes and heart disease, and for vaccinations and sexual and reproductive health – which is likely to increase health inequalities and may potentially cause even more excess deaths than COVID-19 itself.

Lack of access to basic infrastructure and adequate housing is also rendering people more vulnerable to infection in many parts of the world, affecting some groups much harder than others, including people living in slums and informal

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3 United Nations. 2020a. *The Sustainable Development Goals Report 2020*. p. 44.

4 United Nations System Chief Executives Board for Coordination. 2017. *Leaving no one behind: Equality and non-discrimination at the heart of sustainable development*.

5 A preliminary assessment suggests that the pandemic may add between 83 and 132 million people to the total number of undernourished in the world in 2020. See: FAO. 2020. *The State of Food Security and Nutrition in the World* and UNSG. 2020b. "Policy Brief: The Impact of COVID-19 on Food Security and Nutrition."

settlements, homeless people, migrants, refugees and stateless people.<sup>6</sup> Persons living in institutionalized settings have also been particularly affected – from older persons where care has been rationed by age, to persons in detention who face crowded and unsanitary conditions.

**The pandemic has quickly morphed into a full-fledged economic and social crisis, the effects of which will reverberate for years to come.**

While the pandemic started as a health crisis, it has quickly morphed into a full-fledged economic and social crisis, the effects of which are likely to reverberate for years to come. COVID-19 has pushed the global economy into the worst economic crisis since the Second World War, with the IMF projecting that more than 170 countries will experience negative per capita income growth in 2020 and a projected cumulative output loss of USD \$9 trillion.<sup>7</sup> Already, the crisis has caused an unprecedented reduction in economic activity and working time. According to ILO estimates, 17.3 per cent of working hours, equivalent to 495 million full-time jobs, were lost during the second quarter of 2020.<sup>8</sup>

Like the health impacts, the costs of this shock are not equally distributed. Inequalities in the world of work have become more apparent than ever, with the privileged few working from home, while others have either been laid off or are essential workers, enduring

greater exposure to the virus.<sup>9</sup> The situation is particularly challenging in developing countries and among certain groups, where most employment is in the informal economy, in jobs that lack employment rights or access to social protection. To earn a living, informal workers – such as street vendors, small-scale farmers and domestic workers – often depend on public spaces and social interactions, which have been restricted amid the pandemic.<sup>10</sup> As well as severely impacting on urban informal workers, lockdowns have had a harsh impact on rural migrants, who have often lost their jobs and accommodation as a result. In many countries, structural racism and entrenched patterns of discrimination means that socioeconomic status tracks closely with ethnicity and racial identity, leaving minority and indigenous populations to bear the worst effects of the pandemic.

Women are at the forefront of crisis response, as workers in health and social care and other jobs now recognized as essential, yet typically poorly remunerated. They are also overrepresented in informal employment in low- and lower-middle income countries and in sectors at a high risk of income and job losses – such as accommodation and food services, and wholesale and retail trade. Globally, nearly half (49.1 per cent) of all women are employed in medium- to high-risk sectors, compared to 40.4 per cent of men.<sup>11</sup>

Women's disadvantage has been intensified by a crisis in unpaid care work. Before the pandemic, on average, women did three times

6 UNSG. 2020c. "Policy Brief: COVID-19 in an Urban World."

7 Georgieva, K. 2020. "Confronting the Crisis: Priorities for the Global Economy." Statement by the Managing Director, International Monetary Fund (IMF). 9 April.

8 International Labour Organization (ILO). 2020a. "ILO Monitor: COVID and the world of work, 6th edition." Briefing note. 23 September.

9 UNSG. 2020d. "Policy Brief: The World of Work and COVID-19."

10 Women in Informal Employment: Globalizing and Organizing (WIEGO). 2020. "Impact of public health measures on informal workers livelihoods and health."

11 ILO. 2020b. "A gender-responsive employment recovery: Building back fairer."

as much unpaid care work as men – work that underpins economies and societies.<sup>12</sup> With the closure of schools and care services, and weak health infrastructure, women’s unpaid workload has increased even further, restricting their ability to hold on to their jobs and re-enter the labour force, with impacts for their economic security, health and well-being.

Beyond increasing women’s unpaid care work, the closure of schools and other learning spaces has disrupted learning for 94 per cent of the world’s student population, rising to 99 per cent in low- and lower-middle income countries.<sup>13</sup> The most disadvantaged children, youth and adults face the greatest barriers to continue their learning, as remote learning exposes educational disparities worsened by underfunded public education systems and broad digital divides. Moreover, around 370 million of the most disadvantaged children missed out on school meals this spring and 70 countries reported disruptions to, or the suspension of, childhood vaccination services in March and April 2020.<sup>14</sup> Globally, young people also account for more than

4 in 10 of those employed in hard-hit sectors. Combined with disruptions in education and training, this places them at risk of becoming a scarred ‘lockdown generation’ that will feel the impacts of this crisis for years to come.<sup>15</sup>

Widespread reports suggest that a shadow pandemic is also raging, with rates of violence against women spiraling upwards. During lockdowns, women have found themselves confined with abusive partners. Meanwhile, in some contexts, it is feared that strategies to cope with economic stress may lead to higher rates of early marriage and transactional sex.<sup>16</sup> Services responding to violence against women, often provided by underfunded women’s organizations, have reported large increases in demand, which they have struggled to meet, especially where lockdowns have restricted their ability to operate.<sup>17</sup> Such services should be recognized as essential, so that they can continue their lifesaving work and receive adequate funding to enable them to deliver. This requires integrating violence against women services into COVID-19 response plans – a step that has been taken by only 48 countries so far.<sup>18</sup>

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12 UN Women. 2019. *Progress of the World’s Women: Families in a Changing World*. New York.

13 UNSG. 2020e. “Policy Brief: Education during COVID-19 and beyond”.

14 UNSG. 2020e.

15 UNSG. 2020d.

16 UNICEF. 2020. *Technical note on COVID-19 and harmful practices*.

17 UN Women. 2020a. “COVID-19 and violence against women and girls: Addressing the shadow pandemic.” Policy Brief No 17.

18 UNDP and UN Women. 2020. *COVID-19 Global Gender Response Tracker Global Factsheet*.

# The opportunity to build back better and reduce inequalities

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Amid the devastation caused by the pandemic, the COVID-19 crisis has created broad-based demands for an alternative future. As the UN Secretary-General has stated: “The response to the pandemic, and to the widespread discontent that preceded it, must be based on a New Social Contract and a New Global Deal that create equal opportunities for all and respect the rights and freedoms of all.”<sup>19</sup> Building back better requires transforming existing economic paradigms that have created obscene levels of inequality into a system that can fulfil basic social and economic rights for all. With the escalating crises of environmental degradation and climate change looming large, it is also clear that green and sustainable approaches are no longer an optional extra, but a fundamental means to ensuring a safe and habitable planet.

**Building back better requires a transformation of existing economic paradigms.**

In response to the pandemic, the UN system has developed a Socio-Economic Response Framework (SERF) to COVID-19.<sup>20</sup> It recognizes that, alongside the need to address the immediate impacts, the crisis also presents a

once-in-a-generation opportunity to build back better for a more equal and sustainable world.

Structured around the five pillars of the SERF, the following section aims to guide that task. In each policy area, efforts need to be underpinned by robust data on key inequality dimensions – including income, sex, age, race, ethnicity, migration status, disability, and geographic location and other characteristics relevant in national contexts. National statistical authorities should ensure that these data are collected, analyzed, reported and used in policy planning and delivery, while adhering to human rights standards on data.<sup>21</sup>

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## 1. BUILDING STRONGER, EQUITY-ORIENTED HEALTH SYSTEMS

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Beyond meeting the urgent requirements for COVID-19 testing and treatment for all, governments and national health authorities need to ensure the continuity of other health care services, essential medicines and vaccines. In order to build back better, health care must

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<sup>19</sup> UNSG. 2020a.

<sup>20</sup> United Nations. 2020c. [A UN framework for the immediate socio-economic response to COVID-19.](#)

<sup>21</sup> OHCHR. 2018. [A Human Rights-Based Approach to Data.](#)

be provided not as a commodity to those who can afford it, but rather as a human right to which all people are entitled, without discrimination. Chronic underinvestment and misappropriation of funds in public health must be reversed and efforts redoubled to achieve universal health coverage.<sup>22</sup>

Half of the global population lacks full coverage of essential health services, with huge inequalities between regions and income groups.<sup>23</sup> Out-of-pocket payments for health impose financial hardship and create significant barriers to access, contributing to health and social inequalities.<sup>24</sup> Worldwide, 100 million people are falling into extreme poverty because of medical expenses, a situation that is being severely exacerbated by the current crisis.<sup>25</sup> Making health care free at the point of use, as well as removing other financial barriers by providing support for transport costs, for example, is critical. A number of countries, including Rwanda and Thailand, have made rapid progress towards universal health coverage, largely funded by general tax revenues, closing inequalities in coverage based on income, gender and migration status.<sup>26</sup>

**COVID-19 has underscored the need to strengthen capacity for the full continuum of health care in disadvantaged areas.**

COVID-19 has underscored the need to strengthen capacity for the full continuum of health care – including health promotion, disease prevention, diagnosis, treatment, disease management, rehabilitation and palliative care

services – in disadvantaged areas where rates of comorbidities, lack of health infrastructure, and adverse socioeconomic and environmental determinants are high, for example in informal settlements and slums in urban areas.<sup>27</sup>

Health systems infrastructure is also often weak in disadvantaged rural areas, with facilities lacking electricity, water and sanitation, IT connectivity for data processing, adequate inputs for and maintenance of cold chains and laboratory networks, and mobile health platforms to facilitate connectivity to specialized care. Public works to strengthen health systems in rural areas can generate employment among the rural poor, improve health infrastructure, and contribute to the reduction of health and social inequalities.

The implementation of international health regulations in the area of preparedness planning for disease outbreaks, including zoonotic pathogens (including SARS-CoV-2, the virus that causes COVID-19) and reinforcement of detection and response capacities, is a priority and can help generate jobs, reduce inequalities and protect the economy, while saving lives. Here, the engagement of all those in contact with domestic animals and wildlife – especially those living in poverty in rural, urban and peri-urban areas – is critical.

Health workers are the backbone of health systems. Building back better will require governments to rapidly invest in educating and employing health workers and ensuring that they have safe and decent working conditions. A particular focus is needed on the primary health-care workforce to ensure the availability, quality

22 United Nations. 2019. *Political declaration of the high-level meeting on universal health coverage*. A/RES/74/2.

23 World Health Organization (WHO) and World Bank. 2017. *Tracking Universal Health Coverage: 2017 Global Monitoring Report*.

24 WHO. 2019a. *Global Monitoring Report on Financial Protection in Health 2019*. Geneva.

25 WHO and World Bank. 2017.

26 Joseph Kutzin. 2012. "Anything goes on the path to universal health coverage? No." *Bulletin of the World Health Organization*. 90, pp. 867-868.

27 WHO. 2020. *Strengthening preparedness for COVID-19 in cities and other urban settings: interim guidance for local authorities*. Geneva



and equity of access, especially for underserved, rural and remote areas. The informal care workforce, including community health workers, and unpaid health and social carers – the vast majority of whom are women – must be equipped, trained and supported in the long-term as a crucial human resource for health.<sup>28</sup>

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## 2. STRENGTHENING SOCIAL PROTECTION SYSTEMS AND PUBLIC SERVICES TO REDUCE INEQUALITIES

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The crisis has exposed gross disparities in social protection and public services across the world. Four billion people – or 55 per cent of the world population, including two out of three children – lack social protection, leaving them dangerously exposed to poverty, food insecurity and shocks.<sup>29</sup> Women, youth, migrants and other groups overrepresented in the informal economy are particularly underserved.

**By redistributing income, investments in social protection help reduce inequalities**

Many countries have made great efforts to expand social protection programmes in the face of the crisis. Those that already had social protection systems in place have been better able to respond rapidly to the crisis and save lives. For example, by May 2020, 76 countries had

increased the amount of cash benefits being paid to bolster income security, while 58 countries had extended existing benefits to new groups.<sup>30</sup>

The crisis represents an opportunity to build on these immediate response measures, to reach all groups of society through social protection floors, quality public services and basic infrastructure, especially in developing countries, to ensure that all can enjoy their right to an adequate standard of living. By redistributing income, investments in social protection help reduce inequalities – as evidence from Asia and Latin America has shown – while in the OECD, social services are shown to reduce income inequality by one-fifth, on average.<sup>31</sup> In addition to providing income support and food security, there is emerging evidence that cash transfers are an important tool in the response and prevention of gender-based violence.<sup>32</sup>

As well as ensuring access to basic health care, social protection floors guarantee income security across the life course. This can be achieved through a combination of contributory schemes, such as pensions and 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. Striving for universal coverage in social protection benefits everyone, builds a broad base of public support and minimizes the risks of stigma and exclusion errors, especially in countries with low administrative capacity. Where benefits are

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28 WHO. 2016. *Working for health and growth: investing in the health workforce. Report of the High-Level Commission on Health Employment and Economic Growth.*

29 ILO. 2019. *World Social Protection Report 2017-19: Universal social protection to achieve the Sustainable Development Goals*

30 ILO. 2020c. "Social protection responses to COVID-19 in developing countries: strengthening resilience by building universal social protection." Social Protection Spotlight.

31 Economic and Social Commission for Asia and the Pacific (ESCAP). 2015. *Time for equality: The role of social protection in reducing inequalities in Asia and the Pacific*; López-Calva, L.F. and Lustig, N. (Eds). 2010. *Declining inequality in Latin America: A decade of progress?* Washington, DC: Brookings Institute; New York: UNDP; OECD 2011. *An Overview of Growing Income Inequalities in OECD Countries: Main Findings.* Paris.

32 Ana Maria Buller and others. 2018. "A Mixed method review of cash transfers and intimate partner violence in low- and middle-income countries." *World Bank Research Observer.* 33 (2).

targeted, the needs of disadvantaged groups should be paramount, to reduce barriers to their access, including discrimination, lack of information, complex registration and administration processes and digital divides.

Reversing years of underfunding of essential public services will also be necessary. To prevent a learning crisis from becoming a generational catastrophe that widens disparities, countries will need to invest in public education systems to address learning losses and prevent dropouts, particularly of marginalized groups. Removing barriers to connectivity that have widened gaps in learning within and between countries is also essential to building more equitable and resilient education systems.

**To prevent a learning crisis from becoming a generational catastrophe, countries will need to invest in public education systems.**

So far, less than one fifth of social protection and labour market measures taken in response to COVID-19 strengthen women's economic security or support unpaid care.<sup>33</sup> Building back 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 include leaves and cash transfers for caregivers, while strengthening care services for children, older persons and persons with disabilities. Investments in basic infrastructure, especially in low-income countries, can also reduce the unpaid, back-breaking work that women do to collect water and fuel.

In all countries, international human rights law requires the mobilization of the maximum available resources to ensure universal social security and social protection. The financing of social protection, public services and basic infrastructure presents a particular challenge for low-income countries and will require a major injection of international resources based on global solidarity (see section 4).<sup>34</sup>

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### **3. FORGING A JOBS-INTENSIVE RECOVERY FOR PEOPLE-CENTRED AND ENVIRONMENTALLY SUSTAINABLE ECONOMIES**

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Alongside measures to ramp up social protection, governments have introduced a range of policies to support businesses to weather the crisis and preserve jobs. As the macroeconomic impact deepens, though challenging, it will be critical for governments to sustain these supports, especially for the most vulnerable informal workers and small- and medium-sized enterprises (SMEs).

In the immediate term, support for at-risk workers, SMEs, informal sector workers, and precarious and "gig economy" workers should be prioritized. This includes employment-retention measures, such as wage subsidies and support to sustain business operations, especially for smaller businesses. Interventions are also needed to facilitate a return to work that respects labour rights and the needs of workers and employers – including safe and accessible workplaces, availability of childcare and schools, effective testing and tracing and

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33 UNDP and UN Women. 2020.

34 ILO. 2020d. "Financing gaps in social protection: Global estimates and strategies for developing countries in light of the COVID-19 crisis and beyond." Social Protection Spotlight.

active labour market policies (including public employment programmes) – to create new jobs.

Looking forward, to ensure that inequalities do not deepen, a jobs-intensive recovery must be the goal. With the COVID-19 crisis, there is a huge opportunity to create millions of decent jobs in health and education, and in scaling up care services for children, older and disabled persons, among others. In the area of health care alone, a shortage of 18 million health workers is anticipated by 2030 to achieve universal health coverage.<sup>35</sup> Filling these gaps would yield significant benefits not only for employment creation – including for women who comprise 70 per cent of health workers worldwide – but also for building human capabilities and addressing inequalities.<sup>36</sup>

**There is a huge opportunity to create millions of decent jobs in health and education, and in scaling up care services.**

There is growing consensus that efforts to build back better need to focus on building environmentally sustainable and people-centred economies. Green jobs are generally more labour-intensive, so investing in them can help expand employment, raise the labour share of income and reduce inequality. Low-carbon urban development for instance, has the potential to directly support 87 million more jobs in 2030 than “business-as-usual” development.<sup>37</sup> Previous experiences from the global financial crisis shows that such green investments provide high rates of return, create

jobs and generate more long-term cost savings than traditional fiscal stimulus.

Investments are needed in renewable energy, but also infrastructure – such as irrigation, flood control, public transport, agriculture, water and soil conservation and reforestation. Such green works contribute to environmental preservation, reduction of greenhouse gases, increased carbon storage and address climate change adaptation and disaster risk resilience.<sup>38</sup> As governments begin to switch to more environmentally sustainable paths, it will be critical to ensure a ‘just transition’ to more sustainable production and consumption patterns. This means ensuring support for workers when old polluting jobs are lost, and ensuring that all those in need of employment, including women, can benefit from new opportunities, with adequate support to close skills gaps and to retrain workers.<sup>39</sup>

Building back better provides an opportunity to strengthen efforts to ensure labour standards and rights, based on social dialogue among governments, workers’ and employers’ organizations, and organizations that represent marginalized groups. The pandemic has reinforced the importance of implementing and enforcing occupational health and safety standards, to protect not only front-line and essential workers from the virus, but to ensure that everyone can work in a healthy workplace, especially as economies reopen.

Extending the coverage of labour-market institutions is also key to reducing social and economic inequalities. For example, minimum

35 High-Level Commission on Health Employment and Economic Growth. 2016. *Working for Health and Growth: Investing in the health workforce*. Geneva: WHO.

36 WHO. 2019b. “Delivered by Women, Led by Men: A Gender and Equity Analysis of the Global Health and Social Workforce.” *Human Resources for Health Observer*, Issue No. 24.

37 Coalition for Urban Transitions. 2019. *Climate Emergency, Urban Opportunity*, London and Washington, DC

38 ILO 2020f. “ILO presents its responses to COVID-19 at Geneva Environment Dialogues.” 8 May.

39 ILO. 2018. “Just transition towards environmentally sustainable economies and societies for all.” ILO ACTRAV Policy Brief



wages set at an adequate level increase the labour share of income, thereby reducing inequalities, including gender pay gaps.<sup>40</sup> The crisis should not be an excuse for the further erosion of labour rights or the liberalization of labour markets, especially since countries with stronger labour institutions and social protection policies have been more resilient during the crisis and are better prepared for recovery.<sup>41</sup>

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#### 4. IMPLEMENTING GENDER-RESPONSIVE ECONOMIC POLICIES BASED ON INTERNATIONAL SOLIDARITY AND MULTILATERAL COLLABORATION

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The macroeconomic impacts of the COVID-19 crisis are still emerging, but without concerted government action and international solidarity, the economic devastation is likely to increase inequalities within and among countries.

Developing countries are particularly vulnerable to the ongoing destruction of global value chains and the negative impact on tax revenues. Traditional labour-intensive services and supply-chain-based manufacturing sectors have been hard hit, increasing unemployment and reducing incomes and job quality for many. Capital flight to safe assets from several developing countries has weakened their currencies, increasing volatility in financial markets and putting pressure on highly dollarized banking systems. Deceleration in GDP growth will be significant, with a particular impact on developing

and emerging economies that already face binding constraints of debt and limited fiscal space. Lower prices may reduce revenues of low-income countries that are dependent on commodities, worsen their trade position and put depreciation pressure on their currencies.

In the immediate term, it is important to design fiscal stimulus packages to minimize the economic impact of the crisis on women and other marginalized and excluded groups, by targeting resources towards the kinds of measures to protect jobs and provide social protection and public services, as outlined above.<sup>42</sup> Both in the short term, and for efforts to build back better, the expansion of fiscal space to finance social and economic policies will be essential to prevent the widening of inequalities. This should include decentralized approaches that sustain crucial local government services and support local recovery strategies.

**For efforts to build back better, the expansion of fiscal space will be essential to prevent the widening of inequalities.**

The use of special drawing rights for developing countries, sustainable debt restructuring, the reallocation of resources (for example redirecting spending from defense or debt relief to social spending), as well as eradicating tax evasion, tax avoidance and illicit financial flows and ensuring fair, efficient and progressive taxation are among the tools available to governments to protect minimum levels of economic and social rights.

Fiscal discipline rules often place limits on countries' public debt relative to their GDP,

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40 Belsler, Patrick and Uma Rani. 2015. "Minimum wages and inequality", in Janine Berg (ed.) *Labour markets, institutions and inequality: Building just societies in the 21st century*, Geneva: ILO.

41 ILO. 2020b.

42 See, for example, ILO and UN Women's joint work to analyse fiscal stimulus packages from a gender equality perspective. ILO and UN Women. 2020. "Promoting decent employment for women through inclusive growth policies and investments in the care economy." 4 May.

and while spending on physical infrastructure is recognized as a sustainable investment which supports higher economic productivity in the medium term, much less attention has been paid to the ability of social infrastructure spending to do the same.<sup>43</sup> Studies on the cost of scaling up childcare services in countries including Turkey, South Africa and Uruguay, for example, have found that the initial investments required are significantly offset by the increased tax receipts generated by the creation of new jobs in the care sector, and higher levels of women's employment.<sup>44</sup> There is an opportunity, therefore, for governments to reframe their approach to fiscal sustainability by recognizing the investment character of such public expenditures. Crucially, periods of lower interest rates that often follow crises may be opportunities for making these necessary investments.

However, for many countries, financing will be an enormous challenge. It is estimated that the finance gap for social protection alone has increased by 30 per cent since the onset of the crisis, as a result of increased demand for health care and income support.<sup>45</sup> Beyond strengthening the mobilization of domestic resources, low-income countries will require international support. At a time when developed countries' economies are entering deep recessions, it will nevertheless be important for them to maintain or even increase their aid budgets to support countries that are struggling. Developed country governments could also consider purchasing developing countries' bonds, especially from those countries considered to have lower risks, allowing international financial institutions to focus on supporting countries that have the greatest challenges in mobilizing resources.

Overall, the UN's support for coordinated, international financial support – including debt relief – for cash-strapped developing countries will be an essential component of the global effort to build back better, including to put mechanisms in place to ensure transparency and accountability in the use of resources.

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## 5. ENSURING SOCIAL COHESION AND COMMUNITY RESILIENCE

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Even before COVID-19, the combination of widening gaps between a wealthy elite and the vast majority of the world's population, elite capture of governance, years of excessive deregulation, liberalization, privatization, erosion of labour rights and savage austerity cuts to public services, an escalating climate crisis and pervasive armed conflict were putting social cohesion and community resilience under enormous pressure. Protests that reached unprecedented levels worldwide in 2019 were just the latest in a long line of social demands for a fairer, more inclusive and less precarious future. These demands have intensified as a result of the current health and economic crises, as the spread of COVID-19 puts additional pressure on already weak institutions.

**Protests witnessed worldwide in 2019 were just the latest in a long line of social demands for a fairer, more inclusive and less precarious future.**

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<sup>43</sup> Elson, Diane and Anuradha Seth. 2019. *Gender equality and inclusive growth: Economic policies to achieve sustainable development*. New York: UN Women.

<sup>44</sup> de Hanau, Jerome and others. 2019. "Investing in free universal childcare in South Africa, Turkey and Uruguay: A comparative analysis of costs, short-term employment effects and fiscal revenue." UN Women Discussion Paper, No. 28.

<sup>45</sup> ILO. 2020d.

In the immediate term, it will be critical to ensure that states of emergency and other measures imposed during lockdowns are proportionate and reasonable, and do not affect some groups more than others. They should also not serve to quash dissent or ignore social unrest generated by inequalities, which will lead to greater instability in the longer term. Protecting fundamental freedoms, including the human rights to information and freedom of expression, while challenging misinformation, will be critical to ensure that everyone has access to accurate, clear and evidence-based information during the pandemic.

Full and meaningful participation of all population groups in decision-making and the democratic deliberation of policies can help to build social cohesion and create greater accountability of duty-bearers. Participatory and gender-responsive budgeting are tools that can facilitate these processes. In cities, which will be home to 68 per cent of the world's population by 2050, inclusive urban planning involving consultation with the urban poor and their organizations will be critical.<sup>46</sup> In addition, strong and inclusive institutions are required, with

regulations that empower workers, political and legal institutions that protect the most vulnerable, strong social movements, as well as cultural and social institutions that challenge discrimination and promote equal recognition and rights.

In March, the UN Secretary-General called for a global ceasefire to “put armed conflict on lockdown” and focus on fighting the COVID-19 pandemic.<sup>47</sup> In conflict-affected settings, the social, economic and political disruption caused by the pandemic could create opportunities for peacebuilding. Inclusive, gender-sensitive dialogues on health and equitable access to health care have the potential to transcend conflict lines and contribute to social cohesion, especially when they bring different groups together around mitigating the impact of the disease. Ensuring that women can participate in all aspects of decision-making in conflict settings is critical. Women are often at the forefront of local peacebuilding efforts but excluded from formal peace negotiations. When they are at the table, peace agreements are broader in scope, have greater buy-in from conflicting parties and are more likely to be implemented.<sup>48</sup>

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<sup>46</sup> UNDESA. 2018. *Revision of World Urbanization Prospects*

<sup>47</sup> UNSG. 2020f. “Secretary-General’s appeal for a global ceasefire”. 23 March.

<sup>48</sup> UN Women and the United Nations Department of Political and Peacebuilding Affairs (DPPA). 2020. “COVID-19 and conflict: Advancing women’s meaningful participation in ceasefires and peace processes.” UN Women Policy Brief No. 19.



# Recommendations

COVID-19 has intensified and magnified the crisis of inequalities that has long afflicted the world. By shining a spotlight on inequalities, it has also provided an opportunity to transform societies, to put them on a path to greater equality and sustainability, provide a foundation for the

achievement of the Sustainable Development Goals, and to enable all people to enjoy the full range of human rights. Only bold action will do, and the following policy recommendations are intended to guide policymakers, governments and the UN system in this vital endeavour.

<p><b>Build stronger, equity-oriented health systems</b></p>	<ul style="list-style-type: none"> <li>➤ Invest in universal health coverage as a human right, eliminating financial barriers and making health care free at the point of use.</li> <li>➤ Strengthen health systems, ensuring the full continuum of care, with specific attention to reaching marginalized and excluded groups.</li> <li>➤ Invest in health infrastructure, especially in rural areas and informal urban settlements, including through public works that can generate employment as well as reduce social and health inequalities.</li> <li>➤ Create quality health care jobs, with a particular focus on primary health care, to fill critical gaps, and ensure that formal and informal health workers are equipped, trained and supported as a crucial human resource for health.</li> </ul>
<p><b>Strengthen social protection systems and public services to reduce inequalities</b></p>	<ul style="list-style-type: none"> <li>➤ Invest in universal, gender-responsive and resilient social protection systems that provide income and food security and address risks and vulnerabilities across the life course.</li> <li>➤ Reduce inequalities by investing in the provision of quality public services tailored to local needs, such as health care, water and sanitation, education and care services, ensuring access for all.</li> <li>➤ Scale up essential services to respond to violence against women and invest in comprehensive primary prevention programmes to stop it from happening in the first place.</li> <li>➤ Remove barriers to accessing public services and social protection – such as inability to pay, digital divides or stigma, as well as racism, discrimination or cultural insensitivity by service providers.</li> </ul>

*(continues)*

<p><b>Forge a jobs-intensive recovery for people-centred and environmentally sustainable economies</b></p>	<ul style="list-style-type: none"> <li>➤ Continue and extend measures to support at-risk workers, enterprises, jobs and incomes, including wage subsidies and measures to sustain business operations.</li> <li>➤ Facilitate a return to work considering the needs of diverse workers, including safe and accessible workplaces, availability of childcare and schools, effective testing and tracing, and active labour market policies to create new jobs.</li> <li>➤ Invest in labour-intensive care and green jobs, to put economies onto more sustainable paths. Ensure a ‘just transition’ away from carbon-intensive jobs, by providing support for retraining and to close skills gaps, including for women.</li> <li>➤ Renew efforts to ensure labour rights, including occupational health and safety standards, based on social dialogue.</li> </ul>
<p><b>Implementing gender-responsive economic policies based on international solidarity and multilateral collaboration</b></p>	<ul style="list-style-type: none"> <li>➤ Implement large-scale expansionary and gender-responsive fiscal stimulus packages, supported by targeted monetary easing that is directed to reduce inequalities.</li> <li>➤ Ensure that the poorest countries have international financial support to invest in social and economic policies – including universal social protection systems, which are crucial for any country’s efforts to build back better.</li> <li>➤ Create and maintain fiscal space through sustainable debt restructuring, eradicating tax evasion and avoidance, as well as illicit financial flows and ensuring fair, progressive and efficient taxation of economic activities.</li> <li>➤ Reform excessively restrictive fiscal discipline rules to ensure that spending on social infrastructure, such as care services, is treated as an investment that can be debt financed, harnessing the opportunity of low interest rates.</li> </ul>
<p><b>Ensure social cohesion and community resilience</b></p>	<ul style="list-style-type: none"> <li>➤ Protect fundamental freedoms, including the human right to information and freedom of expression, while challenging misinformation.</li> <li>➤ Promote more inclusive political and legal institutions, ensuring meaningful participation of all population groups in decision-making to help build social cohesion and accountability of duty-bearers.</li> <li>➤ Create an enabling environment for civil society organizations to operate freely and support social solidarity movements as vehicles for ongoing change and the reduction of inequalities.</li> <li>➤ Redouble efforts to foster peace in conflict settings, building bridges by supporting inclusive dialogues between social groups, and recognizing the critical role that women play in peacebuilding at all levels.</li> </ul>