

## Committee for Development Policy on Covid-19

April 2020

The global Covid-19 pandemic is plunging the world into a socio-economic crisis of an unprecedented scale, in addition to the acute health crisis. Many of the gains achieved under the banner of the SDGs are under threat. The crisis has exposed and exacerbated vulnerabilities and inequalities in both developing and developed countries, deepening poverty and exclusion and pushing the most vulnerable even further behind.

For many, the impacts of this crisis are more tangible, given their immediacy and proximity, than the similarly severe damage and threats of climate change or the persistent plight of poverty, hunger and insecurity which large numbers of people suffer chronically. Covid-19 forces a collective lucidity on the depth of global interdependence; on the fact that the world is only as resilient as the least resilient country and person is; and that in a context of widespread vulnerability, we are reaching tipping points in different dimensions – social, economic and environmental.<sup>1 2</sup> This moment of clarity must be taken advantage of to effectively reboot development towards the people-centric, inclusive, rights-based, participatory development envisioned in the 2030 Agenda.

**There could be an inclination in the current context to use the Covid-19 crisis as a justification for not meeting the SDGs and not implementing the Paris Agreements on climate change. The response must instead be to put those goals first and foremost,** building equal and inclusive societies that are resilient in the face of future pandemics, climate-related disasters and other acute and chronic challenges the world will face within our lifetimes and that of the next generations. The closer the poorest of countries is to achieving the SDGs the greater global collective resilience, prosperity and peace.

There are immense inequalities in the capacities of governments to respond both to the health emergency and to the social and economic fallout. The social and economic damages of Covid-19 will be particularly pronounced in countries with weaker health systems, higher levels of debt, less fiscal space to organize stimulus packages, less easy access to international liquidity, and weak productive capacity and associated low incomes. Covid-19's ruthless sweep across the world demands renewed and strengthened multilateralism – in finance, trade, climate, migration and knowledge governance. Now more than ever, a strong rules-based multilateralism is critical, including a commitment to maintain open and free trade; a commitment to keep open borders, with restrictions only for clear health reasons; a commitment to freely share knowledge of vaccines, treatments, tests and help all developing countries to get access to them; and a commitment to help the poorest countries, particularly LDCs, weather the economic shock they are facing. ECOSOC should promote an inclusive process of reform of multilateral rules and institutions to ensure they support equitable and green development.

**Urgently, a bold multilateral response is required that enables countries to address the immediate health crisis, stem the economic impacts and accelerate SDG implementation.** Possible measures include an issuance of the IMF's Special Drawing Rights by at least \$500 billion, and for the advanced economies to put their shares into a trust fund to finance programs in emerging market and developing economies<sup>3</sup>; the

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<sup>1</sup> Marc Fleurbaey, "We are all in this together? More than you think", 6 April 2020.

<https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/Fleurbaey.pdf>

<sup>2</sup> Arunabha Ghosh, "This is what a perfect storm looks like", Business Standard, 17 March 2020,

<https://www.un.org/development/desa/dpad/2020/this-is-what-a-perfect-storm-of-shocks-looks-like/>

<sup>3</sup> Kevin P. Gallagher, William R. Kring, and Jose Antonio Ocampo, "Calibrating the COVID-19 Crisis Response to the SDGs", 11 April 2020, <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/Gallagher.pdf>;

Kevin P. Gallagher, Jose Antonio Ocampo and Ulrich Volz, "IMF Special Drawing Rights: A key tool for attacking a COVID-19 financial fallout in developing countries", Brookings, 26 March 2020, <https://www.brookings.edu/blog/future-development/2020/03/26/imf-special-drawing-rights-a-key-tool-for-attacking-a-covid-19-financial-fallout-in-developing-countries/>;

Jose Antonio Ocampo, Kevin Gallagher and Ulrich Volz: "It's time for a major issuance of the IMF's Special Drawing Rights", Financial Times' Alphaville, 20 March 2020,

<https://ftalphaville.ft.com/2020/03/20/1584709367000/It-s-time-for-a-major-issuance-of-the-IMF-s->

establishment of a multilateral currency swap facility within the IMF; debt restructuring and relief for developing countries; and coordinated use of capital controls. The United Nations Secretary-General has already called for debt alleviation and for the establishment of a trust fund to support low- and middle-income countries. Now is the time to step up rather than withdraw international assistance.

**At the national level, governments need to work as actively as ever to meet the SDGs, ensuring that the vicious cycle of vulnerability, so crudely exposed by Covid-19, is broken.** The crisis gives governments a unique opportunity to set the terms of public, private and third sector interaction, making the SDGs the missions to achieve and adopting innovative approaches to policy, regulation and partnerships.<sup>4</sup> Beyond the immediate crisis and the need to strengthen social protection systems and provide specific support for the poor and vulnerable during the crisis, **governments must reclaim their role in supporting the development of productive capacities to ensure structural transformation and resilience.** The Covid-19 crisis is laying bare how too many countries cannot take care of their own basic needs (e.g. medicines, personal protective equipment, ventilators) and how export-oriented economies cannot rely on other countries to supply basic medical supplies or roll-over finance when they need it the most. Strategic industrial strategy can help build structural resilience and capacity in manufacturing food, health services, energy and financial services. The more than 400 national, regional and multilateral development banks around the world can play a vital role not only in minimizing economic decline and supporting recovery but also in financing structural transformation, helping to lay the foundations for a financial model that is conducive to an equitable and greener economy.<sup>5</sup>

Nationally and internationally, action to address both the Covid-19 health crisis and its social and economic implications must respect the pledge to leave no one behind and safeguard human rights. It must also take special measures to address the particularly high burden of the crisis on women and girls. Women compose the vast majority of health and care workers, paid or unpaid; are subject to domestic violence that has been reported to have increased over periods of lockdown, and are overrepresented in informal, more vulnerable and low-paying jobs. Response to the crisis needs to include women in decision-making.<sup>6</sup>

Just over a decade ago, in the context of the economic and financial crisis that began in 2008, there were efforts towards what then United Nations Secretary-General Ban Ki Moon referred to as a global green new deal. The relaunching of the global economy was an opportunity to redirect investment towards a greener and more equitable future. Efforts were insufficient then, and business-as-usual prevailed in the response. An opportunity was lost to set the world on a sustainable and more equitable development path. Having learned from that failure, now is the time for strong, concerted multilateral and domestic action towards a profound change in the direction of green and equitable global development.

Please see:

- Articles by CDP members on the Covid-19 crisis: <https://www.un.org/development/desa/dpad/2020/insights-by-cdp-members-on-the-covid-19-crisis/>

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<sup>4</sup> Mariana Mazzucato, "Capitalism's Triple Crisis", *Project Syndicate*, 30 March 2020, <https://www.project-syndicate.org/commentary/covid19-crises-of-capitalism-new-state-role-by-mariana-mazzucato-2020-03>; Mariana Mazzucato: "The Covid-19 crisis is a chance to do capitalism differently", *The Guardian* 18 March 2020, <https://www.theguardian.com/commentisfree/2020/mar/18/the-covid-19-crisis-is-a-chance-to-do-capitalism-differently>

<sup>5</sup> Stephany Griffith-Jones, Regis Marodon and Jose Antonio Ocampo: "Mobilizing Development Banks to Fight COVID-19", *Project Syndicate*, 8 April 2020.

<https://www.project-syndicate.org/commentary/mobilizing-development-banks-to-fight-covid19-by-stephany-griffith-jones-et-al-2020-04>.

<sup>6</sup> Adriana Abdenur, "Women and the Pandemic in Latin America and the Caribbean: Gender and Biosecurity". *Amassuru*, March/April edition.

<https://sites.google.com/view/amassuru/bolet%C3%ADn-colaborativo?authuser=3>

- Report of the CDP's 2020 Plenary session: <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-2020-33-Advanced.pdf>
- Report of the CDP's 2019 Plenary session: <https://undocs.org/en/E/2019/33>