

*World Economic Situation and Prospects 2023*

**Expert Group Meeting: From Fiscal Stimulus to Looming Fiscal Squeeze**  
(Hybrid meeting, 3-4 October 2022)

**Concept Note**

**1. World Economic Situation and Prospects 2023: Background and objectives**

The *World Economic Situation and Prospects* (WESP) – a flagship annual publication of the United Nations – offers comprehensive analyses and appraisal of the state of the world economy and the implications for the 2030 Agenda for Sustainable Development.

The COVID-19 crisis and the war in Ukraine have caused major disruptions in the world economy. Many developing countries are still battling these shocks. In many countries, levels of poverty and inequality are still notably higher than before the pandemic. While bold fiscal measures prevented economic collapse during the pandemic, governments in developing economies are facing growing pressure to withdraw policy support and cut public spending against the backdrop of high inflation, exchange rate depreciation, unsustainable debt burdens and the possibility of a global recession. The prospect of a lost decade of growth and development, reversing decades of development gains, looms large for many developing countries. Spending cuts and fiscal adjustments – at a time of rising food and energy prices and high economic uncertainty – will not only impede economic growth and recovery, but also undermine the fight against climate change and derail progress on sustainable development.

The thematic chapter of the forthcoming *WESP 2023* will analyse the risks and potential consequences of fiscal adjustments at a time of greater global need and identify policy options for developing countries to maintain a supportive fiscal stance, minimize debt distress, avoid defaults, and make progress towards the 2030 Agenda for Sustainable Development. The United Nations Department of Economic and Social Affairs will organize an Expert Group Meeting (EGM) to address the risks associated with premature fiscal adjustments and how they can be avoided, to sustain support for an inclusive recovery and put the economies on the trajectory of sustainable development.

**2. Format of the EGM**

The introductory session on the state of the world economy will set the stage for subsequent discussions with an assessment of the global economic situation and short-term outlook. High-level participants will deliver keynote presentations on fiscal and debt crises and the challenges of fiscal adjustment. A panel discussion will debate the impacts of a premature move towards fiscal consolidation on the global economy and the Sustainable Development Goals.

During the two days, participants will assess the magnitude of expected fiscal consolidation pressures and identify the channels through which spending cuts will undermine recovery and set back sustainable development. Participants will also discuss what the developing countries can do to maintain a supportive

policy stance, while ensuring long-run debt sustainability. The closing session will draw together the comments and suggestions provided throughout the event and discuss how they can be applied to the chapters of *WESP 2023*.

### 3. Participants

The participants – about 30 economists including experts on fiscal policy matters – will include:

- UN officials, including the core drafting team of the *WESP 2023*, staff from UN DESA, staff from the UN's Regional Commissions and UNCTAD;
- Staff from other key international organizations, including the IMF and the World Bank;
- Leading international academics.