

## Leadership Dialogue 2: Achieving a sustainable and inclusive recovery

### About the Leadership Dialogues

Stockholm+50 is an opportunity for commemoration, but also for recommendations for bold action and engagement. It presents an opportunity to reflect, connect, accelerate, and scale actions for a better future on a healthy planet with prosperity for all.

The 2030 Agenda as well as the continuing COVID-19 crisis have highlighted the importance of a healthy planet for human progress and prosperity. A degraded planet poses limits to wellbeing and prosperity, creating obstacles to a better future. The thought piece “[Stockholm+50: a healthy planet for the prosperity of all – our responsibility, our opportunity](#)” introduces this global challenge and the opportunities it presents for the upcoming meeting.

The Stockholm+50 Leadership Dialogues aim to engage governments, international organisations, major groups, and stakeholders as well as the private sector in an exchange on the opportunities to overcome barriers to implementation, to connect actions, and to create new change pathways across generations. The Dialogues also create a platform to share state-of-the-art approaches that address the global climate, environmental, biodiversity, and health crises and help deliver on the Sustainable Development Goals (SDGs).

Leadership Dialogue 2 is focused on “Achieving a sustainable and inclusive recovery from the COVID-19 pandemic”. It will address the specific actions needed to build back from the pandemic and its adverse impacts on people, the planet, and prosperity and to put the world back on track to deliver the SDGs. This Leadership Dialogue will also explore how best to transform high impact sectors of the economy.

Recognizing the diversity of approaches, the Dialogue will identify recommendations for achieving sustainable and inclusive recovery in line with long-term climate and resilience objectives, as well as the SDGs. Recommendations will also focus on the framework conditions for environmentally friendly, sustainable, inclusive, and just development. This background paper provides context for the Dialogue.

### The context

Two years after Covid-19 first swept around the globe, countries and communities are still recovering from the effects of the pandemic and the national measures taken in response. Over one hundred million jobs have been lost<sup>1</sup> or displaced in the formal and informal sectors; trillions of dollars have been spent<sup>2</sup> to keep businesses, families, and economies afloat. The COVID-19 pandemic has had devastating impacts on the world’s food security and nutrition – over 800 million people in the world faced hunger in 2020, over 160 million more than in 2019.<sup>3</sup> Families and communities living in poverty and in vulnerable contexts

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<sup>1</sup> ILO Monitor: COVID-19 and the world of work. Eighth edition. Updated estimates and analysis. 27 October 2021. Retrieved March 18, 2022 at: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_824092.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_824092.pdf)

<sup>2</sup> Global Recovery Observatory: <https://recovery.smithschool.ox.ac.uk/tracking/>

<sup>3</sup> FAO, IFAD, UNICEF, WFP and WHO (2021). *The State of Food Security and Nutrition in the World 2021. Transforming food systems for food security, improved nutrition and affordable healthy diets for all*. Rome, FAO

now face even more dire survival challenges. The pandemic has taken a disproportionate toll on women and girls and reflects the fragility of progress on gender equality.<sup>4</sup> Many developing countries and households are facing growing levels of unmanageable debt. Our world today continues to be more divided, unequal, and unsustainable.

Unfortunately, much of the unprecedented fiscal and monetary infusion has only reinforced business-as-usual.<sup>5</sup> Population growth, urbanisation, conflict, climate change, environmental degradation and the increasingly unsustainable patterns of resource extraction, production and consumption are testing the Earth's resilience. The rapidly deteriorating environment threatens not only our social and economic well-being, but also the achievement of the SDGs and the protection of basic human rights.

The changing climate, biodiversity loss, ecosystem degradation, increasing levels of chemical pollution and waste, desertification, land degradation, floods, drought, and poverty, inequality and conflict, are all closely related and need to be addressed synergistically. Equally, efforts are needed to scale circular economy approaches to ensure the transition to sustainable consumption and production in alignment with the SDGs, with particular consideration for developing countries. Pro-poor, gender-responsive, inclusive, rights-based approaches are key to ensuring progress towards environmental sustainability and sustainable development that benefits people and the planet.

## Possible issue areas for Leadership Dialogue 2

### 1. Actions for recovery in key Covid-affected sectors and value chains

#### *Pathways towards sustainable and inclusive recovery and economies*

Sustainable and inclusive recovery processes will need to focus on the high-impact sectors most affected by COVID-19 and with the largest climate, nature, and pollution footprints. Concerted actions for recovery should aim towards overall improved management through systems-based approaches. This transformation demands thinking and acting beyond sectoral boundaries to address the main drivers of unsustainable practices and adopt cost-effective targeted interventions. Research shows that investments in key (non-exclusive) high impact sectors will play a central role not only in recovery but also in the long-term transformation to nature-positive, low-carbon, low-pollution, resource-efficient, inclusive, and resilient economies.<sup>6</sup> These high impact sectors include food, energy, and manufacturing, amongst others.<sup>7</sup>

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<sup>4</sup> UN Women (2021), [UN Women's Feminist Plan for Sustainability and Social Justice. Research and Data Section, UN Women.](https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2021/Feminist-plan-for-sustainability-and-social-justice-en.pdf) Retrieved March 13, 2022 from <https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Sections/Library/Publications/2021/Feminist-plan-for-sustainability-and-social-justice-en.pdf>

<sup>5</sup> UNEP (2021) *Are We Building Back Better? Evidence from 2020 and Pathways for Inclusive Green Recovery*. UNEP. Retrieved February 27, 2022, from <https://www.unep.org/resources/publication/are-we-building-back-better-evidence-2020-and-pathways-inclusive-green>

<sup>6</sup> See for example Lenzen M, Geschke A, West J, Fry J, Malik A, Giljum S, Milà i Canals L, Piñero P, Lutter S, Wiedmann T, Li M, Sevenster M, Nansai K, Potočník J, Teixeira I, Van Voore M and Schandl H (2021) *Implementing the Material Footprint to measure progress towards SDGs 8 and 12*, Nature Sustainability. Retrieved March 2, 2022, from <https://www.nature.com/articles/s41893-021-00811-6>

<sup>7</sup> UNEP (2021) *Are We Building Back Better? Evidence from 2020 and Pathways for Inclusive Green Recovery*. UNEP. Retrieved February 27, 2022, from <https://www.unep.org/resources/publication/are-we-building-back-better-evidence-2020-and-pathways-inclusive-green>

In re-examining how we transform these sectors, we need to rethink how to promote overall policy coherence in advancing circular approaches and sustainable consumption and production patterns, how they are financed (including in support of developing countries), how consumers are informed and incentivized, how best to improve job quality, re-balance access to basic services and social protection schemes for the informal sector including for women, and how to form partnerships and promote peer-learning between countries.

Attention should also be given to the small and medium-sized enterprises, which have suffered the most from the pandemic<sup>8</sup> and which are critical to achieving an inclusive and transformative recovery. A cross-sectoral approach for recovery is essential since it can also provide for job creation, skills building, technology cooperation, and capacity enhancement. These considerations are central to the just transition for all countries and for women, men and youth living in poverty and vulnerable situations.<sup>9</sup>

### *Transforming value chains*

It is equally important to target the value chains that require urgent attention and investment to secure a sustainable and job-rich recovery that builds more resilience at all levels to known and unknown challenges. In this context, the recovery should promote inclusive leadership, with gender parity across institutional spaces and gender mainstreaming in policies across all sectors, with the aim of creating sustainability and social justice for all.

Equally, a comprehensive and sustainable recovery from the COVID-19 pandemic will need to target the carbon, nature, material, and pollution footprints of key sectors of the economy, their relationship to GDP, and their relationship to prosperity for all.<sup>10</sup> Technical and financial support will also be essential to

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Additional data sources:

UN Environment Management Group, Inclusive Green Recovery: An Essential Post-COVID-19 Paradigm Shift to Recover Better, September 2021, available at [https://unemg.org/wp-content/uploads/2021/09/EMGSOM.27\\_INF\\_6\\_Green\\_Recovery\\_Report.pdf](https://unemg.org/wp-content/uploads/2021/09/EMGSOM.27_INF_6_Green_Recovery_Report.pdf)

Retrieved March 2, 2022, from <http://scp-hat.lifecycleinitiative.org/sector-profiles/>

UNEP and International Resource Panel (2022). *International Resource Panel Reports*. Retrieved March 2, 2022, from <https://www.resourcepanel.org/reports>

Circularity Gap (2022). *Circularity Gap Report 2022. Circularity Gap*. Retrieved March 2, 2022, from <https://www.circularity-gap.world/2022>

UNEP (2018). *Inclusive Wealth Report*. UNEP. Retrieved March 2, 2022, from <https://www.unep.org/resources/inclusive-wealth-report-2018>

IPCC Reports (2022). Retrieved March 2, 2022, from <https://www.ipcc.ch/reports/>

UNEP (2021). *Emissions Gap Report*. Retrieved March 2, 2022, from <https://www.unep.org/resources/emissions-gap-report-2021>

UNEP (2021). *Production Gap Report*. Retrieved March 2, 2022, from <https://www.unep.org/resources/report/production-gap-report-2021>

UNEP (2021). *GEO for Cities - Towards Green and Just Cities*. Retrieved March 2, 2022, from <https://www.unep.org/resources/report/geo-cities-towards-green-and-just-cities>

<sup>8</sup> International Trade Centre (2021) - SME Competitiveness Outlook 2021: Empowering the Green Recovery. Retrieved March 13, 2022 from [https://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITC\\_SMECO-2021.pdf](https://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/ITC_SMECO-2021.pdf)

<sup>9</sup> ILO (2015) *Guidelines for a just transition towards environmentally sustainable economies and societies for all*. ILO. Retrieved February 27, 2022, from [https://www.ilo.org/global/topics/green-jobs/publications/WCMS\\_432859/lang--en/index.htm](https://www.ilo.org/global/topics/green-jobs/publications/WCMS_432859/lang--en/index.htm)

<sup>10</sup> See for example Lenzen M, Geschke A, West J, Fry J, Malik A, Giljum S, Milà i Canals L, Piñero P, Lutter S, Wiedmann T, Li M, Sevenster M, Nansai K, Potočník J, Teixeira I, Van Voore M and Schandl H (2021) *Implementing the Material Footprint to measure progress towards SDGs 8 and 12*, Nature Sustainability. Retrieved March 2, 2022, from <https://www.nature.com/articles/s41893-021-00811-6>

And data sources:

*SCP-Hotspots Analysis Tool (SCP-HAT) (2022)* Retrieved March 2, 2022, from <http://scp-hat.lifecycleinitiative.org/sector-profiles/>

accelerate the transition to low-carbon, resource-efficient, nature-positive, inclusive, and resilient value chains.

### *Investing in the just transition*

There is significant potential for high impact sectors to contribute to successful recovery efforts. To do so, these sectors of the economy should take on board social and policy innovations to enhance value and increase human well-being for all, drawing in innovative means of implementation that increase the strength of our social fabric and our safety nets. Crucially, they must also connect to and provide the skill sets required for the economy of tomorrow, which is digitally connected and which positions countries, individuals, and firms to add value while building circularity and resilience for a just transition.<sup>11</sup>

Achieving a sustainable and inclusive recovery will require the planning and adoption of stimulus measures that are aligned with climate and biodiversity priorities, and which include nature-based solutions and ecosystems-based approaches. This will increase the accountability of financial institutions and other key stakeholders in relation to progress achieved in the transformation of key Covid-affected sectors and value chains.

## **2. Harnessing innovations and technologies, including digital technologies for transparency and disclosure**

Prioritising high-impact sectors towards a shift to sustainable consumption and production could achieve very significant economic, social and environmental gains, often in short time frames. Innovative technologies that are required to support the transformation of high impact sectors will need to be integrated into recovery measures.

Among these, digitalization can accelerate green recovery processes through advanced and integrated data analytics for policy and investment decisions; new green finance mechanisms; radically increased transparency, traceability and accountability; and better environmental management through granular and timely data. The digital revolution also creates new opportunities for better stakeholder engagement, increased accountability of institutions and more informed consumers. Digitalisation can also connect the drive for more sustainable and equitable lifestyle choices.

However, digital technologies and innovation also have the potential to further exacerbate existing inequalities and unsustainable behaviours and cause a “rebound effect” on energy consumption of

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UNEP and International Resource Panel (2022). *International Resource Panel Reports*. Retrieved March 2, 2022, from <https://www.resourcepanel.org/reports>

Circularity Gap (2022). *Circularity Gap Report 2022. Circularity Gap*. Retrieved March 2, 2022, from <https://www.circularity-gap.world/2022>

UNEP (2018). *Inclusive Wealth Report*. UNEP. Retrieved March 2, 2022, from <https://www.unep.org/resources/inclusive-wealth-report-2018>

IPCC Reports (2022). Retrieved March 2, 2022, from <https://www.ipcc.ch/reports/>

UNEP (2021). *Emissions Gap Report*. Retrieved March 2, 2022, from <https://www.unep.org/resources/emissions-gap-report-2021>

UNEP (2021). *Production Gap Report*. Retrieved March 2, 2022, from <https://www.unep.org/resources/report/production-gap-report-2021>

UNEP (2021). *GEO for Cities - Towards Green and Just Cities*. Retrieved March 2, 2022, from <https://www.unep.org/resources/report/geo-cities-towards-green-and-just-cities>

<sup>11</sup> ILO (2015) *Guidelines for a just transition towards environmentally sustainable economies and societies for all*. ILO. Retrieved February 27, 2022, from [https://www.ilo.org/global/topics/green-jobs/publications/WCMS\\_432859/lang--en/index.htm](https://www.ilo.org/global/topics/green-jobs/publications/WCMS_432859/lang--en/index.htm)

material resources and the production of non-recyclable waste products. Digital transformation of the value chains of high impact sectors must take into consideration and mitigate these negative consequences as well as those in the areas of privacy and competition policy.

At the same time, there is immense potential for developing economies to ‘leapfrog’ obsolete technologies and models. To do so will require radical rethinking by policymakers, international organisations, business leaders and individuals to ensure that the digital revolution becomes a strategic asset that will generate more inclusive, transparent, and innovative outcomes, and which will also help to create green, digital job opportunities.

### **3. Leveraging global, South-South and triangular cooperation**

Overcoming global challenges will require stronger global partnerships. At the same time, South-South and triangular cooperation is essential now more than ever. Such global cooperation will need to embrace technology co-development and cooperation, replication of technologies, enhanced infrastructure and skills, increased access to data and knowledge exchange for capacity building.

Enhanced cooperation can help developing countries learn from each other and grow more sustainably, close income gaps, and build trust. At the same time, it will contribute towards a thriving and healthy planet, which is sufficiently resilient to support inclusive and resilient human societies.

## **Key questions for Leadership Dialogue 2**

### **1. Actions for recovery in key Covid-affected sectors and value chains**

- a. What are the priority actions needed to transform high impact sectors, such as food, energy, and manufacturing?
- b. How to ensure that the transformation of high impact sectors is aligned with the SDGs and leave no one left behind? More specifically, how can young people, future voters, women, Indigenous Peoples and local communities play a more prominent role in the transition?
- c. How can recovery investments accelerate re-skilling for the sustainability transition, and ensure a reduction in the technology gap, particularly for clean technologies, in developing countries?
- d. Which key components of the value chain should be encompassed in environmental and human rights due diligence, particularly in high impact sectors?

### **2. Harnessing innovations and technologies, including digital technologies for transparency and disclosure**

- a. How can we leverage the potential of digital technologies to ensure the shift towards a circular economy and sustainable consumption and production, while ensuring that developing countries have access to such technologies?
- b. How can we build on successful initiatives such as the Principles for Responsible Banking, the Task Force on Nature-related Financial Disclosures, or the Coalition of Finance Ministers for Climate Action?

**3. Leveraging global, South-South and triangular cooperation for actions at scale**

- a. How can global cooperation and knowledge exchange be improved to support capacity development, innovation and progress, which respects and understands domestic contexts and constraints?
- b. How do we ensure that technology cooperation is scaled up to support developing countries in addressing the impact of the pandemic whilst achieving the SDGs?