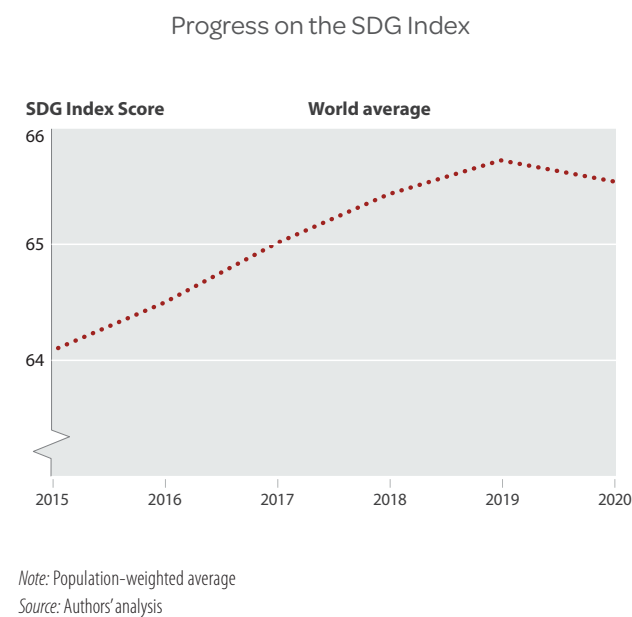


Executive Summary

The COVID-19 pandemic is a setback for sustainable development everywhere. For the first time since the adoption of the SDGs in 2015, the global average SDG Index score for 2020 has decreased from the previous year: a decline driven to a large extent by increased poverty rates and unemployment following the outbreak of the COVID-19 pandemic. The decline in SDG performance globally is likely underestimated in this year's report, with many indicators for 2020 not yet available due to time lags in international statistics. The pandemic has impacted all three dimensions of sustainable development: economic, social, and environmental. The highest priority of every government must remain the suppression of the pandemic, through non-pharmaceutical interventions and global access to vaccines. There can be no sustainable development and economic recovery while the pandemic is raging.



Low-income developing countries (LIDCs) lack the fiscal space to finance emergency response and investment-led recovery plans aligned with the SDGs. COVID-19 has highlighted the limited capacity of LIDCs to tap market financing. While the governments of high-income countries have borrowed heavily in response to the pandemic, LIDCs have been unable to do so because of their lower market creditworthiness. The major short-term implication of the difference in fiscal space of high-income and low-income countries is that rich countries are likely to recover from the pandemic more quickly than poor countries. There are at least four key ways to increase the fiscal space of the LIDCs. The first is improved global monetary management, notably improved liquidity for the LIDCs. The second is improved tax collection supported by several global tax reforms. The third is increased financial intermediation by the multilateral development banks (MDBs) to support long-term development financing. The fourth is debt relief.

The SDGs and the Six SDG Transformations can inform a sustainable, inclusive, and resilient recovery from COVID-19. While the pandemic is a setback for sustainable development, the SDGs along with the 2030 Agenda and the Paris Climate Agreement provide the right compass for “building forward better”. Before the pandemic hit, significant progress had been achieved on the SDGs in many regions and on many goals – especially in East and South Asia, which has progressed more on the SDG Index than any other region since the goals’ adoption in 2015. At the national level, Bangladesh, Côte d’Ivoire and Afghanistan have improved most on the SDG Index since 2015. COVID-19 should not lead to a prolonged reversal in SDG progress. International commitments, for instance towards climate neutrality, must be rapidly accompanied by transformative actions and investments. Large fiscal packages of major economies present an opportunity to foster a green, digital, and inclusive recovery.

Global challenges, including pandemics but also climate change and the biodiversity crisis, require a strong multilateral system. Damages to ecosystems and nature may lead to the emergence of other zoonotic diseases and pathogens; possibly with a much higher case fatality rate next time. Climate change has already led to a sharp rise in natural disasters, including droughts, typhoons, the impact of rising sea levels, and heat waves. The digital revolution has moved many supply chains online but also increased the risk of widespread cyberattacks. No country can single-handedly prevent, respond, and recover from these global shocks. Now more than ever, the multilateral system must be supported to work effectively. Strengthening preparedness, coordinated responses, and resilience to critical risks are key to supporting the Decade of Action for the SDGs launched by the UN Secretary-General in 2019.

Rich countries generate negative international spillovers that undermine other countries’ ability to achieve the SDGs. This year’s SDG Index is topped by three Nordic countries – Finland, Sweden, and Denmark – yet even these countries face major challenges in achieving several SDGs. The 2021 International Spillover Index included in this report underlines how rich countries can generate negative socioeconomic and environmental spillovers, including through unsustainable trade and supply chains. Tax havens and profit shifting in many rich countries undermine other countries’ ability to mobilize needed financial resources to achieve the SDGs. Various types of global tax reforms could significantly increase government revenue in developing countries.

Regional average SDG Index score against International Spillover Index score



Source: Authors’ analysis

The pandemic has underlined the need to accelerate progress towards universal health coverage and universal access to key infrastructure, especially digital infrastructure. The COVID-19 crisis has made it very clear that countries equipped with effective social protection systems and universal health coverage are best equipped to respond to such crises. This is also less costly, and it is precisely for this reason that the SDGs call for countries to strengthen their social safety nets and move towards universal health coverage for key medical services. Digital technologies have played a critical role in sustaining social services, payments, schooling, and health care during the lockdowns, and in enabling working from home to be effective for many occupations. The importance of digital applications underscores the vital importance of universal access to broadband services as key to social inclusion, economic opportunity, and public health.

Data gaps and time lags in official statistics highlight the need for further investments in statistical capacity and new approaches to monitor countries' commitments and progress on key SDG transformations.

Robust and timely data are needed to monitor SDG progress. The pandemic has underlined the value of timely and disaggregated data to inform targeted actions and save lives. More than five years after the adoption of the SDGs, considerable gaps in official statistics remain in terms of country coverage and timeliness for many SDGs; in particular SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 14 (Life Below Water). Despite progress on the Statistical Performance Index globally since 2015, further investments are needed to strengthen statistical capacities in many low-income countries and small island developing states (SIDS). More "forward-looking" policy trackers are also needed to assess implementation efforts on key SDG transformations, and especially to monitor countries' actions on sustainable land use, diets, and responses to the biodiversity crisis.