



Confluence of multiple crises unleashes one of the lowest global economic growth rates in recent decades, according to UN flagship report

Stronger fiscal measures needed to resuscitate global economy and support development agenda

New York, 25 January – A series of severe and mutually reinforcing shocks — the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency — battered the world economy in 2022. Against this backdrop, world output growth is projected to decelerate from an estimated 3.0 per cent in 2022 to 1.9 per cent in 2023, marking one of the lowest growth rates in recent decades, according to the **United Nations World Economic Situation and Prospects (WESP) 2023**, launched today.

The report presents a gloomy and uncertain economic outlook for the near term. Global growth is forecast to moderately pick up to 2.7 per cent in 2024 as some of the headwinds will begin to subside. However, this is highly dependent on the pace and sequence of further monetary tightening, the course and consequences of the war in Ukraine, and the possibility of further supply-chain disruptions.

The tepid global economic prospects also threaten the achievement of [the 17 Sustainable Development Goals \(SDGs\)](#), when the [2023 SDG Summit](#) in September marks the mid-point of the implementation of the 2030 Agenda.

“This is not the time for short-term thinking or knee-jerk fiscal austerity that exacerbates inequality, increases suffering and could put the SDGs farther out of reach. These unprecedented times demand unprecedented action,” said António Guterres, United Nations Secretary-General. “This action includes a transformative SDG stimulus package, generated through the collective and concerted efforts of all stakeholders,” he added.

Gloomy economic outlook for both developed and developing economies

Amid high inflation, aggressive monetary tightening and heightened uncertainties, the current downturn has slowed the pace of economic recovery from the COVID-19 crisis, threatening several countries — both developed and developing — with the prospects of recession in 2023. Growth momentum significantly weakened in the United States, the European Union and other developed economies in 2022, adversely impacting the rest of the global economy through a number of channels.



United Nations

Tightening global financial conditions coupled with a strong dollar exacerbated fiscal and debt vulnerabilities in developing countries. Over 85 per cent of central banks worldwide tightened monetary policy and raised interest rates in quick succession since late 2021, to tame inflationary pressures and avoid a recession. Global inflation which reached a multi-decade high of about 9 per cent in 2022 is projected to ease but remain elevated at 6.5 per cent in 2023.

Weaker job recovery and rising poverty

Most developing countries have seen a slower job recovery in 2022 and continue to face considerable employment slack. Disproportionate losses in women's employment during the initial phase of the pandemic have not been fully reversed, with improvements mainly arising from a recovery in informal jobs.

According to the report, slower growth, coupled with elevated inflation and mounting debt vulnerabilities, threatens to further set back hard-won achievements in sustainable development, deepening the already negative effects of the current crises. Already in 2022, the number of people facing acute food insecurity had more than doubled compared to 2019, reaching almost 350 million. A prolonged period of economic weakness and slow income growth would not only hamper poverty eradication, but also constrain countries' ability to invest in the SDGs more broadly.

"The current crises are hitting the most vulnerable the hardest — often through no fault of their own. The global community needs to step up joint efforts to avert human suffering and support an inclusive and sustainable future for all," said Li Junhua, United Nations Under-Secretary-General for Economic and Social Affairs.

Stronger international cooperation is imperative

The report calls for Governments to avoid fiscal austerity which would stifle growth and disproportionately affect the most vulnerable groups, affect progress in gender equality and stymie development prospects across generations. It recommends reallocation and reprioritization of public expenditures through direct policy interventions that will create jobs and reinvigorate growth. This will require strengthening of social protection systems, ensuring continued support through targeted and temporary subsidies, cash transfers, and discounts on utility bills, which can be complemented with reductions in consumption taxes or custom duties.

Strategic public investments in education, health, digital infrastructure, new technologies and climate change mitigation and adaptation can offer large social returns, accelerate productivity growth, and strengthen resilience to economic, social and environmental shocks.



United Nations

Additional SDG financing needs in developing countries vary by source, but are estimated to amount to a few trillion dollars per year. Stronger international commitment is urgently needed to expand access to emergency financial assistance; to restructure and reduce debt burdens across developing countries; and scale up SDG financing.

###

The full report will be available on 25 January 2023, 12:00 noon EST at:

<https://desapublications.un.org/>

Media contacts:

Sharon Birch, UN Department of Global Communications, birchs@un.org

Helen Rosengren, UN Department of Economic and Social Affairs, rosengrenh@un.org