THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

JUST TRANSITIONS

edited by Liam Byrne MP

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About the Network

The Parliamentary Network on the World Bank & International Monetary Fund provides a platform for parliamentarians from over 140 countries to advocate for increased accountability and transparency in International Financial Institutions and multilateral development financing. Founded in 2000, the Parliamentary Network seeks to engage law makers from around the globe in the common mission of addressing good governance and poverty challenges in both their home countries and abroad. Directed by a twelve-member Board elected by their peers, the Parliamentary Network is an independent non-governmental organization with a secretariat in Paris. The organization is open to all elected parliamentarians from World Bank member states who hold a current mandate. Parliamentary Network members represent themselves and their constituents, and not their countries, parliaments or governments.

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Introduction

Rt Hon Liam Byrne MP, Chair of the Parliamentary Network on the World Bank and IMF

From the agony of our loss must come change.

As parliamentarians, we work and serve in communities that have now lost a million of our neighbours to COVID-19.

As I've sought to comfort grieving families this year, I've heard stories that will stay with me for life. The 35-year-old new mum who died after childbirth, never having the chance to hold her newborn son. The son who said goodbye to his dad on WhatsApp while a doctor sat stroking his dad's hand and holding him close "as if he was his own." The pastor's wife who lost first her husband and then her best friend while battling the virus herself in hospital - and then learned the pastor due to conduct her husband's funeral had also died.

After all the countless sacrifice made by billions of people this year, we cannot allow the ashen reward for citizens to be a life of poverty. Yet that is precisely what is on the cards.

This book is about our role, our relationship, and our roadmap for the future. Our role as parliamentarians is now more than important than ever; as truth-tellers, explainers-in-chief, advocates, speaking up for those who have lost everything. Demanding ministers do the right thing. Insisting that governments work together for the common good, safe in the knowledge that pandemics, like poverty, do not stop at passport control.

This has implications for the relationship between us; as representatives determined to learn from each other to share with each other, ideas and insights, analysis and arguments. This mission is at the core of the Network's work.

This book, however, is designed to provoke thoughts about the roadmap ahead. And make no mistake, the road ahead is hard.

As Andy Sumner makes clear, until earlier this year we were rolling back poverty. But that progress was precarious. Middle Income Countries - and middle income families living on between $3.20 and $13 a day - were not out of the woods, but frightening close to the vortex of deprivation and early death that could now suck half of the population of the developing world back into poverty. We are looking at the first global rise in poverty this century, a curse that may now befall anywhere between 80 and 400 million people. Some countries have now experienced ten times fewer hours worked than after the Great Financial Crisis. Africa may lose almost half of all jobs.

And this is not the only challenge. Today, policy-makers and politicians should be wrestling with how to recover from the pandemic, and what we have called the 'three rises'; the rise in temperature, technology and trade wars. That is why we argue that what is needed for the decade ahead is not simply a 'just transition', but 'just transitions.'

As Othmar Karas reminds us here, global rises in temperature could push 100 million people into poverty by 2030 and force 143 million people in just three regions - Latin America, South Asia and Sub-Saharan Africa to migrate. The speedy shift in technology christened the Fourth Industrial Revolution looks likely to now accelerate potentially changing or eliminating 1.2 billion jobs world-wide.

Meanwhile, as Peter Mandelson and Yukon Huang explain, what seems to be a new era of trade conflict jeopardises the diffusion of technology on which billions depend for progress and opportunity, and the chance to sell, tariff-free, into a worldwide market. 'Deglobalisation' is on the political agenda everywhere.

Badly managed, these seminal shifts will render the delivery of the Sustainable Development Goals, impossible. The SDGs, still the best framework for global action as Udo Bullman argues here, are now at the end of a much, much steeper path. They are still the best constellation for us to steer by. But, we will not achieve them by simply carrying on as before.

So how do we change? This book begins to provide answers. Both Juha Leppänen and Geoff Mulgan set out radical new ways of harnessing social intelligence to help policy-makers make better decisions. And the biggest decisions touch on what many call the New Social Contract.

Like all good, evocative phrases, this one has been around for centuries. But it is hard to find much in today's debate that even resembles a Heads of Terms. We try to fill the gap, and spell out the huge implications for the strategy for state modernisation around the world.

In a series of essays, Richard Munang, Geoff Mulgan, Alison Tate, David Woollcombe and Elizabeth Stuart tackle the biggest question of them all; how to tackle the jobs emergency.

Running through their perspectives is a clear sense that across the developing world, technology is a game-changer for entrepreneurially-driven growth. When 80% of people in developing countries live under cellular internet signal, there are incredible new opportunities to learn, trade, and retrain as long as Governments do not forget that their Social Contract needs a Digital Compact too. But second, the stimulus required to recover from the COVID-Crash is investment that can not only accelerate our transition to a net-zero carbon world and create good, new jobs too.

The pandemic is a sharp reminder, as if we needed it, that health investment must remain the cornerstone of Social Contracts everywhere. As Katrine Bach Habersaat and Robb Butler argue, this must include the fruits of research into behavioural science. But, above all, it requires the global community to help close the terrible gap in health inequalities that mean sub-Saharan Africa have but 5% of the doctors that care for the citizens of the European Union. Technology is a big part of this story too. Better governance of data gathered worldwide offers incredible chances for us to deploy predicative technologies that help us understand how the virus spreads - as long as we get the governance right. Robots, as Murat Sönmez points out, are already decontaminating hospitals wards, and delivering food, medical supplies and lab samples.

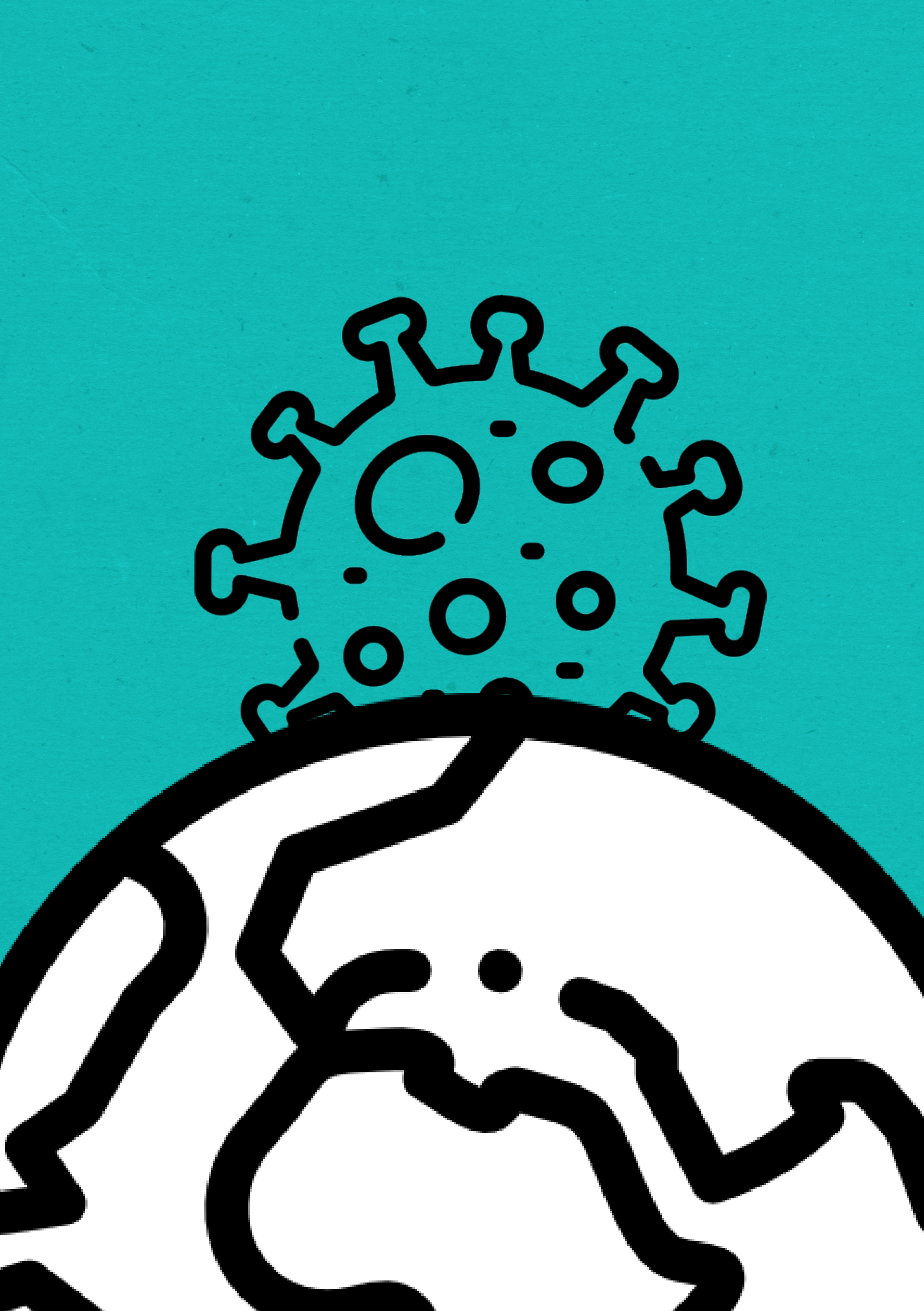
Alongside health must come better systems for both education, and crucially, retraining. When 60% of children entering primary school are forecast to do jobs not yet invented, we know that retraining must become a key part of what states help deliver. As Katherine Mullock argues here, this needs to become a significant investment; OECD research estimates that 1-4.5% of GDP needs to be spent retraining workers in jobs at a high risk of automation. Crucially, these programmes have to be delivered, as Network Board member Vjosa Osmani argues in ways that radically close the enormous gaps in gender equality.

Contracts, however, must be paid for. They must help mobilise investment. So, we include here food for thought about the future of tax, still too low everywhere to build states that are strong enough to deliver the SDG's. Now, forecast debt will be so much higher, governments everywhere will have to consider new ways to raise revenue. Some argue for wealth taxes. We consider those arguments here. Carbon taxes too are clearly part of the mix.

To pretend we can turn our ideas into action, our ambitions into change, without new thinking on fiscal policy is fanciful. But, we will need to work harder with the global investment community too. That's why we include important essays here from Fiona Reynolds and Saker Nusseibeh. A rich debate is underway around the world about the end of shareholder primacy as the sole goal for corporate boards, just as Environmental, Social and Governance (ESG) objectives grow more important for the world's asset managers, and the savers who provide the assets in the first place. Today, 161 investors responsible for $10 trillion of investment have already signed statements committing support for the Paris climate goals, and the Just Transition that must go with it. That's a start. And the debate about investment frameworks for inclusive growth, is only in its infancy.

Finally, we argue that there can be no Just Transitions, no reversing the new surge tide of poverty, no delivery of the SDGs, in a world that fails to get its act together, to work better together and rediscover both the philosophy and principles that inspired the creation of the United Nations seventy-five years ago. In different ways, President Turk, Cassam Uteem, Honorable Kevin Rudd, and former Network Board member Yunus Carrim, each spell out in their own, persuasive words, the absolute necessity now of our multi-lateral institutions delivering on social justice, inclusion and equity and governments acting as global citizens, as Kevin Rudd argues here, thinking of international aid as stepping stone to prosperity, and stepping up to a long-term mission of strengthening the IMF, the World Bank, the WHO, the WTO, ILO and the G20.

This year, our Parliamentary Network on the World Bank and IMF marks its twentieth anniversary. We were founded in very different times. But as we look at the extraordinary opportunities of this age, the wreckage of this crisis, and the gruelling terrain we see on the road ahead, we are more determined than ever to deliver on our mission, making the case for ever more effective international financial institutions and multilateral development financing.



PART I:

THE PLANET ON THE EVE OF THE PANDEMIC AND THE NEW PATH AHEAD

The Night Before COVID-19

Andy Sumner, King's College London

The developing world has fundamentally changed since the 1990s, albeit in a more precarious way than it may at first seem. COVID-19 now threatens many of the gains.

Introduction

In the late 1980s, the distribution of the world's countries and the world's people resembled a 'twin peaks'. The global distribution showed a hump at the poorer end (encompassing the countries and people living in the homogenous 'Third World'), a hump at the upper end (developed countries and their population), and weak prospects for convergence of the poorer group with the richer one.

Since the end of the 1990s, that twin-peaks world with a poorer and a richer peak transitioned into what might be labelled the 'new middles' (or 'twin middles') of countries and people of the contemporary world.

The first 'middle' refers to countries and is an expansion of the number of those officially classified by the World Bank as middle-income countries (MICs). The second middle comprises the burgeoning group of people who consume at levels above the global poverty lines ($1.90 and $3.30-per-day) used by the World Bank. A large proportion of them, however, are still living well below the consumption lines associated with a permanent escape from poverty ($13-per-day). The following paragraphs will initially discuss the first middle, referring to countries, and subsequently elaborate on the second middle, comprising people.

The first new middle of Middle-Income Countries

As noted, the first new middle – that of middle income countries – is the official classification by the World Bank. Some countries are substantially above the World Bank's middle-income line, particularly the populous developing countries of China and India, whilst other developing countries are closer to the line. During the 2000s, the number of LICs started falling to less than 30 LICs today. The number of HICs (which currently are countries with approximately US$12,500 GNI per capita, Atlas method) has doubled from about 40 in 1990 to over 80 today.

At this point, one could simply dismiss all of this as a set of arbitrary lines, as indeed one could do with the declines in global poverty. However, as much in need of review as the Low/Middle/High income country (LIC/MIC/HIC) lines are, they do have symbolic meaning in terms of greater policy freedom in the form of greater access to larger amounts of non-concessional finance from not only from the World Bank and IMF but also in the form of bond issues in private capital markets (which in contrast to donor conditionality are without strings). Also, as crude as these lines are, they are, in the broadest sense, an aggregation of other development indicators, since cluster analysis places all the remaining LICs in one homogeneous cluster. In fact, one justification for the continued use of these lines is that the remaining LICs are now relatively homogeneous in terms of their structural economic characteristics and a shared (weak) recent growth history. Moreover, almost all are members of the United Nations (UN) grouping of least developed countries (LDCs).

The new MICs, in contrast, are heterogeneous. They include many fast-growing 'emerging economies' where manufacturing-led growth is evident, such as China, though the 2000s commodity boom was also important as much as manufacturing in other countries such as Indonesia and Brazil. Many of these populous new MICs are home to a large proportion of the world's absolute poor at all poverty lines. Some other countries, formerly planned economies, are 'bounce-back' new MICs that experienced economic collapse in the past but have grown back to MIC levels since.

The second new middle of people

The second new 'middle' is that of people living just above absolute poverty and at risk of falling back. Global poverty has fallen when measured at the World Bank's extreme poverty line of $1.90 per day and moderate poverty line of $3.20 per day. However, outside of China, the fall in the number of people living in poverty is more modest. Moreover, many of these people are still well below consumption lines associated with a permanent escape from poverty which longitudinal studies estimate to be at approximately $13 per day in 2011 PPP based. This 'security from poverty' line can – very broadly - be seen as the line at which people are very unlikely to fall back into poverty at approximately $3.20-per-day. In other words, the risk of falling back below this line diminishes to very low probability above $13-per-day. This means that there is a substantial group of people living above the global poverty lines for absolute poverty but not sufficiently far to be certain of not falling back into poverty in the future. When taking a poverty line of $13 per day, global poverty has not changed that much since the late 1980s. Global poverty measured at $13 per day has fallen from about 90 per cent of the developing world population in the 1980s to about 85 per cent in 2015. However, when China is excluded from these estimates, little has changed since the 1980s in the sense that 90 per cent of the population of the developing world outside China remain in poverty.

What has happened is that those moving out of poverty measured at $3.20 per day have not jumped in one leap to living above $13 per day. Instead, they have moved into the precariat group with incomes between $3.20 and $13-per-day (see Figure 1). This in-between poverty and security group has grown from 20 per cent of the developing world's population in the early 1980s to about a half in 2015. In short, in 2015, a third of the population of the developing world lived in absolute poverty (under $3.20) and approximately one in nine or ten were secure (over $13), leaving the remainder – over half of the developing world's population – in a precarious new middle (between $3.20 and $13 per day). This is a second new middle, of people who are neither day-to-day poor nor secure from the future risk of poverty.

To be clear, this is not to say that the income growth among the poorest people in the world has not been positive. The issue is that setting very low poverty lines and communicating the trends based on these lines may lead to a narrative that absolute poverty is virtually eradicated or soon will be. What is presented in poverty measurement as a technical issue is actually highly political. Global poverty reduction since the Cold War has been mostly about moving people from below to somewhat above a low poverty line. Highlighting this trend often ignites tempers and fierce debate but one cannot overlook the fact that absolute poverty has not fallen at more reasonable poverty lines, even with the impressive income growth in developing countries during the past two decades.

In short, what has happened in the developing world since the Cold War is a large movement of people into what could be called a precariat ($3.20–$13). Poverty has fallen when measured at the $3.20 line from approximately 70 per cent in 1981 to 30 per cent in 2015. Consequentially, a new middle has burgeoned of a population living on between $3.20 and $13 which by 2015 accounted for over half of the developing world's population. One could liken this to a transition from global poverty towards global precarity.

The potential impact of COVID-19

In sum, substantial economic growth since the Cold War has thus produced two new 'middles'. Specifically, a new middle of countries which are now middle-income according to average per capita income and a new 'middle' of people, lifted above absolute poverty, at least when measured at low poverty lines, but who are not sufficiently far above as to be certain of not falling back into poverty.

These gains are now at risk due to the economic impact of COVID-19.

Indeed, the pandemic is very likely to push people back into poverty. Estimates suggest between 80m and 400m people could fall back into extreme poverty due to the pandemic; and up to 600m could fall back into poverty at the moderate poverty line (see Table 1). These numbers represent a reversal of 20–30 years in global poverty reduction (depending on whether one takes absolute or relative counts).

This why COVID-19 is such a threat to the progress achieved to date. Too little attention is being given to the worsening crisis in developing countries where coronavirus is spreading rapidly and governments grapple with the devastating economic consequences.

The attainment of SDG 1 goal is looking increasingly tough due to COVID-19.

In addition to increases in the poverty headcount, the intensity and severity of poverty are also likely to be exacerbated too. The daily losses could be in the millions of dollars per day among those already living in extreme poverty, and among the group of people newly pushed into extreme poverty as a result of the crisis.

There could be much more new poverty not only in countries where poverty has remained relatively high over the last three decades but also in countries that are not among the poorest countries anymore.

The pandemic itself raise questions for how we think about poverty reduction and in particular, the need for new measures of extreme precarity to sit alongside measures of extreme poverty. The extreme poverty measure ($1.90) gave a poverty count of about 700m or 9.9% the world's population before the crisis. Just above those people sit another 400m people or 5.4% of the world's population living in extreme precarity, one shock away from poverty whether it is this wave or the next wave of COVID-19.

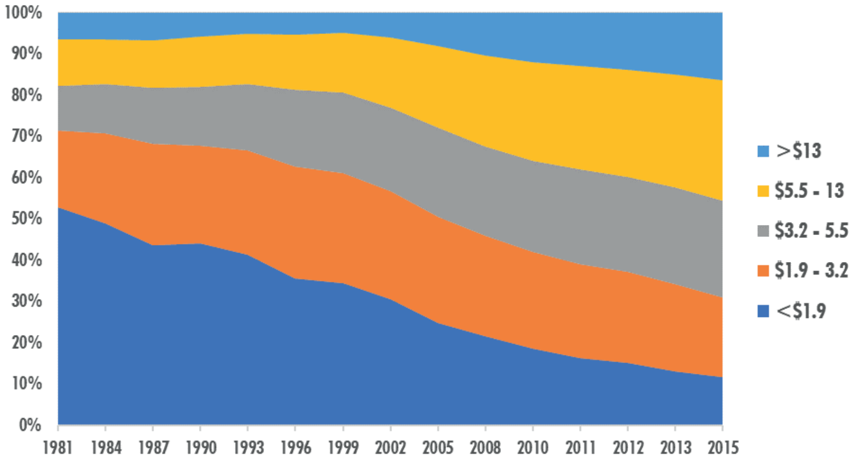


Figure 1. Population (%) of developing countries living by daily consumption group, 1981–2015. Source: Authors' estimates based on World Bank (2020).

	Poverty Lines	
Income shock	**$1.90-per-day**	**$3.20-per-day**
5%	80.1	133.0
10%	171.5	274.5
20%	395.0	576.0

Table 1. The Poverty Impact of COVID-19: Increase in global poverty at $1.90 and $3.20-per-day poverty lines (millions of people) due to 5, 10, and 20 percent per capita income contraction

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The State of International Development and Equality on the Eve of COVID-19

Othmar Karas, Vice-President for the European Parliament

As we celebrate 75 years of the United Nations, the world community faces a stiff task safeguarding the world's poorest against a fallback into poverty - and the rise in global temperatures which threaten poverty for millions more. We will only deliver by renewing cooperation, dialogue and sharing expertise.

We are living through unprecedented times. The COVID-19 crisis is affecting the health of millions of people around and the world and is profoundly shaking our societies and economies at large. The impact of the pandemic varies from country to country but will most likely increase poverty and inequalities at a global scale. While the race to develop a safe and effective vaccine is advancing, there is no hope in finding such medicine against other pressing challenges such as climate change, rising inequalities, demographic change, emerging technologies, terrorism and misinformation. The only vaccine against environmental destruction or the discrimination in our societies is us. All these challenges are inter-connected and transcend borders. They require common, holistic solutions and need to be tackled with determined and coordinated action at all political levels.

This year, the United Nations is celebrating the 75th anniversary of its founding document. The adoption of the UN Charter declared a vision of peace, a common understanding of human rights, justice, development, solidarity and dignity for all. These core principles ring just as true today and must continue to be our firm foundation for solving the shared problems on our planet. The UN Secretary-General, António Guterres, said it well: "The vision and promise of the United Nations is that food, healthcare, water and sanitation, education, decent work and social security are not commodities for sale to those who can afford them, but basic human rights to which we are all entitled." Undoubtedly, in midst of global divisions and turmoil, the need for international cooperation, multilateralism and reaching our common objectives becomes even more urgent. Among them the 17 Sustainable Development Goals (SDGs) as our shared blueprint to end poverty, protect our planet and ensure prosperity for everyone by 2030.

In the years before the outbreak of the COVID-19 pandemic, important progress and favorable trends were evident in some critical areas of sustainable development. Efforts at extreme poverty alleviation have borne fruit. Globally, the number of extremely poor people – those who live on $1.90 a day or less – has fallen from 1.9 billion in 1990 to about 736 million in 2016 according to World Bank Group (WBG) estimates. Life expectancy has further increased. Particularly in low-income countries, which saw life expectancy rise between 21 percent or eleven years between 2000 and 2016 – mostly due to the improved prevention and effective treatment of diseases as well as better maternal and child healthcare. The under-five mortality rate fell by 49 percent between 2000 and 2017. Between one-third and half the world's population became covered by essential health services. Global vaccines and immunizations have saved millions of lives. And the vast majority of the world's population has gained access to electricity.

At the same time, countries have strengthened their efforts to protect our planet. 189 parties have ratified the historical Paris Agreement on climate change and almost all have communicated their first nationally determined contributions – despite the deeply regrettable withdrawal of the United States from the deal. According to the recent SDGs Report by the United Nations Conference on Trade and Development (UNCTAD) about 150 countries have developed national policies to respond to the challenge of rapid urbanization and the European Union and 71 countries have adopted more than 300 policies and instruments supporting sustainable consumption and production. Also, marine protected areas have doubled over the last ten years.

Even though various stubborn problems remain, such remarkable efforts should encourage us and drive us forward. We have no other choice. Without immediate joint action to cut greenhouse gas emissions, gains in wellbeing and life expectancy will be compromised, and climate change will come to define the life and health of our future generations. The World Health Organization (WHO) estimates that the impacts could push an additional 100 million people into poverty by 2030. Until 2050 approximately 250,000 additional deaths per year could be caused from malnutrition, malaria and heat stress. And over 143 million people in just three regions – namely Latin America, South Asia and Sub-Saharan Africa – could be forced to move within their own countries to escape the slow-onset impacts of global warming. Moreover, climate change makes the chance of disasters striking during the current pandemic more likely, and their impact more severe on those displaced. The loss of biodiversity could also increase the risk of future pandemics by endangering the fragility of the world´s interdependent ecosystem.

Another critical development challenge that is threatening our efforts to end extreme poverty in both, low- and middle-income countries, according to the WBG, is fragility, conflict and violence (FCV). Under current estimates, up to two-thirds of the world’s extreme poor could live in FCV settings, considering that violent conflict has spiked dramatically since 2010, and the fragility landscape is becoming ever more complex. Conflicts drive 80 percent of all humanitarian needs and reduce gross domestic product growth by two percentage points per year on average. Last year, the number of people forcibly displaced due to war, persecution and human rights violations was 79.5 million, the highest number on record, according to the United Nations High Commissioner for Refugees (UNHCR). It is very likely that the impact of COVID-19 will be much more severe in countries, which are facing existing challenges due to human capital deprivations, a lack of basic infrastructure for health and other human needs like clean water and sanitation, as well as weak institutions with limited capacity.

Clearly, the significant social and economic impacts of COVID-19 threaten to throw the progress in realising just transitions off track. The pandemic exacerbates inequalities by disproportionately affecting the most vulnerable. Estimates based on growth projections from the June 2020 Global Economic Prospects report by the WBG show, that the pandemic could represent the first increase in global extreme poverty since 1998, effectively wiping out progress made since 2017. When compared with pre-crisis forecasts, COVID-19 could push 71 million people into extreme poverty in 2020 under the baseline scenario and 100 million under the downside scenario. The looming global food emergency could in the longer term be further aggravated by disruptions to the functioning of food systems with severe consequences for health and nutrition. Prior to the onset of this pandemic, more than 820 million people were already identified as chronically food insecure. Recent data shows that the food security of 135 million people was categorised as on crisis level or worse. That number could nearly double before the end of 2020 due to the impacts of COVID-19.

Furthermore, global environmental emergencies and biodiversity loss could cause – if they remain unchecked – social and economic damages far larger than those triggered by the current pandemic. Hence, the various social and economic recovery packages must be designed to rebuild our world better. They must entail much more than just getting economies and livelihoods quickly back on their feet. Recovery policies – such as the European Union's comprehensive recovery plan "Next Generation EU" and the Union's new seven-year budget, also need to trigger investment and behavioural changes that find answers to the most pressing global disruptions, including climate change, digitisation and rising inequalities. We need a strong push to implement the eco-social market economy and to establish comprehensive policies to boost long-term growth, including by improving governance and business environments and enhancing investment in education and public health. Only then we will be able to reduce the likelihood of future shocks and increase society's resilience when they do occur.

In order for all of these our joint efforts to bear fruit, we need more cooperation, dialogue and shared expertise. We need to move beyond the illusion that international politics can be a zero-sum game. In our world's community the weaknesses of my neighbours and my partners are my own weaknesses. Instead of putting the blame on others, we must invest in win-win solutions, engage in a practical and principled way, share responsibilities and contribute to each other's strengths. In the spirit of the United Nation's founding principles, we have to focus on what unites us instead of what divides us. All member organisations of the United Nations family are part of our common solutions. We must strengthen them, both politically and financially. We must coordinate our international efforts and establish a global early warning system as well as crisis mechanism against future pandemics.

At all times, the citizens must be at the heart of our political action. Parliamentarians around the world, who serve and represent their interests, need strong ties to international organizations. We need their expertise and experience to be able to do what is necessary and what is right. Instead of working side by side, we must come together for realising practice-oriented solutions. I therefore strongly applaud the efforts of the Parliamentary Network on the World Bank and International Monetary Fund, which celebrates its 20th anniversary this year. By bringing together over 1.000 parliamentarians from over 140 countries, this independent inter-parliamentary organization is a living example that there is no other way to deal with common challenges, than with common responses. As a proud member, I wish the Parliamentary Network continuous success and growth in the many decades to come.

Will COVID-19 Fast-Forward Current Trends?

Dani Rodrik, Harvard University's John F. Kennedy School of Government

COVID-19 may accelerate trends underway before the crisis with an acceleration of de-globalisation, rising US-China tensions, and a battle within nation-states among oligarchs, authoritarian populists, and liberal internationalists.

Crises come in two variants: those for which we could not have prepared, because no one had anticipated them, and those for which we should have been prepared, because they were in fact expected. COVID-19 is in the latter category, no matter what US President Donald Trump says to avoid responsibility for the unfolding catastrophe. Even though the coronavirus itself is new and the timing of the current outbreak could not have been predicted, it was well recognized by experts that a pandemic of this type was likely.

SARS, MERS, H1N1, Ebola, and other outbreaks had provided ample warning. Fifteen years ago, the World Health Organization revised and upgraded the global framework for responding to outbreaks, trying to fix perceived shortcomings in the global response experienced during the SARS outbreak in 2003.

In 2016, the World Bank launched a Pandemic Emergency Financing Facility to provide assistance to low-income countries in the face of cross-border health crises. Most glaringly, just a few months before COVID-19 emerged in Wuhan, China, a US government report cautioned the Trump administration about the likelihood of a flu pandemic on the scale of the influenza epidemic a hundred years ago, which killed an estimated 50 million people worldwide.

Just like climate change, COVID-19 was a crisis waiting to happen. The response in the United States has been particularly disastrous. Trump downplayed the severity of the crisis for weeks. By the time infections and hospitalizations began to soar, the country found itself severely short of test kits, masks, ventilators, and other medical supplies.

The US did not request test kits made available by the WHO, and failed to produce reliable tests early on. Trump declined to use his authority to requisition medical supplies from private producers, forcing hospitals and state authorities to scramble and compete against one another to secure supplies.

Delays in testing and lockdowns have been costly in Europe as well, with Italy, Spain, France, and the United Kingdom paying a high price. Some countries in East Asia have responded a lot better. South Korea, Singapore, and Hong Kong appear to have controlled the spread of the disease through a combination of testing, tracing, and strict quarantine policies.

Interesting contrasts have emerged within countries as well. In northern Italy, Veneto has done much better than nearby Lombardy, largely owing to more comprehensive testing and earlier imposition of travel restrictions. In the US, the neighboring states of Kentucky and Tennessee reported their first cases of COVID-19 within a day of each other. By the end of March, Kentucky had only a quarter of the number of cases as Tennessee, because the state acted much more quickly to declare a state of emergency and close down public accommodations.

For the most part, though, the crisis has played out in ways that could have been anticipated from the prevailing nature of governance in different countries. Trump’s incompetent, bumbling, self-aggrandizing approach to managing the crisis could not have been a surprise, as lethal as it has been. Likewise, Brazil’s equally vain and mercurial president, Jair Bolsonaro, has, true to form, continued to downplay the risks.

On the other hand, it should come as no surprise that governments have responded faster and more effectively where they still command significant public trust, such as in South Korea, Singapore, and Taiwan.

China's response was typically Chinese: suppression of information about the prevalence of the virus, a high degree of social control, and a massive mobilization of resources once the threat became clear. Turkmenistan has banned the word "coronavirus," as well as the use of masks in public. Hungary's Viktor Orbán has capitalized on the crisis by tightening his grip on power, by disbanding parliament after giving himself emergency powers without time limit.

The crisis seems to have thrown the dominant characteristics of each country's politics into sharper relief. Countries have in effect become exaggerated versions of themselves. This suggests that the crisis may turn out to be less of a watershed in global politics and economics than many have argued. Rather than putting the world on a significantly different trajectory, it is likely to intensify and entrench already-existing trends.

Momentous events such as the current crisis engender their own "confirmation bias": we are likely to see in the COVID-19 debacle an affirmation of our own worldview. And we may perceive incipient signs of a future economic and political order we have long wished for.

So, those who want more government and public goods will have plenty of reason to think the crisis justifies their belief. And those who are skeptical of government and decry its incompetence will also find their prior views confirmed. Those who want more global governance will make the case that a stronger international public-health regime could have reduced the costs of the pandemic. And those who seek stronger nation-states will point to the many ways in which the WHO seem to have mismanaged its response (for example, by taking China's official claims at face value, opposing travel bans, and arguing against masks).

In short, COVID-19 may well not alter – much less reverse – tendencies evident before the crisis. Neoliberalism will continue its slow death. Populist autocrats will become even more authoritarian. Hyper-globalization will remain on the defensive as nation-states reclaim policy space. China and the US will continue on their collision course.

And the battle within nation-states among oligarchs, authoritarian populists, and liberal internationalists will intensify, while the left struggles to devise a program that appeals to a majority of voters.

Automation and the Future of Work

Anna Thomas, Institute for the Future of Work

The impact of COVID is likely to accelerate the Fourth Industrial Revolution. That will create new opportunities - but imperil 15-30% of jobs in the next decade. Major interventions will be needed to help workers make the leap from old jobs to new.

The Institute for the Future of Work (IFOW) reconvened the expert group from the parliamentary Commission on the Future of Work in an emergency session to consider the impacts of COVID-19 on work and workers' health, in the wider context of the new technological revolution.

COVID-19 has hit people, societies and the economy amid of one of the greatest technological transformations experienced since industrialisation, often captured under the banner of the 'Fourth Industrial Revolution.' The global pandemic is likely to accelerate the application of new technologies, in particular data-driven technologies, by introducing new demands and targets for research. The new technological revolution, overlaid by the shock of COVID-19, is already transforming work and labour markets in ways, and at a pace, which may well be unprecedented.[1] Government and societal response to these combined challenges will shape the future of work for generations.

IFOW has argued that 'automation' should be redefined to cover task creation, augmentation and changing impacts on job quality, as well as the displacement of tasks and jobs. To understand and probe this 'life cycle' of technology design, and pervasive applications in the work space, we must be alert to the fact that automation is guided by human decisions, rather than a set of technical capabilities or process which works autonomously. So, our exploration of it should be people-centred, extending both to the role of human decision-makers and to the experience of automation for people. Now, this approach is more important than ever.

Pre-COVID projections of the impact of automation on the labour market vary. A 2018 report projected that 30% of UK jobs are at risk of automation. The Office for National Statistics (ONS) project 7.4% in a 2019 analysis. The OECD predict an average of around 14% for OECD nations. IFOW has estimated that between 15-30% of jobs will be lost within the next decade. The differences between these projections mostly reflect different definitions and assumptions about what is 'automatable', different understandings of the capacity of existing technology, the time horizon taken into account and a tendency in literature to date to focus on the technical capabilities of new technologies, rather than why and how automation takes place.

COVID-19 has introduced a new factor in assessing the likelihood, nature and pace of automation by placing restrictions of freedom of movement and human contact: the flexibility of the task vis-à-vis location. This means that current predictions about automation will need revisiting in terms of substance, we well as pace. In particular, this new factor will need attention, and assumptions about business needs, cost, and supply and relative advantages of labour, must be reviewed. Given the rapid changes to the organisation and management of work through the period of lockdown, so too will we have to look again at former assumptions about the task and jobs that are considered to be 'automatable.'

For now, we must rely on survey indicators, limited qualitative research and the expert steer given by the reconvened Future of Work Commission, which reported in June 2020.[2] On this basis, we have found some indicators that various types of automation - as we have redefined it - have increased, in particular those associated with remote organisation and management. For example, ONS data on remote-working through the early weeks of the pandemic showed that 47% of people across the UK were doing some of their work from home, a huge jump from pre-pandemic levels. Although many people will eventually return to the office, IFOW research suggests that many of the technologies and processes developed through the last few months will become part of standard working practice for some time to come. This is in line with recent announcements on hybrid models of work being developed by many large firms, such as Google, Twitter. But this is not uniform: our analysis of homeworking across the UK, based on employment shares, shows significant regional variation. And, since remote work is relevant to other transformations in the labour market, including automation, and the extent to which different groups and places are insulated from the secondary impacts of the pandemic, the geographies of work place transformation will need the close attention of policy-makers in plans to Build Back Better.[3]

Latest analysis of EU data on the adoption of Enterprise Resource Planning Software, International Federation of Robotics data and the Whiteshield Global Labour Resilience Index all show that the UK is lagging in terms of technology adoption. We anticipate that some relative lags may have been exacerbated noting that technology adoption requires some level of investment – and the OECD has predicted that the UK's national income may slump in a more dramatic way than comparator countries. The UK will need not only far greater support for technology R&D but also support for SME's to apply, innovate and scale such technology across sectors and the country. This is necessary to ensure a healthy and diverse economic mix of activities in order to level up the regions.

That said, we must also remember that the benefits and adverse impacts of technology are not spread evenly. The recent controversy surrounding the use of algorithms to adjust A-Level grades illustrates the adverse distributional impacts that widespread use of technology can have when not taking into account latent or 'structural' inequalities in society. Relatedly, the Institute for the Future of Work's analysis[4] suggests the experience and fear of insecurity linked to automation is felt differently by different demographic groups across the country, something that can be observed in voting behaviour.

This important shift recognises the value of actively promoting race, gender and other forms of diversity not just because it is the right thing to do but to boost growth and innovation, as well as to heal ideological polarisation and rebuild trust in our government and democracy. It also opens the door to bolder measures – both incentives and requirements – for businesses to advance the equality agenda. IFOW is working on proposals for affirmative duties for the private sector, building on the successful public sector equality duty, and requirements that both good work standards and the principle of equality, are respected as Government supports technology adoption and transformations as part of the UK's rebuild.

Where does this take us? In the UK, there is a pressing need for a holistic, joined-up cross-department Work 5.0 strategy with responsible, people-centred automation and good job creation at its heart. We need technology more than ever but this must be accompanied by multi-dimensional policy activism targeted at addressing adverse and unequal impacts and ensuring that benefits are spread, making full use of different policy levers available national and local government. It's essential that this is driven by an overarching vision for future good work and a moral economy – as I argued here with our Nobelist Chair Chris Pissarides.[5] Its success will depend on the active engagement and participation of key stakeholders. In this, we will need to keep learning from our EU allies, who are more practised in this respect. Our Chair advised the Danish Disruption; he could advise a similar forum for the UK.

So I will end by citing a cross-party call which we hope will be reflected in the government policy of the future:

'this House welcoming the Government's commitment to level up the regions; notes that a co-ordinated, cross-departmental approach to creating the conditions for good work across the country will be necessary to achieve this goal; recognises research by the Institute for the Future of Work that shows people across the country are experiencing an increased sense of economic insecurity associated with automation; further notes that incentivising the adoption of technology and automation will be required to boost regional growth; notes that a collaborative approach to managing automation and the transition of people into new good jobs is therefore crucial; calls on the Government to initiate a Work 5.0 Strategy involving the Treasury and

Departments of BEIS, DWP, Education, and Health to advance socially responsible automation across the UK; and seeks a commitment and dedicated budget for a collaborative process to develop this Strategy.'[6]

Endnotes

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Data Governance in the Post-COVID World

Murat Sönmez, World Economic Forum

As the world fights to combat COVID-19, the Fourth Industrial Revolution holds the promise of technologies to help us battle the pandemics of today and the future. But governments will have to master how to safely share the data.

COVID-19 has irrevocably changed the world – how we work, how we learn, how we communicate, how we govern.

But the world was changing even before the pandemic. The Fourth Industrial Revolution (4IR) was ushering in a new era, at breakneck speed, with potential to address some of the world's most critical challenges – from food security, to reducing congestion in big cities, to increasing energy efficiency, to accelerating cures for the most intractable diseases.

The pandemic and resulting economic crisis fast-tracked the need to deploy 4IR technologies. Already predictive analytics technologies are helping us understand how the virus spreads and how to best implement lockdowns. Robots have decontaminated hospital wards and delivered food, medical supplies and lab samples while minimizing human contact. However, their use has been limited because of lack of access, and the need for people to show up for tests has put enormous burden on existing healthcare systems. The pandemic further amplified the gap between those who have access to resources and those who do not. It amplified the need for transparent and trusted supply chains. And finally, it amplified the importance of the use of data to address common challenges.

If deployed equitably and ethically, there is a tremendous potential for the Fourth Industrial Revolution to ensure everyone benefits from it, and not just the few.

What if we could use data collected from sensors and variable devices to monitor people's breathing patterns and vitals and use Artificial Intelligence & Machine Learning (AI/ML) techniques to detect possible infections (or any other diseases for that matter), formulate AI/ML machine assisted medical recommendations, and contact people remotely for consultation without them having to go to a clinic or hospital? What if we could then deliver the necessary medical supplies using drones as needed? What if we can combine environmental, lifestyle and personal medical data to come up with solutions for the most intractable diseases? What if we could use similar data sets to help farmers decide what to plant when and for the most profit? What if the owners of data can receive economic benefit anytime their data is used for commercial purposes like musicians do for their music? Yet how do we do all of this while we protect the privacy of the owners of data, and ensure they consent to the use of their data.

There is an opportunity to expand on the current privacy and penalty-oriented approach to data governance mechanisms to one that provides for the use of data for agreed upon purposes and provide economic benefits to the owners anytime it is used in a trusted and transparent manner. To address the potential, the Forum has created a framework called Data for Common Purpose Initiative (DCPI).

Before we get into the specifics of DCPI, we need to address where the data is coming from and how do we ensure that it is used for consented purposes.

Where's the data coming from?

In 2017 people connected to the internet generated more than 2.5 quintillion bytes of data every day. Double that amount was generated by connected devices (Internet of Things – IoT). In 2018 there were 7 billion IoT devices worldwide. In 2019 this number reached 26.66 billion compared to 4.1 billion people connected to the internet. Every second 127 new IoT devices are connected to the internet and at this rate the total number of IoT devices is estimated to reach 30.6 billion. It is obvious that we cannot store all of this data in one place. The emerging "edge computing" concept allows for the storage of data at the point of collection with the potential for the data to be deployed for different purposes when called upon. This requires the need to create the protocols to ensure that data is coming from trusted sources and is being used for the consented purposes.

How do we ensure trusted and transparent mechanisms?

Blockchain's peer-to-peer security architecture, transparency and rapidly evolving features such as smart contracts and tokens make it an ideal platform to build a system of trusted and transparent protocols to enable such use cases. We need to ensure that the data is coming trusted sources and can be used only for consented purposes. Yet there are performance, security, complexity and interoperability concerns that need to be addressed.

Who owns the data, what can you do with it, and who gets the benefits?

A key concern for governments and citizens has been data privacy – especially in an era of highly personal symptom tracking and contact tracing. Currently, every jurisdiction regulates data in a different way, singularly indexed on privacy. This mosaic of rules creates friction at each step when collaborating and sharing data across borders as amplified during the COVID-19 crisis. It also creates an untenable burden for multinational companies to have to deal with numerous, and often incompatible, privacy laws with heavy penalties for non-compliance, and getting in the way of small and medium enterprises, including startups, to leverage the technologies of the Fourth Industrial Revolution. To address the potential, the DCPI focuses on reimagining governance and consent models, economic valuation of data, and responsible use of data. In January 2020, Japan took the lead in shaping the DCPI framework with Authorized Public Purpose Access, an innovative framework focused on healthy living that calls for balancing the need for privacy along with public purpose use of data, and economic value to stakeholders. The use of blockchain smart contracts can ensure that the data is used only for the consented purposes, much like digital right management (DRM) is used in the online music industry. Commodities exchanges could provide a useful framework for the valuation of data through an open market mechanism. Anytime someone wants to use different data sets, they can pay for them based on the market rates and the owners can keep receiving residual value from the use of their data, and the governments can tax the use of data at the moment and jurisdiction of consumption. To protect the privacy of the data owners, data can be tokenized by a government agency using blockchain which would also allow for authentication and transparency. And finally data trusts can be set up to prevent misuse of data of vulnerable populations.

Sharing data globally for common purposes

In the absence of any other means of control, governments tend to prohibit the movement of data outside borders, or they apply the laws of the jurisdiction in which the data is collected if it is taken across national borders. While this may reduce misuse of data, it also obstructs us from combining global data sets to accelerate innovation in critical areas such as health, agriculture, environment, traffic, and energy. It also prevents multinational companies from combining data sets to support global operations. A decoupled architecture would address concerns while maximizing potential.

The Forum has taken an initial step with the publication in June 2020 of a Roadmap for Cross Border Data Flows: Future-Proofing Readiness and Cooperation in the New Data Economy in collaboration with Bahrain and the UAE. The DCPI framework would allow for cross-border data sharing for agreed upon purposes across national boundaries while providing for cross-border payments for the use of data.

The next steps

It is important to lay the foundations for this new global operating system, to facilitate delineation between the rights and responsibilities of different stakeholders. Moving forward will require public-private cooperation. Governments, private citizens, businesses and NGOs all need to be involved to ensure that these technological advances benefit everyone, and harm no one.

And in the wake of the COVID-19 crisis, it's even more important to ensure this new phase of civilization is human-centric – driven not by the imperatives of technological development but driven by a necessity to serve all of society.

Whither Globalisation

Peter Mandelson, UK House of Lords

The politics of free trade is fundamentally changing. Whether - and how the world 'deglobalises' - or whether we learn to manage trade conflict and share the gains of trade - will profoundly affect the livelihoods of billions of people.

The big geopolitical question is the extent to which the drive for globalisation and the inexorable business logic underpinning it are going to be tempered by new global policy goals and the growing political and regulatory rivalry between the US, China and Europe.

We have assumed that the business efficiency machine we have taken for granted for the last three decades was on a one-way journey, able to sweep aside everything in its path as the tide of economic growth lifted everyone's boats.

There is now less reason to think that we are going to revert to that intellectual concept of free, liberalized markets and open trade about which we spoke approvingly and confidently from the 1990s onwards. This era of globalization underpinned the exponential growth of global supply chains and expanding trade which was a conveyor belt of rising living standards across the world. It was a world of low-cost human labour – above all in China; of cheaper goods transportation driven by technological innovation; of policy choices favouring tariff reduction and unilateral liberalisation; and growing ease of mobility of human labour.

In many respects, economics is still doing its job in growing the global economic cake. But politics is failing to distribute the cake fairly or to answer the bigger questions raised by globalization.

Take the resilience of supply chains – when we are facing a pandemic of the sort we are experiencing, do we want to be reliant on either China or India to produce the bulk of the world's pharmaceutical ingredients?

Or the enforcement of international trade rules when these were drawn up in a previous era when we assumed that the world would converge on more or less similar market-based economic systems.

Or the stark differences in environmental, labour and other standards present in production in different parts of the world creating competitive and policy challenges that need to be addressed.

And the climate agenda which is now central to business planning and the operation of financial markets.

So it is not just a matter of where goods are produced but how, which is threatening to disrupt familiar trade patterns and routes. And whereas the logic of business efficiency and cost optimisation used to be the determinant of much of the world's trade, there are now other policy considerations to which corporate strategists have to respond.

There are three reasons to think that the next thirty years of globalisation will not be driven by the same dynamic as before.

First, a big part of the current model is about arbitraging human labour costs – going abroad where it is cheapest. But automation, as well as considerations of resilience, are changing that calculus, making it cheaper to stay at home and therefore reducing the need for globalization and the drive for supply chain integration.

Second, governments are increasingly concerned about other dimensions of global supply chains – not just the ability of producers to escape higher environmental and labour laws but also the structuring of intellectual property 'trade' to take advantage of low tax jurisdictions. I think we can expect policymakers to try and limit this 'leakage'. We are seeing more concerted action on tax, and more attempts to make labour and environmental standards a factor in negotiating or ratifying preferential trade agreements.

Third, and above all, the collective strategy of tariff elimination that has endured in the post-war period simply may not survive. For the US, much of the post-war period saw Washington make the case for opening its markets because it believed that this would encourage others to do the same, it did not feel threatened by global trade competition and they felt that that competition would be a good thing in any case.

Not just the Trump administration but elements in the Democrat coalition are now fundamentally challenging these assumptions. The re-shoring or re-patriation of production has become a highly competitive issue in American politics and not just amongst Republican trade hawks.

Of course these doubts are not new. They were there at the rise of Japan, the advent of Mexican off-shoring, and now fuelled above all by China since its 2001 WTO accession. The proliferation of US trade deficits has created a renewed attack of nerves across the aisle especially as the US has been even weaker than Europe at cushioning the social impacts of economic change. No wonder there has been a growing trade and globalisation backlash.

The question is whether the current model can be made fit for purpose in a world where many in the US but also in Europe have come to see the WTO system of tariff reduction as one sided, as the surrendering of leverage and deterrence to the detriment of their interests in favour of countries like China that, in their view, don’t play fair by the rules – in other words, a principle that works too much in favour of trade actors that cheat (or, put it another way, are not Western).

My instinct about the system’s prospects is that the broad principle of tariff disarmament – the continued binding of tariffs into the WTO system – will endure in a weakened state but an increasingly militant and aggressive standoff between the US and China is inevitable, generating disruptive trade barriers and disputes, creating a bifurcation of international product standards and imposing mounting costs on supply chains and reducing business efficiency.

Businesses as well as countries are going to come under mounting pressure to choose which global ecosystem they are going to inhabit – American or Chinese – creating huge pressures on multinational companies that want to be present in both these countries’ major markets and dread the emergence of competing and exclusive international standards governing the production of goods and supply of services.

Similarly, in the case of technology, companies (and countries) will be confronted with the choice, forced on them by US policy, between using Chinese or US/European technology. Smartphone companies are already part way there in having to decide which they use.

Overlaying these pressures is the need to make globalisation politically sustainable by combining business efficiency priorities with those of social equity and income distribution and environmental and climate safety. Political risk, in other words, is now the hallmark of doing business globally in the 21st century. It is the new normal. The key thing is that we do not move from the undeniable truth that globalization could work better to the false conclusion that we are better off without it.

Trade Wars May Escalate - Unless Institutions Evolve to Help US-China Trade Conflict

Yukon Huang, Carnegie Asia Program

A more innovative China doesn't mean a less competitive America. But international institutions like the IMF, World Bank, WTO and WHO are not coping well with rising conflict. The G20 could help.

The Trump Administration has launched a broad campaign attacking China and indirectly the international economic order. This approach has traction because of popular support in the United States for disengaging with China and skepticism about multilateralism more generally. Although more diverse, views on China have also become more negative in Europe and elsewhere. Disengaging from China, however, is not a realistic option—the costs would be a less innovative world and slower growth for both developed and developing economies.

Global economic tensions originated from President Trump's punitive tariffs targeting mainly China but also several other major economies. The Phase One agreement between the U.S. and China prevented the tariff war from getting any worse but left most of the tariffs in place. A year later many trade experts have concluded that the tariff fuelled trade war did little to improve America's trade balance or its economic competitiveness. Moreover, in a pandemic-driven global recession, tariffs and restrictive trade practices are the worst policies that nations should be practicing.

Many observes now realize that this trade war is not really about trade. China does account for the largest share of America's trade deficit, but many experts don't believe that bilateral trade deficits are a problem in themselves — they're just a symptom of other issues. Whether Mr. Trump is misguided in doggedly pursuing tariffs or using them as leverage with the Chinese government, America's continued drive to levy penalties is less about fixing a trade problem than about U.S. firms complaining about China unfairly forcing the transfer of foreign technology to its own companies. For the hardline U.S. security minded, however, this conflict is more about a competition between two great powers and cutting off China's access to western technologies. But unlike Russia whose vast resource-based wealth gives it the financial independence to behave non-cooperatively with its neighbors, China's economic success hinges on its strong global and regional trade and investment links. Thus, China has a strong incentive to preserve a rules-based multilateral system.

American negotiators who parse the trade vs. tech issue tend to overlook an essential fact: The international trade and financial system that was set up after World War II — with the creation of the World Bank, the International Monetary Fund and, much later, the World Trade Organization (all nurtured and dominated by the United States) — actively encouraged "technological spillovers" from developed economies to developing ones. In fact, under the W.T.O.'s agreements on intellectual property, developed countries are under "the obligation" to provide incentives to their companies to transfer technology to developing countries.

Such transfers were seen to be in the West's interest, too: far better that poor countries achieve self-sustaining growth than be dependent on foreign aid, the thinking went. But China did much better than achieve self-sustaining growth.

By the late 2000s, it had come to seem too successful, and a threat: The West was struggling then with a major financial crisis (largely of its own doing). Today, the long-standing principle that knowledge transfers are good all-around is being questioned. Do they continue to serve a global public good and should they still be encouraged — at least when it comes to China? Or should China be treated as an exception: After all, it is in a class of its own, by dint of both its size and the state's involvement in its economy.

U.S. negotiators have long complained that China's foreign investment practices are unfair. It is often accused of theft of American intellectual property and in particular of using joint ventures to funnel technology to Chinese companies.

But the reality is more complex.

Yes, American companies have been granted access in some 35 restricted sectors — like auto production, telecommunications, banks and medical institutions — on the condition that they transfer know-how to local partners. Chinese companies are developing electric vehicles with support from Renault-Nissan and Ford. Amazon and Microsoft are being asked to partner — and share technology — with Chinese companies before they can sell cloud-computing services in China.

And yes, DuPont and General Motors have sued their Chinese joint-venture partners for misappropriating trade secrets. Outright theft also has sometimes occurred, including in the defense sector, of information about bombers and missile systems.

But to say all these things in the same breath is to conflate inadequate rules with violations of existing rules that may be adequate, and government policy with the behavior of private actors. In many instances, technology is being transferred between companies in the context of consensual, negotiated business agreements.

Also, violations or near-violations are par for the course during certain stages of a country's development. That fact doesn't make them acceptable, but it offers useful context for thinking through how best to manage them. Other rapidly growing economies, including Japan and South Korea in 1970s and 1980s, also were accused of unfairly securing technology from foreign partners (or subsidizing their exports). But as those countries' incomes rose and their own capacity to innovate developed, they started complying with the rules.

China, in fact, has been making more progress than is usually acknowledged toward protecting intellectual property rights. AmCham China's 2019 China Business Climate Survey Report noted that 96 percent of the more than 300 American companies it interviewed said that China's enforcement of intellectual property rights had improved or stayed the same over the last five years. China is growing up in other respects, too. Both the IMF. and the United States Treasury have recently found that China is not manipulating its currency. And its current account surpluses have virtually evaporated.)

That said, the penalties in China (for, say, infringing on patents) remain weak and their enforcement is lax. The National People's Congress of China passed a foreign-investment law in March, but it offered too little on implementation.

The fundamental question, therefore, is this: Are China's current technology-transfer policies fair, given both past international practice and the country's extraordinary development? Or, to put the point more provocatively, did China break the international economic order?

The answer partly depends on the existence, or not, of globally accepted guidelines. In its 2018 World Economic Outlook report, the IMF. again highlighted the vital role that the diffusion of technology worldwide has played in driving growth globally. And it's the growth of China, as well as that of emerging market economies that will continue to be the major driver of global growth in the coming years.

A more innovative China also doesn't mean a less competitive America. For one thing, as the Harvard economist Robert Lawrence has pointed out, developed countries and developing ones generally do not compete in the same product lines. Other economists have also argued that much of China's technological capacities are overstated anyway. Many of the more sophisticated components used in products that China exports to the West (think iPhones or even Huawei's communication devices) are made elsewhere and merely assembled in China.

Curbs on America's exports of "emerging and foundational technologies" — notably to do with artificial intelligence or fifth-generation (5G) telecommunications networks — will curtail knowledge flows to China. But they will also damage America's own capacity for innovation, American tech experts have argued.

(Likewise, Mr. Trump's actions to ban, on security grounds, foreign tech equipment in American telecommunications systems could also hurt American companies.)

There is now a general consensus among the major powers that international institutions like the IMF, World Bank, WTO and WHO are no longer equipped to deal with new era issues that have become contentious such as e-commerce, technology transfer and the role of state enterprises along with the pandemic induced recession. But aside from the Trump administration, most observers see the solution to be restructuring and strengthening these institutions rather than weakening them.

For the United States and other western powers, any chance for securing better outcomes requires changing the environment for engaging China – in terms of both the political atmospherics for foreign policy interactions and the framework for reforming the multilateral system. Given the broad political support needed to do so, the Group of 20 summit meetings might provide the right venue to begin the process. China's economic ambitions may seem like a challenge to the international economic order, but it is the United States' reactions to it that are actually threatening the system.

This note is a revised version of the author's article in the New York Times, titled "Did China Break the World Economic Order?," dated May 17, 2019.

PART II:

NEW FRAMEWORKS FOR ACTION

Staying on Course: New Frameworks to Build Back Better and Deliver the SDGs

Udo Bullmann, Development Committee of the European Parliament

The Sustainable Development Goals remains crucial to building a better, just and sustainable future. But, we must streamline the fight against inequalities, to improve the well-being of people, the health of our planet and economic capabilities. That's the way to foster inclusion and help talents, skills and sustainable innovations emerge.

In 2017, the European institutions and its Member States signed a new European Consensus on Development. This shared vision frames the future of EU development cooperation around the achievements of the Sustainable Development Goals (SDGs). The new consensus pledges to leave no one behind by focusing on policies and measures that recognise the fight against poverty and inequalities as an overarching priority, including universal health care, inclusive life-long learning and equitable quality education, climate transformation and just transition, corporate social responsibility, the fight against corruption and many more.

In order to create a sustainable Europe in a sustainable world, the Agenda 2030 and the SDGs are crucial. Their implementation is the most powerful instrument to radically change the world, toward a much better, just and sustainable future.

There is an urgent need to fight against all forms of inequalities at the centre of our political action, break policy silos and design a new Europe that overcomes austerity to renew its promise of shared prosperity and eternal peace. In order to achieve this, the European Union must respect, apply and implement the Agenda 2030 also in its external relations, in international agreements including trade agreements, and in development cooperation and aid. In development policy in particular, only the fight against extreme poverty and inequalities with a special focus on the most marginalised will ensure the success of all our efforts to comply with the 2030 Agenda's economic, social and environmental goals.

COVID-19 has a serious negative impact on most SDGs.[1] The first and foremost goal in fighting the pandemic is protecting peoples' lives. With hundreds of thousands of people who already died and millions infected worldwide, the severity of the virus is undeniable. This quickly led to strict measures in order to condemn its spread, including the shutdown of many economic activities for months. The result is a global economic crisis with massive job losses and major impacts, especially on vulnerable groups. This, at the same time, causes a significant setback of the efforts to implement the SDGs, in particular in the Global South. In addition, the negative effects are tremendous: young people are out of school, people all over the world are suffering because of fragile health infrastructures and existing hunger crises grow immeasurably.

However, the difficulties caused by the pandemic should not lead us into a situation where the SDGs are seen as an additional burden. The contrary is the case: we have to insist that SDGs represent the compass for recovery. The dramatic COVID-19 pandemic is an unprecedented wake-up call for the international community as a whole. It highlights the urgent need to address the still widely spread inequalities and poverty. It is now time for a systemic shift towards a more sustainable and inclusive economy, more resilient, just and equal societies and fight against climate change, for the benefit of people and environment.

The global crisis as an opportunity

1 un.org, The Sustainable Development Goals: Our Framework for COVID-19 Recovery, website last visited 28.07.2020, https://www.un.org/sustainabledevelopment/sdgs-framework-for-COVID-19-recovery/

It is out of question that, as a first step, we have to take quick measures to help and support people who are facing health crises, poverty and unemployment as results of the pandemic. At the same time, we should not forget about the long-term strategy in order to create a fairer and sustainable future for all. We cannot be satisfied with restoring the status quo. Our benchmark has to be the fundamental socio-ecological change in global politics towards more stability, justice and sustainability. If leaving no one behind is the goal, inequality in all its dimensions – social, economic, gender, ethnic, racial, territorial – is the central obstacle the Agenda 2030 seeks to overcome, in the global North and South alike.

Social protection and workers' rights & public health

In the first instance, the recovery programmes have to be framed in a sustainable way, in order to support the creation of quality jobs worldwide. Enforcing the ILO conventions on social protection, workers' rights and social dialogue is essential to build a sustainable economy. Therefore, new and existing measures must be combined in a way that they guarantee social protection in all countries, including the poorest.

The COVID-19 pandemic shows how crucial public health care is for societies. Investment in national health systems must therefore be a priority, with a focus on prevention. In many parts of the world, women and girls have less social and medical protection and, above all, have to do most of the unpaid care work that is now growing due to the health crisis. The packages of measures should consequently also focus on gender equality and the equal participation of women in local and regional decisions about crisis management and prevention.

A sustainable and inclusive economy

A more just society generates social cohesion and more democracy, which is not the case when the focus solely is on economic growth, as numerous empirical studies show. A recent analysis[1] indicates the start of an intellectual shift by the World Bank towards a more just, and therefore more efficient and sustainable economic model that is based on the notion of human well-being.

Furthermore, addressing inequalities does in fact reinforce economic efficiency and growth. With the economic case made, it becomes clear that the paradigm shift towards a model of sustainable development that puts the fight against inequalities front and centre is an entirely political matter that must no longer be put on the backburner.

International trade and global supply chains

Fair trade agreements that guarantee the protection of public services and services of general interest must become a priority of our political agenda. The pandemic has also shown that stabilising the global supply chains is a major issue. Fair trade rules and decent production conditions have to be strengthened by agreeing on binding social and human rights, ecological standards, review and sanction mechanisms in all EU trade, investment and economic partnership agreements. It is of utmost importance to ensure human rights and sustainable corporate governance in a mandatory due diligence law at a European level.

Towards sustainable financing

The urgent need to fight for grants for developing countries is evident. All the arguments that we use for the EU Recovery Plan are tantamount for the recovery of the global south. An exacerbating factor is the fact that the most vulnerable countries cannot stand a further increase in their already unsustainable debt, even under the conditions of low interest rates. Debt relief for the developing countries, investments and reconstruction have to be the guiding principles.

It has to be ensured that the public sector is the rule, and if private

1 worldbank.org, World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025, published in February 2020, website last visited 28.07.2020, https://documents.worldbank.org/en/publication/documents-reports/documentdetail/844591582815510521/world-bank-group-strategy-for-fragility-conflict-and-violence-2020-2025

sector needs to be involved, this has to follow strict rules by a strong state administration. When it comes to conditionalities, we have to align them with positive policies like public health, education, climate protection, protection of human rights and - above all - the fight against inequalities. Well-conceived programming is important - but the implementation has to be guided and controlled along the SDGs.

The fight against inequalities continues

COVID-19 will remain in memory of people as the time when the world was facing the worst public health and economic crisis in a century. Nevertheless, there is also a chance that it becomes the turning point of the current political approach: It is necessary, now more than ever, to streamline the fight against inequalities. Focusing on eradicating inequalities improves the well-being of people, the health of our planet and economic capabilities, which, in turn, fosters inclusion and helps talents, skills and sustainable innovations to emerge.

For many years to come, the international community will have to recover from the consequences of the COVID-19 pandemic and establish a new development model. This will only be possible if we strengthen our multilateral commitments. We must call on the international community and the EU, as global player, to come closer together for concrete actions. We must put the SDGs at the heart of our policymaking.

Rebuilding Back Better – An African Perspective of Just Transitions Under COVID-19 and Climate Change

Richard Munang, UN Environment Programme

Almost half of all jobs in Africa could be lost as COVID-19 hits. Recovery requires seizing the opportunity to rebuild more robust, competitive, and inclusive economies that unlock the productivity of all 1.2 billion citizens of the African continent.

For about half-a-year now, the COVID-19 emergency has been at the centre of news across the globe and Africa. Specifically, in Africa where I am penning these thoughts, many lives and livelihoods have suffered a huge toll.

Health services for non-communicable diseases (NCDs), responsible for 41 million of all deaths globally, have been severely disrupted as we speak. On the livelihoods front, COVID-19 has been projected to cause the first increase in global poverty since 1998. It is set to push up to 49 million more people into extreme poverty in 2020. Sub-Saharan Africa is no exception and is projected to be hardest hit in livelihoods terms.

What is clear, as COVID-19 now enters month after month in Africa, is that beyond a health crisis, an economic catastrophe is looming. This is worsened by the fact that this emergency is coming to exacerbate an already precarious socioeconomic situation. In a continent whose economies are already 20 times less productive than competitors in the global, Africa is projected to have lost $29 billion in the initial months, and is hurtling down to negative 5.1% GDP growth for 2020. This is going to compound an already existing challenge of youth unemployment where currently there is an urgent need to create no less than 12 million jobs each year for the youth. But as things stands, an estimated 50% of all jobs are set to be lost under this COVID-19. As if this is not enough, currently 257 million citizens go to bed hungry as the continent at the same time losses food worth $US 48 billion simply because of inefficiencies in the entire agro-value chain. It suffice to say that COVID-19 is compounding Africa's precarious scenario with an up to 7% contraction occasioned by supply chain disruptions.

When you put all these together with the elephant in the room called Climate Change it becomes something else. It is like adding salt to injury so to speak. I say so because Climate Change Emergency is already reducing productivity and projected to lower incomes in Africa and other developing regions by a massive 75%. The cumulative effects of COVID-19 adding to existing vulnerabilities is pushing the region into its first economic recession in 25 years. With these strains on one hand, and ever-increasing global competition on the other, it is very likely, that some businesses that have closed will never re-open. Some jobs that have been lost, will never be recovered. It suffices to say that Africa, which is a socioeconomically fragile region, is being pushed further up the vulnerability scale and this will only further plunge millions into suffering.

COVID-19 crisis is yet another reminder of the urgent importance to surmount and emerge stronger. And this leads us to two fundamental questions that needs to be answered. First, how do we re-imagine, re-organise and re-design Africa's development under the changing climate and the unsettling realities of a COVID-19 plaguing our world and more so Africa? And second, how do we rebuild better, in a way that can lift the youth from the fangs of unemployment and at the same time salvage the challenges currently plaguing the informal as we position Africa to be global competitive?

Rebuilding Better and Stronger the African way

"Every adversity carries with it seeds of equal or greater benefits". This insightful African proverb aptly describes the mindset we all must have as we face this global emergency head-on. We need to view it is an opportunity to rebuild more robust, competitive, and inclusive economies that unlock the productivity of all 1.2 billion citizens of the African continent.

But this needs a strategic approach founded on some key elements. These elements are what could be considered as pillars for ensuring the COVID recovery in Africa, climate proofs the region's economies, and injects competitiveness and economic inclusiveness. Lack of which has been the source of perennial vulnerability, that has now been magnified by the COVID emergency.

1) Rebuilding through the informal sector: it accounts for over 80% of all employment in sub-Saharan Africa – and has been so for a long time. Over 90% of new jobs created in Africa during the 90s for instance were in the informal economy. Currently, up to 80% of young workers in nearly all school-to work transition surveys fall into the category of informal employment. Going forward, this sector has also been described as the "present and future" of work in Africa. Efforts to re-build resilient inclusive economies must therefore focus on where majority of people draw their livelihoods. And by this, ensure we have most people productively engaged in productive economic activities.

2) Africa catalytic sectors: while informal sector actions emanate from nearly every sector, transformation can only be driven through a strategic focus on the sectors that can be considered catalytic. These sectors are economically inclusive – meaning they engage majority of the population. This implies that maximising their productivity thorough value addition means putting more money in more pockets. In addition, these sectors can meet both climate and socioeconomic priorities simultaneously. Accordingly, the agro-value chain coupled with clean energy power especially locally manufactured solar dryers, clean cook stoves for value addition, stands as most catalytic. Not only are these inclusive – with agriculture employing over 60% of the population, but the continent holds a significant resources comparative advantage in them. Africa's agro-market is also estimated worth up to $150 billion each year. This represents a ready market for enterprise actions in agriculture, value added agriculture, clean energy, in powering agriculture among key intervention areas. For example, decentralising solar dryers among cassava farmers – where cassava is converted into dried cassava chips that can be preserved for longer, sold to millers to be further processed into cassava flour or eaten as is / or fried into cassava chips, has been proven to increase incomes by up to 150% and reduce postharvest losses by 30%. Use of solar dryers to dry rice has proven to be 48 times faster than traditional open sun drying and result in better quality, cleaner, more hygienic rice that fetches more in the market. Decentralizing solar dryers to informal food traders in markets across the continent, to enable them dehydrate and preserve their harvest that remains unsold at end of day and sell when demand peaks is not only cutting postharvest losses but increasing earning up to 30 times. All these are delivered by innovatively applying an accessible climate solution – solar dryers – which enhances incomes without piling on the emissions that exacerbate climate change in the first place.

3) Low risk investment financing is critical to catalyse growth of enterprises in the informal sector. But this needs to build on institutions that are most accessible to informal sector players. Up to 90% in Africa, inadvertently engaged in the informal sector transact in cash and in part, the convenience of mobile money. Formal financial structures such as bank accounts, are out of their reach. For such actors to build critical credit history they need to raise capital is a tall order. However, they are accounted for in communal cooperatives, which exist in some form even at the lowest socioeconomic level in nearly every community in Africa.

Cooperatives are weaved into the diverse cultures in the continent and draw on critical values that are fundamental to development – selflessness, trust, and co-creation of value. Community cooperatives are proven to work, are accessible and relevant to the diverse financing needs of the informal sector having withstood the test of time. They build on trust, which is social capital and a critical asset for mobilising finance – especially in the informal sector. These cooperatives need to be leveraged as structures for traceability and accountability in financing informal sector enterprise development.

For example, through these cooperatives, rainwater harvesting equipment could be acquired for members to ensure water used for irrigation is safe. Solar dryers critical for safe value addition could likewise be acquired. Training on safe use of fertilizers could also be delivered in addition to prioritizing organic fertilizer that is eternally safe. And governments should come up with policies to de-risk these cooperatives. As a start, stimulus packages being issued by governments, should be targeted at cushioning cooperatives against liquidity crunches hence ensure that delayed payments from members, that may arise out of COVID related down-turns, do not render them insolvent and close them down

4) Market incentives: there is a growing market segment of consumers ready to pay a premium for food that is certified organic, healthy and environmentally complaint – at times up to three times the price of conventional foods. Informal sector food traders who cultivate using nature based, non-chemicalised approaches and add value using non-polluting clean energy stand a chance to tap this market. But this is only if their production is certified by formal national standards bodies. National standards bodies therefore need to adopt critical, affordable climate action related enablers such as solar dryers, and nature-based agriculture, to ensure informal sector players have a way of achieving criteria needed to be formally certified. And by this, tap into the growing, lucrative organic foods market.

5) Prioritising human capital: a skilled person, capable of turning challenges, into enterprise opportunities is four times the value of produced capital and 15 times the value of natural capital. What we must urgently invest in skills retooling of youth and inspire them in establishing enterprises in the "catalytic areas of the economy. For example, across Africa, we are structurally guiding youth through Innovative Volunteerism to use locally available material and develop mechanical solar dryers. They are being guided to decentralise the same to farmers to enable them add value. Biofertilizer is another area – where youth are converting agricultural waste – be it rice husks, maize cobs and other agricultural waste into organic fertiliser earning over 560% profit. To catalyse such enterprises, policy will also need to be in tandem to lower enterprise costs especially for the youth. A critical aspect can be zero-rating taxes on material and equipment required to develop such solutions.

Conclusion

These economic challenges that continue to peak even as the medical crisis phase of the COVID-19 wanes will only plunge Africa into deeper climate crisis. This is given the direct correlation of climate vulnerability with weak economic fundamentals. The opportunity that the COVID is presenting for Africa, Revisiting its progress towards more resilient, inclusive, and competitive economies informed by fundamentals that the COVID crisis has exposed will be a game changer in the lives of the informal sector who drive over 80% of the economies in sub Saharan Africa. This chance is unmissable if we are committed to just transitions.

The views expressed here are those of the author and do not necessarily represent those of the institution with which he is affiliated

21st Century Politics Require Governance Capable of Driving Transformation

Juha Leppänen, Demos Helsinki

COVID-19 has turned the public focus back towards the state: citizens around the world are looking to their governments and their ability to deal with the pandemic and its social and economic ramifications.

More than ever before, the public debate has been about topics previously discussed only in tight expert circles, such as policy coherence, the role of governmental silos, and evidence-based policy-making, all of which have played a significant role in most COVID-19 responses around the world. Numerous stories have been written about how and what type of scientific advice politicians have taken into consideration when making decisions on policies to tackle the pandemic, and whether different ministries and public agencies have coordinated their actions sufficiently in order to apply, for instance, rigid testing schemes.

In addition to the apparent responses to cope with the pandemic, governments have also taken an active role in economic policy. The role of the government in our societies is the biggest it has been in decades.

If we take a look into the 21st century, COVID-19, as tragic as it is, may be merely a practice round. Our century will most likely face multiple other crises such as pandemics, economic shocks, or geopolitical incidents. The most pressing of all is the climate crisis which requires significant transformation not only in production but in consumption and the key fundamentals of everyday life that industrial societies around the world have taken for granted during the period of economic growth driven by fossil capitalism in the past century.

Crises and the need for large-scale societal transformation will keep governments at the forefront. What has started with COVID-19 in regard to recognition of the role that governments play will unlikely diminish but will continue to grow.

Dealing with these growing demands require two things: transformational politics and governance capable of driving transformation.

I would argue that politicians are currently ahead in the game. Take a case study from Finland: the current government programme can be described as being transformational, and the goal is to become the world's first carbon-neutral welfare state with a carbon neutrality target set for 2035. Such a goal can only be achieved through a systemic transformation of the Finnish society with a wide range of actors involved.

It's not that we don't know the solutions – most politicians are aware that reforms are needed to tackle the climate crisis or deal with the increasing inequality in our societies. Yet, when we start to implement wide-ranging societal reforms, we face unforeseen surprises. A single policy to increase taxation on fossil fuels can lead to societal turmoil. Our governments are not equipped to deal with the scope of transformations needed in the 21st century.

Governance in the limelight

One of the great questions of today is whether governments' possess the required machinery of governance and are capable of implementing much needed reforms and also radical visions.

Currently, it is not. The machinery of governance in most governments is built on the concepts and models of the industrial era. Organisations built in vertical, rigid structures or, more recently, performance management measures put in place to ensure efficiency. While these all have been understandable based on the context in which our public administrations were designed and put together, the incapability to renew them has been stunning.

The most important challenge is foundational: in order to answer 21st century requirements, governments need 21st century machineries. This is why governments need to be able to challenge basic assumptions of governance. They need to be brave enough to change how the core of government works.

The premise of governance is derived from the notion of stability. In simplified terms, Western political philosophy is a process of thinking and experimentation in order to construct vehicles of public governance that best ensure stability in our societies. Stability, of course, is a very understandable goal and something that should be celebrated. The problem is that we live in a century in which driving transformation towards decarbonisation targets in a way that both is and is perceived fair is a more important goal and something electorates have also started to pursue. In other words, governments need more tools that help them steer societal transformations.

The blame is on us, the experts. We have only just realised that politicians are already willing to set transformative goals, but we don't have all the pieces in place to pursue them. We are lacking not only in technical detail but also conceptually. We haven't challenged the premises of public governance enough nor have we come up with a debate, for instance, on the role of legislation or steering more comprehensively. We need to start.

Century of experimentalist, visionary, and agile governance

There are a variety of functions, processes, and capabilities that are worth reviewing and reconsidering in governments. In this text, I will concentrate on three of them. First, experimentalist governance which refers to a governance approach which encourages and enables governments to admit that certain objectives (e.g., continuous learning across societies) are practically impossible to plan ahead. Instead, governments need to build them through processes of systematic experimentation. The second one to consider is visionary governance:

many of our pressing problems require long-term attention but, at the same time, far too many current governance approaches are focused on giving attention to short-term issues. Thirdly, agile governance which refers to the ability to be nimble, resilient, and responsive to surprises – both positive and negative. Next, I will walk through a slightly more specific explanation of each approach.

1 EXPERIMENTALIST GOVERNANCE. The experimentalist approach to steering has two significant areas of potential.

Firstly, experimentalism provides an approach to break down broad policy goals into a process in which these goals can be both decentralised to relevant actors and broken down to meaningful experiments. The aim of experimentalism is to establish a process of enhancing trust and learning by doing. This approach has been studied and proposed, for instance, by professor Charles Sable at the Columbia University. Embedding experimentalism as a governance approach would enable governments around the world to face complex societal challenges such as the climate crisis that require multiple actors from different parts of the society to collaborate with rigour. Experimentalism would enable politicians to initiate significant reforms needed in our century.

The second benefit of experimentalism is the capability to explore radical policies that would never be implemented as national policies today. The importance of imagination in our societies has been well argued, for instance, by professor Geoff Mulgan at the University College London. Yet, there are few instruments in place in governments to encourage imagination from decision-makers. Embedding experimentalism in policy-making provides an approach through which a politician can explore and experiment with policy ideas that might be too radical or lacking in evidence in a systematic and controlled manner. An example of this was the national experiment on universal basic income in Finland from 2017 to 2018. While imperfect as an experiment, the fact that one of the most conservative governments in Finland since the Second World War launched the experiment illustrates the power of experimentation in exploring radically new policy ideas

2 VISION-DRIVEN GOVERNANCE (or long-term policy-making) is an umbrella term for initiatives that enable decision-makers to tackle societal challenges that extend beyond a single electoral term.

Long-term approaches can be broken down in approaches that increase knowledge of the future in governance through new roles and responsibilities, such as the Welsh commissioner for the future generations or the Finnish parliamentary committee for the futures. These institutions are placed to bring a future perspective into decision-making. In parallel, there are initiatives emerging in order to better understand the impact of policies and investments. The premise is that with better future-informed knowledge we can make better decisions that have desirable long-term impact.

The second stream of approaches on long-term policy making is structural. In its simplest form, an example of a structural approach would be a legislation on decarbonisation that commits the government to set climate targets. Yet, there are other examples. In our democracies, we have always separated parts of decision-making outside the electoral cycle. A recent example would be monetary policy that has been mandated on central banks since the late 80s. This de-democratisation was to negate the impact of so-called moral deficit by politicians in the field of monetary policy. Similar institutional arrangements could and should be put in place in regard to climate targets. Yet, this suggestion is not without danger. Separating a single long-term policy goal from the electoral cycle can decrease the legitimacy of the entire political system. The risk of increase of reactive populism is apparent.

There is an apparent way forward. In the past two decades, approaches on deliberative and participatory democracy have gained momentum through initiatives on local and national level. These initiatives range from citizen assemblies, such as the Grand Debate, to city-led experiments on participatory budgeting, such as the one in Madrid. The clear tension when implementing long-term policy goals in which there is often a need to structurally restrict representative democracy within a single parliamentary cycle set a context in which an increase of more direct deliberate and participatory approaches can be foundational for the legitimacy of the transformation. There is a window of opportunity to set a long-term policy-making process in which representative democracy is restricted, yet deliberative democracy is celebrated.

3 AGILE GOVERNANCE. Finally, no governance approach is enough if the machinery delivering that approach is not sufficiently equipped.

The capabilities of a government to implement policies come down to the functions of the government, how processes are conducted, and what the culture of the government makes possible. Agile approaches show most promise but require interpretation in the context of governance. In this context, agile should not be understood as an approach derived from production systems or software innovation but as an approach that enables the government to balance between the need for stability and transformation through systematic introduction of agility in key government structures and ways of working. The need for agile is even more apparent with COVID-19. Systemic introduction of the agile approach can be best illustrated by the work done by the Prime Minister's Office of the United Arab Emirates.

From beacons of hope towards paradigmatic changes

Coming back to what our century will look like: we have already witnessed global crises from the great recession to the current pandemic. The biggest one will be how we deal with the climate crisis. Governments will be at the forefront. We need to ensure that we have the approaches on governance in place that are capable of delivering politics needed to be successful in the 21st century. Currently, we do not. But with intent and action, we can.

There is hope. Governments around the world have started to focus on rethinking governance. For instance, the government of Finland has utilised policy experimentation as an approach to explore transformational policies, Wales has appointed a commissioner for the future generations, and the United Arab Emirates has applied agile governance as a framework for renewing the national government. How governments steer societies through policy-making in completely new fashion is not only a talking point but something already in motion. We need to learn from these existing initiatives and do more.

Every government should be included in this process of redefining how governments of the 21st century can successfully ensure that the future is fair and sustainable. A future that citizens can trust to be better than the past.

PART III:

SEVEN KEY POLICY RESPONSES FOR THE NEW WORLD

Mobilising Citizen Intelligence to Boost New Jobs

Geoff Mulgan, Public Policy & Social Innovation, University College London

1. NEW STRATEGIES TO TACKLE THE JOBS EMERGENCY
Key to recovering well will be Governments that quickly connect decision-makers, scientists and civil society organise intelligence effectively apply lessons to economic renewal and to decarbonization.

Policy makers always seek the holy grail of actions that can achieve multiple goals at once. The Just Transition is a useful label for doing just that and aligning actions that aim to be not just additive, but multiplicative as well, in the sense of being mutually reinforcing.

In this short piece I look at some of the actions being taken around the world which point to how the recovery strategies for post-COVID could be a rare opportunity to achieve a step forward not just in *what* governments do, but also in *how* they do them.

Specifically I'll address new approaches to labour markets that will be vital in the likely turbulence of the next 18 months; how to use the crisis to ratchet up the intelligence of government which will be vital for any plausible decarbonisation strategies – and where responses to the COVID crisis offer important lessons; and, finally, how some of the big gaps in global institutions and governance might be filled.

Jobs for the transition

Let me start with jobs. We know about the short-term effects of the crisis on unemployment; we know that job losses tend to accelerate later on in recessions; and we know that many countries could see an additional big rise in unemployment thanks to accelerated investment in automation prompted by rules on social distancing applied to factories, warehouses and retail. The relative cost of people has gone up, which means, by definition, that the relative cost of machines has gone down.

Even without these pressures, many countries already faced intense challenges in relation to jobs and skills and the need for a much more comprehensive approach to reskilling. Some aspects of what needs to be done are now becoming visible. For example, Bangladesh has been putting in place what they call a collctive intelligence system for jobs. Before the crisis, analysis suggested that 47% of jobs in Bangladesh might be at risk over the next twenty years — including 60% of jobs in garments which currently represents 81% of exports. More recent analysis suggests some 33 million jobs could be lost in the aftermath of the crisis – not made up for by new jobs forecast to appear in ICT, pharma, agriculture and creative industries.

The new system would bring together data on current jobs and skills needs and forecasts to show which jobs are at most risk of automation. The aim is to help people plan ahead and to better align training and education provision with likely future jobs. The key point is that this needs to be orchestrated as a single system, even if its aim is to shape millions of individual decisions.

Other countries were already putting in place other vital policies to help with adaptation, such as new credit schemes to help people retrain – Singapore SkillsFuture credit and similar schemes in France and Canada, as well as more ambitious ideas around job guarantees. Meanwhile the crisis provides a great opportunity to reskill millions, while also putting many more training materials online. These will form a vital part of the shift to a net zero, circular economy: reskilling people in retrofitting housing or installing heat-pumps; collecting waste, from food to clothes; working in local food production or energy. Many of these are jobs which should be suitable for skilled and semi-skilled manual workers.

Another area of important innovation is further developing platforms to enable people to sell their time in ways that are fairer than the big platforms like Uber. Public service variants of Upwork are being trialled in several countries to make it easier for people to sell parts of their time fairly and transparently – into the public sector, retail or hospitality. California is one example, drawing on pilots in many cities, and this could be an important part of the post-COVID infrastructure.

Mobilising intelligence

A second big priority for the recovery is to use what's been learned through the crisis about how governments can organise intelligence and then apply those lessons to economic renewal and to decarbonization. Many of the governments which have succeeded best in coping with the crisis have been very smart in their use of data and knowledge. South Korea brought together data from mobile phone networks, credit card transactions, mass testing and other sources. Singapore used both a contact tracing app and large teams to map infections. Taiwan organised sophisticated digital quarantines. Many countries linked together decision-makers, scientists and public health officials to quickly learn what was working and respond to new insights about how the virus spread.

These combinations of much smarter observation, use of models to predict how outbreaks could spread, fast learning and working closely with business and civil society, point us to a future where this kind of 'intelligence assembly' is at the heart of all policy action. Comparable approaches will be needed for getting to net zero: much more consistent and robust data on emissions, whether in business, transport or housing; systematic organisation of knowledge about what works, in things like home retrofitting or neighbourhood energy; and rapid experiment and learning.

So far much of the discussion has been focused on investment, which is a necessary but not sufficient condition for success. In the next phase just as much attention needs to be paid to the data and knowledge infrastructures needed for success in cutting carbon emissions, and there will be similar needs in economic policy – for example tracking in real time which businesses and groups of businesses are growing or going under, what is happening to levels of debt, and adjusting accordingly.

For some countries, the next period is also going to bring a need for experimentation at scale. In the past much of what governments did happened automatically at scale – for example, new laws or welfare programmes. Then on the margins there were pilots and experiments. Now, the pressures of the crisis mean there's no time for that. Instead new models of income support or public health have to implemented at scale right away, but organised as if they were pilots, with rapid assessment of what is and isn't working and adjustment in real time This is now happening to some extent in India, Pakistan, Indonesia and many other countries. It requires a very agile mindset on the part of administrators and, again, much more systematic use of data to learn lessons fast.

Implications for global governance

These profound shifts in how government is organised will have reverberations within nations throughout the next decade. They will also have important implications for global institutions as they cast light on a big imbalance in how global institutions are organised. In the 1940s, when the current UN bodies were created, the top priorities were peacekeeping and flows of finance – which led to the creation of the IMF and World Bank as cornerstones of global governance. Then finance and banking also dominated the commercial economy. Now, however, our economy has dramatically changed. The world's most highly-capitalised companies are founded on data, search engines and platforms – including Microsoft, Google, Facebook, Amazon, Alibaba and Tencent.

However, there has been no comparable shift in the public arena. Within the UN system there are no equivalents to these companies, and no organisations to organise the data, knowledge or science needed to achieve the SDGs. As a result work on these is done on a shoestring and in very unsystematic ways. No-one at a global level owns this problem, and as a result the partnerships with big tech companies are ineffective and often trivial in their impact.

This gap won't be fixed easily. But the COVID crisis has put it into even sharper relief and may galvanise long overdue action. Parliamentarians at the very least should be talking about this gap. After all, if we were creating the UN system from scratch these capacities would be at its core. For a new generation of politicians brought up on social media the need for this should be obvious. Yet too often the public sector lags. One good legacy from the crisis would be serious action to catch up.

Jobs and an Economy that Works for All

Alison Tate, International Trade Union Confederation

1. NEW STRATEGIES TO TACKLE THE JOBS EMERGENCY
The investment needed to rebound from COVID-19 could accelerate our path to a net zero carbon world. But a new Social Contract is an essential component of the plan for change.

What if we had buy-in from governments at all levels, social dialogue partners (unions and companies – at workplace, industry and national levels), investors and international financial institutions to work together and plan for, deliver and be accountable for ensuring both climate action and social progress?

What if we had a genuine commitment to harness the disruptive potential of transition that is impacting our economies, workplaces, communities and our hopes for the future in proactive ways by exploring and supporting new enterprises and industries that generate social, ecological, and economic benefits?

What if the world aligned around delivering the Paris Agreement – ahead of time, and was even more ambitious than 1.5 degrees, and acted consistently with the UN Sustainable Development Goals. What if our multilateral institutions aligned to deliver what was committed to, 5 years ago, when the Paris Agreement and the SDGs were imagined?

Much of the world's population is facing devastation – high unemployment, underemployment, even greater precariousness on the back of low wages, no paid sick leave, huge gaps in access to social protection, with 4 billion people excluded from any coverage before the COVID-19 pandemic. Job creation is nowhere like it needs to be as a priority.

The G20 Labour and Employment Minister's Declaration[1] in September 2020 acknowledged: "The COVID-19 pandemic has had a significant impact on national and global labour markets. Working hours declined by around 14% in the second quarter of 2020, equivalent to the loss of 400 million full-time jobs. People employed in the informal economy, representing 1.6 billion workers, and under-represented groups, such as youth, women and persons with disabilities are among those in the labor market who have been disproportionately affected. We acknowledge that job losses, reduced working hours, suspended employment relations and income loss are likely to leave more people vulnerable to poverty, informality and different forms of exploitation. We recognize that young people have been acutely impacted and there is a risk that, without effective recovery plans at the national and, where appropriate, international level, their longer-term labor market outcomes may be negatively affected."

So here is multilaterialism's chance. Connect the dots between the intersection of crises – of economic and social injustices and inequalities exacerbated by climate impacts. Our global challenge is to drive a fast, deep and fair transition to a low carbon economy, whilst addressing the reality for the majority of workers who survive on low wages and insecure jobs.

International financial institutions should focus on job creation and support to active labour market policies that support unemployed and recently displaced workers into decent jobs, not simply providing retraining. International and multilateral development banks should use this moment to invest in industrial policy that drives low-carbon innovation. The United Nations Conference on Trade and Development (UNCTAD) global surveys and World Investment Reports expose a shocking picture of the deficits of investment in developed and developing countries alike.

Part of the package of solutions is to invest in care, in health infrastructure – health care, aged care, child care; in quality job creation; in industry policy that can drive a just transition for both aspects of climate as well as technological deployment and digitalisation, addressing the reshoring and repurposing of global supply chains, on the scale and speed that is necessary; in social protection as a foundation for transition; on the repair of ecosystems; and on digital connectivity for all. These are investments that genuinely respond to the United Nations Sustainable Development Goals (SDGs).

This package also provides the foundation of a new social contract.

Social protection is a proven mechanism that both fulfills a principle of respect for human rights and ensures support for a pathways for retraining and reskilling, life-long learning (and “education for life”) as well as better health and wellbeing.

Some governments get it. A number of governments, including Scotland, New Zealand, Iceland and Wales have joined a partnership of Wellbeing Economy Governments[2] founded on the recognition that “development” in the 21 century entails delivering human and ecological wellbeing.

There is demand and an impatience in communities and at workplaces to ‘make it happen’. What has been missing thus far in too many places is the demonstration of the commitments promised which resulted in a lack of trust. Of governments, institutions and democracy itself.

Investing in a just transition would be a catalyst for regional and industrial transformation

Many local regions are facing many of the same concerns, where they are substantially reliant on legacy industries that face uncertain futures, coal mining being the oft quoted example. Local communities are concerned about future employment, options for younger and next generations, and the ongoing viability of their towns and cities. These concerns have been exacerbated by the impact of the devastation of climate related extreme weather events such as floods and fires, and the impact of COVID-19 on lives and livelihoods.

Decarbonisation of entire industry sectors and regional economies will not happen without the planning and implementation of Just Transition measures. For all workplaces and industries and all countries.

Heavy industry supports many decent jobs. Workers in these sectors have historically had strong unions and won good jobs through collective action. For these workers and their communities, it is important to retain good jobs in heavy industry or create new quality jobs as sectors lower their emissions. Decarbonization should not be accompanied by the weakening of labour rights or making jobs less decent anywhere in the world. Investing in good social dialogue processes is important to support workers, employers, governments and other stakeholders to manage change through the implementation of Just Transition measures. Just Transition is necessary in this transformation to ensure that workers continue to have good quality jobs, and to avoid increasing informality and the de-industrialization of regions and its resulting political instability.

The willingness of all economic actors to leverage new technologies requires training and reskilling to ensure that people can remain in and/or return to employment. Already radically changing patterns and relations of work associated with digital transformation needs to be underpinned by workers' rights.

2020 has exposed the serious deficits in how many institutions and decision makers have not understood the importance of these intersecting elements for providing pathways to zero carbon and for supporting economic diversification. Nor that all communities are climate vulnerable.

The world of work continues to undergo extensive transformation. Globalization, the shift in global production and distribution channels, digitalization and technological developments are major drivers of change and, whilst some benefit, huge inequalities means that these changes can also pose significant challenges to labour markets, societies and policy makers alike, particularly when coupled with the enormous and uneven impact of COVID-19.

It has taken a global pandemic for many people to connect the causes and consequences of not addressing social justice along with climate action. Not of creating climate interventions to then address inequality. This has often been the result of policy prescriptions of past decades that do not connect the dots.

In 2015 the International Labour Organization's "Guidelines for a just transition towards environmentally sustainable economies and societies for all"[3] negotiated between workers, business and governments, which, along with the Paris Agreement provide the foundation for the (negotiated) international architecture for Just Transition, in terms of processes as well as outcomes.

IFIs have thus far not recognized the importance of a strategy based on agreements and plans founded on social dialogue. That always includes social partners, with trade unions representing workers. Indeed a third requirement of IFIs is to support and promote social dialogue.

As the ILO Guidelines state: "Strong social consensus on the goal and pathways to sustainability is fundamental. Social dialogue has to be an integral part of the institutional framework for policymaking and implementation at all levels. Adequate, informed and ongoing consultation should take place with all relevant stakeholders."

Otherwise whatever pathways are recommended to reduce carbon emissions, do not meet the internationally recognized definition of a Just Transition, as they neither include the relevant economic actors in the planning, nor take people with them, nor have the possibility of raising ambition.

We need innovative and timely measures to help policy makers meet these challenges, most particularly for vulnerable and excluded groups, if we are to manage to build a recovery from the economic crisis caused by the pandemic.

The ITUC's global 2020 poll[4] shows the urgent need to repair the social contract.

- 66% of people want their government to put in place new rules for multinationals to end the abuse of workers through their supply chains.
- 61% of people want their government to regulate the digital economy to promote employment and workers' rights.

- 61% of people would trust their government more if they held companies to account for how they treat workers and the environment.
- 50% of people said they would trust their government more if they planned for a Just Transition to a zero-carbon future.

The demand for change with the call for quality jobs, climate action and justice across many fronts is no longer a slogan. Government leaders and policy makers should have the confidence to commit to a New Social Contract.

Implementing a New Social Contract for recovery and resilience would ensure that that people's rights are respected, jobs are decent with minimum living wages and collective bargaining, social protection is universal, due diligence and accountability are driving business operations, and that social dialogue ensures just transition measures for climate and technology.

1. http://www.g20.utoronto.ca/labour.html
2. https://wellbeingeconomy.org/wego
3. http://www.ilo.org/global/topics/green-jobs/publications/WCMS_432859/lang--en/index.htm
4. https://www.ituc-csi.org/global-poll-2020-social-contract

Youth Employment Challenges and Opportunities Ahead

David Woollcombe, Peace Child International

1. NEW STRATEGIES TO TACKLE THE JOBS EMERGENCY

Before the crisis, sixty percent of primary school children were forecast to work in jobs not yet invented. But as young people bear the brunt of the global rise in unemployment, it becomes more important than ever to invest in whole systems approaches to creating opportunities for the next generation.

A Grim Reaper stalks our planet in the form of COVID-19, laying waste to our carefully calibrated economies in a way that will, according to UN estimates, ultimately kill more people than the virus itself. Already, it has reversed a three-decade trend in rising living standards, plunged an additional 420 million people into extreme poverty, pushed an additional 130 million people to the brink of starvation, reduced remittances, brought international travel and tourism to a standstill, grounded planes and left hotels empty. City centres are deserted as almost everyone works from home. Theatres and concert halls are dark, film and TV production is paralysed; oil storage tanks overflow with fuel as no one's going anywhere! And the fashion industry is dead because no one is dressing up to party any more.

But – sales of craft beers for home consumption are going through the roof! Installers of home cinemas have order books deep into 2021; Apple is now a two trillion-dollar company and Jeff Bezos increased his net worth by $13 billion dollars in a single day!

So what's a young person standing on the brink of his/her first job supposed to do? How on earth is s/he supposed to prepare for the unknowable post-COVID labour market? What are policy-makers and economists supposed to do to create new jobs as their national economies face the twin spectres of crippling recession and eye-watering numbers of job losses?

The answer, from the perspective of the members of our Global Youth Employment Coalition, remains the same as that endorsed by the 54 Heads of Commonwealth States meeting in London in April 2018:

"…invest in a systems approach to create meaningful employment opportunities for the Commonwealth's growing youth populations…"

A systems approach is still the best foundation for effective youth job creation and, be in no doubt, there is more than enough work to keep all of us busy. But Post-COVID, elements of the system must be revised.

What is a *systems* approach?

A systems approach is essentially everything you've ever thought to do to create jobs for young people done at the same time in a linked, intentional way. It is the "pull" from the demand side happening at the same time as, and synchronized with, the "push" from the supply side. In a traditional ALMP (Active Labour Market Policy) approach, it invests in all four main pillars simultaneously:

- Vocational training;
- Assistance in the job search process;
  Wage subsidies or public works programmes – and –
- Support to micro-entrepreneurs or independent workers.

But a comprehensive systems approach goes further: it creates an education system that prepares young people for the rapidly-changing jobs market (- the one of which the US Dept. of Labour said: "60% of children entering primary school today will be doing jobs when they leave that don't exist yet!") It requires schools that teach young people practical, entrepreneurial skills: market research, business plan creation, budgeting and cash flow; critical thinking skills; team-work; presentational skills; creativity and 21st century digital skills; schools that offers career guidance and skills-matching so employers get the candidates they need for the jobs that they have; schools and Technical Vocational Education and Training (TVET) centres that train their students for jobs that exist – NOT for jobs that don't exist anymore.

Further, a systemic approach prepares young people for the reality that a large percentage of them will never work in the formal economy with a pay-check at the end of each month: many – in LDCs, most – will work in sole-trader / household enterprises or the informal / gig economy. Here, a decent livelihood depends on entrepreneurial skill and courage. For many such livelihoods, access to capital is key: understanding the principles of debt management, savings, cash-flow, budgeting and realistic market projections make the difference between survival and destitution. Vital to enabling the growth of Micro, Small & Medium Enterprises (MSMEs) is expansion of access to new finance such as equity or equity-type products, which are not dependent on mortgaging limited or non-existent personal assets. Equally vital is sensitive mentorship: the Prince's Trust discovered decades ago that youth-led business start-ups were three times more likely to survive if supported by sensitive mentors. Business incubators and online mentorship can perform a similar role. A serviceable Systems Approach requires all these mechanisms to be in place.

Finally, job creation requires growth. A shrinking economy will inevitably shed jobs – as COVID proves daily. There are many things that governments can do to deliver job-creating growth, starting by promoting their countries as "open for business" and investing in large-scale infrastructure projects and Wage subsidy schemes. Employer of last resort is another policy tool: Roosevelt's Civilian Conservation Corps created 300,000 jobs in just three months in 1933. The European Union's Youth Job Guarantee scheme has helped 5 million young Europeans into jobs or training since 2013, reducing youth unemployment from a peak of 24% then to 14% now.

How do you implement a systems approach?

Many ways. There is no one-size-fits-all but at heart, a systems approach must be a partnership. A partnership between six key sectors:

- government;
- the private sector;
- the investment sector (banks, donors, microcredit institutions);
- the education and training sector;
- the NGOs, academics and media who write and practice youth job creation programmes – and –
- Young people themselves.

This last group is often forgotten. But we have found that empowering youth to recognize that youth unemployment is *their* problem and giving them the agency to take a lead in solving it is an important key to successful implementation.

The process for delivering a systems approach, again, can differ from country to country, community to community. But logic dictates that something like the following schedule of work is followed:

Step ONE: Gap Analysis: questionnaires or surveys identify the gaps in the system;

Step TWO: Sector-specific Action Plans prepared by each Partner group to fill the Gaps exposed

Step THREE: National Action Plan(NAP) created by combining key elements of Partners Action Plans; the NAP to be adopted and resourced for implementation by all Partners;

Step FOUR: Annual Evaluation and updating of National and Partner Action Plans

Which bits of it need to be revised?

COVID-19 has been a cruel shock to economies everywhere. But climate scientists tell us that this shock is as nothing compared to the trillions of dollars-worth of long-term loss and damage that will be caused by runaway climate change and resource depletion were we to allow business-as-usual to return post-pandemic. Building back green is not just an imperative: it should be a legal requirement. The need for governments worldwide to wean humanity from its fossil fuel addiction was essential long before COVID: punitive carbon taxes and the eventual criminalization of the use of fossil fuels may have to be phased in to ensure the survival, not just of jobs, but Life itself.

Our Post-COVID systems approach to youth job creation must therefore be green and sustainable. It must, as the UN SDG 8, Target 4 proposes, require all of us to "improve global resource efficiency and decouple economic growth from environmental degradation…" The green imperative must be woven into every element of the system, from the education and training, to the mentorship, loan provision, career guidance and the overall promotion of growth. For, in the future, growth must be green, or it is not growth: it is deterioration. And young people must be trained to want no part of it.

The second area that needs revision post-COVID is the digital sphere: the fortunes of Apple and Bezos are evidence that this remains a Klondike-style gold-rush. Efforts to regulate and tame it are gathering pace – and young people must be educated in those legal frameworks as they emerge. For they will live their lives in this green, digital world: the New Nature Report published by the World Economic Forum says that it will add $10 trillion dollars to our economies and 400 million jobs. That far exceeds the World Travel & Tourism Council's 2015 estimate that its sector would add 85m jobs in the next decade– a projection which COVID has rendered very unlikely. The tourism sector, so important to recent job-creating growth in many countries, has to re-invent itself to maintain jobs, let alone create job growth.

Such analyses must be at the forefront of young people's minds as they prepare to enter 21st Century Labour Markets. So must the dizzying pace of AI and robot job replacement. Lawyers, accountants, bankers, retail managers… all are preparing to shed millions of jobs over the next decades as computers are programmed to do the work of many employees more efficiently. (Witness the Amazon effect on the High Street). Young people must be educated, and skilled, for jobs that will be created in the emerging digital, entrepreneurial, home-based, gig-based economy – not for the markets where jobs growth is shrinking. That is why the data collected by ILO and others on job-creating sectors is vital for young people. And the idea of a "Work-place" must be redefined and updated: "Working from home" may become the new normal – but, for many young people, work is where you meet, make friends, fall in love: that essential social component of "work" must not be lost in the headlong rush to home-working efficiencies and abandonment of traditional offices.

The other part of the system that has to be revised and revisited Post-COVID is lifelong learning: so many millions of people, mid-career, will lose their jobs as a result of the pandemic, governments must address the imperative of re-training them. Access should be provided through Singapore-style individual Job Training budgets or free, online training and mentorship provision. The private sector must create the space for mid-career apprenticeships to train, inspire and motivate the entire workforce to target their energies on creating and growing the industries and employment creation opportunities of the future.

We have to embrace the challenge of collaborative sustainability, retaining the values and aspirations of our ancestors to end poverty and bring health and welfare to all – while rising to the challenge of building a green, sustainable economy to deliver those benefits.

It will be a different world that the youth jobs of the future will create. But with luck, and good policy decisions by government, it will be a better one.

The Digital Opportunity

Elizabeth Stuart, Digital Pathways at Oxford

1. NEW STRATEGIES TO TACKLE THE JOBS EMERGENCY
With eighty per cent of the developing world already living under cellular Internet signal, new technology offers a big opportunity for economic progress. But foundation digital systems, like digital IDs and payment systems, plus a digital compact that helps foster trust, could make a critical difference.

Even before the COVID-19 pandemic hit, many developing countries were already starting to see digital technology less as a threat (job losses on a mass scale) and more of an opportunity (to transform economies and to grow in a way not seen since the manufacturing boom lifted millions out of poverty in Asia). Now policymakers are looking to technology to support economic recovery with a new sense of urgency. As Ethiopian Prime Minister Abiy said recently: "While policy responses to mitigate the short term impact of the COVID-19 shock are critical, equally important is to ensure that the economy achieves speedy recovery and continues to attract increased FDI into key export sectors…The COVID-19 shock has also put the spotlight on the digital economy and the importance [of] digital transformation."[1]

But how can countries get ahead with this seemingly gargantuan task: after all less than a quarter of people in low-income countries have ever used the internet? Even countries that have digital strategies can struggle to implement. And perhaps most importantly, we know that the pandemic is going to increase poverty and exacerbate inequalities, so how can digital transformation happen in a way that closes rather than feeds a digital divide?

The Pathways for Prosperity Commission spent two years looking at precisely this question: how can developing countries foster digital tech to deliver inclusive growth. We set out our findings in a Digital Roadmap. Of course we hadn't predicted a pandemic, but COVID-19 only makes the lessons more compelling.

First, digital foundations are essential. This doesn't mean countries should wait for the perfect enabling environment, but there are some elements that must be in place for digital products and services to foster the widespread adoption and innovation necessary to maximise returns to inclusive development. These are: physical infrastructure (electricity and internet access), foundational digital systems (digital ID and finance) and investment capital. Foundational digital systems, in particular, make huge differences for local innovation. For instance, without a system for processing digital payments, entrepreneurs cannot develop platforms and digital markets to enable trade and exchange. But even here there may be some workarounds for governments looking to rapidly reform in the wake of COVID: for instance absent a fully comprehensive digital ID system, countries can at least link the datasets that they have to ensure maximum interoperability.

Significantly, most of the other elements of the Digital Roadmap are political rather than technical.

For instance, a key lesson from our engagement with governments is that economy-wide benefits of digitalisation can be fully realised *only* when the process is owned by a range of line ministries and ideally led from the top. ICT ministers have a vital role to play, but co-ordination from the president's office or a planning ministry across finance, health, education and social welfare departments will deliver far greater benefits.

Next, the use of digital technologies will not automatically lead to the inclusion of the poor and marginalised. Making technology a force for inclusive development requires deliberate steps to ensure that benefits reach everyone. Someone counterintuitively, the digital divide is not defined by infrastructure: 80% of people in developing countries already live under a cellular internet signal. It's not additional construction that will make internet access affordable to someone in extreme poverty.

Instead, increasing take-up will require new business models to serve the poorest. Governments can use their regulatory levers (such as the allocation of broadcast spectrum licenses) to encourage network operators to pursue greater inclusion, and the operators themselves can explore differentiated pricing models. For instance, Poa! Networks of Kenya offers access in blocks as small as one hour for $0.10, providing options for those who cannot afford standard data packages. M-Kopa has developed a small, eight-watt solar panel system that it sells to families for an initial deposit, followed by daily payments of US $0.50 for one year. Their solar cells have reportedly been installed in more than 600,000 households across Africa – most of which are in extreme poverty and estimates suggest this will save households, on average, around US $750 spent on fuel for lighting over the course of four years.

People also need to trust the process. For very good reasons, in many countries publics at large, and civil society specifically, fears that with technology may come economic disruption or security threats. Governments need to talk to citizens to understand likely usage – particularly for those living at the margins of society, who have most to gain and whose needs are least understood, a process which in itself will build trust. In our final report, we talked about governments establishing a digital compact with a range of stakeholders, but it doesn't need to be an elaborate process, just a matter of consulting people – not unlike the old PRSP process, or the dialogue phase of the Digital Economy Kits: a three-step process Pathways to determine priority actions that we've developed and implemented in a range of countries (South Africa, Ethiopia, Mongolia, Benin, Malawi and Bangladesh to date).

A vital element of the trust agenda will be rapidly establishing guidelines around the collection, usage and storage of all kinds of data, but frontloading personal - such as health – data, where some kind of informal consent will also be needed.

But other – new - forms of regulation will be needed too. Traditional regulatory processes are not dynamic or responsive enough to govern complex and fast-moving technological changes. Again, rather than trying to develop the perfect rule in a post-pandemic situation (which may anyway be outdated before it is even implemented), decision-makers could create interim guidelines, paired with rapid feedback loops and a commitment to iterative fine-tuning. approach is to explicitly limit the scope of a rule – either with a 'sunset clause' that gives the rule an expiration date, or by only applying the rule to a specific geography or sub-market as an experiment. Regulatory sandboxes, which allow firms to test new products on a small pilot scale before being subject to the full regulatory regime, are examples of this approach. Similar mechanisms have been used in the energy sector in Singapore, drone regulation in Malawi, and fintech products in the United Kingdom.

The IMF has said that the downward revision to growth prospects for emerging market and developing economies over 2020–21 (2.8 percentage points) exceeds the revision for advanced economies (1.8 percentage points). Now more than ever, developing countries need to embrace digital technology to grow their way out of a recession. Done thoughtfully (which is not incompatible with working at pace), this growth can be centred around digital platforms and supply chains which offer opportunities and benefits, such as access to services, for the poorest and most marginalised – making sure that, by design, they benefit rather than being further impoverished by digital transformation.

Girls' Education & COVID-19: What Past Shocks Can Teach Us About Mitigating The Impacts of Pandemics

Malala Fund

2. NEW STRATEGIES TO DELIVER EDUCATION
Republished here with permission, this report was launched in April 2020. Insights from the 2014-15 Ebola epidemic and the 2008 global financial crisis help us understand the critical importance of girls' education.

Almost 90% of the world's countries have shut their schools in efforts to slow the transmission of COVID-19. Alongside school closures, governments are also imposing social distancing measures and restricting the movement of people, goods and services, leading to stalled economies. While this disruption to education and the expected reduction in global growth have far-reaching effects for all, their impact will be particularly detrimental to the most disadvantaged students and their families, especially in poorer countries. The educational consequences of COVID-19 will last beyond the period of school closures, disproportionately affecting marginalised girls.

This paper uses insights from previous health and financial shocks to understand how the current global pandemic could affect girls' education outcomes for years to come. It details how governments and international institutions can mitigate the immediate and longer-term effects of the pandemic on the most marginalised girls. The paper considers the 2014-15 Ebola epidemic and the 2008 global financial crisis, which both have some parallels to the impact of COVID-19.

We find that marginalised girls are more at risk than boys of dropping out of school altogether following school closures and that women and girls are more vulnerable to the worst effects of the current pandemic. Drawing on data from the Ebola epidemic in Sierra Leone, we estimate that approximately 20 million more secondary school-aged girls could be out of school after the crisis has passed, if dropouts increase by the same rate. Longer-term, poorer countries may struggle to provide sufficient financing for education, especially to support schools, teachers and students to fight reemergence of the virus and stay safe from indirect effects of further outbreaks.

Anticipating the Impacts

For millions of girls in low- and lower-middle-income countries, missing out on school is no novelty. In poorer communities, shortages of schools and teachers, the high costs of education and harmful gender norms keep 129 million girls from education. Now, with the outbreak of COVID-19, these girls are joined by millions more as governments in 188 countries have implemented nationwide school closures to limit the spread of the disease, impacting over 1.5 billion children and youth, half of whom are girls. Though near-global school closures are unprecedented, during the 2014 Ebola outbreak, schools in Sierra Leone, Guinea and Liberia shut for six to eight months. This experience provides us with important insights into the short- and long-term consequences of school closures, particularly on girls.

1.1 INTERRUPTION TO LEARNING

At the height of the Ebola epidemic, Guinea, Liberia and Sierra Leone closed more than 10,000 schools, impacting almost five million school children. By the time the schools reopened in 2015, students had lost an approximate 1,848 hours of education, ranging from 33 weeks in Guinea to 39 weeks in Sierra Leone.

Prior to the outbreak in Sierra Leone, girls' education already lagged behind that of boys, with girls acquiring just 1.8 years of schooling on average in comparison to the four-year average for boys. Likewise, girls in Guinea completed only 0.9 years of schooling as compared to the 2.7-year average for boys. This gendered difference in educational attainment is a recurring theme in countries where girls face the greatest challenges. Consequently, the simple loss of even six months of education as a result of COVID-19 will have a proportionally greater impact on girls in low- and lower-middleincome countries; in some countries, they could lose 50% of their total years of education.

Even when schools reopen following a health crisis, shifting demands on girls can deprioritise their education. One study found that during Liberia's Ebola outbreak, many girls became the main breadwinner for families, compromising their school attendance even if they reenrolled when the crisis had passed.

1.2 EARLY DROPOUT FROM EDUCATION

Post-Ebola, fear and poverty kept many children out of school. Families suffered large dents in their income due to the economic shock associated with the outbreak and could not afford to send their children back to the classroom. During the crisis, poorer families needed children to contribute economically in order to compensate for additional expenses. Sierra Leone registered a 19% increase in the number of girls aged 12 to 17 engaged in income-generating activities. Once schools reopened, children who found work were rarely encouraged to return to school.

Moreover, many parents did not know about the reopening of schools and the implementation of strict protocols to ensure their safety. In Liberia, an assessment found that parents prevented their children from returning to school because of continued concerns about Ebola. Children who had witnessed sickness and death suffered from considerable mental health issues, impeding their ability to return to their previous lives. According to UNICEF, about 16,000 children lost one or both parents as a result of Ebola.

Girls' enrolment — already lower than boys — did not return to pre-crisis levels. In Liberia, about eight of every 100 girls of primary school age were out of school before the outbreak. By 2017, this number had almost tripled to 21. Similarly, in Guinea, as of 2018, girls were

25% less likely than boys to enrol in secondary school compared with pre-crisis levels. One study from Sierra Leone found that girls in highly affected communities were 16% less likely to be in school after they reopened. In the face of greater poverty and parental mortality, girls took on more domestic responsibility and were at increased risk of sexual exploitation, with many forced into transactional sex. In areas where Ebola caused high disruption, girls aged 12 to 17 were 7.2% more likely to become pregnant. Figures show that the outbreak caused the overall teenage pregnancy rate to double.

ESTIMATING THE IMPACT OF CORONAVIRUS ON GIRLS' ENROLMENT IN DEVELOPING COUNTRIES

Drawing on data from the Ebola outbreak, Malala Fund calculated the potential impact of the current school closures on girls' dropout numbers in low- and lower-middle-income countries. We estimate that about 20 million more secondary school-aged girls could be out of school following the crisis.

We calculated this estimate by applying the percentage decrease in girls' enrolment rates in Sierra Leone following a year of school closures (16%) to girls' enrolment rates at lower and upper secondary levels for all lowand lower-middle-income countries. We adjusted the figure downwards slightly for the lower-middle-income countries to take into account data showing their relatively stronger record on enrolling and retaining girls in school.

Policy decisions made it harder for girls to reenrol in school after the Ebola outbreak. As schools in Sierra Leone prepared to reopen in April 2015, the Ministry of Education, Science and Technology announced the continuation of a pre-Ebola policy that barred "visibly pregnant girls" from reenrolling. Girls were only allowed back into school at the discretion of school principals. Consequently, a large number of adolescent girls were unable to reenrol irrespective of their actual pregnancy status, exacerbating prior gender disparities in education.

1.3 PRESSURE ON TEACHERS

Before the Ebola outbreak, Sierra Leone faced a significant teacher shortage. In 2001, at the end of an 11-year civil war, the government implemented policy measures to increase school enrolments, including abolishing primary school tuition fees and providing free school meals. The total number of pupils tripled in less than four years, but the increase in teachers during the same period was less than half, bringing the pupil to teacher ratio (PTR) to 72:1.

As a result, around 20% of primary school teachers were volunteer or low-paid community teachers with little or no professional training. These poorly paid teachers received insufficient support from their schools when Ebola struck. During the outbreak, the government recruited 7,000 teachers as social mobilisers tasked with sharing information and educating communities about Ebola. After the crisis, some head teachers refused to let them return to their original positions for fear that they had been exposed to the disease, worsening existing teacher shortages. Between 2001 and 2012, PTRs decreased from 72:1 to 35:1; after Ebola, PTRs grew again to 40:1 in 2017.

While governments may continue to pay civil servants and teachers, private and community schools may not. In the past, this has led to shortages of teaching staff once schools reopen if teachers found alternative employment in order to preserve an income.

The Ebola crisis brought the world's attention to the lack of female teachers in affected countries: at that time in Liberia, only 14% of primary school teachers were women, the lowest proportion of female teachers in the world. During disease outbreaks, female teachers have to cope with the double burden of managing the personal impact of disease alongside caring for children and sick relatives, which increases their chances of leaving the profession altogether.

1.4 SQUEEZE ON EDUCATION FINANCING

During the Ebola outbreak, governments needed to pump resources into the health sector, diverting funds from other social sectors and programmes in the short term. Longer-term impacts included falling public revenue and an increase in fiscal deficits, all of which constrained the countries' ability to invest in education and increased their reliance on aid.

The specific nature of COVID-19 requires countries to shut down almost all economic activity to decrease virus transmission. Experts predict this will lead to a substantial contraction of global growth, severe impacts on poorer countries and an economic crisis more severe than 2008. The worst estimates propose a total of $2.7 trillion in lost output and zero global growth in 2020.

The 2008 global financial crash is instructive as we consider how the current pandemic could affect education spending. After that crisis, education's share of national expenditure remained, on average, the same as it was prior to the crash, suggesting that governments retained education as a priority. However, lower gross domestic product (GDP) led to falling public revenues, reducing the overall size of countries' budgets and leaving countries with proportionally lower funds for education. Some countries froze teacher salaries and even reinstated school fees. Aid to education has also stagnated since 2008, having grown in the previous decade.

Given that the economic consequences of COVID-19 will be more severe, we can anticipate similar or worse impacts on education and other social sector spending. Research shows that austerity has worse implications for girls and women than men, compounding the direct effects of interrupted learning and early dropout from education, should governments pursue these policies after the current crisis.

Mitigating the impacts: gender-sensitive education strategies in the time of COVID-19

While the outlook for education may appear bleak, past experience also provides insights for governments to guard against rollbacks in progress. International institutions are providing guidance to mitigate the immediate impact of school closures and prepare for safe and effective reopening.

In order to protect education gains for girls during these times, Malala Fund's focus is on ensuring that gender equality is central to the COVID-19 response. We have identified the following strategic priorities:

2.1 MAKE SURE GIRLS CAN KEEP LEARNING DURING SCHOOL CLOSURES

During the period of school closures, governments should work with stakeholders to keep students engaged in learning. Suspension of "normal business" provides an opportunity to test the potential of different technologies and remote teaching. These measures must take into account the different circumstances of groups of students, especially girls.

Provision of online learning has emerged as a favoured strategy for many countries during the coronavirus pandemic. However, lack of a broadband or mobile network connection, or inability to access a device, puts poorer households at a disadvantage. Harmful gender norms and perceptions of risk to girls' safety or reputation make some parents reluctant to allow girls access to devices. In the poorest countries, women are 33% less likely to use the internet than men.

During the Ebola outbreak, radio lessons proved to be a particularly popular approach for distance learning and reached more marginalised populations. While users did not rate it as an equally good medium for learning as formal schooling, educational radio programming served the important purpose of retaining a link to education during the crisis.

While schools are closed, governments should also maintain essential services that provide for the most vulnerable girls and boys. For example, meal collection services or cash transfers could replace school meal provision. These may be particularly important for girls from poorer households to prevent them from resorting to paid work to supplement family incomes.

2.2 FACTOR IN GENDER WHEN PLANNING FOR RESUMPTION OF SCHOOL

The experience of the Ebola outbreak highlights that though schools may reopen, some students will not reenrol, particularly girls. In order to mitigate against long-term dropout, governments should collect gender-disaggregated data on reenrolment in order to assess whether girls' enrolment is on a par with or above pre-crisis levels and work with schools to develop action plans to return girls to education.

To support reenrolment, Ministries of Health and Education should work together to communicate well-defined timelines with clear benchmarks and standards to reopen schools. This will help quell uncertainty about when children will resume learning. This should include messaging about measures to protect children's health and targeted messaging to ensure that children from the most disadvantaged groups reenrol.

A supportive policy environment is critical to reenrolling girls in school following a crisis. In planning for the resumption of school, government and school-level stakeholders should identify and remove any regressive policies that may discriminate against girls, such as not allowing pregnant girls to enrol. Preparing for a return to school provides education leaders with an opportunity to reset, enacting progressive national, subnational and school-level policies that address gender-related marginalisation and exclusion.

Studies show that cash transfers, community education programmes and waiving examination fees are effective strategies for encouraging girls' enrolment. At the school level further provisions could include: ensuring that every school has decent water and sanitation facilities (separate for girls and boys) and increasing gender-equitable personal, social and health education in schools, with specific guidance on guarding against reemergence of coronavirus. Going further, countries could step up their provision of comprehensive sexuality education to mitigate against increased rates of teenage pregnancy during subsequent school closures. Implementing these response measures could also have a longer-term positive impact on gender equality in education.

2.3 KEEP FINANCING FLOWING INTO EDUCATION SYSTEMS AND ENSURE IT BENEFITS GIRLS AND BOYS EQUALLY

The 2008 financial crash showed that governments do continue to prioritise education. But their efforts may not be enough. As we face a new — and likely deeper — squeeze on education funds as a result of the current pandemic, donor governments and the international community should immediately begin to identify and implement emergency financing measures to soften the impact of the economic downturn on education, health and other vital public services.

Suspending debt repayments could provide much-needed relief for countries struggling with the rising cost of borrowing on capital markets alongside the economic effects of coronavirus. African finance ministers have called for a moratorium, estimating that it could release $44 billion for the continent. Another option is for rich countries on the International Monetary Fund (IMF) Board to agree to the creation of IMF Special Drawing Rights (SDRs) and make them available to low- and lower-middle-income countries. The G20 authorised use of SDRs as a form of global quantitative easing during the previous financial crisis. This would facilitate a cash injection of hundreds of billions of dollars for low- and lower-middle-income countries. Longer-term, donor countries should restate and meet their commitments to allocate 0.7% of gross national income to aid and spend at least 10% of that on education.

With education funding shortages in the immediate future, building gender responsiveness into education planning and budgeting becomes more vital, enhancing governments' ability to target funds for maximum impact and account for the disproportionate impact of the crisis on girls.

Conclusion

Families across the world are coming to terms with a life without school. For most, it will be a temporary hiatus from which they will emerge, perhaps with greater respect for the teaching profession and a reinvigorated love of learning. But for millions of girls, it risks being more than just an interruption if governments do not heed the lessons of past crises and do all they can to implement gender-sensitive responses to the current and future education challenges their countries face.

Girls from Lebanon to Pakistan to Ethiopia tell us that education shields them from violence, mitigates against harmful gender norms and gives them hope for the future. Children consistently place the restoration of education services among the highest priorities for emergency response and post-crisis reconstruction. Learning from the past and planning now for the future will enable education systems to recover quickly and serve the most marginalised girls and boys.

Facing the current crisis, the world must not fail future generations, but hold fast to the dream that one day, every child will have 12 years of safe, free, quality education.

The full report with references can be found at https://malala.org/newsroom/archive/malala-fund-releases-report-girls-education-covid-19

Reskilling During and After COVID-19

Katharine Mullock, OECD

3. NEW STRATEGIES FOR RESKILLING
OECD research estimates that around 1% to 4.5% of GDP would be needed to retrain individuals from occupations at high-risk of automation. As governments think about how to design recovery plans, re-skilling should be a top priority.

COVID-19 triggered one of the worst jobs crises since the Great Depression. Compared with the months following the 2008 financial crisis, some countries experienced ten times fewer hours worked. The impacts of the lockdown measures have not been felt equally. Women and youth, over-represented in hard-hit industries like tourism and restaurants, have a particularly high risk of joblessness. Furthermore, as firms look to pandemic-proof their businesses, the adoption of labour-saving technologies is likely to accelerate. With lower-skilled and older individuals over-represented in jobs with a high risk of automation, there is a real risk that the crisis could increase poverty and widen inequalities even further. Countries should take necessary measures to prevent this from happening, and invest in a more inclusive and resilient labour market.

Extensive re-skilling efforts can support this transition. Many workers made redundant during the crisis may be unable to return to their previous jobs and will need to retrain in new skills or new occupations to be employable in the post-COVID-19 labour market. OECD research on adult learning systems has identified challenges in ensuring broad and inclusive participation in training opportunities. Adult training participation varies from over 50% of adults in top-performing countries like Denmark, Sweden, Finland, New Zealand and the Netherlands, to less than 25% in Greece, Italy, and Turkey. Data from the Priorities for Adult Learning dashboard show that 75% of employers across OECD countries provide training opportunities. However, only 40% of them provide training to more than 50% of their workforce. Older adults, the unemployed, those with lower skills and those with temporary contracts are less likely to receive training opportunities than their peers. Meeting the reskilling challenge presented by COVID-19 will require boosting investment in adult training, and a renewed effort to reach at-risk groups.

Online learning as part of the solution

Online learning can help to overcome the usual barriers to training by allowing learners to choose a time, rhythm and place compatible with work and family responsibilities. It may also be the only training option available in the coming months, since training institutions are returning to classroom instruction at different speeds. COVID-19 provided a powerful test of the potential of online learning. Much of the training initially planned for the classroom was delivered online during the pandemic, leading to an increase in e-learning. Public employment services collaborated with online training providers to rapidly retrain displaced workers. For instance, the Estonian public employment service, in cooperation with relevant stakeholders, quickly developed e-learning for care workers, in high demand during the crisis. In the United States, the Rapid Skilling programme helped displaced vocational and technical workers transition to in-demand occupations. Aimed at low-skilled adults, the online courses were competency-based, and curated into ultra-short programmes to deliver the minimal amount of training needed.

However, the crisis also highlighted crucial limitations of online learning. Equity issues emerged as those without sufficient digital skills or digital infrastructure were barred from online training opportunities. Training providers faced constraints in delivering traditional work-based learning online. Teachers accustomed to teaching in a classroom struggled. To support teachers, training providers in the UK Amazing Apprenticeship network built modules to increase confidence, retention and motivation to pursue online learning strategies. In Korea, the Ministry of Employment and Labor is planning to develop a curriculum to equip teachers and managers at training institutions with the skills needed to shift the training offer online. Lack of quality assurance remains a challenge to ensuring value for time and cost. The European Association of Distance Teaching Universities created a quality label for MOOCs tailored to both e-learning and open education. However, few quality assurance mechanisms are set up and no country has adopted one at the national level. Addressing these limitations should be a priority if online learning is to play a prominent role in the medium-term re-skilling effort.

Designing rapid retraining programmes for displaced workers

Rapid retraining efforts during the health crisis demonstrated ways to deliver fast and efficient retraining. The faster retraining could be delivered, the faster displaced workers could return to employment, while also helping to address skills shortages:

Rapid retraining was made easier and faster by targeting in-demand positions which required little specialised training. For instance, Partners in Health in Massachusetts (United States) trained 1 000 people in contact tracing: the process of identifying and isolating people infected with COVID-19 and their close contacts. The fundamentals of contact tracing could be covered in a six-hour online course.

Another promising approach was to target unemployed people who already had the necessary foundational skills to fill roles in essential sectors. For instance, Sweden offered a short medical training to laid-off staff in the airline industry, recognising that they were already accustomed to working in high-pressure situations and had necessary training in first aid, safety, basic communicable diseases and how to care for people. After a three-day online course and a short practical component, graduates were helping in hospitals by performing administrative tasks, cleaning and welcoming patients.

Effective career guidance, skills profiling tools and programmes for the recognition of prior learning will be essential going forward to ensure that training is efficiently focused on the jobseeker's skill gaps. Some countries are already taking action on this. Australia's Department for Education, Skills and Employment is encouraging workers affected by COVID-19 to consult its Skills Match online tool. The tool helps users to identify the skills they already have based on their previous work experience. It then presents new job ideas that use similar transferable skills.

A significant financial investment

Beyond the design of retraining programmes, the cost, and who should foot the bill remains a pressing concern. OECD research estimates that around 1% to 4.5% of GDP would be needed to retrain individuals from occupations at high-risk of automation (on average, 14% of the labour force) to those with a low risk (Andrieu et al., 2019). Given the private and public returns to training, sharing the cost between government, firms and individuals makes sense. Across OECD countries, financial instruments like tax incentives, levies, individual learning accounts, and training vouchers are used to promote cost-sharing.

Individual learning accounts (ILA) have garnered renewed interest in recent years. Unlike some other incentives, they are tied to the individual rather than to the employer, which in theory facilitates access to training for own account workers and those on part-time or temporary contracts. The portability feature also promises easier transitions from high-risk to low-risk occupations. But ILAs are relatively rare, and have not yet incited widespread participation in the countries where they have been implemented. Nor have they managed to bridge the training gap between low-skilled and high-skilled individuals. More generally, financial instruments like ILAs do not address the barrier of time constraints, which means that individuals would still pay the high opportunity costs of training. Paid training leave – available in a handful of countries like France and Belgium – is one way to compensate for the time spent away from work while training.

Designing recovery plans

The effects of COVID-19 will be felt in labour markets for years to come. As governments think about how to design recovery plans, re-skilling should be a top priority. It needs to be informed by high-quality information about skill and labour market needs. Career guidance, skills profiling tools and programmes for the recognition of prior learning can help to focus training efficiently on a jobseeker's skill gaps. Online learning has the potential to reduce traditional barriers to training - like time, cost, and access - but its limitations need to be addressed before it can be mainstreamed. By harnessing the lessons learned during the health crisis, boosting investment in adult training, and renewing efforts to reach out to at-risk groups, countries can rebuild labour markets to be more inclusive and more resilient than before.

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Translating Global Health Commitments to Tangible Actions at Country Level

Muhammad Ali Pate, World Bank

4. Transforming Health Systems
If COVID has underlined one thing, it is the need to set health reform as the cornerstone for delivering on the worlds sustainable development goals.

The COVID-19 pandemic has unleashed a global health emergency and unprecedented economic crisis that has disrupted billions of lives and is jeopardizing decades of development progress. It is hitting the poor and vulnerable particularly hard – through illnesses, job and income losses, food supply disruptions, school closures and lower remittance flows. Recent poverty projections suggest that the social and economic impacts of the crisis are likely to be quite significant. The virus could push between 71 million and 100 million people into extreme poverty.[1]

Although all countries are susceptible to pandemics like COVID-19, the poorest countries and most vulnerable populations are often the hardest hit. With limited resources and low government capacity, many of the poorest countries don't have the health infrastructure necessary to prepare for disease outbreaks. While the European Union has around 3,500 doctors per 1 million people, the entire region of sub-Saharan Africa has only around 200 doctors per 1 million people.

1 Global Economic Prospects, June 2020.

When COVID-19 emerged as a global threat, the World Bank Group responded with the largest and fastest crisis response in its history. Over the next year, we will be providing up to $160 billion in financing tailored to the health, economic and social shocks countries are facing, including $50 billion of IDA resources on grant and highly concessional terms.

The Bank's emergency operations have now reached more than 100 countries, home to over 70 percent of the world's population. These operations are financing health and social programs, with a special focus on the poorest and most vulnerable people. 70% of these projects are in the world's poorest countries supported by International Development Association (IDA), the World Bank's fund providing zero- or low-interest loans and grants. Close to one-third of the COVID-19-related World Bank financing targets fragile and conflict-affected countries whose health systems have limited capacity to drive an effective response.

Around the world, leaders have pledged to "build back better" from the COVID-19 pandemic, and the World Bank Group is helping countries chart the path forward. The current crisis is a chance to ensure better preparedness to future disease outbreaks, including a possible resurgence of COVID-19. As we embark on the road to recovery, we must build an agenda centered around health security, pandemic preparedness, and country health system strengthening, particularly for the poorest and most vulnerable people – drawing on four emerging lessons for from the COVID-19 pandemic.

First, the COVID-19 pandemic has underscored the importance of investing in resilient health systems that can detect, identify, treat, and halt transmission. In short, it has highlighted the critical need to invest in better preparedness across all countries, rich and poor alike. And we must continue to work with countries to ensure community engagement during COVID-19 operations to foster community and citizen trust.

Second, the pandemic has unleashed a secondary health crisis due to disruption in access to essential, life-saving health and nutrition services – particularly for women and children in low- and lower-middle-income countries. A rapid survey of the 36 countries currently supported by the Global Financing Facility for Women, Children and Adolescents found that nearly half are already reporting life-threatening health and nutrition service disruptions that threatens to reverse years of progress in maternal and child health. These surveys are consistent with data we are getting from our partner governments in Liberia, Sierra Leone, and Mozambique on drastic declines in routine service delivery, including outpatient visits, immunizations, ante-natal care services and malnutrition counselling.[1]

Third, the crisis has exposed weaknesses in health systems that now face the dual challenge of responding to the outbreak and maintaining essential, life-saving services. These require considerable investment in quality health systems, with strong Primary Health Care (PHC) at the foundation.

Fourth, as countries slowly emerge from lockdowns, they must determine the best way forward for their health systems and economies in the face of great uncertainty. Understanding health financing resilience and ways to improve it will be critical for this process, particularly if countries are hit by second or third waves of COVID-19. We know that even before the crisis, people in developing countries paid over half a trillion dollars out-of-pocket for health care, causing financial hardship for more than 900 million people and pushing nearly 90 million people into extreme poverty every year.[2] And even when health services are available, countries at all incomes levels often struggle to ensure health service quality and affordability.

We must also keep our focus on the immediate response, which remains a public health emergency. As scientists race to develop vaccines and therapies against COVID-19, global cooperation is needed to avoid fragmentation and duplication of efforts. The World Bank believes that fair and equitable access to safe and efficacious vaccines and therapies, when developed, is essential for all countries, including the poorest, to reduce the destruction caused by this pandemic, rebuild

1 https://www.globalfinancingfacility.org/emerging-findings-and-policy-recommendations-COVID-19

2 https://www.worldbank.org/en/topic/universalhealthcoverage/publication/high-performance-health-financing-for-universal-health-coverage-driving-sustainable-inclusive-growth-in-the-21st-century

livelihoods, and set course toward recovery. Without country health systems, diagnostics, therapeutics and vaccines cannot be deployed and will not reach the people most in need.

More and better investments are necessary now to create stronger, more resilient, and more equitable health systems to save lives now, and prevent reversals in recent progress in reducing maternal and child mortality, ensuring that everyone, everywhere can access safe, quality and affordable health care.

The World Bank remains focused on helping to transform global commitments into tangible actions at the country level. Few partners are better poised to translate our shared global goals into local outcomes than parliamentarians, who serve as a crucial link between people on the ground and the national government. As legislators, they can monitor the government and implement meaningful policies and reforms to improve health systems, and as representatives of citizens, they can help us tailor programs and projects to the unique needs of their constituencies for more inclusive results.

We will continue to support countries and work hand-in-hand with stakeholders such as parliamentarians as they redouble their efforts to protect their citizens from the impacts of COVID-19 and build back stronger, faster, and more inclusively – for a brighter future for all.

Beyond the Bio-medical Sphere: People-centred Approach to Health

Katrine Bach Habersaat and Robb Butler, World Health Organization Regional Office for Europe

4. TRANSFORMING HEALTH SYSTEMS
Pandemics ruthlessly expose inequities in healthcare. But ending that injustice requires fresh thinking about how to harness - and take into mainstream policy - a host of behaviour insights about the realities of how we live.

A world where no-one is left behind in health and well-being. This is the goal which WHO's 194 Member States have set for the years to come.[1] In a world in which health inequities are the norm, it is a bold and ambitious objective. Glaring inequities exist between countries – the risk of dying prematurely from the four main non-communicable diseases[2] is below 10% in some countries of the WHO European Region and as high as 31% in others.[2] There are also inequities in health within countries, associated with social determinants; i.e. the conditions of daily life in which people are born, grow, live, work and age such as education, living standards and environmental exposures.[3] Health crises such as the current COVID-19 pandemic expose both local and national health inequities and bring into stark relief the need to rethink health policies and planning.[4,5,6,7]

Attaining ambitious health goals, battling major public health crises and overcoming health inequity all depend on individuals and communities accessing health services and adopting healthy lifestyles. We argue that this, in turn depends on how well health authorities apply a people-centred approach: engage, listen to and understand the communities they serve, as well as responding to user-needs in their policy, service delivery and health communication. To do this efficiently they need to embrace disciplines outside of the bio-medical sphere.

It is well established that the barriers people face in accessing services and taking up healthy practices can be complex, not least for communities experiencing disadvantage. Understanding people and their contexts has long been recognized as critical for affecting any behaviour or practice[8,9,10], but still today is often not well integrated into health policy planning. Drawing on multidisciplinary approaches – including psychology, anthropology, sociology, cultural studies, behavioural economics, communication and history – offers nuanced insight [11,12] which strengthens and supplements biomedical approaches to policy and planning.

Methods and research from social science and medical humanities can be used to identify the barriers and drivers that people experience in leading healthy lives and accessing and utilizing health services. For example, the reasons why some people do not vaccinate can relate to hesitancy, misinformation or fears related to vaccine safety, but they may just as well relate to indirect, inconvenient opening hours, lack of reminder system or the way parents and children are being received, taken care of, respected and informed by health providers.[13] Only when we understand which barriers are key can we invest in the right solution. These insights allow evidence-informed changes to health systems, policy, services and communication aiming at accessibility, affordability and convenience, which can be thoroughly monitored and evaluated for their impact[14, 15.] An additional objective is more cost-effective investment.

Rarely has the critical urgency of human behavior and easy access to health services and socio-economic support in combination been demonstrated more clearly than during the current coronavirus pandemic. Controlling virus transmission relies on people receiving, understanding and being able to respond based on[16] information about recommended behaviours such as physical distancing and self-isolation, on appropriate risk perceptions, trust and social norms, and on efficient and accessible systems, including for testing and contact tracing and future COVID-19 vaccination, and for fair and efficient compensation and social support – all of which must address the barriers people face and take into account the cultural, social and socio-economic context in which they live.

Faced with such complex challenges, the use of multidisciplinary approaches becomes critical. At worst, a poorly timed and managed pandemic response can have devastating impacts on health as well as the economy[17,18,19], which again may affect disproportionately those already most disadvantaged. Supplementing classic epidemiological responses, governments need to draw on the evidence from a diversity of academic disciplines and lessons learned from past epidemics[20] to plan appropriate mitigation measures, and to adjust and qualify these continuously based on real-time behavioural insights evidence.

Such evidence can be achieved via for example, population surveys[21], media and social media monitoring, ethnographic studies, COVID-19 hotline monitoring or various types of rapid assessments with priority population groups. To meet this need, at WHO Reginal Office for Europe we developed a COVID-19 behavioural insights survey tool used in 24 Member States within the Region, and many beyond, and provide tailored technical support to countries that need it. Insights from these surveys have allowed a people perspective and an understanding of the experienced COVID reality and protection behaviours among the populations in each country, informing national COVID response and policies.

The value of behavioural and cultural insights in strengthening health and increasing health equity is not only evident in crisis response or vaccination. These approaches have shown value in areas as different as smoking cessation, road safety, substance abuse, sexual and reproductive health and nutrition policy[22].

A number of governments should be applauded for valuing and long-term investment in these approaches with dedicated budgets and social science and medical humanities experts engaged in what is often referred to as behavioural insights units. WHO is also scaling up this work with dedicated teams working closely with global experts. In the WHO European Region, behavioural and cultural insights are a flagship priority in the Programme of Work towards 2025 and a unit has been established to provide support to national governments.[23]

If we are to overcome the big global health challenges of the next decade, it is critical we invest in identifying the barriers experienced and the drivers for healthy lives and behaviours. Equally critical is planning health services according to people's needs. The investment may seem considerable, but the public health gains and cost-saving outweigh the costs. We argue we will only be able to reach the ambitious health goals of tomorrow when governments understand how people behave in social situations and in relation to health systems and structures. Only when there is recognition of these and how they relate to people's lives, environment and health, will we be able to make the claim that we are leaving no-one behind.

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Building Back a Green Economy with Gender Equality, Resilience, Inclusiveness at its Core

Vjosa Osmani MP, Speaker of Parliament of the Republic of Kosovo

5. STRONGER STRATEGIES FOR GENDER EQUALITY
Leaders need to be willing to listen to the voices of their communities and learn from the challenges and raised issues during the pandemic - and have the courage, knowledge and audacity to adopt well informed gender balanced, resilient, inclusive and environmentally friendly recovery programs and stimulus packages

Our societies are no strangers to the process of transition. We are now embarking on yet another transition of its kind: transitioning from a pandemic to healthy and revived economies. This endeavor requires the rethinking of the 'business as usual economic models' toward economic programs which are designed and built on the principle of 'building back better'. It is about time we reconsider our traditional approaches and start designing a transition that leads to the kinds of social outcomes we have been talking about for a while.

The IMF World Economic Outlook projects a global economic contraction of -4.9 percent in 2020. The impacts on low-income households are expected to be acute, while threatening a regressive trend in global efforts to reduce extreme poverty and meeting the Sustainable Development Goals. In Kosovo, the prospects are no brighter. IMF predicts that the Kosovo economy will contract by 5%.

The economic impact of the pandemic is already vivid and clear. In the month of April 2020 alone, the Employment Agency of Kosovo registered a total of 32,377 new jobseekers, while the number of jobseekers registered for the period January-April 2020 reached a total of 37,392. Almost half of the jobseekers (16,820) were women, while a significant number of 48% of the jobseekers were in the category 15-24 years old. These numbers reinforce further the traditional employment issues in the country in which in 2019 the youth unemployment rate was as high as 49% and the employment rate for women was as low as 14%.

As we seek for most suitable modalities to address the ever-rising socio-economic pressures deriving from the pandemic, whether in Kosovo or on a global level, we have to find the most suitable scenarios to design recovery plans which go hand in hand with gender sensitive, resilient and inclusive, as well as, environmental friendly policies.

While the priority of policy makers is to stabilize economies and save jobs, we must advocate for recovery programs which clarify and clearly communicate the positive correlation that equitable policies have with increased economic productivity.

The COVID-19 pandemic represents a common enemy, but its impact in different groups of people is of a different scale, in many cases deepening long built existing inequalities. In this regard, women are seen as most vulnerable to the virus in the sense that it hits them hardest in the context of the social and economic spectrum.

It is a global case that great numbers of women are working in informal economies, have lower earnings, and as a consequence, lower savings. With the economic activity shutting down, jobs for women are being cut, pushing them away from paid jobs to unpaid home care work, the burden of which has increased significantly during lockdowns. Further on, the pandemic has made women even more vulnerable exposing them to greater violence.

In Kosovo, similar to global developments, gender-based violence saw a vivid increase in the number of cases. According to OSCE Kosovo, in March 2020 36% more domestic violence cases were reported in Kosovo compared to March 2019. In the capital of Kosovo, Prishtina, the increase was from 33 reported cases to 62, a staggering 87%. Ensuring gender equality and protecting women's rights are vital in our fight against the pandemic. By safeguarding them, we stand a chance for a better, more balanced and a faster recovery. It is therefore that recovery programs have to integrate stimulations and supporting measures targeted at women specifically. On top of various financial support mechanisms, it is crucial we also find suitable models to recognize unpaid work.

At the same time, boosting resilience and advancing inclusiveness should be the foundations of the recovery policies. As warning about the frequency of pandemics in the future become more serious, it is of crucial importance that we invest in building resilience, respectively, preparing our societies to respond better to future similar shocks. Self-reliance of different communities must lay at the foundation of these efforts. We must empower frontline workers, such as health care providers, grocery workers, utility service providers, bus drivers, factory workers, etc. adequately, so we ultimately protect their households and the communities they live in as well. As such, compensations for exposure to risks, ensuring life and health insurance, guaranteeing sick leave, are just some of the few policies that would contribute to enhancing their safety net.

Yet, all of this must be done in an inclusive manner. As referred to before, the pandemic has further emphasized long standing inequalities. It is therefore an imperative that we assure that newly adopted policies reach out to the most vulnerable groups, the ones who struggle to have access to basic services and are at the same time hit hardest by the pandemic. As we build back, we only do it better by leaving no one behind, and we can only do that by providing these communities with the skills and resources to cope with any potential similar threats in the future. In light of highly dynamic developments and facing the prospects of a digital revolution, our countries have to initiate a serious collaboration in the area of the digitalization, especially in the Western Balkans region, and ensure the preparation of the workforce for the challenges and opportunities of this new digital era. It is through sharing of experiences and bilateral and multilateral initiatives that we can all stand a chance to benefit at greater margins and ultimately fight the digital gap prevailing between countries and within societies.

The scenario is complete and sustainable, when we also build back greener. Global discourse after the Paris Agreement has shifted significantly towards the idea of embracing development scenarios which besides ensuring economic growth also go hand in hand with efforts to ensure environmental protection. The European Green Deal is one concrete example of this. The Green Deal sets the pathway for a great transformation of the EU's economic model with the ultimate aim of dramatically reducing carbon emissions and hence meeting the goals of the Paris Agreement. As the EU embarks on this journey, it must find appropriate ways to bring neighboring countries on board.

But beyond this, the green recovery must now become a universally accepted guiding principle. Investments in green technologies, in particular renewable energy technologies, have demonstrated to contribute to self-reliance of communities, enhanced resilience, as well as, boosted economic performance, by contributing as well to the expansion of homegrown jobs. Yet, this must certainly go beyond mere words and public declarations, as estimates suggest that less than 0.2% of trillions of USD committed to COVID-19 recovery by the world's 50 largest economies have been committed to stimulate greener and low-carbon economies.

Governments and international organizations should ensure that allocated funding is deployed better, since our decisions in terms of how we spend the massive economic stimulus and recovery packages right now will ultimately define our future in the years to come. It is therefore an imperative of this time that we create a momentum for a green recovery, which paves the way for green jobs and green investments that result in more resilient, more economically progressive and inclusive societies.

The costs to cover COVID-19 recovery response are exhausting budgets otherwise used for sustainable development and climate action, humanitarian aid, and disaster management; it is therefore that we have this one chance to decide how these financial resources also ensure social justice, economic equality, and environmental protection.

The pandemic has most certainly highlighted the interlinkage of economic, environmental and social systems, while also bringing forward the fragility of this coexistence, but we can only build back better by finding the right balance between these three pillars, as this way we can sustainably ensure that we can rescue economies and jobs, while sustainably safeguarding our societies from future threats.

And, as we strive to save economies and jobs, we must not forget the close interlinkage between health and economic performance, given that economic growth is directly threatened by the poor health of the citizens. The relationship between the two is strong as evidence suggests that countries with weak health systems find it harder to achieve sustained growth. As such, while aiming to revitalize our economies we must first and foremost craft the necessary framework to guarantee the health of our citizens. Since, economic recovery at the expense of the health of the citizens, is rather a failure and certainly not an accomplishment, and this remains especially an important note for countries with fragile health systems.

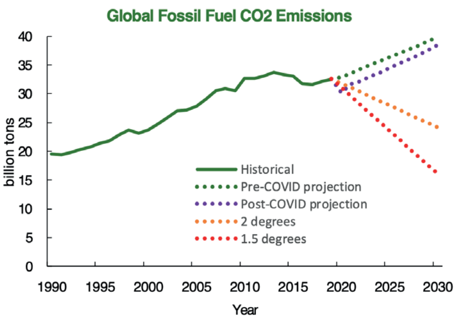
The vision for the future must be clear for all of us by now; yet, as we pursue it, it is upon the leaders of countries to be willing to listen to the voices of their communities and learn from the challenges and raised issues during the pandemic, while ultimately having the courage, proper knowledge and audacity to adopt well informed gender balanced, resilient, inclusive and environmentally friendly recovery programs and stimulus packages. Ultimately, in doing so, our commitment to build back better, is only successful, if we build back better together.

Carbon Pricing in a Post-COVID World

Ian Parry, IMF

6. NEW STRATEGIES FOR TAX
States will need to mobilise new taxes to help finance Just Transitions. Carbon taxes are too low today. In the future, they could help reduce emissions - and finance positive change.

The novel coronavirus COVID-19 has precipitated an unprecedented health and economic crisis. But the need to transition to carbon-neutral energy systems over the next few decades remains. In fact, the economic crisis has made carbon pricing and supporting measures even more urgent. Energy prices need to reflect both the supply and the environmental costs of fuel use to ensure private investments when recovery is well underway are adequately allocated to low-carbon technologies. And carbon pricing generates a new revenue stream that can contribute to fiscal needs which have become even more dire as a result of the crisis.



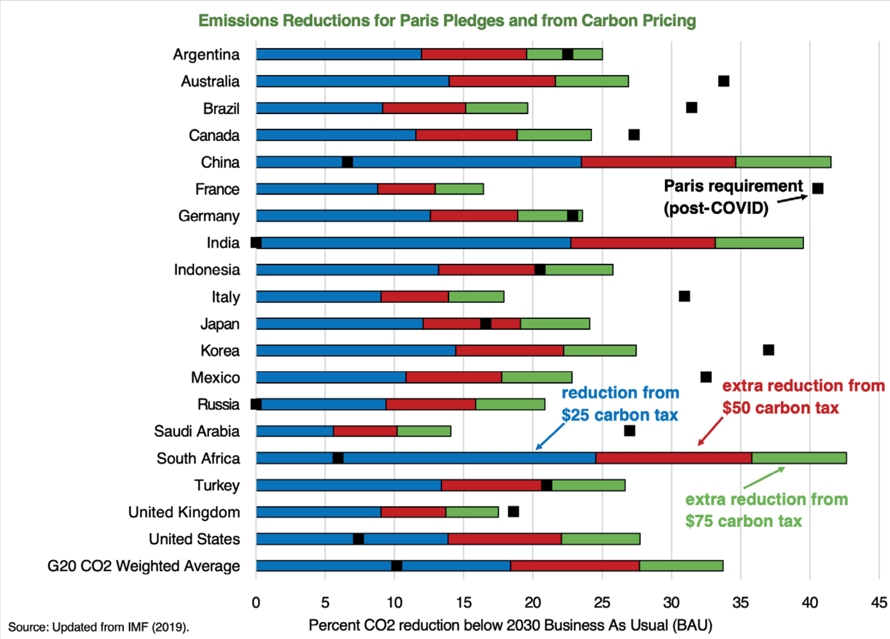
Source: IEA (2020), IMF staff calculations.

To prevent dangerous instability in the global climate system, fossil fuel CO_2 (and other greenhouse gas) emissions need to fall rapidly—by about 25 percent below 2018 levels by 2030 to contain future warming to 2°C, or 50 percent below for the 1.5°C target (and continue to decline thereafter). Emissions this year are projected to be about 8 percent lower than in 2019, due to both lower GDP and structural shifts in the economy, like more remote working. However, emissions are projected to start rising again next year as economies recover and some of the structural shifts are reversed. Our latest projections suggest that in the absence of new mitigation actions 2030 emissions will be about 20 percent *above* 2018 levels (albeit moderately smaller than in pre-COVID projections).

The Paris Agreement provides the international framework for meaningful action on climate mitigation. At the heart of the Agreement are the commitments, made by 190 parties, to reduce their emissions. These pledges will be revised ahead of the United Nations climate meeting, re-scheduled for November 2021 in Glasgow. Although the immediate challenge is for countries to implement these pledges, at the global level ambition needs to be scaled up: if current pledges were fully achieved this would only cut 2030 emissions about one-third of what is needed, even for the 2°C target.

The case for carbon taxation

Carbon taxes—charges on the carbon content of fossil fuels or their emissions—can play a pivotal role in mitigation strategies, not least because they provides the critical price signal for redirecting investment towards low carbon technologies. A carbon tax of, say, $50 per ton CO_2 emissions in 2030 would typically increase prices for coal, electricity, and gasoline by around 100, 25 and 10 percent respectively.



The carbon taxes consistent with countries' mitigation pledges vary widely with the stringency of commitments, but also in the responsiveness of emissions to pricing, for example, emissions are more responsive to pricing in countries that consume a lot of coal like China, India, and South Africa. For example, a $25 carbon tax by itself would exceed the level needed to meet mitigation commitments in such countries as China, India, South Africa, and United States but even a $75 per ton price would fall short of what is needed in other cases like Canada, France, Italy, and Korea (see figure).

Carbon taxes could also raise significant amount of revenue, typically around 0.5-2 percent of GDP for a $50 tax in 2030. This revenue should be used equitably, and also productively, for example, to lessen the need for higher taxes on households and businesses, or cuts in public spending, as fiscal consolidation packages are put together once economic recovery is well underway to pay off some of the recent debt incurred in crisis-related measures.

Carbon taxes can also generate significant domestic environmental benefits—for example, reductions in the number of people dying prematurely from exposure to local air pollution caused by fossil fuel combustion. And they can be straightforward to administer. For example, carbon charges can be integrated into existing road fuel excises, which are well established in most countries and among the easiest of taxes to collect, and applied to coal, other petroleum products, and natural gas.

Other mitigation options

An alternative way to price carbon emissions is through emissions trading systems where firms are required to acquire allowances to cover their emissions, the government controls the total supply of allowances, and trading of allowances among firms establishes an emissions price. To date, trading systems have been mostly limited to power generators and large industry, however, which reduces their CO_2 benefits by around 20-50 percent compared with more comprehensive pricing. It also limits potential revenues from auctioning allowances (similarly carbon taxes, like other types of taxes, often contain exemptions). And although trading systems provide more certainty over future emissions, they provide less certainty over emissions prices, which might deter clean technology investment. They also require new administration to monitor emissions and trading markets, and significant numbers of participating firms, which may preclude their application to small or capacity-constrained countries.

Although over 60 carbon tax and trading systems are in operation at the national, sub-national, and regional level in various countries, the average price on emissions worldwide is only $2 per ton—a small fraction of what is needed. This underscores the political difficulty of ambitious pricing. Where carbon pricing is politically constrained, policymakers could reinforce it with other approaches that do not impose a new tax burden on energy and therefore avoid large increases in energy prices.

A more traditional approach would be to use regulations to control the energy efficiency of products or the emission rates of power generators. In fact, a comprehensive package of regulations could mimic many of the behavioral responses of carbon pricing, though not all of them—regulations cannot encourage people to drive less, or turn down the air conditioner, for example. Regulations also tend to be inflexible and difficult to coordinate in a cost-effective manner across sectors and firms.

A more promising and novel alternative to regulations is revenue-neutral 'feebates,' which provide a sliding scale of fees on products or activities with above-average emissions intensity and a sliding scale of rebates for products or activities with below-average emissions intensity. Feebates are especially valuable for sectors that are difficult to de-carbonize through carbon pricing alone, such as the transport sector. By altering the relative price of vehicles with high and low emission rates, feebates could provide very powerful incentives for consumers to buy electric or other zero-emission vehicles without a new tax burden on the average motorist.

Advancing policy domestically

Previous experiences with carbon and broader energy pricing reform across many countries suggest some strategies for enhancing their acceptability. For example, pricing can be phased in progressively to allow businesses and households time to adjust. And an upfront package of targeted assistance, which need only use a minor fraction of the carbon pricing revenues, can be provided for vulnerable households, firms, workers, and communities through, for example, stronger social safety nets and worker retraining programs.

Carbon pricing also needs to be supported by other measures to make it more effective. Besides complementary mitigation instruments like feebates, public investments in clean energy infrastructure are needed (e.g., grid extensions to link up renewable generation sites, pipelines for carbon capture and storage, charging stations for electric vehicles). Technology-related instruments are also needed to addressing market failures at various stages during the invention, development, and deployment of low carbon technologies. Measures are also needed to lubricate climate finance from financial markets, such as carbon disclosure requirements and innovative instruments like green bonds.

The overall policy package needs to be equitable, whether carbon pricing is part of a broader package of fiscal consolidation measures or the revenues are used for broader tax cuts or public investment. The appropriate timing of carbon pricing will vary with national circumstances, perhaps delayed until recovery is well underway for countries able to finance stimulus packages through debt. And consultations with business interests and labor organizations, as well as an extensive public communications program, may help to overcome opposition to the reform.

Advancing policy internationally

At an international level, the Paris mitigation process could be strengthened and reinforced with a carbon price floor arrangement among large-emitting countries. This arrangement would guarantee a minimum level of effort among participants and provide some reassurance against losses in international competitiveness. Coordination over price floors rather than price levels allows countries to exceed the floor if this is needed to meet their Paris mitigation pledges. And the floor could be designed to accommodate carbon taxes and emissions trading systems as well as packages of feebates and regulations if these achieve the same emissions outcome as would have occurred under the floor price.

There are some monitoring challenges—for example, countries would need to agree on procedures to account for possible exemptions in carbon pricing schemes and changes in pre-existing energy taxes that might offset, or enhance, the effectiveness of carbon pricing. But these analytical challenges should be manageable.

Given their lower per capita income and smaller contribution to historical atmospheric greenhouse gas accumulations, a case can be made for emerging economies to have a lower price floor requirement than advanced economies. For illustration, if advanced and developing G20 countries were subject to fairly modest carbon floor prices of $50 and $25 per ton of CO_2 respectively, in 2030, mitigation effort would still be twice as much as reductions implied by meeting current mitigation pledges. To reduce emissions to a level consistent with a 2°C target, however, additional measures—equivalent to a global average carbon price of $75 per ton—would still be needed.

Reasons for optimism?

Just three countries—China, India, and the United States—account for about 80 percent of the low-cost mitigation opportunities across G20 countries, so a pricing arrangement among these three countries alone would be a huge step forward and should catalyze action elsewhere. That may seem wishful thinking right now—for example, the United States is set to withdraw from the Paris Agreement in 2020, coal is entrenched in India because of history, large reserves, and existing infrastructure, and China's nationwide trading system slated for introduction shortly will likely have limited coverage and ambition.

Nonetheless, there are some grounds for optimism. For example, US Presidential candidate Joe Biden is pushing for carbon neutrality by midcentury and carbon pricing. The EU's Green Deal, announced in December 2019, greatly scales up mitigation ambition and their proposed border carbon adjustment (applied to countries without adequate carbon pricing) could be a mechanism to catalyze carbon pricing elsewhere. Scaling back fossil fuel consumption is in China and India's own interests when the benefits from reduced air pollution mortality are considered—even a $25 per ton carbon tax in 2030 would save 200,000 premature deaths a year in China and 120,000 in India. And it is in all countries' interests to see effective mitigation at the international level to stabilize the global climate system and safeguard the environment for future generations.

Finance Ministers have a key role to play in mitigation strategies. Tax systems need to be re-aligning to fully price fossil fuels for their environmental costs, the revenues from carbon pricing need to be managed, mitigation and adaptation projects need to be prioritized in national budgeting procedures, and broader social assistance and fiscal adjustments are needed to ensure the transition to clean energy systems is fair and acceptable to the public.

Time to Tax Wealth?

Camille Landais, Emmanuel Saez and Gabriel Zucman

6. NEW STRATEGIES FOR TAX
If we're to rebound quickly after the COVID Crash, we need clarity on the path to pay down debt. Taxes on the most fortunate are one option policymakers will consider.

European governments have reacted swiftly to the COVID crisis and are now discussing ways to mutualise the cost of the epidemic. This mutualisation is not only politically sound to save the European project, it is also the optimal response from an economic perspective. The COVID shock, sudden and massive, puts European countries with limited fiscal room, such as Italy, under financial stress. Mutualisation is the most efficient way to allow these countries to quickly implement the policies necessary to deal with the public health crisis and shield the population from economic hardship. Solidarity is the best strategy given the large positive externalities that swift public health and stimulus policies in one country have for other EU member states.

Various options on how to mutualise the cost of the pandemic are on the table.[1] One option involves a new dedicated European Stability Mechanism (ESM) credit line with limited conditionality. Other options involve the issuance of Eurobonds, or the creation of a EU coronavirus rescue fund.[2] Whatever the exact implementation details, all these options will benefit from the backstop of the ECB, so that in the short and medium run, all countries will have the necessary liquidities to fight the virus. But the question of how to deal with the mutual legacy debt, after the crisis is over, will arise. The danger is that, when the worst of the crisis passes, the sense of solidarity quickly evaporates and Europe repeats the tragic mistakes of the European debt crisis, which hampered a swift recovery from the Great Recession.

This is why it is essential to define a clear and common strategy for the repayment of any extra debt now. A clear strategy will not only favour a rapid economic rebound after the crisis, it will also facilitate the political acceptability of putting in place Eurobonds (or a common rescue fund) today, by clarifying the allocation of the costs.

What does economic history teach us about fair and effective ways to deal with public debt overhang? We can look back at how governments dealt with the massive public debt accumulated over the course of the first half of the 20th century. In hindsight, Germany followed the best path. Instead of inflating its debt away, like France did immediately (with 50% annual inflation rates between 1945 and 1948) or like the UK did more gradually (only erasing its massive debt in the 1970s with double digit inflation rates for an entire decade), Germany put in place progressive wealth taxes. These taxes, which applied to net wealth (all assets net of debts), were time-limited, and highly progressive, paved the way for the German post-war economic miracle (Hicks et al. 1941, Eichengreen 1990, Hughes 1999). We would be wise to follow the example Germany set after WWII. This is why we propose the creation of a progressive, time-limited, European-wide progressive wealth tax assessed on the net worth of the top 1% richest individuals. The revenues would be dedicated to the repayment of Eurobond issued during the COVID crisis or to the funding of a common rescue fund.

Why is a progressive European wealth tax the best solution? Issuing public debt is effectively transferring wealth from the public sector to the private sector. Individuals who keep their incomes during the crisis cannot consume as much, and therefore save more. These savings finance the new public debt that helps those who lose their incomes during the crisis. As a large increase in public debt means a large creation of private wealth, it seems natural to ask private wealth to contribute to repaying the public debt after the crisis. As private wealth is fungible, it is not reasonable to ask only those who own the Eurobonds to contribute to repay the debt. That is why a wealth tax based on comprehensive wealth makes the most sense. A wealth tax is preferable to inflation because it would provide clarity on the allocation of costs while inflation redistributes wealth in an opaque and chaotic manner.

The most vulnerable have been hit disproportionately by the lockdown, as most high-income earners can still work from home and the wealthy can use their wealth to weather the shock better. Therefore, making the wealth tax progressive makes sense as well. Given that wealth is very concentrated — more than income and consumption — it is the most progressive fiscal tool. The top 1% wealthiest individuals own around 20%–25% of total wealth in France, Germany, Spain, and in Scandinavia.[3] This means that a wealth tax levied only on the top 1% wealthiest Europeans would generate a large amount of tax revenue while preserving wealth for the bottom 99%.

Why levy this tax at the European level? First, because this is probably the best level to implement and enforce an effective wealth tax. With a European wealth tax, migration of wealthy taxpayers within the European Union becomes irrelevant (Kleven et al. 2020). Enforcement is facilitated by cross-border bank and tax administration cooperation (Saez and Zucman 2019). Most importantly, a tax at the European level would be a concrete embodiment of European solidarity in the fight against the COVID epidemic. It would shift the discussion about how to pay for the costs of the crisis away from a question of international transfers (across European countries) and instead focus the discussion on transfers across individuals according to their means (irrespective of their nationality). This would overcome oppositions based on selfish national self-interest, and contribute to creating a sense that Europe can indeed work for everyone.

Some may argue that there is currently no legal basis for a European tax. But treaties can and will be changed to allow for debt mutualization. There is no reason to believe that the arguments that justify the need to coordinate our response to the virus cannot similarly apply to justify coordination in the payment of its costs. Should an EU-wide agreement fail to materialise, a smaller group of countries could choose to create a common wealth tax, eventually paving the way for a EU-wide tax.

Wealth group	Threshold	Marginal tax rate	Tax base above threshold (% GDP)
Top 1%,	2 m Euros	1%	67.5%
Top .1%,	8 m Euros	2%	30%
Billionaires	1b Euros	3%	7%

Box 1 Proposed parameters for a European COVID wealth tax

Such a tax would levy 1.05% of EU GDP each year, accounting for evasion and avoidance responses. If fighting COVID-19 requires issuing 10 points of EU GDP in Eurobonds (or a rescue fund worth 10 points of EU GDP), a progressive wealth tax would be enough to repay this extra debt after 10 years.

By our estimates, an EU wealth tax on the top 1% could generate a sizable amount of tax revenues. To see this, start from the fact that aggregate EU household wealth is worth about five times GDP (Piketty and Zucman 2014). The top 1% wealthiest European adults own approximately 22.5% of total wealth, and the top 0.1% approximately 10%. The European wealth tax we propose would exempt individuals below the top 1% threshold (which is around €2 million); it would only tax wealth above this threshold. The taxable wealth would represent about 60% of the total wealth of the top 1%, that is, the equivalent of 67.5% of the GDP of the EU.[4] The taxable wealth above the top 0.1% threshold (which is around €8 million per adult) would represent 30% of EU GDP. Based on Forbes billionaire data for 2019, there were 330 EU billionaires with a collective taxable wealth almost exactly equal to €1 trillion, about 7% of EU GDP. A progressive wealth tax at a rate of 1% above the top 1% threshold and an additional 1% above the top 0.1% threshold, and an additional 1% above €1 billion, would thus raise 1.05% of EU GDP in revenues each year.[5] If fighting COVID-19 requires issuing 10 points of EU GDP in Eurobonds (or a rescue fund worth 10 points of EU GDP), a progressive wealth tax would be enough to repay all this extra debt after ten years.

What about the risks that taxing wealth may hinder growth coming out of the recession? It is likely that, compared to other forms of fiscal consolidation or public expenditure contraction to repay for the

COVID Eurobond debt, a wealth tax is the less likely to harm growth. In large part because a time limited wealth tax operates like a capital levy: you tax past accumulation but the returns to current investment and innovation are unaffected. It is worth bearing in mind that such tax rates (1% above €2 million, 2% above €8 million, 3% above €1 billion) are neither large nor unprecedented. They are in line with the rates applied by the many European countries that had wealth taxes until recently, such as France, Germany, Denmark and Sweden and as in recent proposals for a federal wealth tax made in the US (Saez and Zucman 2019).

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Endnotes

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2. https://www.ft.com/content/3f6c31fb-c59c-4aa0-88fd-275a880dad1a
3. See Alvaredo et al. (2018) for estimates for France and Spain; Albers et al. (2020) for estimates for Germany; Alstadsæter et al. (2019) for Scandinavia (sum of Norway, Sweden, and Denmark).
4. This amounts to assuming that the Pareto parameter of the top tail of the wealth distribution is a=(2.5)/(2.5-1)=1.67 in line with the estimates of Garbinti et al. (2017) for France.
5. The wealth share estimates are based on reported wealth or reported capital income for tax purposes. Hence, they are net of tax evasion for Europeans in the top 1% (see Alstadsæter et al. 2018).

Aligning People, Planet and Prosperity: the Role of Investors in Realising a Just Transition

Fiona Reynolds, CEO, Principles for Responsible Investment

7. HARNESSING PRIVATE SECTOR CAPITAL
Mobilising new resources will be mission-critical to delivering Just Transitions. Investors with over $10 trillion under management have signed up to Environment and Sustainability Goals. That's a start.

A key pillar of the 2015 Paris Agreement, the concept of a just transition weds social inclusion with climate action to ensure that the shift to a resilient, zero-carbon economy is fair and puts people at its heart. In fact, a just transition is a precondition of successful climate action; without the buy-in of all stakeholders, including workers and communities, there will be push-back, as we've seen with the gilets jaunes (yellow vest) movement in France for example.

The net-zero transition is already underway, but the pace of change—both from a social and environmental perspective—is far too limited and much too slow. This critical agenda simply will not be achieved in time without a whole of economy response which includes private sector action alongside government policy.

For years now climate change has topped investors' environmental, social and governance (ESG) agenda. As they increasingly seek to address climate change within their investments, it's critical to remember that that climate change is as much of a social issue as it is an environmental one.

Investors have an important role to play in driving a just transition and in doing so can ultimately help to accelerate and optimise climate efforts. In their role as long-term stewards of capital, the case for investor action is clear.

As the Grantham Research Institute and Harvard Institute for Responsible investment in collaboration with PRI and ITUC's guide for investor action explains, there are five strategic motivations for investor action. By aligning with the just transition investors broaden their understanding of systemic risks, reinvigorate fiduciary duty, recognise material value drivers, and uncover investment opportunities, all while contributing to wider societal goals. These five drivers align neatly with investors' core fiduciary duties and interests and critically, allow them to deliver positive social and environmental outcomes in line with the Sustainable Development Goals (SDGs). By adopting a deliberate approach to support the just transition, investors can honour their responsibility to respect global human and labour rights in line with the ILO's Guidelines for a Just Transition and the UN's Guiding Principles of Business and Human Rights.

The levers for impact of the financial sector are significant and having clarity on where and how they can affect change is critical. In reality, much of investors' impact takes place through others. Firstly, through capital allocation they finance companies whose projects and actions have a direct impact on the world. Secondly, through stewardship with those companies and other investees, they can help to steer that impact. And finally, through engagement and advocacy with policymakers and stakeholders around the world they can help shape key regulations, structures and more.

We already see that investors, both individually and collectively, are using those key levers to drive outcomes on ESG issues, including the just transition. Many investors think about ESG risk and how those risks impact their portfolio, but some are now starting to look beyond this and think about the impact of their portfolio on the real world. In essence, by realigning their strategy to include action on the just transition, investors are adding a third dimension to their role. They move from risk and return to risk, return and impact.

The COVID-19 pandemic and resulting health and economic crisis has highlighted, and in some cases even amplified, the urgency of the just transition and wider social issues agenda. It has exposed the inequalities inbuilt into the global financial system, which deprioritises workers and stakeholders in favour of shareholders.

The fallout of the crisis has disproportionately impacted the most vulnerable social groups, often as a result of their precarious work situations. These people are, for example, workers in the ‘gig economy’ on zero-hour contracts with limited access to sick leave, health insurance and unemployment benefits. Overnight many people found themselves let go with no notice, severance or access to a governmental social safety net.

These fundamental social problems which the virus has brought to the fore are not dissimilar to the issues we can expect to be compounded as a result of climate change if we’re not successful in realising a just transition. Similarly to the social issues we’re expecting from climate change, the impact of the COVID-19 crisis has been placed-based, varying in nature across the world. Both therefore require an understanding of local context to fully tackle.

However, the good news is that in shining such a strong spotlight on these social issues, we can leverage tailwinds to accelerate progress to address them. This opportunity for investors and the wider financial system is further augmented by the unprecedented stimulus packages being rolled out by governments around the world.

At PRI, following the COVID-19 crisis, we’ve found investors more engaged on ESG issues—and in particular social issues—than ever before. Investor awareness and support of the just transition is growing. Today over 161 investors with more than US$10.2 trillion in AUM have signed an international statement committing their support.

The world is finally coming to terms with the reality that without healthy people and a healthy planet there can never be a healthy economy. These three systems are delicately and intricately interconnected. At PRI, we believe investors’ leverage enables them to shape outcomes in the world, and in placing the just transition at the centre of their climate strategies have the power to significantly accelerate progress toward a better, more equal future for all.

Investing for Inclusive Growth

Saker Nusseibeh CBE, CEO Federated Hermes International

7. HARNESSING PRIVATE SECTOR CAPITAL
COVID-19 is a wake-up call for policymakers and investors to accelerate a just transition to a low carbon economy

The purpose of the investment industry should be to create sustainable wealth for investors through stewardship. Such an approach strives to provide the end beneficiaries – the investors and pensioners who make up a good proportion of society - with income they can afford to spend, in an environment and society that they want to live in. As an investment manager our decisions will have impacts on the world in which our beneficiaries live and work today as well as the one into which they will retire tomorrow. Therefore we - as fiduciaries entrusted with the savings of millions of individuals - take our ownership responsibilities seriously. Thus, we engage globally with policymakers and investees on a broad range of environmental and societal issues, many of which – including biodiversity loss and the COVID-19 pandemic - cannot be tackled if each country acts alone.

Before the COVID-19 pandemic, investors and consumers alike were already becoming increasingly focused on the threat of climate change. The IPCC's 2018 special report made clear that the impacts and risks of overshooting 1.5°C global temperature increase are more severe than previously understood, and that to avoid a 1.5°C overshoot, global net anthropogenic CO2 emissions must decline by around 45% from 2010 levels by 2030, reaching net zero around 2050.[1] Yet data from the World Meteorological Organisation showed that greenhouse gases (GHGs) in the atmosphere rose to record

1 "Special Report: Global Warming of 1.5°C" published by the IPCC in October 2018.

levels last year and that levels of carbon dioxide were 18% higher from 2015-2019 than in the previous five years.[1] Scientists warn that we are already seeing the effects of climate change, from longer and more intense heatwaves to rising sea levels. But by the time we see the full implications it will be too late to avert them. Avoiding the worst impacts of climate change requires policymakers to consider the longer-term horizon, which for many states is beyond the term of a single government.

There is a social aspect, too, in the fight against climate change. States from across the world ratified the Paris Agreement, with its statement that governments should take into account 'the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities'.[2] This aim was reiterated in more detail in the COP24 Solidarity and Just Transition Silesia Declaration in 2018, signed by over 50 countries including the UK. It is a concept that has been taken up by many investors and campaigners, who recognise that it is crucial to ensure that the impacts of the transition are not unfairly felt by certain groups in society.

When 2020 came around it brought with it the COVID-19 pandemic, an unprecedented crisis in our lifetimes that has had a devastating impact on economies and societies across the world. The pandemic has thrown into sharp relief the inequalities that many investors and campaigners were already concerned about. Some communities have experienced far worse health and economic outcomes than others. This is a complex issue influenced by a range of factors, from exposure to air pollution to overcrowding, from job security to health care access, and the impacts will be felt in years to come. At the very least, some jobs may not return after the pandemic, especially if employers consider it cheaper to automate. Similarly, unless we collectively act, we expect climate change to have a significant real economy impact just an order of magnitude larger and felt for decades if not centuries.

1 "Global Climate in 2015-2019," published by the World Meteorological Organisation in April 2020.

2 The Paris Agreement entered into force on 4 November 2016, building on the United Nations Framework Convention on Climate Change (UNFCCC).

Yet in these tragic circumstances, there is hope. When the coronavirus aggressively spread across the world this year killing hundreds of thousands, governments opened the fiscal floodgates and there was an unprecedented change in societal activity. We have an opportunity to make a virtue out of a necessity. Policymakers must ask themselves when considering long-term recovery how to ensure the measures taken to get the economy and society back on their feet are linked with advancing climate goals. They must not come at the expense of climate change mitigation or worsen the inequalities that have been so clearly exposed. We have seen during the pandemic that some groups are worse affected by such global crises, and these same groups are likely to be hit the hardest by climate change or, if efforts are not made to ensure a just transition, by the road to reach net zero. Industry and investors have their role to play. We also need governments and policymakers to significantly ramp up global policy ambition.

So, what does this mean in practice? Climate goals should be a key consideration for all areas of fiscal policymaking, especially when it relates to infrastructure funding decisions. Right now, crucially, climate-friendly conditions should be attached to fiscal sponsorship, subsidies and bailouts. Whilst there may be urgent short-term economic lifelines required to protect productive corporate activity and jobs, wherever possible climate goals should be incorporated and should certainly be factored into longer term financial support. Any post-crisis fiscal stimulus should be designed to help companies currently not aligned with the net-zero transition goal to rapidly pivot in order to align operations, strategy and capital expenditure. Subsidies should be targeted at the transition to a net zero economy. Policymakers need to consider the full range of potential impacts that must be integrated into policy design from the start, not as an afterthought.

A number of industries are seeking government bailouts as a result of the impacts of the pandemic that would appear to offer no strategic return for taxpayers faced with the reality of a rapidly heating planet. For example, airlines across the globe, crippled by the global lockdown, have demanded lasting relief from environmental taxes and requested bailouts from governments. Such measures would be a set-back for environmental goals and would not incentivise the industry to shift its practices. At its current rate of growth, by 2050 air travel threatens to consume a quarter of the entire carbon budget the world can still emit to meet the stretch climate targets set by the Paris Agreement.[1] Worse still, data from England shows that the majority of air travel is undertaken by only a fraction of the population.[2] Whilst governments have imposed new levies to slow the growth in air traffic and emissions, and the European Union plans to begin taxing jet fuel, this is unlikely to be enough to pivot the industry from its currently unsustainable trajectory. Instead of granting the airlines their wish, governments should use access to bailout funding as an opportunity for rapid course correction. Airlines should be required to invest in cleaner technology and streamline service offerings to ensure flights are full. Prices would also need to increase – in part through paying taxes – to reflect the environmental damage caused by the fuel used and a frequent flyer levy would need to be set at a level appropriate to the contribution frequent flyers make to aggregate carbon emissions from the sector. If loans are provided, the interest rates could be linked to the achievement of sustainability milestones – thereby incentivising action from recipient firms.

The principle should be clear: when you take money from society, you owe society something in return. Adding these proposed conditions to bailouts is not without precedent: in the wake of the 2008 global financial crisis, the then US President Barack Obama used the government bailouts of General Motors and Chrysler to compel them – and by extension the entire automobile industry – to accept stringent new fuel-economy standards.[3]

This does not mean that every company will have to dismantle its business model or cut jobs. Instead, in many cases, it will require an accelerated shift in the substitution of service and product offerings to make them more sustainable as well as a plan of action attached to

1 "Analysis: Aviation could consume a quarter of 1.5°C carbon budget by 2050," published by Carbon Brief in August 2016.

2 According to data released by the Department of Transport, 48% of people living in England did not take a single flight abroad in 2018, while the top 10% of frequent flyers in the country were responsible for almost half of all international travel.

3 "How the carmakers Trumped themselves," published by The Atlantic in June 2018

retrain and redeploy staff as needed. Government bailout conditions should be complemented by measures to support this labour transition.

Beyond fiscal stimulus packages, climate goals must be incorporated across the whole spectrum of policymaking. The UK Committee on Climate Change's advice in its Net Zero 2050 report provides detailed and science-based recommendations across government departments. It is also a useful guide for other countries considering how to transition to a net-zero economy.

A pressing area of focus for governments is the need to avoid building infrastructure that will lock-in high emissions – such as the expansion of oil and gas infrastructure. Such actions will make it impossible to reach net zero and risk stranded assets. Instead, the focus should be on stimulating investment in infrastructure needed to reduce emissions: such as nationwide electric and hydrogen infrastructure, carbon capture and storage clusters (CCS) to decarbonise industrial emissions and spending on public transport and cycle networks. Investing in training to deliver the skilled workforce needed to deliver these outcomes is vital. Such investment is an economic stimulus that both benefits the climate and creates high-quality jobs which is crucial given increasing automation and the loss of many jobs due to the pandemic.

Once again, the need for equitable change should drive funding choices, including through the creation of subsidies for lower income households to improve the affordability of new technologies or grants to support the labour transition from old to new industries. Strengthening the global digital infrastructure, notably in more remote areas that are poorly serviced, will not only provide greater connectivity and all the advantages it brings to underserved groups, which has proven to be a lifeline for many during the pandemic, but will also help lock-in some of the reduction in travel-based emissions seen during lockdowns. These efforts would also go a significant way to addressing the health inequality caused by air pollution, which has been identified as one of the factors affecting the poor more than the wealthy in general – and specifically in the case of COVID-19[1].

Economic recovery and growth must be linked with both climate goals and a just transition. We have an opportunity to learn from the global coronavirus pandemic which has shown what is possible when the public and private sectors work together, in good faith, towards a shared goal.

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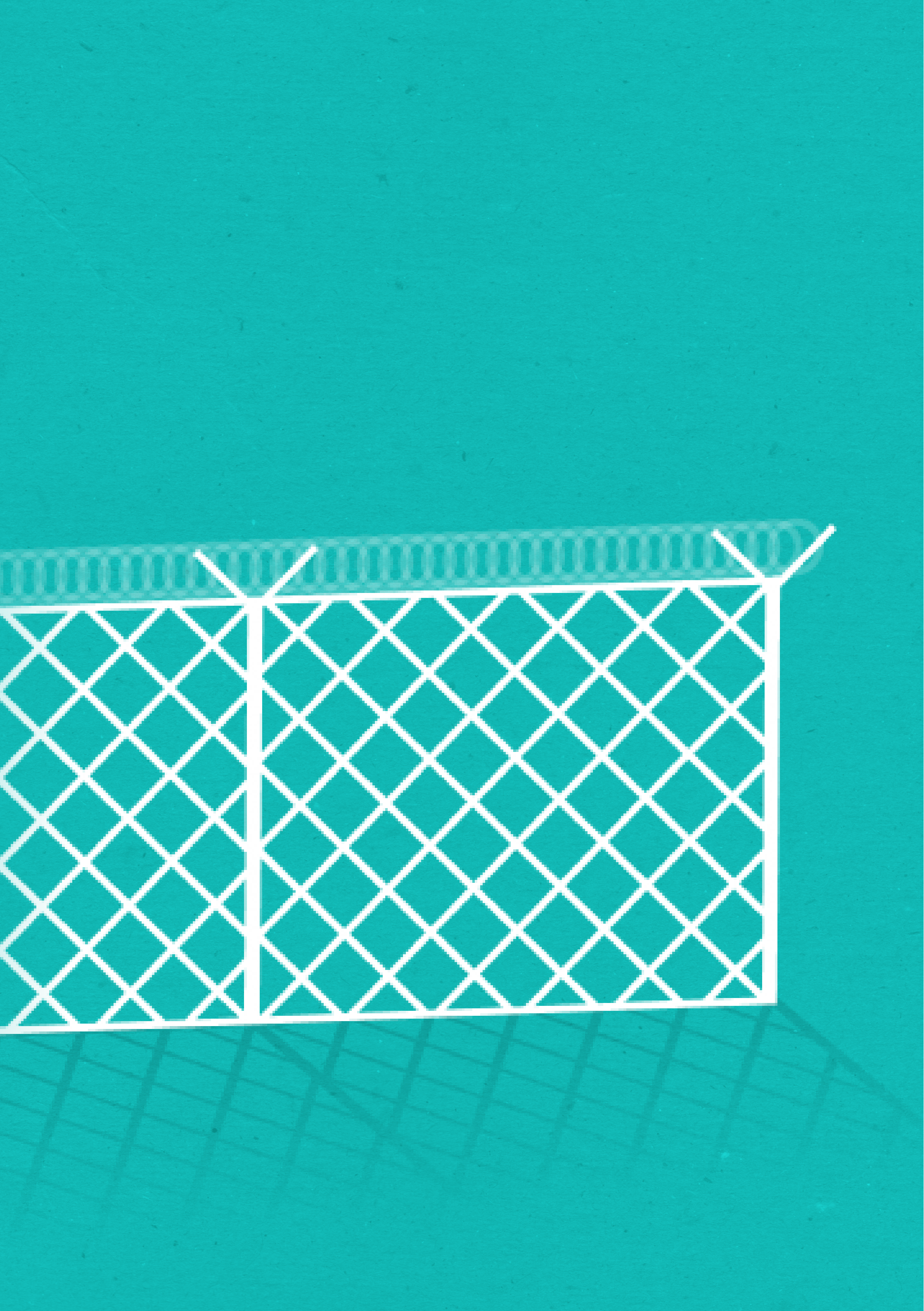
1 BBC: https://www.bbc.com/future/article/20200427-how-air-pollution-exacerbates-COVID-19#:~:text=A%202003%20study%20found%20that,with%20high%20levels%20of%20pollution.&text=%E2%80%9CFor%20every%20small%20increment%20in,%2C%E2%80%9D%20says%20Harvard's%20Aaron%20Bernstein.



PART IV: IMPLICATIONS FOR GLOBAL GOVERNANCE

Governments Must Remain Steadfast on Development Commitments to Assist Global Recovery

Kevin Rudd, former Prime Minister of Australia

Now, more than ever, we need governments to be acting as global citizens, thinking of international aid as a stepping stone to prosperity and planning for a long-term mission to strengthen international financial institutions. Hard choices for many countries - and their partners - lie ahead.

At the start of the year, I warned that the crisis we had seen in Wuhan and that was beginning to envelop the West would likely be replicated across much of the developing world with far greater and long-term consequences for us all.

Sadly, this has proven to be correct.

As of the middle of September, India is on track to soon overtake the United States as the country with the highest number of cases. Latin America has experienced the most deaths. And the World Bank has predicted the pandemic could push up to 50 million people in Asia and around 30 million in Africa into extreme poverty this year alone — the first time the rate of extreme poverty in the world has increased for more than two decades.

At the same time, the crisis has exacerbated shifts already underway, including heightened tensions between the United States and China, protectionist proclivities, and a carbon-intensive recovery also risks setting us back in the global fight against climate change. All of this makes the development agenda much harder.

The challenge for global policymakers in this crisis is to ensure that vulnerable people everywhere are protected. If we don't, we risk a more dangerous and uncertain world. And we will also make our global recovery much more difficult.

I know from my own experience just how important this is.

Even in the midst of the global financial crisis a decade ago, my government remained steadfast in our commitment to increase our level of foreign aid to 0.5 percent of gross national income. Unfortunately, that was subsequently delayed and Australia's level of foreign assistance is now less than half of this — the lowest it has ever been.

To their credit, the UK government under David Cameron did similarly, legislating in 2013 – in the midst of austerity – a commitment to the 0.7 percent target called for under the Millennium Development Goals at the time.

And even earlier, at the height of the crisis in April 2009, Gordon Brown and I worked hard to ensure that the world's largest economies all reaffirmed their commitment to achieving the MDGs as they worked through the crisis.

As the holders of the purse strings, parliamentarians have a particularly important role to play in ensuring governments don't lose sight of the development agenda as they rush to protect their own populations from the devastating health and economic fallout of this pandemic.

Thankfully, the EU and some countries like Norway have already recognised the importance of increasing their foreign aid at this time. But still, the UN Secretary-General's call for a $2 billion recovery fund has not yet been met, nor have groups like GAVI – that will be critical for vaccine deployment in developing countries – received anywhere near as much as they need to do the job.

In the case of the EU, their proposal to increase their development aid at the height of this crisis is an acknowledgment that this is both the right thing to do, but also that this additional support helps with their own economic recovery. Too often we see foreign aid as a handout, and not a stepping stone to prosperity. I've made the same point in Australia, where the country's economic recovery will be linked to broader recovery across Asia . This is because of trade and because one-sixth of all university students in Australia are from our region, with international education the third biggest contributor to the Australian economy's bottom line.

Of course, the fact that some countries have been able to increase their foreign aid at this time has also been offset by the actions of others – notably the United States – that have cut their assistance during this crisis, including to critical institutions like the World Health Organisation.

The IMF under Kristalina Georgieva's leadership has been at the forefront of cushioning this crisis' impact on the global economy and especially to the most vulnerable. This has included funneling more than $88 billion in financial assistance to countries in need.

The Fund has learnt from the experience of the global financial crisis a decade ago. But still, there are reforms that can be made to the international financial system as a whole that will help ensure we get through what will be a long road to recovery in the best shape possible. This includes ensuring that governments don't just see their increased support for the IMF as a one-off injection, but the start of what must be an effort to provide more resources over the longer term. And it is important there is at some point a realignment in the distribution of membership shares, especially to boost the role of dynamic emerging-market economies in the IMF's decision making.

At the same time, actions by the G20 and groups like the Paris Club have also been critical, allowing more than forty countries to suspend debt repayments — meaning they are not making hard choices between servicing these debts and saving lives on the ground. But the challenge for lenders will now be to consider ways to provide more systemic relief rather than simply turning the tap back on once the worst of the crisis seems to have passed, or once their own economic recoveries or domestic political interests demand it.

One area in particular that demands greater attention from the development and finance community in the wake of this crisis is the water, sanitation and hygiene sector.

This crisis has laid bare the importance of access to clean water, sanitation and hygiene. As we all know now, hand washing is one of the best frontline defences against the virus. Yet three billion people – almost half of the world's population – lack access to basic hand-washing facilities, around one-third (2.2 billion people) do not have access to safe drinking water, and almost twice as many (4.2 billion) go without safe sanitation services of any kind.

Water and sanitation has for too long slid down the political agenda globally. And for too long, governments have seen water and sanitation as a drain on national budgets rather than an investment opportunity. The biggest challenge is to persuade governments to view the sector as assets that will yield high economic and financial returns without breaking the bank. Such a shift in mindset will also lend momentum to other long-needed reforms. And it is important we use this crisis to ensure that a shift can occur. This is why the UN's Partnership on Sanitation and Water for All recently published a handbook for finance ministers which lays out the creative financing opportunities that exist to generate additional support for the sector – I commend this handbook to you all.

Whether we emerge from this crisis stronger or weaker as a global community will depend just as much on the decisions governments take for their own populations as it will on the decisions they take for the peoples of other countries around the world. Now, more than ever, we need governments to be acting as global citizens.

Building Back Better: Transforming our Global Economic Governance Institutions for Shared Societies

Danilo Türk and Cassam Uteem, World Leadership Alliance-Club de Madrid

If we are to ensure our global institutions are transformative, they must return to their founding philosophy. Social justice, inclusion and equity can no longer be guiding principles. They must be the core of our work to deliver global economic security.

We find ourselves at an unfortunate crossroads for humanity in which the strategies and models we have built through much sacrifice are proving inadequate for the challenges confronting us ever more urgently.

As the last century came to a close, we held a certain confidence that the benefits of liberal democracy were increasingly evident to all. This has proven not to be true. Those benefits, distributed less equitably over the ensuing decades, have allowed for mounting divisive and polarizing inequality and a feigned triumphalism of non-democratic models increasingly employing the tools of repression.

Given the magnitude of its health, economic, social and political consequences it is easy to overlook the reality that the global COVID-19 pandemic is just the latest of a daunting catalogue of transcendent challenges to the world we believe we know. We have begun to experience the devastating impacts of climate change ranging from climate-driven migration and food security instabilities through to water conflict to the more obviously linked weather-related disasters. Beyond these there exist a whole range of destabilizing factors, including public anxiety resulting from the globalization and digital transformation of national economies radically reducing the labor force; the erosion of traditional values; rising inequality across the globe; migration at an unprecedented scale, and overt efforts to weaken the democratic institutions and systems of checks and balances necessary for defending and promoting equity.

Faced with new challenges we are witness to the resurgence of old tricks: apprehension regarding the future makes divisive discourse, most often founded in cynical legacies of racism and repression of ethnic or religious minorities, a mobilizing tool to convert any given identity group, minority or newcomer in an easy target of frustrations. This has led to a global epidemic of polarization as a powerful driver of social division threatening democratic practice world-wide. Built around rhetoric which inspires an 'us-versus-them' mentality and fear of others, illiberal politicians have weaponized identity politics to exploit insecurities faced by citizens – the very opposite of the inclusive and participatory ideals envisioned in democratic governance so valued by Members of the World Leadership Alliance – Club de Madrid and peoples who have benefited from the freedoms and opportunities associated with liberal and open societies.

As Members of the WLA-Club de Madrid, over 110 democratic, former Heads of State and Government, we have a moral responsibility to share our leadership experience in shaping analysis and crafting dialogue which lead us to transform our current structures into more human-centered and resilient ones, capable of effectively responding to the challenges of the times.

This means big ideas that go beyond once-in-a century regeneration. We may, at present, be faced with a once-in-a-civilization moment in which our resilience and cultural continuity may very well hang in the balance.

Fortunately, we have a well-developed set of globally accepted principles and foundations from which to build forward. These include the legacy of human rights concepts that began with the presciently holistic Universal Declaration of Human Rights in 1948 and which have expanded over time to more detailed concepts, covenants and initiatives like the Human Development Index; the critical efforts of UN Women; Agenda 2030 and its Sustainable Development Goals, just to name a few. At the WLA-Club de Madrid we have worked for more than a decade to articulate a Shared Societies vision to ensure broad understanding that social inclusion is a critical success factor for democratic practice.

These concepts represent a potential underpinning for the real task of our times: reinventing democracy for the 21st century based on a new Social Compact to engage public institutions, civil society and the private sector with full social inclusion to ensure no one is left behind. This updated Social Compact must be built around respect not just for negative freedoms and individual rights but also empower positive freedoms, allowing people to exercise their capacities and achieve their potential. If liberal democracy has not been able to build equitable well-being, create social cohesion, fulfil the aspirations of diverse and newly engaged constituencies and respond to the myriad of 21st century challenges, we need to undertake its transformation.

What does this mean for the institutions of global economic governance engaged in this book? The short answer is everything.

Social justice, inclusion and equity can no longer remain just guiding principles. They have to be placed at the core of our efforts as stewards of global economic security. At the WLA-Club of Madrid we developed Guiding Principles of the Economics of Shared Societies in 2011 demonstrating the benefits of and delineating policy parameters for inclusive economies.[1] We called on the G-20 to build jobs for inclusive growth in 2013.[2] Since that time we have engaged efforts to ensure the global economic governance institutions focus on inclusion and equity and fully supported the Agenda 2030 vision for inclusive and sustainable growth.

For our global economic governance institutions this means going

1 The Economics of Shared Societies

2 Societies that Work: Jobs for Inclusive Growth

beyond building better capacity for understanding and impacting goals of social cohesion and equity to making them mission-level objectives of their economic philosophy. Though tremendous progress has made in reducing poverty globally, all too often the institutions created 70 years ago in Bretton Woods have been perceived to be supporters of the status quo and benefactors of entrenched interests. The risks of this perception, whether founded in reality or not, cannot be understated in the current context where identity and grievance narratives are manipulated, making a perception not quite an alternative fact but at least a very powerful driver of political articulation. The challenge is, therefore, to ensure that our global economic institutions become standard-bearers for broad-based economic well-being, inclusion and equity.

This is not as radical as it might first appear. Putting forth the idea of increasing the wellbeing of people in increasingly diverse and connected societies at the center of our economic goals represents a return to the core principles that inspired the original concepts of liberal economics and market economies. Adam Smith, the historical figure most identified with establishing the parameters of our current economic system was fully aware of the dangers related to inequality, including the economic distortions of concentrated wealth and warning that the true measure of a nation's wealth is not the size of its king's treasury or the holdings of an affluent few but rather the wages of the 'laboring poor'.[3]

Making our global economic governance institutions transformative in this sense, or returning them to their original philosophical purpose, if you will, is no less formidable a task than reinvigorating democracy. But the times demand such vision and verve, and the imaginable alternatives are clearly less desirable. If our global economic governance institutions cannot become clear proponents for economic transformation beyond a notion of purely financial profitability driving market economies, they risk serving a functional role in a deeply unjust world of degraded humanity exploited by inequities and the political controls required to maintain authoritarian order. Better to end up on the right side of history.

3 https://www.theatlantic.com/business/archive/2016/06/the-problem-with-inequality-according-to-adam-smith/486071/

This new history could begin with investing in economic programmes which have proven effective. Countries with a strong tradition of universal social protections, for example, have weathered this pandemic and other crises with less severe impact on their citizens, and importantly, on the vulnerable populations within their borders. We believe two particularly fruitful opportunities at present lie with reforming and creating an international tax regime that ensure corporations contribute to social development and offering debt relief tied to specific social development programming outcomes, as opposed to a windfall for borrowing states. We are buoyed by the work of young economists like Heather Bousher[1] and Dambisa Moyo[2] and initiatives like the Wellbeing Economy Alliance,[3] all challenging us to rethink our economic assumptions and strategies. Is it that difficult to imagine a World Bank and International Monetary Fund fully vested in fulfilling SDG 8 which proposes inclusive growth and full employment?

We offer these recommendations and citations not as economists, and we defer the strategy and implementation to those who have spent their lives studying and mastering its principles. We are, rather, democratic political leaders who have seen and hopefully demonstrated the benefits of putting people first and working to build coalitions that respect difference and cooperate in solving common problems peacefully. Our leadership experience has taught us that this is the way forward, and there has been no time in living memory where this is more imperative than the present.

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1 https://www.nytimes.com/2020/08/28/business/heather-boushey-biden-economic-inequality.html

2 https://www.nytimes.com/2020/07/31/opinion/coronavirus-economy.html

3 https://wellbeingeconomy.org/tag/wego

Renewed Cooperation is the Key

Yunus Carrim MP, South African Parliament

Multilateral institutions – the UN, WTO, WHO, World Bank, IMF, ILO and others – have to be far more effective in forging at least minimal global consensus to reduce protectionism and encourage international trade; ensure that any COVID-19 vaccine is distributed fairly across the globe; strengthen health systems; decisively tackle the climate crisis; and ensure that the leaps in digital technologies and the 4IR reduce the digital divides.

As ever, it's the poor that are suffering the most in the COVID-19 pandemic. As if we needed any reminding at all, what COVID-19 has brought starkly to the fore is the huge inequalities between rich and poor countries and between the rich and poor within all countries. And if COVID-19 doesn't shake us out of our complacency and failure to act decisively on these grotesque inequalities, what will?

If COVID-19 is hitting the poor the most, it's swiping all of us, rich and poor. And more than ever, the rich should know they can't survive, let alone prosper, sustainably and safely unless our debilitating inequalities are significantly reduced. The speed and sweep of the COVID pandemic across the globe, reaching rich countries from poor and vice-versa, and the threat of more and more severe global pandemics, and the global climate crisis that creates the conditions for this make it startling clear – that wherever we are, if some in the globe are struck by a debilitating virus or climate disaster we are all of us, somehow or the other, sooner or later, adversely affected. And, over time, the cumulative effects are sure to hit us hard, wherever we are. No barrier is going to protect any of us against that.

We're in the same global boat. And we have no choice – ultimately, we can swim to a better life or we can just sink together.

If COVID-19 points us to the need for global cooperation, it has also served to impel us in the opposite direction: to accelerate the tendency that emerged before it towards national insularity, trade protectionism, the undermining of multilateral institutions, the refusal to cooperate on climate change, and other forms of the fractionalisation and factionalisation of the global community. And if COVID-19 has considerably advanced the use of digital technologies in our work, private lives and much else and is accelerating the Fourth Industrial Revolution (4IR) with all its potential for human advances, it could also leave the poor and marginalised even further behind and could considerably widen the gulf between the haves and have-nots.

We're at a major cusp in world history. And we need to take the right steps for all our sakes.

And let's be clear. We brought COVID-19 upon ourselves. We refused to heed the many warning signs. Now it's here to stay possibly for quite some time. And the signs are that there are likely to be more and more devastating pandemics.

Unless we work much more effectively together within and between countries, we are not going to make sustainable progress. As challenging as it is, we need in all countries for governments, parliaments, business, labour, scientists and other experts, and other sectors of civil society to work together within a consensual framework - without giving up our respective identities and roles - to tackle the pandemic effectively, grow our economies and create jobs. We need a new social compact for these new times.

And at a global level – despite the almost impossible challenges in this – to work together to ensure we boost global job-creating economic growth which also, over time, significantly reduces inequalities within and between countries.

Just what other way forward is there?

This means that the multilateral institutions – the UN, WTO, WHO, World Bank, IMF, ILO and others – have to be far more effective in seeking to forge at least minimal global consensus and, more importantly, action to reduce protectionism and encourage international trade; ensure that any COVID-19 vaccine is distributed fairly across the globe; strengthen health systems; decisively tackle the climate crisis; and ensure that the leaps in digital technologies and the 4IR reduce the digital divides. All this and more has to be done – but not, please, to take us back to the pre-COVID past, but towards a more just and equitable world order in which the poor and marginalised in the developing world and elsewhere benefit significantly more, inequalities are significantly reduced, and the multilateral institutions are transformed to be more representative of the global community, with the greater inclusion of developing countries.

In May, the World Bank President, David Malpass said: "The scope and speed with which the COVID 19 pandemic and economic shutdowns have devastated the poor around the world are unprecedented in modern times" and that "current estimates show that 60 million people could be pushed into extreme poverty in 2020" and that this is likely to increase.

According to the UN, the largest concentration of the "new poor" is likely to be in the Sub-Saharan Africa and South Asia. Women and female-headed households are affected the most. Job losses are significantly in labour intensive service sectors which are mainly in the developing world. Workers with disabilities are also disproportionately losing their jobs because of COVID-19 job losses, a Global Disability Inclusion Survey has found.

A World Bank Vice President, Ceyla Pazarbasioglu said: "When the (COVID19) pandemic struck, many emerging and developing economies were already vulnerable due to record-high debt levels and much weaker growth. Combined with structural bottlenecks, this will amplify the long-term damage of deep recessions associated with the pandemic."

On Africa Day – 25 May - our President and the current AU Chairperson, Cyril Ramaphosa said: "We call on developed countries, multilateral institutions and the donor community to provide vulnerable countries across the world, especially in our continent, with the necessary support in the form (of) diagnostic and therapeutic medical supplies as well as necessary financial support to sustain the livelihoods of vulnerable people. We repeat our call for a comprehensive, robust economic stimulus package for Africa that includes debt relief and other support measures for the continent's immediate humanitarian needs and necessary economic recovery."

But calls for international support and debt relief have also to be accompanied by politicians and other elites in Africa and elsewhere in the developing world ensuring that we are more responsive to the needs of the poor in our countries; use our internal resources more productively; drastically reduce corruption; fully democratise; provide maximum space for ordinary people to have a greater say in their lives; and do much else, on our own, through our own potential, to improve the well-being of our societies and not always rely on external support to rescue us (though COVID-19 has made this support indispensable for now).

COVID-19 has certainly drastically reduced the prospects of achieving the SDGs. Yet COVID-19 has made universal access to healthcare and social protection more necessary than ever. The ILO in its "Social protection responses to the COVID19 pandemic in developing countries" said that "COVID19 has served as a wake-up call in alerting the global community to the urgency of accelerating progress in building social protection systems." And "policy makers in developing countries should seek to design emergency crisis responses with a longer-term perspective in mind to strengthen social protection systems and decent work, including by supporting transition from the informal to the formal economy."

Tackling COVID-19 cannot be separated from the need to decisively address the climate crisis. Humanity's relationship with the natural world has been destabilised, and COVID-19 is not just the latest zoonotic disease, but a forewarning of an even greater threat facing humanity – that of irreversible climate change that could make large parts of the planet uninhabitable. Climate scientists suggest that we may have as little as a decade to avert a catastrophe rendering much of the planet uninhabitable. Again, it will be the developing world and the poor in particular who will suffer the biggest consequences.

Of course, climate change will hit us all, even in the developed world, but there too it's the poor who will suffer unfairly. Just one example. The impact of air pollution disproportionately affects the poor as they reside more in areas that are heavily exposed to air pollution. A recent study in the US found that a small increase in long-term exposure to fine particulate matter (PM2.5) leads to a large increase in the COVID-19 death rate, and suggests that had climate change interventions been in place, people in areas with pollution problems would have a higher chance of recovering from COVID-19. If climate change action is not prioritised it will be more difficult to cope with the lasting impacts of COVID-19.

COVID-19 has posed other challenges for dealing with climate change. There has, for example, been a significant spike in the use of plastic and other hazardous waste because of the drastic increase in the use of gloves, hand sanitisers, masks and disposable shopping bags. We need to act on this front.

Clearly, we need to build greater resilience to fight pandemics as well as prepare for future health and climate change emergencies. There has also been an increasing call for a "Global Green New Deal". Public investment to enable a better defence against future emergencies should be the basis of a domestic "new deal". But there needs to be even a minimum measure of global consensus on a "new deal" if we are to succeed. Surely COVID-19 should give a new impetus to international negotiations to reach agreements on tackling climate change far more effectively?

To ensure global economic recovery from COVID-19 there also needs to be greater global cooperation on the digital technology revolution. It's unacceptable that about half the world's population has no access to the internet. Despite huge advances in artificial intelligence, robotics, the Internet of Things, the use of Big Data and other technologies of the 4IR, the world is floundering as the COVID-19 onslaught sweeps us over. Why could all these phenomenal advances in technology not help us to better anticipate the COVID-19 Horror and respond to it more effectively? Is it because these technologies have served primarily the narrow material interests of elites and not adequately enough the interests of humanity generally?

In introducing "The Road Map for Digital Cooperation" in June, the UN General Secretary, António Guterres, warned that the "danger of digital fragmentation is increasing, exacerbated by geopolitical divides, technological competition and polarization."

He said that COVID-19 has shown that digital technology "is central to almost every aspect of the response to the pandemic, from vaccine research to online learning models, e-commerce and tools that are enabling hundreds of millions of people to work and study from home."

He emphasised that "the digital divide is now a matter of life and death for people who are unable to access essential health care information. It is threatening to become the new face of inequality, reinforcing the social and economic disadvantages suffered by women and girls, people with disabilities and minorities of all kinds."

And he stressed: "The Internet is a powerful and essential global public good that requires the highest possible level of international cooperation….We urgently need global vision and leadership for our digitally interdependent world."

To ensure a sustainable economic and other recovery from COVID-19 global digital cooperation is vital.

Parliaments also have a crucial role to play in our recovery from the COVID-19 onslaught. And the Parliamentary Network on the World Bank and the IMF (PN) could do more. The seminars it has organised and the bulletins it has produced on tackling the COVID-19 crisis have been very helpful. But, with all our limitations, can we not do more?

Even before COVID, in the PN Board discussion paper on strengthening the PN it was noted: "With changes in the global political and economic terrain, and persistent global inequality, the PN needs to play an increasingly more important role… We should retain the PN as a network of individual MPs, but seek to be more activist in orientation without becoming an activist representative organization of individual MPs or parliaments".

It was noted that: "We also need to strengthen our relationship with civil society organizations as part of our approach to being more effective in our role of empowering MPs to exercise more effective oversight of WB and IMF projects. We could also partner with certain NGOs on specific projects or programmes and build greater trust between the PN and NGOs."

The paper also observed that the organization is "called, correctly, the Parliamentary Network on the World Bank and IMF. It is not the Parliamentary Network of the World Bank and IMF. The PN is meant to empower MPs to hold the World Bank and IMF to account."

The discussion paper observed too that "the stronger the PN is, the more seriously is it likely to be taken by the WB and IMF, and other multi-lateral institutions, as well as other global parliamentary organisations, civil society and other relevant stakeholders."

The paper emphasized the need to build strong PN Chapters to ensure the organisation is more effective and to strengthen democracy within the PN and encourage a more active membership.

COVID-19 and the lockdown restrictions in particular have made the implementation of some of these proposals more difficult, but others easier to implement through digital technologies. Anyway, we need to do what is do-able and we certainly need to be more active.

Not just the PN, but all of us, in whatever sphere we are, wherever we are in the world.

COVID-19 has hit us all like nothing else. The message is simple and stark: cooperate for a better world or suffer the consequences! Let's take heed. And, more important, act decisively.

Covid has hit the world hard. But it's not the only challenge ahead. Over the decade to come, countries everywhere have to secure the recovery - and then navigate the rise in temperature, new technology and trade wars.

Each of these seismic changes has the potential to destroy jobs and livelihoods and multiply inequalities.

So: how do we deliver 'just transitions' for the people we serve? How do we deliver a just, green recovery after Covid?

This new book from thinkers, policy-makers and politicians around the world seeks to throw some light on the road ahead, and begin to draw out some of the solutions that every nation will need.