

GLOBAL AND REGIONAL ORDER

BUILDING BACK BETTER

A Call for Courage

Yvonne Bartmann and Salome Lienert
October 2020



The pandemic has brought to light the invisible, the neglected, and the ignored, all of whom must remain visible in order to make the world a better place.



The texts in this publication shed light on the fragility of the global system. They discuss the effects of the pandemic on vulnerable groups, as well as on their enjoyment of human rights, and social and economic protection.



This pandemic is not the last crisis our world looks set to run into. To Build Back Better, we need to focus on prevention rather than response.

Contents

BUILDING BACK BETTER: A CALL FOR COURAGE	2
›BUILDING BACK BETTER‹ REQUIRES THE COURAGE TO RECOGNISE THE VALUE OF PUBLIC SECTOR WORK <i>Daniel Bertossa</i>	4
COMBATING POVERTY IN A WORLD WITH LIMITED RESOURCES <i>Olivier De Schutter</i>	8
BUILDING BACK BETTER IN AN INCREASINGLY DIGITAL WORLD <i>Torbjörn Fredriksson</i>	14
HUMAN RIGHTS PROMOTING PROCUREMENT – A CONCRETE MEANS TO BUILD BACK BETTER <i>Todd Howland and Juan Pablo Salinas</i>	17
GOVERNANCE OF INTERNATIONAL TRADE AND COVID-19: ANOTHER CHALLENGE OR AN OPPORTUNITY? <i>Rashid S. Kaukab</i>	20
FROM SHOCK, TO RESCUE, AND RECOVERY: USING EFFICIENT AND TRANSPARENT TRADE TO MOVE FORWARD <i>Gabrielle Marceau</i>	23
COURSE CORRECTION: SHIFTING THE ROLE OF THE STATE VIS-À-VIS MARKETS AND CORPORATIONS <i>Kinda Mohamadieh</i>	28
EXPLORING STRUCTURAL BARRIERS TO JUSTICE AND SUSTAINABILITY IN ECONOMIC SYSTEMS: THE EXAMPLE OF TRADE AND WTO TRANSFORMATION <i>Joachim Monkelbaan</i>	32
EFFECTS OF THE COVID-19 CRISIS ON INFORMAL WORKERS <i>Karin Pape</i>	37
REALISING RIGHTS: A RECIPE TO PROTECT PEOPLE AND PLANET <i>Benjamin Schachter</i>	41
WOMEN AND GIRLS SHOULD NOT FOOT THE BILL OF THE PANDEMIC: FIGHTING TAX AVOIDANCE TO PREVENT DEVASTATING FISCAL AUSTERITY MEASURES <i>Magdalena Sepúlveda</i>	43
BUILDING BACK BETTER IN AFRICA: THE ROLE OF TRADE <i>Lily Sommer</i>	47
BUILDING BACK BETTER: FACTORING IN MIGRANT WORKERS <i>Manuela Tomei</i>	52
CONCLUSION	55
Abbreviations.....	56

BUILDING BACK BETTER: A CALL FOR COURAGE

Prosperity and a dignified life for all humans around the globe has never been easy to achieve. Five years after the global community agreed to »leave no one behind« in trying to achieve sustainable development for all, a pandemic hit the world. Before COVID-19, the world had been more interconnected and interdependent than ever before, yet we were far from reaching a just and equal world. With the pandemic came national lockdowns, border closures, and rupture of supply chains, which put a sudden stop to the globalised engine of our daily lives. The world as we know it ground to a halt, and only slowly is it starting to turn again. We are at a point in time when we can shape the future. To change the world requires courage. We are calling for exactly that – the courage to use this global crisis to enact fundamental reforms that will improve life for every person on this planet.

The COVID-19 pandemic has shown the fragility of the global system, highlighted inequalities, and left the most vulnerable groups exposed. It has shown solidarity on global, regional, and local levels both working and failing. It has affected the enjoyment of human rights, social and economic protection, as well as global trade. There is a real risk that the progress made over the last few decades will be permanently undone, but it might also offer the opportunity to improve past developments, in which »business as usual« hindered necessary structural reforms. The immediate aftermath of a crisis brings hunger for change and the hope of renewal. It is unfortunately not unusual, however, that after the initial shock and the calls for reform, the world slips back into the old routines. The appetite for reform is suppressed by the yearning for the comforting certainty of the familiar. The challenge before us now is to ensure that 2020 is the year when the call for structural reforms is taken seriously, that words are followed by action. Governments will need the courage to accept that some decisions in the past might have been wrong or insufficient, and they need the courage to make the necessary changes.

The holistic approach of »Building Back Better«, which first emerged some years ago in discussions on disaster recovery, has become the concept that has most resonated in terms of post COVID-19 reconstruction. The proposals that are being developed and discussed by decision-makers,

policy advisors, and civil society at international level speak of sustainable reconstruction, global cooperation, and collaboration. Building Back Better is a call of hope. The world is still struggling to come to terms with the pandemic that has affected every corner of this Earth. To reconstruct and to build back a society requires resources and strength. But to Build Back Better requires yet another ingredient: courage. It demands the courage to go beyond what is familiar and what we already know, and to rebuild new structures. Forging change requires valour and political will. And if the COVID-19 pandemic has taught us one thing, it is that we cannot ignore the need for change.

The pandemic has shed light on the weaknesses of the world's social and economic systems. It has become obvious that changes are needed to avoid similar struggles and further collapses of social and financial systems when the next global crisis inevitably comes along. Reforms to international policies, whether in the field of human rights, social, trade or finance have been being discussed since long before COVID-19 shattered the normal course of the world, but we now need to ask what effect the pandemic has had on those processes and whether they should be rekindled and further stoked, or whether they have become obsolete. Perhaps there are new ways that have emerged from the crises, pointing toward a better reform process to create a more equal and better world for all. How can we go about achieving the structural changes needed? While the discussion of reform proposals in the pre COVID-19 world generally took place in well-established policy cycles, a much more interlinked, cross cutting approach is needed in order to tackle the challenges of today's world.

FES Geneva has been working with experts from different policy areas, namely in the fields of human rights, and social and trade policy, who have been committed to creating a more equal and more sustainable world for many years. The authors of the following 13 think pieces are from diverse backgrounds working for international organisations, non-governmental organisations, and trade unions. They were asked to be courageous, innovative, and think outside boxes and boundaries. As such, all contributions are written in the authors' personal capacity. They are expressing their own views, not those of their organisation or of FES Geneva. The aim of this publication is to compile

expertise from these interlinked policy areas to contribute to the discussion on how to create a better future for all. It cannot offer the ultimate recipe for global prosperity and equality in the post COVID-19 world. While the hope is that it stimulates the appetite for discussion and reflection on how to be courageous, the publication also delineates concrete and possible avenues in different policy areas towards a world of prosperity and equality for all. Every think piece contains a number of policy recommendations by the author. These recommendations are possible ingredients for a future in which »Building Back Better« is a success and not another failed attempt.

›BUILDING BACK BETTER‹ REQUIRES THE COURAGE TO RECOGNISE THE VALUE OF PUBLIC SECTOR WORK

Daniel Bertossa

The COVID-19 pandemic has brutally exposed the weaknesses in our current model of globalisation and neoliberal economics. In countries across the world, people have been left asking: how could we have been so exposed and unprepared?

How is it possible that after years of booming stock markets and technological advances, even many wealthy countries have struggled to keep their older members of society safe, their economies running and their health services from collapsing? And if these are the countries whose example is to be emulated, what does it say about the development policies they have promoted for decades?

THE DELIBERATE UNDERMINING OF THE PUBLIC SECTOR

The root cause of too many of these problems is the slow, but deliberate hollowing out of public services, made possible by a destructive narrative which has sought to undermine the value of our public sector.

The influential US conservative strategist Grover Norquist said in an interview with US National Public Radio (NPR) in 2001 »I don't want to abolish government. I simply want to reduce it to the size where I can drag it into the bathroom and drown it in the bathtub.« This choice of words expressed a disturbing contempt for our public sector. But perhaps more importantly, it implicitly acknowledged the tactics required to convince people to give up one of their most valuable assets – cut it down so it is no longer universal, accessible, or of high quality – then quietly kill it.

Norquist was specifically arguing that conservatives should tempt people with lower taxes and then use rising government debt to force through cuts to government spending. Reaganite and Thatcherite leaders across the world have used strategies such as privatisation, arguing that the private sector was more efficient. Many centrist governments – typified by Blair's Third Way – have argued that public services can be more effectively delivered by introducing private sector practice and outsourcing.

What unites all these approaches is fundamental undervaluing of public services. The implication of the promise of mar-

ket reform is that quality public services are not worth paying for and, instead of investing in them, we should reform, outsource and marketize them. These approaches avoid the political task of valuing public sector work and the practical task of building quality public services. They abdicate this responsibility with the false promise that the private sector will provide more value and better services, run more efficiently and for the same cost – or less!

COVID-19 LAYS BARE THE FALSE PROMISES OF THE MARKET

These lies have now been brutally exposed. In the UK the privatised supply chain that provides personal protective equipment (PPE) to the NHS has been implicated in the unnecessary deaths of many health workers (Hall et al. 2020). Run by a complicated web of more than 11 outsourced procurement contracts, it was brought in to deliver efficiency savings. Only now can we see the true cost. Meanwhile the global outsourcing giants SERCO and Sitel have been awarded contracts worth 730 million pounds to implement the UK government's track and trace system. After receiving 170 million pounds for the first three months of the programme, they had failed to reach nearly half of people potentially exposed to COVID-19 (Halliday 2020).

The largest outbreak in Australia has been linked to private security firms who had been awarded outsourced quarantine-related contracts, and who reportedly engaged »self employed« workers at below minimum wage rates and with little training (Schneiders 2020). The failure of private provision in the long-term care sector has been no less dramatic. In Eastern Ontario, the epicentre of Canada's long-term care deaths, 82 per cent of deaths occurred in for-profit facilities, even though they have fewer overall beds (Ireton 2020).

Private nursing homes were also at the epicentre of the COVID-19 outbreak in Melbourne, with 100 per cent of COVID-19 related old-age care deaths in privately run facilities as of late July (Boddy and Burton 2020). The Australian Financial Review noted that this equated to 45 per cent of all deaths in the state and that the »180 publicly run care centres have had only a small number of infections.«

Yet the Centre for International Corporate Tax Accountability and Research (CICTAR) reports that the six largest private old age care providers alone in Australia receive 2.2 billion dollars in government subsidies, make 210 million dollars' profit, and pay out hundreds of millions in repayments to investors, executive compensation and dividends to shareholders (CICTAR 2018). The privatisation argument is so pervasive that even the large not-for-profit care groups have structured themselves to mimic privatised practices (CICTAR 2020).

Hospitals we thought were public are riddled with weakness due to incoherent and unaccountable private providers. When the building, maintenance, finance, parking, diagnostics, cleaning, catering, and security is all privatised, a hospital's ability to respond to patient needs in a COVID-19 context is significantly compromised. When large numbers of nurses are employed via private agencies and many doctors have private practices, there is little public left in many so-called public hospitals – except the opportunity to blame the public sector for private sector failures.

COVID-19 has shown that coordinating these services and holding them to account for failure via legal avenues creates inefficiencies and inflexibilities. The cost, time and energy required to change service contracts to meet unexpected needs restricts public services from acting freely and quickly compared to direct public provision.

UNIVERSAL »TRUTHS« ARE DEEPLY ROOTED

Despite the lessons of COVID-19, these myths remain deeply-rooted in many of the assumptions we take as read. The undervaluing of public services required to reach this point has of necessity been both insidious and pervasive.

Mariana Mazzucato, Professor of Economics at University College London (UCL), points out that we rarely hear about the successes of the public sector. Despite public perception, many of the extraordinary recent innovations, such as advanced medicines and the technology behind smartphones, owe more to government spending, research, and development than private sector ingenuity. Meanwhile, the relatively few public sector failures are relentlessly promoted as a sign that government cannot provide solutions. If this same standard were applied to start-ups, which have a notoriously high failure rate, private business as a whole would be deemed an unmitigated failure.

Many of these biases can be attributed to the media, but not all. Other institutions have internalised them and lend a veneer of objectivity to these ideological preferences. In 2019, just prior to the COVID-19 outbreak, the Global Health Security Index (GHS Index) was published by the Johns Hopkins University (JHU) and The Economist Intelligence Unit (EIU) (see GHS n.d.). It rated countries' preparedness for epidemics. According to the GHS index, the USA and the UK were the best prepared countries in the world. By contrast, countries given mediocre ratings have performed very well in han-

dling COVID-19. New Zealand and Greece are only ranked 35th and 37th in the league table, Vietnam and China are down at 50 and 51, Costa Rica at 62, Cuba at 110, and Mauritius at 114.

An analysis of the index by the UN Sustainable Development Solutions Network suggests it has been designed to fit the desired result. In the healthcare category, for example, the good, universal, German healthcare system is surprisingly rated much worse than the notoriously poor USA system, as a result of arbitrarily scoring Germany zero for »communications« and USA a perfect 100 (Lafortune 2020). The GHS index is not alone in presenting pre-determined assumptions as objective and measurable fact.

NOW IS THE TIME TO VALUE AND BUILD QUALITY PUBLIC SERVICES

Unfortunately, neither detailed analysis nor applause will automatically translate into enduring recognition of the value of public services. Once the public clapping in celebration of the COVID-19 frontline workers stops, what will remain? The great survival strategy of modern capitalism, as seen in the aftermath of the most recent financial crisis in 2008, is its ability to incorporate the language of dissent during crises, but protect its foundations to ensure real change never happens.

The good news is that recognising the value of our public services is not just possible – it is wildly popular. When the public is given a true say over their services, the results are overwhelming. 83 per cent voted in favour of taking Berlin's energy services back into public hands. 98 per cent voted to stop the privatisation of Thessaloniki's water supply. Since 2000, more than 2,400 cities in 58 countries have brought services back under public control (TNI 2020).

The experiences of COVID-19 mean most people understand that the recovery cannot mean simply going back to how things were before. Now is the time to harness this understanding in order to build a new popular narrative, with the value of public services at its core. A narrative that has the courage to assert the vital role public services play in keeping us safe, realising human rights and achieving real development.

RECOGNISING PUBLIC SECTOR VALUE REQUIRES US TO RECOGNISE PUBLIC SECTOR WORKERS' VALUE

If we are to recognise the value of the public sector, we must acknowledge that that cannot be done without recognising the value of public sector workers. At the most basic level it means paying decent wages – wages that allow public sector workers to live with dignity and respect, and to focus on service to the public. Each day hundreds of thousands of public sector workers, such as Nigerian local government workers (PSI 2017) and Liberian health workers (Gusenga Tembo 2019) go to work without having been paid for months.

Precarious work is now also widespread in the provision of public services. Some of the worst outbreaks of COVID-19 have been tracked to staff who have continued to work in precarious employment because they could not afford to stop working. Many spread the virus to multiple workplaces because one job was not enough to survive. From municipal workers in South Africa to higher education staff in the USA and waste workers all over the world, public sector workers in many sectors are now amongst some of the most precariously employed – and we all suffer for it. Workers' safety should never be sacrificed to cost cutting. Putting their lives at risk because of »savings« from outsourcing the provision of PPE is foolish and immoral, and is only conceivable if there is a widely-held belief that these workers are not of value.

The undervaluing of much public sector work is also deeply gendered. Women make up the majority of the public sector workforce in most countries and are often over-represented in precarious work. Women continue to be partitioned into the lower paid segments of the workforce in settings such as health, education, childcare, and old-age care, while men dominate in management roles. The historical association of care work with women's unpaid domestic work continues to reinforce the idea that this work is of little value, and too often leads to women facing precarious work, demands to work for free, and the denial of formal employment rights. Austerity programmes often rely on women stepping in to provide care and public services when the state fails in its responsibilities.

Across South Asia, there are at least 1.2 million women working as community health workers (CHW) delivering public primary health services. They are now at the frontline of the fight against the COVID-19 pandemic, delivering community education, helping to identify infections, supporting tracing strategies, and ensuring isolation procedures are complied with. They are likely to be the primary means of vaccine delivery in rural and remote communities. With the exception of Pakistan, these women are not recognised as public health workers and are instead treated as volunteers paid as little as two US dollars per week.

In Pakistan, CHWs provide these services to almost 60 per cent of the population. Despite this, the workforce was not paid, faced long hours, had no clear job description, lacked safety measures, and had no legal rights as public sector workers. These issues were only addressed in 2017 after they unionised (Mir 2019). Whilst this was perhaps one of the most blatant examples, gendered notions of care work undermine the perceived value of public health and care, and contribute to the low pay and poor conditions of nurses and other health workers across the globe.

It should come as no surprise that it is difficult to attract and retain staff when they are undervalued. The UN High Level Commission on Health Employment and Economic Growth (COMHEEG) estimates the world will face a shortage of 18 million health workers by 2030 (WHO n.d.). Post COVID-19, this is probably a major underestimate. The sector will not

be able to attract these staff unless they show that they value the work, by investing in training, protective equipment, secure employment, and decent wages and conditions.

COVID-19 HAS SHOWN THAT YOU CANNOT PUT A PRICE ON VALUE

Recognising value is not about money. You cannot pay firefighters, emergency service workers or nurses in Ebola affected countries enough to take the professional risks they do. They do it because they are committed to the values of public service. They are proud to provide quality care and to keep the community safe. Equating their value to a market exchange by outsourcing or privatising, or telling them they are inefficient or a burden on taxpayers, destroys the culture and the commitment needed to do the work.

On top of recognising the value our frontline workers, we must develop the public sector's capacity to create bold and effective policies, independently and in the public interest. COVID-19 is revealing the tragic consequences of cuts to the public administration that designs these policies. Policy failures in countries like Brazil and the USA have caused hundreds of thousands of deaths and are directly attributable to government and business undervaluing the advice of public servants and undermining their ability to give it. From the climate, to employment, to pandemic response, poor policy kills.

The workers who create these policies are far from unproductive back office bureaucrats. Cutting their jobs has created a reliance on private consultants and industry groups to provide policy solutions. Not surprisingly this advice supports their interests. Until we value good quality, independent policy advice provided in the public interest, our efforts to deal with climate change, pandemics and inequality will fail. We must have the courage to demand public sector investment in skilled, independent policy-making capacity.

Public sector workers need to be guaranteed their fundamental trade union rights in order to ensure that they are free to provide frank and independent advice, and are not at risk if they speak out. Yet public sector workers around the world are routinely denied their human and trade unions rights by legislation that robs them of the ability to form unions and bargain collectively. From Japan's firefighters and prison guards (PSI 2018), to Liberia's health workers, and South Asian Community Health workers, governments deny basic rights to public sector workers.

And nothing typifies how public sector work is undervalued more than the way public sector workers are spoken about. If we continue to describe public sector workers as wasteful, faceless bureaucrats, Bolsanaro, Trump, Johnson and those of their ilk will continue to get away with their dangerous dismissal of public sector expert advice. The cuts, privatisations, and outsourcing will only continue. And when the next crisis comes, we will be even less prepared than we were this time.

If we are to Build Back Better, we must start by valuing public services and the workers who provide them. When the applause stops, we must have the courage to go so much further.

There is hope. The public has recognised the conditions frontline workers have had to endure – their applause reflects a growing wave of support. Now is the time to boldly reassert the value the public sector brings to our lives. Now is the time to advocate, publicly and privately, to recognise the value of quality, universal public services that are available for all.

RECOMMENDATIONS

If we are to avoid future COVID-19 tragedies, we must:

- Boldly advocate to revalue the public sector and public sector work and build a new positive narrative about quality public services.
- Value care work in our society and economy and reward it accordingly.
- End privatisation and outsourcing of public services.
- Not allow tragic private sector failures to be minimised or forgotten.
- Provide resources for independent, quality public sector policy making capacity.
- Support public sector workers by ensuring they all have trade union rights, job security, and whistle blower protections.

REFERENCES

- Bodday, Natasha / Burton, Tom** (2020): Private nursing homes become the centre of Victorian COVID outbreak, in: *Financial Review* (27.7.2020); available at: <https://www.afr.com/politics/federal/private-nursing-homes-become-the-centre-of-victorian-covid-outbreak-20200727-p55fte>
- Centre for International Corporate Tax Accountability and Research (CICTAR)**
- (2018): *Who Cares for What? Australia's Largest for-Profit Nursing Home Chains*; available at: <http://cictar.org/australias-largest-for-profit-nursing-home-chains/>
 - (2020): *Caring for Growth. Australia's Largest Non-Profit Aged Care Operators*; available at: <http://cictar.org/australias-largest-for-profit-nursing-home-chains/>
- Global Health Security Index (GHS)** (n. d.): 2019 *Global Health Security Index*; available at: <https://www.ghsindex.org/> (last accessed on 27.8.2020)
- Gusenga-Tembo, Ange** (2019): Solidarity with public health workers in Liberia, in: *Public Services International (PSI)* (2.10.2020); available at: <https://publicservices.international/resources/news/solidarity-with-public-health-workers-in-liberia?id=10284&lang=en&search=%7B%7D>
- Hall, David et al.** (2020): *Privatised and Unprepared – the NHS Supply Chain*; available at: <https://weownit.org.uk/sites/default/files/attachments/Privatised%20and%20Unprepared%20-%20The%20NHS%20Supply%20Chain%20Final.pdf>
- Halliday, Josh** (2020): Outsourced firms miss 46 % of Covid contacts in England's worst-hit areas, in: *The Guardian* (21.9.2020); available at: <https://www.theguardian.com/world/2020/aug/21/outsourced-firms-miss-46-of-covid-test-contacts-in-englands-worst-hit-areas>
- Ireton, Julie** (2020): COVID-19: Majority of region's long-term care deaths occurred in for-profit homes, in: *CBC News* (10.6.2020); available at: <https://www.cbc.ca/news/canada/ottawa/for-profit-nursing-homes-83-percent-of-covid-deaths-eastern-ontario-1.5604880>
- Lafortune, Guillaume** (2020): How much do we know about countries preparedness to respond to pandemics? Insights from two country-level indices, from *Sustainable Development Solutions Network (SDSN)* (20.4.2020); available at: <https://irp-cdn.multiscreensite.com/6f2c9f577/files/uploaded/How%20much%20do%20we%20know%20about%20countries%20preparedness%20to%20face%20pandemics%20-%20Guillaume%20Lafortune%20-%20SDSN.pdf>
- Mir, Zulfiqar Ali** (2019): Community Health Workers in Pakistan – a struggle for union registration, from *Public Services International (PSI)* (2.4.2019); available at: <https://publicservices.international/resources/news/community-health-workers-in-pakistan--a-struggle-for-union-registration?id=9930&lang=en>
- National Public Radio (NPR)** (2001): Conservative Advocate, on: *Morning Edition* (25.5.2001); available at: <https://www.npr.org/templates/story/story.php?storyId=1123439&t=1600075034943&t=1600155941577>
- Public Services International (PSI)**
- (2017): PSI supports NULGE in fight for Nigerian Local Government autonomy, from *Public Services International (PSI)* (4.5.2017); available at: <http://www.world-psi.org/en/psi-supports-nulge-fight-nigerian-local-government-autonomy>
 - (2018): PSI and Jichiro speak at Japan CAS hearing @ ILC 2018 (5.6.2018); available at: <http://www.world-psi.org/en/psi-and-jichiro-speak-japan-cas-hearing-ilc-2018>
- Schneiders, Ben** (2020): How hotel quarantine let COVID-19 out of the bag in Victoria, in: *The Age* (3.7.2020); available at: <https://www.theage.com.au/national/victoria/how-hotel-quarantine-let-covid-19-out-of-the-bag-in-victoria-20200703-p558og.html>
- Transnational Institute (TNI)** (2020): *The Future is Public. Towards Democratic Ownership of Public Services* (12.5.2020); available at: <https://www.tni.org/en/futureispublic>
- World Health Organization (WHO)** (n.d.): *Health Workforce: High-Level Commission on Health Employment and Economic Growth*; available at: <https://www.who.int/hrh/com-heeg/en/>

COMBATING POVERTY IN A WORLD WITH LIMITED RESOURCES

Olivier De Schutter

The COVID-19 pandemic has caused the worst economic downturn since the Great Depression. At the time of writing, the latest International Monetary Fund (IMF) projections predict a –4.9 per cent global GDP contraction in 2020, with strong variations between countries (from an average of –8.0 per cent for advanced economies to –3.0 per cent for emerging market and developing countries, and –1.0 per cent for the least developed countries) (IMF 2020). While China's economy is still projected to grow by 1.0 per cent, the economies of India, South Africa, Brazil and Mexico are expected to contract by 4.5 per cent, 8.0 per cent, 9.1 per cent and 10.5 per cent respectively. Although the economic contraction will be more severe in rich countries, it is low income countries that are most vulnerable, since they face a number of interrelated shocks. In addition to the supply shock resulting from the measures adopted to counter the pandemic, these countries face a fall in the prices of the commodities on which they often depend for their export revenues; they struggle with high levels of external debt, the burden of which has increased as a result of capital flight, as well as the loss of value of their currencies in comparison to the currencies in which their debt is labelled; and the levels of remittances from migrant workers has fallen by about one fifth in comparison to earlier periods. For all these reasons, low income countries are the least able to provide support to enterprises affected by the economic crisis, expand social protection, or put in place new social protection schemes to shield their population from the social impacts of the crisis.

The consequences of the crisis for employment are significant – the decline in work hours in the first trimester of 2020 represents the equivalent of 130 million full-time jobs, and the decline in the second quarter represents 305 million full time jobs (ILO 2020). Low-skilled workers employed in occupations that cannot be performed from home, migrant workers cut off from social and family solidarity networks, and workers in the informal sector (1.6 billion globally), as well as those in precarious forms of employment (0.4 billion) are the worst-hit. Because women are over-represented in the most affected categories and because they shoulder most of the burden when families have to make up for the absence of public services, including healthcare services, to support those in need of care, the crisis also represents a massive setback in the progress towards gender equality. Extreme poverty is set to rise

significantly as a result; based on a poverty baseline of 3.20 US dollars per day in PPP, 176 million more people will fall below subsistence levels as a result of the crisis (Gerszon Mahler et al. 2020).

Against this background, the adoption of pro poor macro economic and fiscal policies and the strengthening of social protection are more essential than ever. As the Secretary-General observed in his message for International Mother Earth Day, however, while the impact of COVID-19 »is both immediate and dreadful [...], there is another deep emergency – the planet's unfolding environmental crisis«. Contrary to widespread assumption, there is no trade off between social justice, including both poverty eradication and the reduction of inequalities, on the one hand, and accelerating the transformation towards low-carbon and bio-diverse societies on the other hand – it is by combining the two that we maximise our chances of achieving both. The objectives of eradicating poverty and reducing inequalities on the one hand, and of moving towards sustainable consumption and production and acting decisively on biodiversity loss and climate change on the other hand, can and should be considered together in guiding recovery policies. This integrated approach is at the heart of the UN's 2030 Agenda for Sustainable Development (UNGA 2015). Following the COVID-19 crisis, it is this approach that should guide governments to »Build Back Better«.

Since the start of the COVID-19 pandemic, governments have injected at least 11 trillion US dollars into the economy in rescue plans and in order to stimulate recovery. This unprecedented effort, which dwarfs those that followed the 2008-9 financial crisis, is vital to mitigate the economic and social impact of the pandemic. The answer to the crisis, however, cannot merely consist of adopting economic recovery programs that stimulate growth, in the hope that more wealth creation will lead redistributive social policies to be adopted and environmental measures to be financed. 20th century thinking saw growth as a prerequisite for both reducing inequalities and eradicating poverty, as well as halting environmental damage. We now need something else – a development model that takes the interrelated challenges of poverty eradication and environmental sustainability seriously, by incorporating these concerns in the growth model itself, rather than seeing them as an after-

thought or a hoped-for by-product. The adoption of economic recovery plans by governments in all world regions provides a once-in-a-lifetime opportunity to make this transformation happen.¹

THE »JUST TRANSITION« AND THE FIGHT AGAINST POVERTY

How can this be done? One of the core aspects of the »Just Transition« is to cushion the impact of the ecological transformation on the workers and communities affected. In the Paris Agreement, States Parties pledged to »Tak[e] 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«. Workers and communities affected by the shift away from fossil fuel production and use, as well as, more generally, by the transformation towards low-carbon and biodiverse societies, should be protected not only by social protection – including unemployment benefits (ILO 2017: 188–189), but also by programs including appropriate reskilling, training and the provision of assistance for job seekers, and investments in the regions concerned to create new economic opportunities.²

In a scenario in which the increase in global average temperature is limited to 2°C above pre-industrial levels, some 24 million new jobs can be created, more than compensating the 6 million jobs that might be lost, particularly in the fossil fuel sector (ILO 2012a: 43; Mott et al. 2018: 531). As confirmed by a review of 30 studies covering various individual countries and economic regions, there are potentially real benefits from the ecological transition in terms of jobs creation (ILO 2012b; UNFCCC 2016: 13). A greener economy can bring forth employment opportunities. However, despite an overall positive impact on employment, the transition will cause inevitable job losses in certain carbon- and resource-intensive industries, and the impact of climate mitigation policies will vary from region to region. As such, climate action must go hand in hand with investments in the new sectors that emerge, and in workforce training (UNFCCC 2016: 53; ILO 2019), as well as strengthening of social dialogue to ensure that the transition does not negatively affect workers (ITUC 2019: 10), in accordance with the 2015 ILO »Guidelines for a Just Transition towards Environmentally Sustainable Economies and Societies for All« (ILO 2015) and the 2016 UNFCCC guidelines »Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs« (UNFCCC 2016). More specifically, four pol-

icy tools maximize the synergies between social protection and environmental sustainability to cushion the social costs of the transition to a greener economy: skills development programmes, public employment programmes, payments for ecosystem services, and cash transfer programmes.

This alone is insufficient, however. Reconciling poverty eradication and ecological transformation demands more. It requires us, in designing the ecological transformation itself, to explore the synergies between it and poverty eradication in key sectors such as energy, food and mobility. Such synergies result both from the new employment opportunities arising from the ecological transition, and from policies that ensure that the most sustainable consumption choices are also the easiest and the most affordable. »Triple-dividend« actions should be taken. These are actions that contribute to the transformation towards low-carbon and biodiverse societies, while at the same time creating employment opportunities for people in poverty and improving their access to the goods and services essential to the enjoyment of human rights.

In the field of energy for instance, there is significant potential for greenhouse gas (GHG) emissions to be reduced by moving to electrified forms of transport and heat, combined with increasing renewable energy generation. This could represent up to 60 per cent of the energy-related CO₂ emissions reductions needed to meet the objectives of the Paris Agreement (IRENA 2019). This will require significant additional investment (from the anticipated 95 trillion US dollars over the period 2020–2050 to 110 trillion, meaning a 16 per cent increase in investment (IRENA 2019)³), but the savings in avoided subsidies and reduced environmental and health damages are about three to seven times larger than the additional energy system costs. In other words, for each US dollar spent, the payoff would be between 3 and 7 dollars (IRENA 2019: 33). Energy efficiency should also be a priority, consistent with SDG target 7.3, which aims to improve energy efficiency by 2.6 per cent. Various programmes have been put in place to ensure that low income households have access to co-financing to invest in improved energy efficiency.

The energy transition outlined above could be an important source of employment creation. Though the energy sector is a relatively small employer (ILO 2012: 75), the transition has strong job creation potential. Between 2012 and 2016, the number of people directly and indirectly employed in the renewable energy sector (excluding large hydropower) rose from 5.7 million to 8.3 million (UN DESA 2018: 104), a figure which could increase further to 25 million by 2030 with proper policy support. This would offset the job losses in carbon intensive industries, since renewable energy is more labour-intensive than fossil based energy. Moreover, the efforts to move towards sustainable energy provision will therefore be twinned with efforts to ensure universal access to affordable, reliable and modern energy services, in accordance with tar-

¹ An initial assessment of 300 recovery plans presented in April 2020 found that only 4 per cent of the policies adopted to rescue the economy were »green«, with a potential to contribute to climate change mitigation, whereas 4 per cent were »brown«, contributing to the increase of GHG emissions, and 92 per cent maintained the status quo (Hepburn et al. 2020). This is deeply concerning. If left unchecked, this approach shall lead to an important »rebound« of emissions after their drop in 2020 due to the pandemic and the ensuing slowdown of the economy.

² See for example, in the European Union, the roles played by the Just Transition Mechanism and the Modernisation Fund (European Commission 2020).

³ This is actually 40 per cent lower than what was estimated in the previous analysis of the IRENA due to the rapid fall of renewable costs of production and emergence of electrification solutions that are getting cheaper and more efficient.

get 7.1 of the SDGs. Increasing the proportion of renewable energy has had a positive impact on the retail price of electricity in all 34 OECD countries (Oosterhuizen, Inglesi-Lotz, Thopil 2019). The price of electricity from renewable sources is now dropping due to the reduction of production costs for solar and wind power technologies and economies of scale (IRENA 2018: 4; Ballester and Furió 2015). Measures to promote energy efficiency can lower energy bills for people facing poverty, thus shrinking households' environmental footprint, while also reducing energy poverty. Moreover, social pricing schemes – ensuring that the households that consume the least energy pay the least per kW consumed, or even that minimum amounts of energy per person are guaranteed free of charge – can offset any short-term price impacts of the switch to renewables and protect low income households from excessive price volatility and energy poverty.

Similar »triple-dividend actions« can be carried out to transform the agrifood sector. More sustainable agricultural practices can also contribute to reducing poverty and to improving low-income households' access to a healthy diet. Agroecology can contribute to climate change mitigation by reducing the use of external inputs that are produced using fossil fuels and emit significant quantities of nitrous oxide, as well as by preserving and enhancing soil health and agrobiodiversity, allowing soils to function as carbon sinks (UNGA 2010). Equally, it can also guarantee adequate nutrition for local communities by providing diversified, safe, balanced diets; additionally, it can improve the incomes of small-scale farmers, particularly in developing countries, by lowering production costs and improving farming systems' resilience to weather-related events, including those linked to climate change.

In the mobility sector, three priority triple-dividend actions emerge. Territorial planning that reduces the distance between homes and places of employment and education decreases reliance on motorised transport, and prevents the spatial segregation of the socially disadvantaged (Cresswell et al. 2017). Collective modes of transport – a mix of public transport and shared mobility – should be promoted in combination with restricting access for or prohibiting cars in dense urban areas when collective transport can cater for need (Nieuwenhuijsen and Khreis 2016) – a measure that appears fairer than e.g. congestion charges (Liu et al. 2019). This would both reduce reliance on individual vehicles and ensure a right to mobility (and thus to education, employment, and health services) for all. Finally, since, in a life-cycle approach, battery electric cars emit fewer GHGs than cars with an internal combustion engine using gasoline (IEA 2019), the electric powering of vehicles could be promoted as a last resort, at least where electricity provision can be sourced from renewable sources, where strict environmental safeguards apply to battery production (Vidhi and Shrivastava 2018),⁴ and where the promotion of electric ve-

hicles does not perpetuate car centric mobility at the expense of public transportation and the greening of cities (Henderson 2020).

THE BRIDGING ROLE OF EQUALITY

None of these »triple-dividend« actions can succeed, or have a lasting impact, unless they are combined with robust measures to reduce inequalities. Policies to tackle the growth of greenhouse gas emissions can only succeed if they are perceived as legitimate by society, and if they are not obstructed by the elites that benefit the most from existing patterns of distribution. More equal societies are therefore better equipped to drive transformational change, both because such obstruction is less likely to occur, thanks to the improved participation of low-income groups in civic and political life (Rothstein and Uslaner 2005; Uslaner and Brown 2005), and because such societies can develop the »public ethos« necessary to address such society-wide challenges (Wilkinson and Pickett 2009: 233). There are also substantive reasons why tackling inequalities is essential in order to reduce poverty while living within the planet's means.

First, since economic growth (measured as the increase in GDP per capita) causes the ecological footprint (combining both resource depletion and waste production, including greenhouse gas emissions) to grow, it is essential that any economic growth that does occur benefits the poorest groups of the population first. »Relative decoupling« of growth from environmental degradation is of course common, as growth becomes less resource – and carbon intensive and as a larger portion of waste is recycled. In contrast, »absolute decoupling«, whereby efficiency gains increase faster than total output, is a myth. The evolution of greenhouse gas emission patterns is typical: except for rare periods of economic downturn, the reduction in greenhouse gas emission volumes achieved in certain jurisdictions can largely be explained by the fact that emissions are calculated on a territorial basis, according to what is produced and consumed within the territory, without taking into account emissions embedded in goods or services imported from abroad. In other words, when it is claimed that growth has been absolutely decoupled from emissions, it is due to the accounting method used under the UNFCCC, and such apparent gains in high-income jurisdictions have gone hand in hand with imported goods making up a larger share of goods consumed, which outsources their pollution to other countries (generally, resource-rich and poorer) (De Schutter 2016; Jackson 2017: ch. 5).

Target 10.1 of the SDGs is to increase income growth of the bottom 40 per cent of the population at a rate higher than the national average, and target 10.4 is to adopt policies, especially fiscal, wage and social protection policies, to achieve greater equality. These objectives provide an essential bridge between Goal 1 (no poverty) and Goals 12 and 13 (responsible consumption and production, and climate action). Indeed, the more equally the wealth created is spread across

⁴ The use of rechargeable lithium-ion batteries to power electric vehicles and energy storage units requires the mining of battery metals, which has led to the contamination of water bodies and other forms of pollution, dam disasters, the forced eviction of communities. This calls for a strict regulation of the mining industry to avoid such harm in the future.

the population, the easier it is to reconcile economic growth with poverty reduction objectives. If the benefits of increased prosperity trickle down to the worst off in society, less growth will be required for the basic needs of all to be met. Where the economy still must grow – where poverty reduction depends on the further creation of wealth –, it should do so in ways that will both maximize its positive impact on poverty alleviation and minimise its ecological impact.

Moreover, the use of resources is more efficient in more equal societies, insofar as their use is driven by market-based mechanisms. The allocation of resources through market mechanisms serves to satisfy demand, as expressed by the purchasing power of the wealthiest parts of the population, rather than to respond to the needs of the poorest. This distorts our sense of priorities; in unequal societies, the frivolous »desires« of the most affluent, however unsustainable they may be, may take precedence over satisfying the basic needs of the least affluent.

Globally, the top 10 per cent of emitters account for about 45 per cent of global carbon dioxide emissions, while the bottom 50 per cent of emitters account for 13 per cent of global emissions (UN DESA 2019: 17).⁵ Inequality therefore has an environmental cost (Boyce 2018; see also Cushing et al. 2015), even in relatively equal societies. For example, in France, taking into account not only direct energy consumption (in electricity, gas and fuel), but also the material goods consumed, the total energy consumption of the wealthiest 20 per cent of households is 2.5 times higher than the total energy consumption of the poorest 20 per cent of households (Global Chance 2013), and the emissions of the highest quintile of the French population were on average almost three times that of the lowest quintile (Lenglart, Lesieur and Pasquier 2010); in the Swedish city of Gothenburg, the footprint of high-income households was shown to be twice that of low-income households (Larsson and Bolin 2014).

Finally, inequality stimulates status competition and thus material consumption. The richer societies become, the more people »want« material things, for the most part, not only because of the comfort they provide, but also for the message they send to those around them by owning or using such things. In more equal societies, therefore, or in societies in which social positioning can be signalled by means other than consumption, a brake is put on such forms of so-called »conspicuous« consumption (Wilkinson and Pickett 2009: 226). Indeed, if inequality is left unaddressed or even worsens, individuals will experience a loss of well-being even if, in absolute terms, their situation improves. Thus, unless it is combined with greater equality, income growth is a zero-sum game – a growth in average incomes that would leave such a wide gap between people would hardly satisfy their desire to compare favourably to those around them, and the gains in life satisfaction would be, at best, minimal (Jackson 2017: 57; Wilkinson and Pickett 2018: 226).

CONCLUSION

The COVID-19 pandemic provides a once in a generation opportunity to redefine development trajectories in accordance with the SDGs. Economic recovery plans can help us shift towards low carbon and biodiverse economies, while at the same time creating employment opportunities for people with low levels of qualification and ensuring access to goods and services essential to the enjoyment of human rights. A minimalistic understanding of the »Just Transition«, which reduces it to the idea of compensating the losers of the ecological transformation, leads to viewing poverty reduction and social justice goals as competing with the objective of living within the planet's means. A more ambitious understanding, instead, sees the two as complementary and mutually supportive, not only because social justice is necessary to build legitimacy and trust in the ecological transformation, but also because such transformation can be seen as a powerful tool in moving towards just societies that are more inclusive, more equal, and ultimately better equipped to effect this change.

RECOMMENDATIONS

Governments should:

- Protect the workers and communities affected by the ecological transformation from the impacts on their livelihoods.
- Invest in areas such as energy, buildings, food and mobility, to capture the »triple-dividend« of a cleaner environment, decent jobs, and affordable goods and services.
- Move away from unsustainable, consumption-driven growth and the extractive and waste economy, and prioritise the reduction of inequalities above the unsustainable quest for economic growth.

⁵ Referring to Chancel and Piketty (2015).

REFERENCES

- Ballester, Cristina / Furió, Dolores** (2015): Effects of renewables on the stylized facts of electricity prices, in: *Renewable and Sustainable Energy Reviews*, Vol. 52, pp. 1596–1609.
- Boyce, James K.** (2018): The Environmental Cost of Inequality, in: *Scientific American*, Vol. 319, No. 5.
- Chancel, Lucas / Piketty, Thomas** (2015): *Carbon and Inequality: From Kyoto to Paris*. Paris School of Economics (3.11.2015); available at: <http://piketty.pse.ens.fr/files/ChancelPiketty2015.pdf>
- Cresswell, Tim et al.** (2017): *Living in the Mobility Transition*. Project report; available at: <http://owncloud.forumviesmobiles.org/index.php/s/r05afXv5p6vlg>
- Cushing, Lara et al.** (2015): The Haves, the Have-Nots, and the Health of Everyone: The Relationship Between Social Inequality and Environmental Quality, in: *Annual Review of Public Health*, Vol. 36, pp. 193–209.
- De Schutter, Olivier** (2016): *Trade in the Service of Sustainable Development. Linking Trade to Labour Rights and Environmental Standards*, London: Hart Publishing.
- European Commission** (2020): A Strong Social Europe for Just Transitions, COM 14 final (14.1.2020); available at: https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_20
- Gerszon Mahler, Daniel et al.** (2020): Updated estimates of the impact of Covid-19 on global poverty, from: *World Bank blogs* (8.6.2020).
- Global Chance** (2013): Des questions qui fâchent: contribution au débat national sur la transition énergétique, in: *Les Cahiers de Global Chance*, Vol. 33.
- Henderson, Jason** (2020): EVs Are Not the Answer: A Mobility Justice Critique of Electric Vehicle Transitions, in: *Annals of the American Association of Geographers*.
- Hepburn, Cameron et al.** (2020): Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?, in: *Oxford Review of Economic Policy*, 8.5.2020.
- International Energy Agency (IEA)** (2019): *Global EV Outlook 2019*; available at: <https://www.iea.org/reports/global-ev-outlook-2019>
- International Labour Organization (ILO)**
- (2012a): *World Employment and Social Outlook 2018: Greening with jobs* (14.5.2018); available at: https://www.ilo.org/global/publications/books/WCMS_628654/lang--en/index.htm
 - (2012b): *Working Towards Sustainable Development: Opportunities for Decent Work and Social Inclusion in a Green Economy* (12.6.2012); available at: https://www.ilo.org/global/publications/books/WCMS_181836/lang--en/index.htm.
 - (2015): *Guidelines for a just transition towards environmentally sustainable economies and societies for all*; available at: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_432859.pdf.
 - (2017): *World Social Protection Report 2017–19: Universal Social Protection to Achieve the Sustainable Development Goals* (29.11.2017); available at: https://www.ilo.org/global/publications/books/WCMS_604882/lang--en/index.htm.
 - (2019): *Skills for a Greener Future: A Global View based on 32 country studies* (12.12.2019); available at: https://www.ilo.org/skills/pubs/WCMS_732214/lang--en/index.htm.
 - (2020): COVID-19 and the world of work, in: *ILO Monitor*, 3rd ed. (29.4.2020); available at: www.ilo.org/wcmsp5/groups/public/---dgreports/dcomm/documents/briefingnote/wcms_743146.pdf
- International Monetary Fund (IMF)** (2020): *World Economic Outlook Update: A Crisis Like No Other, An Uncertain Recovery*; available at: www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdate-June2020 (last accessed on 3.7.2020).
- International Renewable Energy Agency (IRENA)**
- (2018): *Renewable Power Generation Costs in 2017*; available at: <https://www.irena.org/publications/2018/Jan/Renewable-power-generation-costs-in-2017>
 - (2019): *Global energy transformation: A roadmap to 2050*; available at: <https://irena.org/publications/2019/Apr/Global-energy-transformation-A-roadmap-to-2050-2019Edition>
- International Trade Union Confederation (ITUC)** (2019): *The Contribution of Social Dialogue to the 2030 Agenda. Promoting a Just Transition towards sustainable economies and societies for all*, Research Paper, (4.10.2019); available at: <https://www.ituc-csi.org/IMG/pdf/sdjt-final-en.pdf>
- Jackson, Tim** (2017): *Prosperity without growth? The transition to a sustainable economy*, Sustainable Development Commission; available at: https://www.growthintransition.eu/wp-content/uploads/prosperity_without_growth_report.pdf
- Larsson, Jörgen / Bolin, Lisa** (2014): *Low-carbon Gothenburg 2.0: Technological potentials and lifestyle changes*, Mistra Urban Futures, 2014:01; available at: https://www.mistraurbanfutures.org/sites/mistraurbanfutures.org/files/low_carbon_gothenburg_2.0_mistra_urban_futures_reports_2014_01.pdf
- Lenglart, Fabrice / Lesieur, Christophe / Pasquier, Jean-Louis** (2010): *Les émissions de CO₂ du circuit économique en France*. Institut National de Statistique et des Etudes Economiques, Insee Références, (7.7.2010); available at: <https://www.insee.fr/en/statistiques/1372484?sommaire=1372493>
- Liu, Qiyang et al.** (2019): Egalitarianism and public perception of social inequities: A case study of Beijing congestion charge, in *Transport Policy*, Vol. 74, pp. 47–62.
- Montt, Guillermo et. al** (2018): Does climate action destroy jobs? An assessment of the employment implications of the 2-degree goal, in *International Labour Review*, Vol. 157, No 4, pp. 519–556.
- Morena, Edouard / Krause, Dunja / Stevis, Dimitris** (2020): *Just Transitions: Social Justice in the Shift Towards a Low Carbon World*, pp. 46–54. London: Pluto Press.
- Nieuwenhuijsen, Mark J. / Khreis, Haneen** (2016): Car free cities: Pathway to healthy urban living, in *Environment International*, Vol. 94, pp. 251–262.
- Oosthuizen, A. M. / Inglesi-Lotz, Roula / Thopil, George Alex** (2019): The relationship between renewable energy and retail electricity prices: Panel evidence from OECD countries, in: *Working Paper 797, Economic Research Southern Africa*; available at: https://econrsa.org/system/files/publications/working_papers/working_paper_797.pdf
- Rothstein, Bo / Eric M. Uslaner** (2005): All for All: Equality, Corruption, and Social Trust, in: *World Politics*, Vol. 58, Issue 1, pp. 41–72.
- UN Department of Economic and Social Affairs (UN DESA)**
- (2018): *Accelerating SDG7 Achievement*. Policy Briefs in support of the first SDG7 review at the UN High-Level Political Forum 2018; available at: https://sustainabledevelopment.un.org/content/documents/18041SDG7_Policy_Brief.pdf
 - (2019): The Future is Now. Science for Achieving Sustainable Development, in: *Global Sustainable Development Report 2019*; available at: https://sustainabledevelopment.un.org/content/documents/24797GSDR_report_2019.pdf
- UN Framework Convention on Climate Change (UNFCCC)** (2016): *Just Transition of the Workforce, and the Creation of Decent Work and Quality Jobs*, FCCC/TP/2016/7; available at: <https://unfccc.int/resource/docs/2016/tp/07.pdf>

UN General Assembly (UNGA)

- (2010): *Report submitted by the Special Rapporteur on the right to food* Olivier De Schutter, A/HRC/16/49; available at: <https://www2.ohchr.org/english/issues/food/docs/a-hrc-16-49.pdf>
- (2015): *Transforming our world: the 2030 Agenda for Sustainable Development* (25.9.2015), A/RES/70/1; available at: https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf

Uslaner, Eric M. / Mitchell Brown (2005): Inequality, trust, and civic engagement, in: *American Politics Research*, Vol. 33, pp. 868–894.

Vidhi, Rachana / Shrivastava, Prasanna (2018): A Review of Electric Vehicle Lifecycle Emissions and Policy Recommendations to Increase EV Penetration in India, in *Energies*, Vol. 11, p. 483.

Wilkinson, Richard / Pickett, Kate

- (2009): *The Spirit Level. Why Greater Equality Makes Societies Stronger*, London: Allan Lane.
- (2018): *The Inner Level. How More Equal Societies Reduce Stress, Restore Sanity and Improve Everyone's Well-being*, London: Penguin Press.

BUILDING BACK BETTER IN AN INCREASINGLY DIGITAL WORLD

Torbjörn Fredriksson¹

The spread of the latest strain of COVID-19 continues to disrupt economic and social life around the world, with a significant impact on health and the economy. Compared with previous global virus outbreaks, one factor is starkly different this time: the degree of digitalisation. The pandemic has highlighted the value of being able to go digital when addressing the need for physical distancing, travel restrictions and other measures to fight the spread of the virus. It has also accentuated the need to address the remaining gaping digital divides if we are to be able to build a more inclusive world economy. In terms of Building Back Better, the digital dimension must be kept high on the policy agenda, and government responses will need to balance the huge opportunities and the various risks and costs involved.

ACCELERATION OF THE DIGITAL ERA

In April 2020, UNCTAD had planned to hold the fifth edition of its eCommerce Week, a global annual event in Geneva that normally gathers some 1,500 government experts and other stakeholders to debate how to extract greater development gains from e-commerce and the digital economy. With lockdown measures and travel restrictions in place in Switzerland and other countries, business as usual was not an option. Instead, we held the first ever virtual eWeek (UNCTAD 2020a), comprising 14 webinars that attracted more than 2,000 participants from 130 countries. While it did not entirely replace the usual platform for interactive dialogue, it allowed discussions to continue and offered an opportunity to get a first assessment of the link between the pandemic, e-commerce, and development. It also implied an estimated 4,000 tons of avoided CO₂ emissions as a result of fewer trips to Geneva.

The eWeek is just one example of how digital solutions have been leveraged in the current crisis. They have also enabled the use of telemedicine, remote working and online education, continued communication during lockdowns, online shopping, as well as the generation of more data on the spread of the virus, and the facilitation of information ex-

changes for research. Such behavioural changes triggered by the pandemic are likely to have lasting effects on social and economic activities. As more people and organisations become accustomed to digital tools, they are likely to use them to an even greater extent.

This widespread digital response would not have been possible just a few years ago. Some comparisons with the situation at the time of the 2008 financial crisis help to illustrate how fast the digital landscape has transformed.² Since the first smartphones were introduced in 2007-08, the number of smartphone users has surged to more than 3.2 billion. Internet user penetration has increased from 23 per cent to 54 per cent. The number of Facebook users has grown from 100 million to 2.4 billion. The value of business to consumer (B2C) e-commerce has surged from less than 1 trillion US dollars to more than 3.8 trillion US dollars, and global Internet Protocol traffic (a proxy for data flows) has increased 25-fold from 4,000 GB to 100,000 GB per second.

Digital giants, such as Alibaba, Amazon, Apple, Facebook, Google, Microsoft and Tencent, have entered the list of the world's top 10 most valuable companies (PWC 2020). They have seen further financial gains as a result of the pandemic, as they provide many of the most important digital solutions for coping with the crisis (table 1).

REMAINING DIVIDES HAMPER DEVELOPMENT PROGRESS

The digital shift is not without its development challenges. Despite an accelerated uptake of digital technologies, significant divides remain, both between and within countries. While the least developed countries (LDCs) are the most vulnerable to the human and economic consequences of the pandemic, they also lag behind the most in terms of digital readiness. Only one in five people in LDCs uses the internet, and in most of these countries, well below five per cent of the population buys goods or services online. Lack of internet access at home also limits students' ability to remain

¹ Comments by Thomas van Giffen and Louis-Pierre Michaud are gratefully acknowledged.

² Data are sourced from UNCTAD, ITU, Cisco, Financial Times and Facebook.

Table 1
Global Digital Corporations Increase their Value
 (Share prices (USD))

Company	15.7.2019	15.7.2020	Percentage change
Alphabet (Google)	976.89	1551.32	58.8
Alibaba	174.19	249.21	43.1
Amazon	2009.90	3008.87	49.7
Apple	204.50	390.90	91.1
Facebook	203.84	240.28	17.9
Microsoft	137.08	208.04	51.8
Tencent	46.10	69.81	51.4
Comparative indices			
Dow Jones			-1.70
FTSE100			-17.70
NIKKEI225			5.74

Source: Author's calculations from Bloomberg data.

connected if schools are closed, and insufficient quality of broadband services is hampering professional use of teleconferencing tools.

As shown in UNCTAD's eTrade Readiness Assessments of LDCs (UNCTAD n.d.a), significant gaps and barriers in areas such as ICT infrastructure, payment solutions, skills, and legal frameworks need to be overcome to enable people and businesses to engage fully in the digital economy. For example, the quality and affordability of broadband connectivity – especially in rural areas – must be enhanced for many digital solutions to work. There is similarly a need to strengthen the protection of users and consumers to boost trust in online transactions. Efforts to strengthen cyber security are equally important.

In fact, digitalisation affects our ability to reach all of the UN Sustainable Development Goals (SDGs). Sometimes it makes it possible to overcome long standing hurdles, sometimes it makes it more difficult to achieve the goals. In an online dialogue organised by the UN Group on the Information Society (UNCTAD 2020b), the heads of some 20 UN and other international organisations shared their perspectives on the Role of Digitalization in the Decade of Action. The various contributions highlight how the issue is affecting children's well-being, opportunities for women, the global food system, global health, the world of work, as well as disrupting entire industries, and affecting global trade, innovation and investment patterns.

It was against that backdrop that the Secretary-General of UNCTAD, Dr Mukhisa Kituyi (Kituyi 2020), underlined in his contribution that the development challenges of digitalisation require a coordinated multilateral response that can help countries build economic resilience and facilitate responses to other cross-cutting challenges, such as climate change and the COVID-19 pandemic.

WHAT CAN BE DONE?

Technology is not deterministic. It is up to governments, in close dialogue with other stakeholders, to shape e-commerce and the digital economy by defining the rules of the game in such a way that they support greater resilience and inclusive gains. This challenge requires action at both national and international levels if we are to avoid a situation where the yawning gap between under-connected and hyper-digitalised countries will widen further. Differences in digital readiness and the high concentration of market power in the digital economy call for a structural reform of policies and regulations aimed at ensuring a fair distribution of the gains from digital disruption.

The recovery from the pandemic will take place against the backdrop of accelerated digitalisation of social and economic activities. Many of the digital shifts observed can be expected to be sustained after the crisis and thus affect the general recovery, as well as efforts to achieve the SDGs.

Many developing countries will therefore need to urgently address concerns regarding their digital readiness in order to enable their societies to effectively participate in the evolving economic landscape and avoid falling further behind.

As digital transformation does not affect all countries in the same way, individual governments will need adequate policy space to regulate the digital economy in order to fulfil various legitimate public policy objectives (UNCTAD 2019). For example, the handling and regulation of digital data are complex issues, as they touch upon local value creation and capture, trade, human rights, law enforcement and national security. Formulating policies that take all these various dimensions into account is hard but necessary. Furthermore, ensuring effective distribution of gains, as well as coping with digital disruption, will require more social protection measures and efforts to reskill workers.

Several policy challenges can be addressed more effectively at the regional or global level. This applies, for example, to data protection and security, cross border data flows, competition, and trade. Taxation in the digital economy is another area that must be resolved at the international level. Defining the right responses at the regional and global levels requires greater international collaboration and policy dialogue, with the full involvement of developing countries. Any consensus will need to incorporate significant flexibilities to enable all countries to participate.

There are already some positive developments that should be harnessed. The UN Secretary-General's »Roadmap for Digital Cooperation« (UNGA 2020) offers concrete ideas on how to move forward on issues such as global connectivity, digital public goods, digital capacity building, digital human rights, artificial intelligence, digital trust and security, and global digital cooperation.

However, to address the challenges will require more financial resources from the international community to help the countries lagging behind to catch up. Indeed, much more is needed to bridge existing and emerging digital divides. At a donor roundtable held during the UNCTAD eWeek 2020, several agencies underlined the need for smarter partnerships. Dealing with the pandemic through a sector-specific and silo-oriented approach will not work, as sectors and developmental considerations are interconnected. In times of scarce funding, exploiting synergies and avoiding duplication become even more important.

In the case of e-commerce, UNCTAD took the lead in 2016 by creating the eTrade for all initiative (UNCTAD n.d.b). It seeks to make it easier for developing countries to find the assistance they need from 32 partners in the international community to strengthen their e-commerce readiness. Such assistance will be crucial in order to Build Back Better in the post COVID-19 period.

The digitalisation process has accelerated during the COVID-19 pandemic, with long term implications for people and businesses. The global community now has to make sure that

this new normal helps to promote more inclusion and equality. For this to happen, more multilateral and multi-stakeholder collaboration will be essential.

RECOMMENDATIONS

- Devote more attention and resources to bridging digital divides by strengthening the readiness of developing countries to seize opportunities and address challenges related to digitalisation.
- At the national level, create mechanisms for effective inter-ministerial coordination and multi-stakeholder policy dialogue with a view to formulating and implementing relevant policies.
- Foster regional and global policy processes, involving all stakeholders and all countries, to develop policy responses in areas such as data protection and security, cross border data flows, taxation, competition and trade that promote inclusive development.
- Avoid silo-thinking and use smart partnerships – such as »eTrade for all« – to reap synergies, save costs, and avoid duplication.

REFERENCES

- Kituyi, Mukhisa** (2020): *Making digital Work for Sustainable Development: The Time to Act is Now*. UNCTAD (15.6.2020); available at: <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2394>
- PWC** (2020): *Global Top 100 companies by market capitalization* (7.2020); available at: <https://www.pwc.com/gx/en/audit-services/publications/assets/global-top-100-companies-june-2020-update.pdf>
- UN General Assembly (UNGA)** (2020): *Road Map for Digital Cooperation: Implementation of the Recommendations of the High-level Panel on Digital Cooperation*, A/74/821 (29.5.2020); available at: <https://undocs.org/A/74/821>
- United Nations Conference on Trade and Development (UNCTAD)**
- (2019): *Digital Economy Report 2019: Value Creation and Capture – Implications for Developing Countries*; available at: https://unctad.org/en/PublicationsLibrary/der2019_en.pdf
 - (2020a): *eWeek Summary Report*; available at: <https://etradeforall.org/app/uploads/2020/05/eWeek2020finalsummaryreportFINALVERSION-4.pdf>
 - (2020b): *UNGIS Dialogue on the Role of Digitalization in the Decade of Action*; available at: https://unctad.org/en/Pages/DTL/STI_and_ICTs/UNGIS-Dialogue.aspx (last accessed on 31.8.2020)
 - (n. d. a): *Rapid eTrade Readiness Assessment of Least Developed Countries (eTReady)*; available at: <https://unctad.org/en/Pages/Publications/E-Trade-Readiness-Assessment.aspx> (last accessed on 31.8.2020)
 - (n. d. b): *eTrade for all*; available at: <https://etradeforall.org/> (last accessed on 31.8.2020)

HUMAN RIGHTS PROMOTING PROCUREMENT – A CONCRETE MEANS TO BUILD BACK BETTER

Todd Howland and Juan Pablo Salinas

The power of public procurement to impact human rights is enormous. Currently, worldwide public procurement amounts to approximately 9.5 trillion US dollars – roughly 13 to 20 per cent of national GDP (World Bank 2020). In the UN, procurement was valued at 19.9 billion US dollars in 2019 (UNOPS 2019). The money invested in procurement can act as one of the main drivers for transforming economies to become more inclusive, sustainable, and resilient. International actors like the United Nations have an important role to play in promoting the use of public resources, including procurement, for the advancement of human rights and the Sustainable Development Goals (SDGs), and to »Build Back Better« after the COVID-19 crisis.

Furthermore, the United Nations, other international organisations, Member States, NGOs and the private sector all have human rights obligations, or responsibilities to respect human rights. However, oddly, for many of those with explicit objectives to achieve respect for human rights or to promote the common good or well-being (as stated in the UN Charter and national constitutions), procurement is not used as a means to meet these obligations. The way in which public procurement is managed can foster either the advancement or the degradation of human rights. Similarly, procurement is a concrete and powerful means for public and private actors to enhance their resilience in the face of the COVID-19 crisis and in similar situations.

The UN has a chance to walk the talk and convert its procurement into a model that can be adopted by local, provincial, and national governments, as well as other public entities. The impact would go well beyond the already significant share of global GDP, and would have numerous knock-on effects on supply chains and business practice. Through both the SDGs and UN human rights mechanisms, the UN could encourage public and private actors to get onboard. Building Back Better needs to become more than just a slogan, and procurement provides low hanging fruit to define and operationalise this concept.

LEGAL FRAMEWORK

Each UN staff member takes an oath of office. In that oath, each staff member swears to respect and promote human

rights. But the UN – like most entities – creates silos and misses opportunities to engage everyone in the organisation in actively working toward a common goal.

In fact, recently a senior UN secretariat official within the procurement area was asked whether he could include human rights-promoting criteria. His response was yes, if there is a resolution from the General Assembly instructing him to do so. But remarkably, there already is one; the UN staff member oath of office is derived from one of the first UN General Assembly resolutions. That, and the UN Charter, the international obligations of the UN to promote and respect human rights¹, the Standards of Conduct for the International Civil Service, the UN Staff Rules, and other decisions of UN organs, including the General Assembly, urge the UN system to fully integrate human rights in all its actions (UNGA 1999, 2008, 2012; UNSG 2020). However, the culture of the organisation does not necessarily encourage the staff to think creatively about how to put the oath into practice in, for example, the area of procurement. In practice, procurement aims to take the lowest offer, regardless of its social, economic, and environmental effects.

Part of the problem is that the popular understanding of human rights has marginalised Economic, Social, and Cultural Rights (ESCR). Even in the UN, staff members do not see how climate change and the need for sustainable practices promote the rights to health and life, and others do not see how labour protections and social protections are also important human rights considerations.

States Parties to the Covenant on Economic, Social, and Cultural Rights often have not understood that using procurement to boost respect for ESCR in their countries is not only possible, but legally mandated. Under the Covenant, States Parties have an obligation to maximise how they use their available resources in order to measurably increase respect

¹ The customary obligation to respect human rights has been widely recognised through international jurisprudence (I.C.J. 1970, para. 34). Likewise, the UN »as an international subject, is bound to respect rules of customary international law, including those rules which relate to the protection of fundamental rights« (ICTR 2007: 48). The Security Council and the Secretary-General established the duty to observe human rights for members of peace keeping missions and transitional authorities (UNMIK, 2000; UNTAET, 1999).

for ESCR. COVID-19 has demonstrated that most States Parties have not done this. Procurement gives State Parties an opportunity to obtain the materials they need, whilst also enabling them to create an environment to Build Back Better, and ensure ESCR and Civil and Political Rights are respected.

CURRENT PRACTICES

Some public entities have gone much further than the UN and some parts of the UN have gone further than others. For instance, in Ghana, public authorities consider the impact of a specific offer in terms of promoting national employment and the national production of goods (Ghana 2003) during procurement procedures. In the Netherlands, suppliers must perform a risk analysis to show their respect for human rights, based on the United Nations Guiding Principles (UNGP). In the United States, the law requires companies that use minerals like gold, tin, or tungsten to undertake due diligence on the source and file a Conflict Minerals Report. In Switzerland, the contracting authority only awards a contract for services to a tenderer who guarantees compliance with the terms and conditions of employment applicable at the place of performance (minimum ILO Core Conventions) and who guarantees equal pay between men and women (Methven O'Brien et al. 2016).

Furthermore, in Barcelona (Spain) it is prohibited to contract enterprises condemned for human trafficking and/or that have committed crimes against workers' rights, among other things (Barcelona City Council n.d.). In Loures (Portugal), bidders must present a declaration by which they commit to following human rights standards and permit the municipality's representatives to visit their facilities to assess their practices. Oslo (Norway) requires that all of its suppliers follow either the eight ILO Fundamental Conventions on the freedom of association and right to collective bargaining, forced labour, discrimination and child labour, or the broader ten principles of the United Nation's Global Compact. In 2013, Oslo established a framework agreement for monitoring compliance of vendors with these standards (Evans et al. 2014).

However, it is rare for public procurement to encompass all human rights within its decision making framework.

Within the UN, the Working Group on Sustainable Procurement has developed training, guidelines, and some indicators to integrate sustainability considerations, including human rights, into the UN's procurement, but the process remains basically without teeth. Some UN entities like UNOPS, UNFCCC, WMO, and UNFPA have developed special frameworks to set mandatory requirements for vendors, in terms of the impact of their activities on human rights and other sustainability aspects. Similarly, some of them verify how well the UN's vendors comply their human rights-related contractual obligations. Despite the lack of a clear policy in this area, certain UN country offices have put in place some initiatives, such as developing a list of banned vendors related to sexual exploitation in OHCHR-Ukraine, or contracting indigenous groups for the organisation of events and supporting com-

munity organisations at OHCHR-Colombia. These initiatives are aimed at boosting the positive impacts of the UN's procurement on human rights and simultaneously enhancing the social community and social resilience in places where the UN operates. Moreover, OHCHR has begun a process to make its own procurement consistent with human rights obligations, which will allow it to contribute to Building Back Better.

Despite these important initiatives, public and private entities resist incorporating human rights into their procurement. Some entities try to reduce the internal financial costs of procurement, which is very often achieved at the expense of the environment and powerless and vulnerable populations, as the lowest price of a product or service can be the result of practices such as forced or child labour, involvement in abuses committed by private security services, land grabbing, or pollution from production jeopardising the health of individuals. Likewise, in some cases, the cost of a product might seem to be higher in the short term, but performing an analysis of the total life cycle of a product can help organisations assess the long term costs related to the use, repair, maintenance, disposal, and recycling of that product, as well as reputational risk. In some cases, it may be true that a human rights approach might be more expensive for the organisation, but in other cases, the cost will be the same or less while also promoting human rights.

WHAT HUMAN RIGHTS PROMOTING PROCUREMENT COULD LOOK LIKE

For the OECD (2020), to Build Back Better, public procurement should contribute towards job creation, reduction of greenhouse gas emissions, reduction of inequalities, a living wage, job quality, and people's well-being. For example, investing in products or services that contribute to reforestation and wetland and mangrove restoration is a way to create employment opportunities as well as fighting climate change and loss of biodiversity. Another way would be to procure goods and services that can be used or implemented quickly, while avoiding established emission-intensive activities by purchasing plant-based food or shifting to sourcing from lower-emission livestock systems. Similarly, public procurement processes could rank bids' costs over the lifetime of the good purchased under different climate impact scenarios, taking into account greenhouse gas emissions over the product's whole life cycle.

Human rights promoting procurement would first require contracting authorities to manage the risks and opportunities that procurement represents for human rights. They should verify whether potential vendors comply with their responsibility to respect human rights according to the United Nations Guiding Principles on Business and Human Rights, and take appropriate mitigating or preventative measures when a potential risk is detected before selecting a vendor. Similarly, contracting authorities should assess the opportunities that a specific vendor, good or service, represents for the advancement of the SDGs and human rights. Selecting sustainably

sourced goods to support the right to a healthy environment and to fight climate change, or choosing vendors with gender equality or disability inclusion policies to promote equality and non-discrimination are some goals to consider. There are concrete examples of all these procurement efforts, but they all need to be brought together into one system.

Moreover, contracting authorities should include contractual clauses relating to vendors' responsibility to respect human rights and put in place a mechanism to monitor compliance. Contracting authorities should express the organisation's high level of commitment and explain that consequently its policies and procedures will be aligned to comprehensively and systematically integrate human rights and sustainability in procurement.

CONCLUSION

The UN regularly advocates for public and non-state actors to respect human rights. To truly Build Back Better, the UN should lead by example, integrating the promotion of all human rights into its own procurement. The UN's leadership in this area has the potential to yield transformative change for people and the planet, improving the lives of the people the UN is bound to serve. Regardless of the means chosen by the UN and other organisations, as the UN Secretary-General stated, the COVID-19 crisis offers an opportunity to Build Back Better, to promote a clean, green, and just transition, sustainable growth, and make societies more resilient (UN 2020).

RECOMMENDATIONS

- The UN and other organisations that are based on the respect of human rights should be consistent with the values they preach. In particular, there should be high level support and instructions to align their procurement policies and procedures with their obligations, responsibilities, policies, and commitments related to human rights, sustainable development, and Building Back Better.
- Procurement decisions related to which products and vendors are selected should be based on managing risks and opportunities for the advancement of human rights, the Sustainable Development Goals, and Build Back Better.
- The UN and other organisations should monitor and enforce the compliance of their suppliers with their responsibility to respect human rights and their commitment towards the advancement of the Sustainable Development Goals.
- Procurement procedures should consider other factors besides the price and quality of the products, such as carbon mitigation, enhancing community resilience, the equitable distribution of profits, respect for labour rights, gender equality, and social inclusion.

REFERENCES

- Barcelona City Council** (n.d.): *Sustainable Public Procurement*; available at: <https://ajuntament.barcelona.cat/contractaciopublica/en/documents>
- Evans, Natalie et al.** (2014): *Success stories in socially responsible public procurement*, The LANDMARK Project, c/o SETEM Catalunya 2014; available at: http://www.ajsosteniblebcn.cat/succes-stories-landmark_61163.pdf
- Ghana** (2003): *Public Procurement Act*, 2003 (Act. 663); available at: <https://www.ppaghana.org/documents/Public%20Procurement%20Act%202003%20Act%20663.pdf>
- International Court of Justice (ICJ)** (1970): *Barcelona Traction, Light and Power Company, Limited, Judgment*, I.C.J. Reports p. 3, *Belgium v. Spain* (5.2.1970); available at: <https://www.icj-cij.org/files/case-related/50/050-19700205-JUD-01-00-EN.pdf>
- International Criminal Tribunal for Rwanda (ICTR)** (2007): *Trial Chamber III. Decision on Appropriate Remedy. The Prosecutor v. André Rwamakuba. Case No. ICTR-98-44C-T* (31.1.2007); available at: <https://www.legal-tools.org/doc/7a84f3/pdf>
- O'Brien Methven, Claire et al.** (2016): *Public Procurement and Human Rights: A Survey of Twenty Jurisdictions*, International Learning Lab on Public Procurement and Human Rights, July; available at: <http://www.achat-public-durable.ch/pdf/Public-Procurement-and-Human-Rights-A-Survey-of-Twenty-Jurisdictions-Final.pdf>
- Organisation for Economic Co-operation and Development (OECD)** (2020): *Building back better: A sustainable, resilient recovery after COVID-19* (5.6.2020); available at: <http://www.oecd.org/coronavirus/policy-responses/building-back-better-a-sustainable-resilient-recovery-after-covid-19-52b869f5/>
- United Nations (UN)** (2020): *Climate Change and COVID-19: UN urges nations to 'recover better'*, Department of Global Communications (22.4.2020); available at: <https://www.un.org/en/un-coronavirus-communications-team/un-urges-countries-%E2%80%98build-back-better%E2%80%99>
- United Nations General Assembly (UNGA)**
- (1999): *Consumption and Production patterns – Decisions 54/449. United Nations Guidelines for Consumer Protection* (as expanded in 1999) (22.12.1999).
 - (2008): *Subregional Centre for Human Rights and Democracy in Central Africa, A/RES/62/221, Resolution Adopted on 22 December 2007* (11.3.2008); available at: <https://undocs.org/en/A/RES/62/221>
 - (2012): *Enhancement of Technical Cooperation and Capacity-Building in the Field of Human Rights, Resolution adopted by the Human Rights Council, A/HRC/RES/21/21* (17.10.2012); available at: <https://documents-dds-ny.un.org/doc/RESOLUTION/GEN/G12/176/48/PDF/G1217648.pdf?OpenElement>
- United Nations Secretary-General (UNSG)** (2020): *The highest Aspiration. A Call to Action for Human Rights*; available at: https://www.un.org/sg/sites/www.un.org.sg/files/atoms/files/The_Highest_Aspiration_A_Call_To_Action_For_Human_Right_English.pdf
- UNMIK** (2000): *Regulation 1999/1. On the Authority of the Interim Administration in Kosovo* (25.7.1999); available at: <https://unmik.unmissions.org/sites/default/files/s-1999-987.pdf>
- UNOPS** (2019): *2019 Annual Statistical Report on United Nations Procurement*; available at: https://content.unops.org/publications/ASR/ASR2019_EN.pdf?mtime=20200709140106#:~:text=UN%20organizations%20procured%20%2419.9%20billion,in%20changes%20in%20reporting%20organizations
- UNTAET** (1991): *Regulation No. 1999/1 on the Authority of the transitional Administration in East Timor. UNTAET/REG/1991/1* (27.11.1991); available at: <https://peacekeeping.un.org/en/mission/past/etimor/unttaetr/etreg1.htm>
- World Bank** (2020): *Global Public Procurement Database: Share, Compare, Improve!*; available at: <https://www.worldbank.org/en/news/feature/2020/03/23/global-public-procurement-database-share-compare-improve>

GOVERNANCE OF INTERNATIONAL TRADE AND COVID-19: ANOTHER CHALLENGE OR AN OPPORTUNITY?

Rashid S. Kaukab

INTERNATIONAL TRADE GOVERNANCE BEFORE COVID-19

International trade can and has often been a key driver for global economic growth. It has contributed to poverty reduction and development in developing and least developed countries. But, for international trade to take place smoothly and for it to meaningfully contribute to economic growth and development of all participants, it requires efficient, inclusive, and effective governance. In light of this need, several international trade governance models, structures and arrangements were developed in the 20th century, particularly after the Second World War. At the centre of these has been the so called multilateral trading system, first embodied in the General Agreement on Tariffs and Trade (GATT), and then the World Trade Organization (WTO), which came into being in 1995. However, despite the desirability of a multilateral system of governance, international trade has also been governed through other less universal means, for example, the bilateral, sub-regional, regional and inter-regional trade agreements among countries. The result is a patchwork of international trade governance structures and arrangements. While it was worrying to see multiple arrangements with potential overlaps and even conflicts with each other, this approach allowed international trade flows to expand continuously throughout most of the second half of the 20th century.

The progress has been less smooth and more uneven in the 21st century. The WTO was not able to conclude the Doha Round it launched in 2001. As a result, its rule book remains outdated in many respects. Nor have developing and least-developed countries' expectations of greater development benefits from WTO materialised. This is partly due to the agonisingly slow pace of movement at the WTO; there was a much greater interest among several countries – not the least the major developed countries – in negotiating sub-regional, regional and inter-regional trade agreements. However, recent years have also seen this trend slow, seemingly in favour of bilateral arrangements.

Increasingly, it has not gone unnoticed that international trade governance has often been not taking cognizance of other important issues, for example environment and climate change, gender etc. Many have argued that the links be-

tween trade and other important issues should be appropriately recognised, and even reflected in international trade governance arrangements.

This was the state of international trade governance – a multilateral track mired in stalemate, a plurilateral/regional track showing some movement, a growing bilateral track, and calls for trade governance to also address other related issues – when COVID-19 hit the world. Indeed, not the most promising situation in which to face another big shock.

COVID-19 IMPACT AND RESPONSE

COVID-19 has both immediate and long-lasting consequences. The initial reaction to COVID-19 saw massive disruption to production and movements of goods and services across the world. The primary interest of governments was to contain its spread and to provide much-needed medical supplies (and other essentials) for their populations, which was often achieved through export restrictions (or greater facilitation of some imports). If anything, such unilateral actions demonstrated the need for international trade governance structures that would ensure that such individual actions do not come at the cost of other countries, particularly the developing and least-developed among them.

The longer-lasting impacts, however, should be of much greater concern for the following reasons. One, COVID-19 is by no means over, and its impacts will be wide reaching and will stretch into the future. Two, its impact on production and movement of goods and services is very likely to transform global supply and value chains. There are already calls to shorten or regionalise these chains. In conjunction with technological progress, the shape of future trade may be qualitatively different from that of the past. Three, developing and least-developed countries will be the hardest hit due to their limited resources and much greater reliance on international trade (as a percentage of GDP for example). One the one hand, they do not have the deep pockets to provide substantial and sustained support to their economic agents at this time of great crisis, and, on the other, contractions in trade will have a greater impact on their economies. Managing these longer-term and serious effects requires efficient, inclusive and effective international trade governance.

In summary, the ramifications of COVID-19 on international trade will be felt both immediately or in the short-term, as well as in the longer-term. Countries are trying to deal with this with their own interests in mind, but such individualistic responses are sub-optimal even in the best-case scenario, due to the interdependent nature of the global economy. Other, and more likely scenarios clearly indicate the possibility of national efforts conflicting due to »me-first« thinking. This would represent a serious setback for global trade and economic recovery, as not only will the poorer (developing and least developed) countries pay the heaviest price, but developed countries also stand to lose more than they would otherwise. On the other hand, collaborative approaches promise a better and more robust response to COVID-19 that will minimise its negative effects and help all countries achieve quicker, sustainable recoveries and transformations.

International trade governance is therefore needed now more than ever to deal with the effects of COVID-19, both immediately in the short-term, and in the longer-term. Unfortunately, as described above, global governance of international trade was already facing serious challenges when COVID-19 struck.

WAY FORWARD

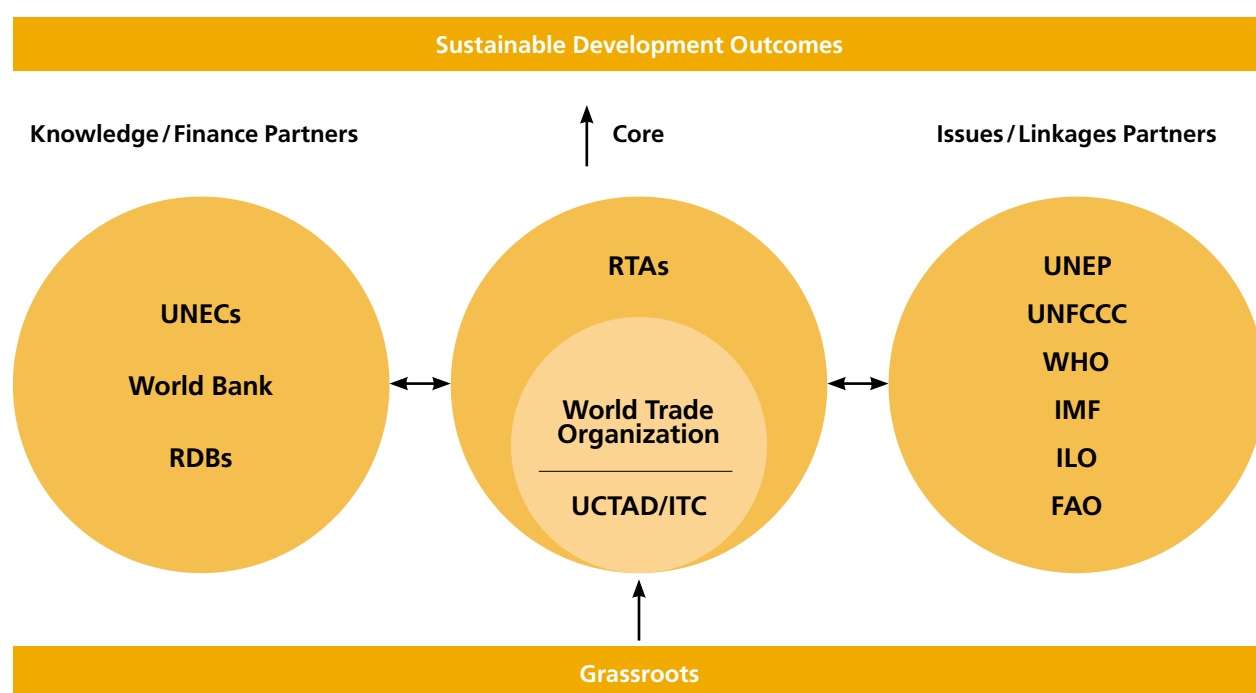
We stand at a crossroads. Continuing with pre COVID-19 business as usual is a nightmare scenario. It could be the proverbial straw that breaks the back of international trade governance. Already reeling from severe challenges, the govern-

ance structures and arrangements painstakingly built over the last 70 years (though still incomplete and, sometimes, contradictory) could unravel. The world could split into competing blocs, where bilateralism prevails, and power dynamics dictate the rules of engagement among countries. This will be particularly devastating for developing and least-developed countries, who lack the economic power to negotiate fair deals with much more powerful partners.

COVID-19 could, instead, be an opportunity. The increased need for cooperation in order to achieve truly effective solutions could lead to efforts to reform and reinvigorate international trade governance. Massive and major shocks sometimes provide an opportunity to build better systems. They can serve as a wake up call to learn and do better.

This is the choice we now face. One path could lead us down the dangerous and slippery slope of autarky and a free-for-all world of international trade from which we will surely all emerge as losers. The loss will not be limited only to international trade. Developing and least-developed countries will see their dreams of economic growth and development shattered, and the gains that they have made towards them reversed. Poverty and hunger will also rise in developed countries. With economic contractions, shrinking employment opportunities, and fragmentation of trade relations, the prospect of armed conflicts and wars cannot be ruled out. Instead of moving towards a peaceful world and the achievement of the Sustainable Development Goals (SDGs), even the limited progress made so far on these will be rolled back.

Figure 1
International Trade Governance: A Holistic Perspective Post Covid 19



Source: Illustration by the author.

The choice is ours. We can and must use this great shock to reform and build a better system of international trade governance – something along the lines of what is presented in the illustration below. This will require foresight from our leaders, thoughtful and constructive engagement from businesses and experts, and support from the general public. Media will play a critical role in shaping public opinion.

RECOMMENDATIONS

Accordingly, the following three recommendations may help us to work towards creating a holistic, robust and fair system of international trade governance to face up to not only the challenges of COVID-19, but also to transform this challenge into an opportunity to support shared prosperity and peace for all mankind in the 21st century.

- Public commitments should be made by all world leaders to avoid unilateral actions, and they should instead utilise all existing platforms, particularly the WTO, for dialogue and collective actions to respond to the impact of COVID-19 on international trade.
- Collaborative work by relevant stakeholders (including businesses, experts, and civil society) should be undertaken to sketch out and propose the key features of a holistic international trade governance system that takes into account various links and is designed to achieve growth and development for all (e.g. by contributing to the timely achievement of the SDGs), particularly the developing and least developed countries.
- Inclusive dialogues and public campaigns should be organised to secure buy in from the general public in favour of the key principles of international trade governance for the 21st century.

FROM SHOCK, TO RESCUE, AND RECOVERY: USING EFFICIENT AND TRANSPARENT TRADE TO MOVE FORWARD

Gabrielle Marceau

The COVID-19 pandemic represents the most challenging public crisis in recent memory. This may well be one of the few times in history when all governments have the same priority – to contain the spread of the SARS-CoV-2 virus. It is striking how many countries adopted lockdown policies, even though they were aware of the detrimental effect it would have on trade and the economy. The pandemic brought with it severe economic implications, as governments enacted measures to curb the spread of the virus and protect their citizens' health and economic sustainability.

Health-related (and environmental) restrictions or regulations, import and trade facilitation measures, patents, standards, mutual recognition mechanisms, export restrictions, subsidies and domestic support schemes, values, and social choices all come into play in this pandemic. These WTO-related issues interact with several other international norms and guidelines, for example the WHO's »International Health Regulations«; the ITU's »Global Network Resiliency Platform«; the WIPO's »COVID-19 IP Policy Tracker«; the World Customs Organization's »List of priority medicines for customs during Covid-19 pandemic«; IATA's »Biosafety for Air Transport: A Roadmap for Restarting Aviation«; etc. States and international actors have made collaborative statements and expressed the need to protect health, while at the same time minimising the distortion of international trade in order to prevent dire consequences for people's livelihoods. All these issues have brought the WTO to the forefront of the fight against the pandemic.

WTO RULES AND COVID-19 TRADE-RELATED MEASURES

TRANSPARENCY: A FUNDAMENTAL FEATURE OF THE GATT/WTO

For trade in goods and services to flow smoothly, traders need to know the rules in order to be able to plan and organise their transactions; transparency tools also help governments to monitor and enforce pandemic-related rules. At no time is transparency more critical than at moments of crisis, such as the current pandemic. Transparency is a fundamental feature of the GATT/WTO multilateral trading

system.¹ Under the Trade Policy Review Mechanism, Members are called upon to enhance transparency through country-specific trade policy reviews, regular monitoring, and reporting of trade policy measures. The first monitoring reports were circulated in the wake of the 2008 financial crisis. Since then, the WTO Secretariat has prepared four reports every year: two for the full WTO membership and two for the G20 economies.²

In the context of the current crisis, the WTO Director-General encouraged Members to provide the Secretariat with information on any measures taken in response to the pandemic without waiting for Trade Policy Reviews. The Secretariat facilitated and contributed to this process by regularly updating its websites with Members' notifications. So far, the Secretariat has compiled a list of around 290 measures on trade in goods (excluding TBT/SPS, no trade remedies), 100 on trade in services, 60 that relate to intellectual property rights and some 638 economic support (grants). While Members only notified some of these measures, the Secretariat has found and verified significantly more and added them to the compilation. The WTO website has thus become an essential transparency forum for COVID-19 trade related measures adopted by WTO Members (WTO 2020a).

TARIFFS, RESTRICTIONS, AND OTHER BORDER MEASURES

In a nutshell, GATT/WTO provisions on trade in goods, disciplining border import and export measures, are designed to ensure that: 1) there is no unjustifiable discrimination between »like« products from all WTO Members; 2) tariffs on imported products are collected at levels below or equal to their bound level; 3) no quantitative border restrictions are maintained. Although export restrictions are generally prohibited, Article XI:2 includes a carve-out allowing WTO Mem-

¹ For a comprehensive overview of all transparency provisions in the WTO Agreements and a discussion on the importance of transparency see the information note prepared by the WTO Secretariat on the COVID-19 dedicated website (WTO 2020a).

² See WTO (2020a). There are also several domestic publications and WTO notification requirements provided for in covered agreements and in WTO decisions and instruments.

bers to temporarily apply export restrictions to prevent critical shortages of foodstuffs and other essential products. This derogation has been invoked by many Members for their COVID-19 temporary measures.

Any trade distortion (tariffs, regulations, taxes etc.) could fall under GATT Article XX. Article XX allows governments to pursue legitimate policy objectives that may restrict trade, so long as these restrictions are not disguised. For example, export restrictions on medical goods could fall under Article XX(b) which relates to measures »necessary to protect human, animal, or plant life or health«. In contrast to the carve-out in XI:2, Article XX does not impose a time constraint and measures can be maintained for an indeterminate period of time, but a country invoking this article must demonstrate that the trade distortion caused (i.e. the WTO-inconsistent measure) is »necessary« for containing and addressing aspects of the pandemic. For example, the EU imposed a restriction on medicinal products under GATT Article XX(b), while Australia introduced a ban on goods deemed essential to prevent the spread of COVID-19 under GATT Article XI:2(a) (WTO 2020f, 2020g). In October 2020, the WTO COVID-19 website counted roughly 284 goods related measures from 109 Members and Observers.

STANDARDS, MUTUAL RECOGNITION, HARMONISATION, CONFORMITY ASSESSMENT PROCEDURES

The Technical Barriers to Trade (TBT) Agreement and the Agreement on Sanitary and Phytosanitary Measures (SPS) include provisions on disciplining technical regulations, mutual recognition arrangements, conformity assessments, and (international) standards, in order to ensure the flow of goods across borders while, at the same time, respecting the policy choices of different governments. Both of these Agreements have proven instrumental in facilitating the cross-border flow of medical goods, food and other necessary products since the onset of the crisis.

The TBT Agreement disciplines the use of technical regulations, (international and national) standards, and conformity assessment procedures. It recognises WTO Members' right to implement measures to achieve legitimate policy objectives, such as health and safety. In a similar vein, the SPS Agreement aims to maintain the sovereign right of any government to provide the level of health protection it deems appropriate, while ensuring that these rights are not misused for protectionist purposes, resulting in unnecessary barriers to trade. For example, Members were able to quickly adapt to accept electronic communication and documents instead of paper procedures, simplify their technical regulations, ease certification procedures, and accept regulatory cooperation and mutual recognition with their trading partners.

As of 20th October 2020, a large portion of all COVID-19 regulatory measures notified to the WTO are SPS or TBT measures (WTO 2020b). The notified measures fall into four broad categories: (1) streamlining certification procedures; (2) ensur-

ing that medical goods are safe; (3) making food available by relaxing technical regulations; and (4) addressing COVID-19 risks from international trade in live animals (WTO 2020c). In other words, most of the notifications have been concerned with regulations that are facilitating trade. Some Members have chosen to rely on regulatory cooperation with other Members to ease procedures and expedite access to essential medical equipment. For example, instead of conducting its own inspections of pharmaceutical manufacturers, Brazil has decided to accept information directly from other regulators that participate in the Pharmaceutical Inspection Co-operation Scheme (WTO 2020h). Additionally, Canada has loosened its bilingual labelling rules and Switzerland has also relaxed certain food labelling requirements (WTO 2020i).

SUBSIDIES AND DOMESTIC SUPPORT PACKAGES

Under WTO rules, governments are not prohibited from providing subsidies to their national industries, so long as these subsidies are not granted contingent upon export performance, local content requirements, and do not cause adverse effects on other Members' markets. During the pandemic, it is difficult to determine where the responsibility for any adverse effects lies, between the pandemic and the subsidies put in place by governments as they enact mobility-reducing measures, prohibiting citizens from going out to work and trade.³

WTO rules include specific disciplines on trade in agriculture that allow governments to support their rural economies by granting various forms of subsidies and support measures (the total level of which is monitored by the WTO). These have come into play in the current pandemic, since one effect of the lockdowns has been a decrease in the consumption of agricultural products, prompting governments to support their farmers. Nonetheless, recent ministerial decisions established considerable restrictions on the use of all subsidies for agricultural products by 2022.⁴

Governments and central banks worldwide have enacted sweeping and sizable fiscal and monetary stimulus measures to counteract the disruption caused by COVID-19. Packages totalling 10 trillion US dollars were announced in the first two months alone (Cassim et al. 2020). These stimulus packages are generally not notified to the WTO. The US, for example, provided an unprecedented sum of 2 trillion US dollars. These federal funds are to be disbursed to households and firms through various channels (Politi and Fedor 2020). The EU also agreed to a historic 750 billion euro package for its member states (Dendrinou, Chrysoloras and Buttler 2020). China is

³ In this context, one provision of the SCM seems partially relevant: Article 6.7(c) of the SCM Agreement states that displacement or impediment resulting in serious prejudice will not arise where »natural disasters, strikes, transport disruptions or [an]other force majeure« event takes place during the relevant period.

⁴ See the Nairobi and the Buenos Aires Ministerial Conferences for example.

providing subsidies for the modernisation of infrastructure to lead to faster digitalisation (KPMG 2020); South Africa is reviving its stimulus plans for a transition to renewable energy (SANEA 2020); Japan is subsidising its companies to shift manufacturing from China to Southeast Asia or Japan, to build more resilient supply chains, and decrease reliance on China (Denyer 2020); Australia is providing cash injections for export flights carrying lobsters, beef and salmon (Australian Financial News 2020).

In the agricultural sector, Members have now moved from immediate actions, such as export restrictions, to economic stimulus measures. Côte d'Ivoire and Fiji have adopted agricultural input support measures, for example, while Namibia provides guarantees to support low interest loans for agricultural businesses (IMF n.d.).

In the context of the current pandemic, with governments offering stimulus packages for industrial and agricultural production, the need for transparency in COVID-19 related measures is crucial to avoid abuse and monitor the extent and duration needed, as they affect the level playing field and may be subject to challenges from other Members.

SERVICES AND INVESTMENT RELATED MEASURES

The services sector has been greatly affected by the current pandemic.⁵ On the one hand, services such as tourism, transport, and distribution services have suffered a significant drop due to mobility-reducing governmental measures. On the other hand, there has been increasing reliance on telecommunications, information services, etc.

In a nutshell, the WTO rules on services, as provided for in the GATS, contain few general obligations – the Most Favoured Nation (MFN) obligation being one of them – which apply to all measures affecting trade in services. Market access and national treatment commitments depend on each Member's scheduled commitments.

Of the measures compiled by the WTO Secretariat, around 100 of them relate to trade in services stemming from some 50 WTO Members. While most measures seem to facilitate trade (around 76 per cent), a few Members have started to adopt measures that relate to the tightening of their foreign investment screening regimes, aimed at preventing takeovers in sectors of strategic importance. Kenya, for example, has fast tracked an operating licence for services that would extend Wi-Fi to remote locations, ensuring that effective health-related information can be transmitted to and from rural areas; and India has relaxed its rules on tele-medicine. EU member states, on the other hand, have ramped up their foreign direct investment screening rules to protect critical assets from foreign takeovers (WTO 2020a).

⁵ For an overview of all measures taken by WTO Members, see the goods as of 31 July 2020 and services measures as of 23 July 2020 (WTO 2020a).

INTELLECTUAL PROPERTY ISSUES

Intellectual property (IP) matters, including patents, know-how, and rights to clinical data, may be a significant factor in facilitating access to existing technologies. The sharing of relevant IP and exchange of clinical trial data can expedite and facilitate cooperation in research and development (R&D). This could accelerate the development and marketing of tests, treatments, and vaccines. It is well established that the TRIPs Agreement provides latitude for national governments to take actions to protect public health. Governments could also grant compulsory or government-use licences, under Article 31 of the TRIPs Agreement, to allow the manufacturing or import of technologies protected by patents. However, compulsory licenses have so far not been used, given the support and collaboration between private and governmental actors. Singapore is one example of where IP related measures have been used; they have made copyrighted software for COVID-19 contract tracing freely available under an open source license (WTO 2020d).

So far, Members have not faced any intellectual property rights impediments, but have had significant issues with their capacity to mass produce all necessary medical goods. If one looks at the unprecedented collaboration between public and private companies in developing COVID-19 IT instruments and vaccines, it seems it is more urgent to consider how to ensure that the IP systems can continue to function, and in so doing facilitate the availability of new technologies and medicines once they are ready to be distributed to the public.

WE CAN ONLY WIN THE FIGHT AGAINST THE PANDEMIC WITH MULTILATERAL COOPERATION

MEMBERS' STATEMENTS AND COMMITMENTS

From the early onset of the crisis, WTO Members understood and recalled the crucial need to keep their economies open, as well as the central role of the WTO with its multilateral rules based system. As early as 20 March 2020, Singapore and New Zealand confirmed their commitment to maintaining open and connected supply chains during the COVID-19 pandemic. On 25 March 2020, Australia, Brunei Darussalam, Canada, Chile, and Myanmar joined this Ministerial Statement, followed on 6 April by Lao PDR and Uruguay (WTO 2020e).

A similar initiative has been undertaken for agricultural supply chains. On 22 April 2020, 23 WTO Members (29 as of 29 May 2020)⁶ issued a Joint Statement entitled »Responding to the COVID-19 pandemic with open and predictable trade in agricultural and food products«. These Members have commit-

⁶ Australia; Brazil; Canada; Chile; Colombia; Costa Rica; Ecuador; European Union; Georgia; Hong Kong, China; Japan; Korea; Malawi; Malaysia; Mexico; New Zealand; Nicaragua; Paraguay; Peru; Qatar; Saudi Arabia; Singapore; Switzerland; Chinese Taipei; Ukraine; United Arab Emirates; United Kingdom; United States; and Uruguay.

ted to exercising restraint in establishing domestic food stocks of agricultural products that are traditionally exported, so as to prevent disruptions or distortions in international trade, avoid agriculture export restrictions being imposed, and refrain from putting up unjustified trade barriers on agriculture and agri-food products, as well as key agricultural products (WTO 2020e).

In turn, the EU has issued a concept paper that builds on the existing WTO Pharmaceutical Agreement, whereby tariffs on pharmaceutical products are reduced to zero. The EU went further and proposed a zero tariff on all pharmaceutical and medical products used in the fight against the pandemic, as well as the establishment of an essential goods list for which tariffs should be eliminated on a temporary or permanent basis. The paper also proposes more comprehensive rules on trade restrictions and suggests the application of an »equitable share of the international supply of these goods« irrespective of what GATT exceptions a member invokes.

THE WTO SECRETARIAT AND ITS COVID-19 DESIGNATED WEBSITES

The WTO aims to offer a transparency hub for COVID-19 trade-related notifications, and a forum where good governance, coordination, and exchange are facilitated and encouraged through transparency between Members. Measures notified to the WTO are accessible for all Members, enabling them to learn from them and adjust to them. Dealing with a shortage of ventilators, masks etc. requires full transparency.

To facilitate Members' actions, the WTO Secretariat has created a specific website page on COVID-19 measures. Encouraged by the WTO Director-General, Members have been notifying their COVID-19 measures and have responded favourably to the new resources provided by the Secretariat. This has proven instrumental in ensuring trade flows smoothly during the crisis. The website lists measures notified by Members and also contains useful information notes on various topics.

LOOKING AHEAD AND CONCLUSION

It stands to reason that international trade is crucial to the development of a sustainable, well-functioning globalised world. Nonetheless, as WTO Members walk a tightrope, with the threat of insufficient supplies looming over them, companies and governments are starting to rethink their supply chains, and the media is reporting a general sense of urgency in shifting a quarter of global product sourcing to new countries in the next five years (Edgecliffe-Johnson 2020). Broadly speaking, the governance of global value chains does not fall under the sole purview of the WTO, as it also involves tax, competition, innovation and security policies, and various corporate investment and commercial choices. Restructuring supply chains requires a series of trade, financial, investment, monetary, antitrust and competition, labour, environmental and social adjustments, both in private and governmental

contexts. These changes imply public/private agreements and coordination in areas where there is not yet any multilateral forum.

The pandemic has shown that regional cooperation may fill in the gaps of the multilateral system. »Crises are often an opportunity to go back to the reasons why certain structures were created«. Regional institutions can then »act as globalization agents through political and economic interactions among them« (Kalinina 2020). In mid-February the African Union launched a continental strategy in response to the virus; the Africa Centre for Disease Control and Prevention has been providing data and training to African Union member states and their citizens on how to contain the spread of COVID-19. Furthermore, the EU has led the way in providing significant fiscal stimulus packages at the regional level.

The pandemic may also lead to a revitalisation of the WTO's role – as a communications and governance forum, bringing together regional actors, promoting collective work on minimising trade disruptions and negative local economic externalities, and facilitating a sustainable path to recovery – both in health and economic terms. This pandemic has brought about an unprecedented level of scientific cooperation; hopefully, this will translate into further collaboration and enjoyment of the shared benefits of barrier free research. Transparent and fair trade will help to drive the economic recovery forward and bring about the end of the pandemic through the distribution of future remedies.

RECOMMENDATIONS

In the COVID-19 context, the trade related recommendations include:

- Enhance WTO Members' efforts to notify on all COVID-19 related measures, coupled with the assistance of WTO/ITC/UNCTAD/WB/IMF Secretariats in favouring and aiding developing countries.
- Allow further analysis by the WTO Secretariat of measures taken by governments and their subsequent impact.
- Enhance coordination of governments' export and import restrictions on medical goods and services.
- Hold informed discussion and coordinate subsidies, stimulus, and support packages provided by WTO Members to their commercial actors.
- Review and reconsider the need for internationally coordinated rules on investment and competition (antitrust), working towards public/private joint actions to improve supply chains.
- Revisit regional cooperation and see how it could be reinforced to help us deal with situations of crisis, such as the pandemic.

REFERENCES

- Australian Financial News** (2020): *Farm, seafood freight flights to continue* (3.7.2020); available at: <https://afndaily.com.au/2020/07/03/farm-seafood-freight-flights-to-continue>
- Cassim, Ziyad et al.** (2020): *The \$10 trillion rescue: How Governments can deliver impact*; McKinsey & Company (5.6.2020); available at: <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/the-10-trillion-dollar-rescue-how-governments-can-deliver-impact>
- Dendrinou, Viktoria / Nikos Chrysoloras / Morten Buttler** (2020): *EU Clinches Massive Stimulus Deal to Bind Continent Together*, in: *Bloomberg* (21.7.2020); available at: <https://www.bloomberg.com/news/articles/2020-07-21/eu-leaders-reach-deal-on-750-billion-euro-virus-recovery-fund>
- Denyer, Simon** (2020): «Japan helps 87 companies to break from China after pandemic exposed overreliance», in: *Washington Post*, July; https://www.washingtonpost.com/world/asia_pacific/japan-helps-87-companies-to-exit-china-after-pandemic-exposed-overreliance/2020/07/21/4889abd2-cb2f-11ea-99b0-8426e26d203b_story.html
- Edgecliffe-Johnson, Andrew** (2020): *Global threats are reordering supply chains, says report*, in: *Financial Times* (8.8.2020); available at: <https://www.ft.com/content/a4544767-f93d-48b0-bde4-ad8a582922ab>
- European Commission (EC)** (2020): *Coronavirus: European Commission backs international initiative to facilitate trade in healthcare products*, Press release (15.6.2020); available at: https://ec.europa.eu/commission/press-corner/detail/en/IP_20_1042
- International Monetary Fund (IMF)** (n.d.): *Policy Responses to COVID-19: Policy Tracker*; available at: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19> (last accessed on 3.9.2020)
- Kalinina, Anastasia** (2020): *What the world can learn from regional responses to COVID-19*, at: *World Economic Forum* (1.5.2020); available at: <https://www.weforum.org/agenda/2020/05/covid-19-what-the-world-can-learn-from-regional-responses/>
- KPMG** (2020): *China: Government and institution measures in response to Covid-19*, in: *KPMG Insights*, (17.6.2020); available at: <https://home.kpmg/xx/en/home/insights/2020/04/china-government-and-institution-measures-in-response-to-covid.html>
- Politi, James / Fedor, Lauren** (2020): *What's In the historic \$2tn US stimulus deal?*, in: *Financial Times* (25.3.2020); available at: <https://www.ft.com/content/0925d61e-6eaa-11ea-89df-41bea055720b>
- South African National Energy Association (SANEA)** (2020): *South African Energy Risk Report 2020*; available at: https://cdn.ymaws.com/southafricanenergyassociation.site-ym.com/resource/collection/84FAE3E8-C92B-4B0C-804B-E746D39948D7/SANEA_Annual_Risk_Report_-_Web_Ver20.16.pdf
- World Trade Organization (WTO)**
- (2020a): *COVID-19 and World Trade*; available at: https://www.wto.org/english/tratop_e/covid19_e/covid19_e.htm (last accessed on 24.8.2020)
 - (2020b): *WTO members' notifications on COVID-19*; available at: https://www.wto.org/english/tratop_e/covid19_e/notifications_e.htm (last accessed on 19.8.2020)
 - (2020c): *Standards, regulations and COVID-19 – what actions taken by WTO Members?*; Information note (20.5.2020); available at: https://www.wto.org/english/tratop_e/covid19_e/standards_report_e.pdf
 - (2020d): *Covid-19: Measures regarding trade-related intellectual property rights*; available at: https://www.wto.org/english/tratop_e/covid19_e/trade_related_ip_measure_e.htm (last accessed on 3.9.2020)
 - (2020e): *COVID-19 Proposals*; available at: https://www.wto.org/english/tratop_e/covid19_e/proposals_e.htm (last accessed on 3.9.2020)
 - (2020f): *Notification pursuant to the decision on notification procedures for quantitative restrictions, Addendum, G/MA/QR/IN/EU/4/Add.3* (10.6.2020); available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=264469,264394,264411,264265,264264,264196,264118,264032,264033,264014&CurrentCatalogueIdIndex=1&FullTextHash=&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=False
 - (2020g): *Notification pursuant to the decision on notification procedures for quantitative restrictions, Addendum, G/MA/QR/IN/AUS/4/Add.1* (15.6.2020); available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=264469
 - (2020h): *Resolution – RDC number 346, G/TBT/IN/BRA/984*. (12.3.2020); available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=262322&CurrentCatalogueIdIndex=0&FullTextHash=371857150&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=True
 - (2020i): *Expedited access to disinfectants, hand sanitizers and personal protective equipment to help limit the spread of COVID-19, as well as swabs for testing, G/TBT/IN/CAN/609* (18.3.2020); available at: https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&HasEnglishRecord=True&HasFrenchRecord=True&HasSpanishRecord=False&CatalogueIdList=263014,250681,262978,263033,263096,263039,26302-7,263113,263188,263189&CurrentCatalogueIdIndex=5&FullT

COURSE CORRECTION: SHIFTING THE ROLE OF THE STATE VIS-À-VIS MARKETS AND CORPORATIONS

*Kinda Mohamadieh*¹

THE CURRENT CRISIS HIGHLIGHTS ENTRENCHED IMBALANCES AND VULNERABILITIES

In the aftermath of the 2008 financial crisis, the focus was on »too big to fail« financial institutions, yet the report of the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System noted that »[w]hile discussions of the failures of markets have focused on the financial sector, it should be clear that some of the key problems are more pervasive. Flawed incentive structures that led to excessive risk taking and shortsighted behavior were, in part at least, a result of problems in corporate governance, which are manifest elsewhere« (UN 2009: 36).

The period since the financial crisis up until the current combined health and economic crisis saw more widespread concentration of economic resources in various sectors, and consequent spill over in the form of political capture and distortions in governance models. Simultaneously, vulnerabilities within the corporate sector have been on the rise, fuelled by the corporate strategies and profit-making decisions that have been pursued. For example, by the end of 2019, corporate debt in developing economies had reached a record high of more than 55 trillion US dollars (Inman 2019). In emerging markets, debt had risen more than two-fold since 2010, to 72 trillion US dollars, driven mainly by a build-up of non-financial corporate debt (IFF 2020). This has been the result of increasing borrowing on international markets in order to benefit from lower interest rates (Akyüz 2019). In the United States, the corporate debt to asset ratio before the COVID-19 crisis was at its highest for 20 years. It had crept up as a result of broad share buybacks driven by a push from corporations to boost their shareholder profits (Braithwaite 2020). Such trends, focused on short-term shareholder returns, are not limited to the United States. European companies have increasingly shifted their focus onto short-term corporate distributions and pay outs for shareholders, which have doubled over the last 15 years, whereas spending on innovation and research has shrunk (Saastamoinen 2019).

The current crisis has served as a reminder of several problematic aspects of the corporate world and their implications for rights and livelihoods. One such reminder was that the corporate world is not homogeneous. Corporate inequalities are demonstrated by the concentration of economic resources in the hands of mega corporations. This trend correlates negatively with core indicators of the real economy and has a potential crowding-out effect on small and medium enterprises. UNCTAD had pointed towards the emergence of large non-financial corporations as a rentier class that extracted huge gains wildly disproportionate to the social return of their activities.² The International Monetary Fund's (IMF) research highlighted the rise of market power concentration driven by »corporate giants« – what they referred to as »superstar« companies – in all broad economic sectors, including in information and communication technology (Díez and Leigh 2018). The IMF's research pointed out that the increase in corporate power, and concentration of market power go hand in hand with negative effects on investment, innovation, and labour shares (Díez and Leigh 2018), »implying that the labour share of income declines in industries where market power rises« (Díez and Leigh 2018). Labour groups highlighted the association of these trends with anti union practices and deteriorations in labour conditions (ITUC 2018). The IMF's findings are in line with what UNCTAD calls the »winner takes most« distributional ethos of a hyper-globalised world order in which big corporations are very much akin to a crocodile whose corporate profits gobble up labour's income share.³ Furthermore, the 2019 Human Development Report pointed out how the concentration of economic power spills over to become political power and capacity for political capture. The report noted that »economic elites [...] and organized groups representing business interests [...] shape policies substantially more than average citizens or mass based interest groups do. [...] Income and wealth inequalities are thus transferred into political inequality [...], with privileged groups moulding the system according to their needs and preferences, leading

¹ Parts of this contribution are based on the article Mohamadieh (2020).

² Rent being defined here as income derived solely from the ownership and control of an asset, rather than from innovative, entrepreneurial deployments of economic resources (Blankenburg and Kozul-Wright 2017). See also UNCTAD (2018).

³ Graph showing trajectory of the top 2,000 transnational corporations' profit and the global labour income share, 1995–2015 (Gallagher and Kozul-Wright 2019: 12).

to even more inequalities» (UNDP 2019: 88). Concentration of market power and the increasing financialization of big corporations have driven a growing wedge between them and the rest of the corporate sector, comprising small and medium enterprises.⁴ Today, there are indications that the fallout from the COVID-19 pandemic could see large firms cement their dominance over weaker rivals (Eavis and Lohr 2020; Foroohar 2020; Aviva Investors 2020).

A second reminder has been that interconnectedness in our globalised world is not only manifested in terms of movement of goods and services but in the increasing dependency of millions of livelihoods around the world on corporate powerhouses, particularly those leading global value chains (GVCs). As the dominant form of capitalism today, GVCs have been a vehicle for entrenching the concentration of economic resources and power in the hands of select multinational companies. In the context of the COVID-19 crisis, these chains have become another avenue for exporting part of the economic crisis to developing countries, thus deepening inequalities. Impoverished workers have been left to lift part of the burden off the shoulders of multinational companies. For example, amidst the crisis, suppliers in the garment industry value chains have been facing mounting challenges as a result of unreasonable demands from big clients, mainly corporations in the United States and the United Kingdom.⁵ These pressures on the lower end of the GVC come from big corporations that are probably accessing support from stimulus packages offered by their governments. They leave thousands in developing and least developed countries hovering near the poverty line, if not below it. These workers rarely earn enough to accumulate savings, which means that without their jobs their families' access to food and education would be jeopardised. These situations show that private ordering is not enough to guarantee rights in a context with entrenched power imbalances. It also reveals the hollowness of the »responsible sourcing« narrative and voluntary commitments to human rights due diligence that we often hear of and read about in corporate reports. In effect, these trends reflect the fact that big corporations uphold their commitment to the primacy of shareholder value at the expense of the workers whose sweat enables profits to accrue for those at the top of the value chain. These situations are in part the result of lack of action by the home states of multinational corporations in terms of clarifying the obligations of their companies when operating abroad via subsidiaries or through contractual arrangements with suppliers.

⁴ In 2015, the market capitalisation of the top 100 firms increased to 7,000 times that of the bottom 2,000 firms (Blankenburg and Kozul-Wright 2017). See also Bloom (2017a) and Bloom (2017b) where it is argued that »corporate inequality« explains 70–80 per cent of the increase in income inequalities in the United States. See also Gans et al. (2018) and (2019).

⁵ These include cancellations of orders and contracts for goods that are ready or are in the manufacturing phase. They also include requests for discounts on outstanding payments and for goods in transit, and extensions on previously agreed payment terms that could reach up to 120 days (Oi and Hoskins 2020). See more at Clean Clothes Campaign (2020) and Anner (2020). The report states that 45.8 per cent of suppliers in Bangladesh report that »a lot« to »most« of their nearly completed or entirely completed orders have been cancelled by their buyers; 5.9 per cent had all of these orders cancelled.

MARKET ORTHODOXY CONTINUES TO DOMINATE OVER THE ROLE OF THE STATE

These phenomena are among some of the core reasons behind inequalities, injustices, and the break down of economic, social, and ecological systems in our world today. The situation we find ourselves in today results from the dominance of an ethos that prioritises markets, rooted in neoclassical economic ideology, wherein the state is considered a mere facilitator of markets and corporate activities. This in turn sets boundaries on the role of regulation and prioritises reliance on self-regulation. Under the dominance of such orthodoxy, the state's role in attending to the collective public interest has been pulled back in favour of facilitating private endeavours.

Increasingly, states have agreed to sign up to international trade and investment treaties that reflect this ethos, by privileging private interests and restricting the space and tools needed for states to intervene to serve the public interest. Among other features, these agreements offer a special set of exclusive privileges to highly endowed asset holders and corporations when investing abroad, in the form of an investor-state dispute settlement (ISDS) mechanism. Such mechanisms, incorporated into most international investment agreements, allow foreign investors to challenge legitimate, non-discriminatory governmental action that they consider to have undermined their private interests, including action taken in the public interest (Mohamadih 2019; Johnson 2019). Civil society groups have documented how investment lawyers and law firms have advised their corporate clients on the use of ISDS to challenge measures taken by governments around the world in response to the COVID-19 crisis and related economic fallout (Bernasconi-Osterwald, Brewin and Maina 2020; Olivet et al. 2020; Sundaram 2020). For example, law firms have reacted to regulatory action taken by states in response to the COVID-19 crisis by releasing reports suggesting that »foreign investors [...] may wish to consider their rights and potential remedies under applicable investment treaties« or asserting that »for companies with foreign investments, investment agreements could be a powerful tool to recover or prevent loss resulting from COVID-19 related government actions« (Olivet and Müller 2020; Ropes & Gray 2020; Brown de Vejar and Páramo Fernández 2020).

Previous financial and economic crises as well as corporate scandals have been unable to shift the dominant narrative and policy approaches away from this market orthodoxy. Nonetheless, in order to right our course on the economic, social and ecological fronts, we need to break away from this dominant ethos and fundamentally shift the way in which we conceive of the state's role, including vis-à-vis markets and corporations. The state cannot merely serve as a rescuer and facilitator of corporate activities, whatever these activities are, and whatever impact they have on society. A shift in the role of the state entails reclaiming and utilising policy, and institutional and legal tools in order to curb corporate power and profiteering at the expense of individual and collective rights, and for profit-making to be better aligned with

the broader public good. Course correction also requires us to review our understanding of corporations, their role in our societies, and how they shape our economies.

COURSE CORRECTION: POTENTIAL AVENUES

There are selected ongoing multilateral efforts that could potentially help us to correct our course. Endeavouring to establish a legally binding instrument on business and human rights could constitute one such effort.⁶ Such a treaty, if agreed, could potentially clarify states' obligations to enact domestic regulations with extraterritorial reach in order to regulate the conduct of their national businesses when they invest and operate abroad. It would also serve to recognise the often invisible costs that corporate practices can have on third parties and society at large, including affected local communities as well as future generations. Another is the process of reviewing and reforming international investment governance, including investment dispute settlement mechanisms. In doing so, instead of solely focusing policy and legal interventions on providing an enabling environment for investors, it is important to utilise the policy and regulatory tools at the disposal of states to direct investment towards sustainable development objectives. For those purposes, it is crucial that home and host states of investors cooperate in reviewing and redesigning international investment agreements with a view to reclaiming policy space and balancing the rights and obligations of investors.

These processes would be particularly important in order to clarify the obligations of businesses and investors as well as the standards of liability that ought to be applied in cases of breach. They are also important in order to provide access to remedies and justice for third parties negatively affected by corporate and investor practices.

RECOMMENDATIONS

- A transformative agenda post the COVID-19 crisis requires balancing the rights and obligations of corporations, investors and highly-endowed asset holders under international and domestic law.
- Policy makers ought to move beyond the constraints on the role of the state set by mainstream orthodox neo classical economic theory and reclaim policy, institutional, and regulatory tools needed to curb corporate power and profiteering, and align private profit-making with the broader public good.

REFERENCES

- Akyüz, Yilmaz** (2019): *Financial globalization*, N-S wealth distribution, resource transfers; Third World Network Info Service on Finance and Development (18.2.2019); available at: <https://twm.my/title2/finance/2019/fi190201.htm>
- Anner, Mark S.** (2020): Abandoned? The Impact of COVID-19 on Workers and Businesses at the Bottom of Global Garment Supply Chains, in: Research Report, PennState Center for Global Workers' Rights (27.3.2020).
- Aviva Investors** (2020): *Size matters: Will COVID-19 lead to a concentration of corporate power?* (22.4.2020); available at: <https://hub.ipe.com/as-set-manager/aviva-investors/size-matters-will-covid-19-lead-to-a-concentration-of-corporate-power/10045262.supplierarticle>
- Bernasconi-Osterwalder, Nathalie / Brewin, Sarah / Maina, Nyaguthii** (2020): *Protecting Against Investor-State Claims Amidst Covid-19: A Call to Action for Governments*; IISD (14.4.2020); available at: <https://www.iisd.org/articles/protecting-against-investor-state-claims-amidst-covid-19-call-action-governments>
- Blankenburg, Stephanie / Kozul-Wright, Richard** (2017): *The Rentiers Are Here* (25.9.2017); available at: <https://www.project-syndicate.org/commentary/rise-of-global-rentier-capitalism-by-stephanie-blankenburg-2-and-richard-kozul-wright-2017-09>
- Bloom, Nicholas**
 – (2017a): The Rise of Corporate Inequality, in: *Harvard Business Review Podcast*, (23.3.2017); available at: <https://hbr.org/podcast/2017/03/the-rise-of-corporate-inequality%20and>
 – (2017b): Corporations in the Age of Inequality, in: *Harvard Business Review* (3.2017); available at: <https://hbr.org/cover-story/2017/03/corporations-in-the-age-of-inequality>
- Braithwaite, Tom** (2020): Corporate bailouts need more of us to share the pain – and gains, in: *Financial Times* (17.4.2020); available at: <https://www.ft.com/content/d6cbdefa-f3b5-4743-a23c-51a60bdfac93>
- Brown de Vejar, Kate / Páramo Fernández, Marcelo** (2020): *Mexican renewable energy projects affected by new measures* (19.5.2020); available at: <https://www.dlapiper.com/en/us/insights/publications/2020/05/mexican-renewable-energy-projects-affected-by-new-measures/>
- Clean Clothes Campaign** (2020): Live Blog: *How the Coronavirus Influences Garment Workers in Global Supply Chain* (26.4.2020); available at: <https://cleanclothes-ea.org/content/live-blog-how-coronavirus-influences-garment-workers-supply-chains>
- Díez, Frederico / Leigh, Daniel** (2018): Chart of the Week: The Rise of Corporate Giants, in: *IMF Blog* (6.6.2018); available at: <https://blogs.imf.org/2018/06/06/chart-of-the-week-the-rise-of-corporate-giants/>
- Eavis, Peter / Lohr, Steve** (2020): Big Tech's Domination of Business Reaches New Heights, in: *The New York Times* (19.8.2020); available at: <https://www.nytimes.com/2020/08/19/technology/big-tech-business-domination.html>
- Foroohar, Rana** (2020): Big Tech and Covid-19: Power and Accountability, in: *Wired Virtual Briefing* (1.6.2020); available at: <https://www.youtube.com/watch?v=emrq3U9Kzyg>
- Gallagher, Kevin P. / Richard Kozul-Wright** (2019): *A New Multilateralism for Shared Prosperity: Geneva Principles for a Global Green New Deal*; UNCTAD and Boston University Global Development Policy Center; available at: https://unctad.org/en/PublicationsLibrary/gp_ggnd_2019_en.pdf
- Gans, Joshua et al.** (2018): Inequality and Market Concentration, when Shareholding is More Skewed than Consumption, in: *CAMA Working Paper No. 62/2018* (13.12.2018); available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3301054
- Gans, Joshua et al.** (2019): Market Power and Inequality, in: *Harvard Law School Forum on Corporate Governance* (23.1.2019); available at: <https://corpgov.law.harvard.edu/2019/01/23/market-power-and-inequality/>
- Inman, Phillip** (2019): Debt in developing economies rises to record \$55tn, in: *The Guardian*, (19.12.2019); available at: <https://www.theguardian.com/business/2019/dec/19/debt-in-developing-economies-rises-to-record-55tn>
- ITUC** (2018): *ITUC Global Rights Index 2018: Democratic Space Shrinks and Unchecked Corporate Greed on the Rise* (7.6.2018); available at: <https://www.ituc-csi.org/ituc-global-rights-index-2018-20299>

⁶ See more information on the proposed treaty and the Intergovernmental Working Group on Transnational Corporations and Other Business Enterprises with Respect to Human Rights at UNHRC (n.d.).

Johnson, Lise (2019): *IIAs and Investor (Mis) Conduct*, on: *Columbia Center on Sustainable Investment* (14.1.2019); available at: <http://ccsi.columbia.edu/2020/01/21/iias-and-investor-mis-conduct/>

Mohamadieh, Kinda

- (2019): Challenges of Investment Treaties on Policy Areas of Concern to Developing Countries, in: *G-24 Working Paper* (3.2019); available at: https://www.g24.org/wp-content/uploads/2019/03/Challenges_for_developing_countries_in_IAs.pdf
- (2020): Corporate power and States' (in)action in response to the COVID-19 crisis, on: *Third World Network*; available at: https://twon.my/title2/briefing_papers/twn/Corporate%20power%20TWNBP%20Jul%202020%20Mohamadieh.pdf

Oi, Mariko / Hoskins, Peter (2020): Clothing makers in Asia give stark coronavirus warning, in: *BBC News* (10.4.2020); available at: <https://www.bbc.com/news/business-52146507>

Olivet, Cecilia / Müller, Bettina (2020): Juggling Crises: Latin America's battle with COVID-19 hampered by investment arbitration cases, in: *tni Longreads* (25.8.2020); available at: <https://longreads.tni.org/jugglingcrises>

Olivet, Cecilia et al. (2020): Pandemic Profiteers: How Foreign Investors Could Make Billions from Crisis Measures, in: *tni Longreads* (20.4.2020); available at: <https://longreads.tni.org/pandemic-profiteers/>

Ropes & Gray (2020): *COVID-19 Measures: Leveraging Investment Agreements to Protect Foreign Investment*; *Coronavirus Information & Updates* (28.4.2020); available at: <https://www.ropesgray.com/en/newsroom/alerts/2020/04/COVID-19-Measures-Leveraging-Investment-Agreements-to-Protect-Foreign-Investments>

Saastamoinen, Salla (2019): *Sustainable Corporate Governance in the Wake of the Climate Crisis*; Keynote presented at 24th European Corporate Governance Conference: Company Law and Climate Change? (12.12.2019); available at: <https://oikeusministerio.fi/en/corporate-governance-conference-helsinki>

Sanderson, Cosmo (2020): Peru warned of potential ICSID claims over covid-19 measures, in: *Global Arbitration Review* (9.4.2020); available at: <https://globalarbitrationreview.com/article/1225319/peru-warned-of-potential-icsid-claims-over-covid-19-measures>

Seattle to Brussels Network (S2B Network) (2020): *Open Letter to Governments on ISDS and COVID-19* (6.2020); available at: <http://s2bnetwork.org/sign-the-pen-letter-to-governments-on-ids-and-covid-19/>

Sundaram, Jomo Kwame (2020): ISDS enables making more money from losses, in: *Inter Press Service* (18.8.2020); available at: <http://www.ipsnews.net/2020/08/ids-enables-making-money-losses/>

The Institute of International Finance (IIF) (2020): Sustainability Matters, in: *Global Debt Monitor*; (13.1.2020); available at: https://www.iif.com/Portals/0/Files/content/Global%20Debt%20Monitor_January2020_vf.pdf

UN Human Rights Council (UNHRC) (n.d.): *Open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights*; available at: <https://www.ohchr.org/en/hrbodies/hrc/wgtranscorp/pages/igwgontnc.aspx>

UNCTAD (2018): Corporate Rent-Seeking, Market Power and Equality: Time for A Multilateral Trust Buster?, in: *Policy Brief No. 66* (5.2018); available at: https://unctad.org/en/PublicationsLibrary/presspb2018d3_en.pdf

UNDP (2019): *Human Development Report 2019*; available at: <http://hdr.undp.org/sites/default/files/hdr2019.pdf>

United Nations (UN) (2009): *Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System*, (Report of the Stiglitz Commission); available at: <https://www.un.org/en/ga/president/63/pdf/calendar/20090325-economiccrisis-commission.pdf>

EXPLORING STRUCTURAL BARRIERS TO JUSTICE AND SUSTAINABILITY IN ECONOMIC SYSTEMS: THE EXAMPLE OF TRADE AND WTO TRANSFORMATION

Joachim Monkelbaan

Humanity has made considerable progress over the past few decades but is also facing numerous deep-seated and interconnected crises. The COVID-19 pandemic has exposed the deeper crisis that is a result of our current economic systems – the exploitation of resources in a manner that damages our planet and leaves many in poverty.

The manifold challenges before us can be seen as various expressions of more fundamental problems. Battling the symptoms is therefore unlikely to cure these ills; we need to diagnose the structural barriers or root causes¹ to find lasting remedies. It is important to look for root causes because we are at a critical juncture: we have the opportunity to Build Back Better, but at the same time we face a number of existential threats. Examining the root causes of global challenges is particularly important if we want to achieve the Sustainable Development Goals (SDGs), which attempt to address many of the issues discussed here.

On this basis, the questions at the heart of this piece are the following:

- Which challenges is the world facing?
- What are the root causes of those challenges?
- What might be some structural remedies for addressing the root causes?
- What could be the role of trade and the WTO in addressing the root causes in the context of the COVID-19 pandemic to make economic systems more just, sustainable, and resilient?
- What does this mean for the WTO and its reform?

A fresh look at economics is needed to clear the way toward a sustainable and just economic order. Economics should be a way to serve the common good rather than a goal in and of itself. This will require us to rediscover our sense of responsibility towards our fellow human beings and full consciousness of planetary boundaries.

THE UNSUSTAINABILITY AND INJUSTICE IN OUR ECONOMIC SYSTEMS: ROOT CAUSES

Visions of the future must be both sustainable and just. The unsustainable way in which part of humanity is living while other parts can hardly survive indicates grave injustices. Nearly one billion people in the world go hungry every day and billions do not have access to healthcare. Violence continues to cause untold suffering and costs at least 12 per cent of global GDP (Institute for Economics & Peace 2018). In many countries, related social challenges such as social and political polarization and fragmentation and increasing mistrust of political figures and the media are visible. The following specific problems and their root causes are indicative of the challenges that we face.

First, the inequality gap between developed and developing countries is largely rooted in colonial history, and leaves poor nations more vulnerable in the face of natural disasters, such as climate change.² Inequality in the West is largely technology-driven (automation has made manufacturing jobs redundant and may soon do the same for services jobs (Baldwin, 2019)) and is further exacerbated by austerity. Inequality is economically counterproductive because it creates:

- political instability, which leads to lower investment levels and more resources being wasted bargaining over the distribution of rents;
- social instability, which reduces governments' ability to react to shocks and can lead to increased violence;
- barriers to the poor investing in education or making other productive investments, which could otherwise increase their income.

Second, climate change, species extinction, ocean acidification, land degradation and pollution by chemicals and plastics raise questions on sustainable and just living on this Earth, perpetual economic growth, and redistribution. Inequality is linked with the overuse of resources in the sense that currently 20 per cent of the wealthiest people in the world use 80 per cent of resources.

¹ A root cause here is an initiating cause of either a condition or a causal chain that leads to an outcome (in this case the lack of justice and sustainability). A »root cause« is a »cause« (harmful factor) that is »root« (deep, basic, fundamental, underlying, initial or the like).

² Inequality, an issue which »defines our time«, risks destroying the world's economies and societies, UN Secretary-General António Guterres said in the Nelson Mandela speech 2020 (UNSG 2020).

Third, purely economic indicators such as GDP are taken as the main measure of success in almost all countries. However, such indicators either completely overlook central questions of equity, sustainability, well-being, health, and resilience, or deem them less important. Taking only GDP as a measure of success causes people to be regarded as units of production and consumption, and as protagonists of endless economic growth. Instead, what we need is a more diverse »dashboard« of indicators for human and environmental well-being.³

Fourth, we need to reimagine economic approaches as in their current forms they cause inefficiencies, exclusion, suffering, environmental destruction, and government capture. Corporate concentration is rampant and affects both workers and consumers negatively (Tepper and Hearn 2018).

Fifth, human rights abuses, especially in terms of exploitation of workers and immigrants, are often caused by the exploitative nature of our current economic system and the lack of remedy to the excesses that are caused by them. The COVID-19 pandemic has had a significant impact on the enjoyment of human rights. Notably, it has exacerbated and entrenched existing inequalities, resulting in grave consequences for the enjoyment of economic, social, cultural, civil and political rights, especially for communities in vulnerable situations. Many state responses have unnecessarily and disproportionately limited their populations' enjoyment of their rights, including but not limited to the rights to peaceful assembly and freedom of association. Equally, some vulnerable groups have been deprived of their right to health (including access to medicines), clean water and sanitation, food, and shelter. »Rights based« approaches can play a constructive role in making governance and policy-making processes more effective and legitimate, for example through improved public participation.

AREAS FOR REFORM: TRADE AND THE WTO

Having listed some of the challenges we face, their root causes, and some potential remedies, this section looks into ways in which trade and the central institution that governs global trade, the World Trade Organization (WTO), could play a role in finding ways forward. Trade policies can serve a range of societal purposes if well designed and implemented. Properly regulated trade can contribute to prosperity, well-being, and strengthened relationships and understanding between different countries and cultures. In fact, the foundational principles of the multilateral trading system that was set up post-WWII lie in peace and stability. Thus trade, like all economic relationships, is a tool, not an end in itself.

At the same time, we see that the mishandling of trade policies can create tensions between and within countries. In their current forms, global economic and trade systems threaten to increase further humanity's negative impact on the natural environment. This is unfortunate as trade policy, if well used, can play a positive role in reducing poverty, disseminating best practices and technologies for environmental protection, and sustaining peace.

Multiple symptoms of malaise and rising tension are currently affecting global trade and the WTO. The WTO has projected that global trade will decline by up to 32 per cent this year. Meanwhile, the WTO seems to be in need of a new narrative and an updated purpose able to re-energise such a pivotal institution for multilateral cooperation on trade. This publication is about courage in the post-COVID-19 world. Courage is indeed needed for serious discussions on structural reforms (Bertelsmann Stiftung 2018) – and, more likely, transformation – of the WTO that are long overdue.

The Agreement establishing the WTO already provides a robust mandate for work on trade and sustainable development. Its Preamble says that trade and economic relations should be conducted with a view to raising standards of living, »while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development.« It is important to make this purpose of trade and of the WTO effective and inclusive to ensure the prosperity of humankind on a healthy planet.

Some topics that could be entry points for WTO transformation are: eliminating harmful fisheries subsidies,⁴ trade and climate change (e.g. eliminating fossil fuel subsidies), trade and the circular economy, fostering trade in environmental technologies, sustainable plastic economy, and greening value chains. The COVID-19 pandemic provides an impetus for accelerating these reforms within the context of a wider rethink of our economic models and paradigms. It is critical that trade contributes to an urgent and ambitious economic recovery that addresses inequality and environmental sustainability.

The next opportunity for shifting the course of the WTO is the establishment of an Informal Working Group on trade and environmental sustainability by a wide range of WTO members, and in which civil society can also participate. The twelfth Ministerial Conference of the WTO could then in 2021 expand into the specific topics mentioned above. To support these efforts, QUNO has issued an NGO statement with several partners including FES to call for the actions mentioned in this section.

³ While many excellent alternatives to GDP exist (e.g. Happy Planet Index, Gross National Happiness, Human Development Index), a set of systems indicators would more precisely inform how a country performs than one aggregate number.

⁴ The negotiations on eliminating harmful fisheries are currently the only ongoing multilateral negotiations at the WTO and are so important for the future of the global trade body that some experts have suggested that »the fate of the WTO and global trade hangs on fish« (see also Bacchus and Manak 2020). Government leaders agreed in 2015 in SDG 14.6 that they would »by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to IUU fishing, and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiation.«

Some complementary pathways for achieving these goals would be balanced and equitable regional and bilateral trade and investment agreements that respond both to urgent COVID-19 and longer term challenges and that advance achievement of the SDGs. New negotiations, such as those on the Agreement on Climate Change, Trade and Sustainability (ACCTS) show the potential for fresh thinking. Coupled with the WTO, reform of the International Monetary Fund (IMF), as supervisor and surveillant of the global financial and monetary system, is long overdue in order to make the IMF more responsive, equitable, and inclusive (see also Torres 2020).

THE COVID-19 PANDEMIC AS A CHALLENGE AND OPPORTUNITY FOR STRUCTURAL REFORMS

We have arrived at a critical juncture now that the COVID-19 pandemic is putting unprecedented pressure on social, economic, and governance systems. The pandemic lays bare just how interconnected and complex the world has become. COVID-19 has accelerated many trends and vulnerabilities that were visible when the year 2020 started. The pandemic and the lockdown have caused the loss of life and livelihoods for those already suffering from low pay and job insecurity. One important political legacy from COVID-19 is that pre-existing social and economic fractures are harder to ignore.

Instead of continuing down the path exemplified by the current WTO negotiations, it is important to use the current crisis to transition towards a different kind of multilateral trading system; a system which contributes to fairly shared prosperity, exemplifies policy coherence (see also OECD 2019), and has a positive impact on the environment (e.g. through regeneration of nature, protection of nature, and transformation of drivers of environmental destruction that are existential threats).

Loan forgiveness for developing countries needs to be scaled up (including by private lenders). Organisations like the OECD and the G20 can do more in areas like tax avoidance and evasion. And commitments to jointly, efficiently, and justly transition to low-carbon, circular economies need to be discussed in all global institutions, foremost the WTO and the IMF.

Now we have the opportunity to successfully rebound from the pandemic with more solid global security,⁵ resilience, and cooperation than we knew going into it. This is why the expression »Build Back Better« is being used a lot at the moment. There is indeed now an opportunity, and a need, to demonstrate courage and vision by building forward new economic systems that are better, smarter, and greener, with proper funding (not paid through austerity, as there are no more options to cut further), but through taxes, including progressive wealth taxes, financial transaction taxes, e-commerce, and carbon taxes. The pandemic may have made the

need for implementing remedies such as the ones listed in the previous sections more urgent, but it was clear to many that this work was necessary anyway.

Underlying the remedies and opportunities, love and reason are unifying forces. To realise the vision of a peaceful and prosperous society, it makes sense to foster solidarity, science, health, and innovation; to protect nature, culture, and the vulnerable; and to raise awareness of the destructive influence of concentration of wealth, structural racism, xenophobia, greed, and other forms of closed-mindedness.

WAYS FORWARD

Some obvious ways forward for the problems listed above would be higher minimum wages (at least »living wages«), some form of basic income, increased funding for healthcare, education and labour-market mobility, and enforcement of labour standards.

Promoting the case for the greater good would be critical for efforts to strengthen social fabric and reclaim civic space. We urgently need to transform our overconsumption of the Earth's resources to ensure that all (including future generations) have an equal right to access and make the most out of global commons, such as land, soil, water, air, and the biosphere's capacity to process greenhouse gases, within the limits of what is sustainable. Starting points for remedying the downsides of extant economic systems would be taming finance and its excesses, new systems to reduce social insecurity and cope with the digital revolution, and turning production systems towards circularity and regenerative systems (for example in agriculture) through proper pricing of environmental externalities such as carbon, pollution, and raw materials taxes.

We need to reimagine capitalism so that it drives equitably shared prosperity and a system that is in harmony with environmental realities, striving for social justice, and the demands of truly democratic institutions. Business must make a positive impact on the world by confronting the realities of our environmental crisis and addressing social and economic inequality, while also delivering prosperity and well-being to society as a whole (Henderson 2020).

RECOMMENDATIONS

Some specific ways forward to address the challenges and root causes identified above would be the following:

- If the purpose of the economy is the enhancement of all life, human and non-human, we need to consider our deepest motivations and what brings us meaning. Because the equilibrium between material and social progress has been lost, there is a need to explore dimensions of existence that can complement and even replace the predominantly materialistic outlook that currently dominates, and that largely remains unchallenged in current economic planning.

⁵ One way to increase global security would be to redirect the two trillion US dollars in global yearly military spending to energy transitions and poverty alleviation.

- Global commons should benefit all on our »spaceship Earth«; economic systems should be reimagined in harmony with urgent environmental challenges, social justice, and democratic institutions. Fair valuing and pricing of resources and value-added processing, for example, could help address the exploitation of both developing countries and the environment. To create awareness and appreciation of public goods such as peace, well-being, and human security, we need to introduce a broader set of systems indicators that monitor environmental, social, and economic performance.
- Reform of the WTO is necessary so that it effectively supports its official objective: the pursuit of sustainable development. Adopting a meaningful agreement on the elimination of harmful fisheries subsidies and the establishment of an informal working group on trade and environmental sustainability could be two starting points.
- Redistribution of not only wealth but also of opportunities requires rethinking welfare systems, taxes (especially on wealth), preventing tax avoidance and evasion, and rural policies. This is particularly important for a just transition towards a low carbon, circular economy.
- Global cooperation on global challenges should be based on a rules-based system and adherence to human rights, peace, the Paris Climate Agreement, and the SDGs. Narrow nationalism must give way to global cooperation because global challenges require global, multilateral responses.
- Systems thinking can assist in viewing complex economic systems from a broad perspective and can help to identify leverage-, synergy- and entry-points for change, and address the multiple and interlinked root causes of economic injustice and ecological destruction.
- Including the perspectives and concerns of marginalised and vulnerable populations will allow human potential to flourish. To foster both systems awareness and participation, we need consultative processes in which individual participants strive to transcend their respective points of view to respond to systemic challenges and opportunities. Such consultative processes can draw from systems and empathy mapping, design thinking, theory U, and quiet diplomacy.
- Positive and imaginative visions can benefit long term, integrated approaches to addressing problems in our economic systems. In terms of economic cycles, we are possibly near the dawn of a new »golden age« of global, green, and smart development (Denning 2017).

REFERENCES

- Bacchus, James / Manak, Inu** (2020): The Fate of the WTO and Global Trade Hangs on Fish, in: *Foreign Policy* (5.5.2020); available at: <https://foreignpolicy.com/2020/05/05/wto-global-trade-fisheries-fishing-subsidies/>
- Baldwin, Richard** (2019): *The Globotics Upheaval: Globalisation, Robotics and the Future of Work*, Oxford: Oxford University Press.
- Bertelsmann Stiftung** (ed.) (2018): *Revitalizing Multilateral Governance at the World Trade Organization: Report of the High-Level Board of Experts on the Future of Global Trade Governance*; available at: https://www.wto.org/english/news_e/news18_e/bertelsmann_rpt_e.pdf
- Boardman, John / Sauser, Brian** (2013): *Systemic Thinking: Building Maps for Worlds of Systems*, Hoboken: John Wiley & Sons.
- Briggs, Beatrice** (2014): *The Bonfire Collection: A Complete Reference Guide to Facilitation and Change*, International Institute for Facilitation and Change.
- Britain Yearly Meeting** (n.d.): *New economy series*; available at: www.quaker.org.uk/our-work/economic-justice/new-economy/new-economy-reading-groups
- Denning, Steve** (2017): From A Casino Economy To A New Golden Age: Carlota Pérez At Drucker Forum 2017, in: *Forbes* (25.11.2017); available at: <https://www.forbes.com/sites/stevedenning/2017/11/25/from-a-casino-economy-to-a-new-golden-age-carlota-perez-at-drucker-forum-2017/#7592883d3b4e>
- Henderson, Rebecca** (2020): *Reimagining Capitalism in a World on Fire*, London: Penguin Business.
- Institute for Economics & Peace (IEP)** (2018): *The Economic Value of Peace 2018: Measuring the Global Economic Impact of Violence and Conflict*; available at: <http://visionofhumanity.org/app/uploads/2018/11/Economic-Value-of-Peace-2018.pdf>
- Jackson, Tim** (2009): *Prosperity without Growth? – The transition to a sustainable economy*. Sustainable Development Commission; available at: www.sd-commission.org.uk/data/files/publications/prosperity_without_growth_report.pdf
- Lawson, Max et al.** (2020): Time to care: Unpaid and underpaid care work and the global inequality crisis, in: *Oxfam, Policy Paper* (20.1.2020); available at: <https://www.oxfam.org/en/research/time-care>
- Nachold, Felix** (2002): Why Inequality Matters for Poverty, in: *Overseas Development Institute, Briefing Paper No. 2*, (3.2020); available at: <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/3876.pdf>
- OECD** (2019), *OECD Recommendation on Policy Coherence for Sustainable Development*; available at: <https://www.oecd.org/gov/pcsdc/recommendation-policy-coherence-for-sustainable-development-2019.pdf>
- Scharmer, C. Otto** (2016): *Theory U: Leading from the Future as It Emerges*, San Francisco: Berrett-Koehler Publishers.
- Stavros, Jacqueline M. / Torres, Cheri** (2018): *Conversations Worth Having: Using Appreciative Inquiry to Fuel Productive and Meaningful Engagement*, San Francisco: Berrett-Koehler Publishers.
- Tepper, Jonathan / Hearn, Denise** (2018): *The Myth Of Capitalism: Monopolies And The Death Of Competition*; Hoboken: John Wiley & Sons.
- Torres, Héctor Rogelio** (2020): International Institutional Architecture. Could it be saved?, in: *Perspective FES New York*; available at: https://www.fesny.org/fileadmin/user_upload/Publication_International_Institutional_Architecture_-_Hector_Torres_-_Web.pdf
- UN Secretary-General (UNSG)** (2020): *Tackling the Inequality Pandemic: A New Social Contract for a New Era*. Secretary-General's Nelson Mandela Lecture (18.7.2020); available at: <https://www.un.org/sg/en/content/sg/statement/2020-07-18/secretary-generals-nelson-mandela-lecture-%E2%80%9Ctackling-the-inequality-pandemic-new-social-contract-for-new-era%E2%80%9D-delivered>

Wilkinson, Richard / Pickett, Kate (2009): *The Spirit Level. Why Greater Equality Makes Societies Stronger*; London: Allan Lane.

World Trade Organization (WTO) (1994): *Agreement Establishing the World Trade Organization*, Marrakesh; available at: https://www.wto.org/english/docs_e/legal_e/04-wto.pdf

EFFECTS OF THE COVID-19 CRISIS ON INFORMAL WORKERS

Karin Pape¹

»I am afraid of the coronavirus, but I am more afraid of dying of hunger if there is no work (Peruvian street vendor).«

Alfers 2020

While in Europe the COVID-19 reporting in the mainstream media recently concentrates on the problems of travelling or how the millions of fans of soccer teams are able to enter into sports arenas again, the brutal realities of the majority of workers worldwide, the informal workers, are getting little to no attention. Locking down the economy is a good medical measure but for informal workers means immediate loss of income. Having enough to eat is often the first, most burning problem.

The principal medical advice of virologists worldwide on how to fight the COVID-19 virus is the same: practice social distancing, apply hygiene measures such as washing hands, use disinfection products, and wear a mask. But how can an informal worker practice social distancing when (s)he lives, for example, in a township in South Africa in a crowded space with no access to clean water and no money to buy soap, let alone sanitisers?

Informal workers, most of whom are working poor, do not have contracts, and the majority are self-employed. They fall outside of existing labour laws, often including social protection systems. This is the reality for 61 per cent of the world's workers. In developing countries that number totals 90 per cent overall, and 79 per cent in urban areas. While in developed countries, governments can build on systems that were built through contributory systems (employers and workers) of social protection, this option is not available for the billions of informal workers. The ILO reports that more than 70 per cent of total health expenditure, in Bangladesh, Cameroon and Nigeria for example, are out-of pocket payments (ILO 2020).

IMMEDIATE IMPACT ON INCOME

The virus does not distinguish between the rich and the poor. However, the effects are quite different. The primary function of social protection systems in the global north consists of pro-

viding security against the risks and hazards of life by replacing wage income for workers in an employment relationship in case of illness, disability or old age. However, as most of the working poor are self-employed, labour itself is a source of risk. Generally speaking, the weak social systems in the global south either do not cover informal workers at all or are limited and/or difficult to access. No work means no income, which means no food security and an inability to pay for utilities and costs related to health prevention or treatment in case of illness.

The main reasons for the impact on incomes of informal workers in the COVID-19 pandemic are the following (adapted from Alfers 2020b):

- Decreased demand for goods and services: for example, home-based workers at the end of garment supply chains did not get orders, as brands cancelled their orders. Even orders already produced were not paid for by the brands, and this led to non payment of work for home-based workers as well. Domestic workers have been laid off because employers either lost their jobs or were afraid of being infected.
- Increased cost of inputs: home-based workers and street food vendors were faced with increased prices for raw materials due to border closures and stockpiling by the middle classes. Transport costs increased due to restrictions.
- Inability to access markets: movement restrictions and lockdowns did not allow street vendors or waste-pickers to carry out any economic activities in public spaces.
- Increased care burden: Due to school closures, women workers in particular had to take care of their children and could not work.

The uneven effects of crises on the rich and the poor are not a new phenomenon. In 2009, for example, as a result of the global financial crisis, informal workers were among the hardest hit – they earned less while having to pay higher prices for living costs, such as food and fuel (WIEGO 2009). The better off can pay themselves out of the crisis. They do not need strong public services, such as public health systems, public transport and affordable and adequate housing.

¹ Comments and editing suggestions by Chris Bonner (WIEGO) are gratefully acknowledged.

The problems stemming from inequality across and within countries, such as unequal access to consumption and underdeveloped public infrastructure, have led to steep increases in poverty and hunger over the last few months.² In short, COVID-19 is not just highlighting existing problems – it is magnifying them. This is true for workers in developed countries as well, albeit at a different level.

We can see that political failings of the past are now taking their toll.

GOVERNMENT RESPONSES TO THE COVID-19 CRISIS WITH REGARD TO INFORMAL WORKERS

Providing cash grants (Afshar and Devenish 2020) seems to be the main policy intervention in many countries. Often this was built on existing measures already in place by increasing the benefits or extending the recipients, such as child support grants (for example South Africa), widow or disability pensions (for example Kerala, India), or social income for poor families (for example Cabo Verde) (ILO 2020).

One off cash benefits or cash transfers for a limited duration – a measure from which informal workers could benefit – were offered in many countries (for example in Ecuador, Costa Rica, Argentina, Brazil, Somalia, Mozambique, Togo, Namibia, Vietnam and other countries) (ILO 2020). The criticism which was often levelled at these measures was that the amount was too small to cover basic needs, and/or it was too slow in reaching to those who were in urgent need, and that the time span covered was too short. Registering for the benefits was often bureaucratic and cumbersome, and the systems were often dysfunctional. Migrant workers were often not eligible for benefits and nor could they return to their home countries.

In kind support, such as the provision of food bags (for example Kerala, India or Jamaica) (ILO 2020) was another measure to reach vulnerable groups, among them informal workers.

REACHING INFORMAL WORKERS

Many informal workers do not have a bank account. If they want to access the government benefits they are entitled to, they first need to register. Often this can be done via the internet, a mobile app or at a federal bank agency (for example in Brazil), or via social security agencies (for example in South Africa). However, there is still a considerable number of informal workers, particularly in rural areas, who either do not own any devices, and/or cannot buy connection time/data, or who might be considered IT-illiterate. Bank offices and social insurance institutions' offices need to be accessible in terms

of physical proximity, but also in terms of administrative support. Those countries which included informal workers' organisations in their planning and distribution of support were able to reach informal workers faster and more efficiently (for example in Argentina, South Africa and Thailand).

»NOTHING FOR US WITHOUT US« – INCLUSIVE APPROACHES

Some policy makers have declared themselves »at war« with the virus (for example Erlanger 2020). Being at war requires a top-down approach. However, in a pandemic you need a participatory government, a government which is prepared to listen and understand the needs and specific situation informal workers find themselves in. The government needs acceptance of and support for the measures it will implement, in order to eventually eliminate the virus – and to ensure the vast majority of the population is covered by protective measures.

Argentina, for example set up an emergency social committee, in which not only all levels of government (national, provincial and local) were represented, but also social movement organisations' representatives, including those for informal workers.

The South African National Economic and Development Labour Council (NEDLAC) consists of business, labour, government and community constituencies. Informal workers' organisations such as StreetNet, or organised informal taxi drivers are represented within the community constituency. NEDLAC has set up a »rapid response task team« which played a major role in discussing appropriate, inclusive responses to the COVID-19 crisis. As a result, for example, street vendors selling food were regarded as delivering »essential services« and could continue to work and earn an income. A cash grant of 350 Rand (20 US dollars) for the most vulnerable workers, including informal workers, will be paid for the next six months. Although the amount is quite small, the hope is that this could be the beginning of a social assistance support system to be further developed after the pandemic.

DEMANDS AND ACTIONS OF INFORMAL WORKERS' ORGANISATIONS

Informal workers' organisations around the globe have been busy putting their members' demands forward to policy makers.³ Ad hoc measures, such as food delivery or provision of water supplies and sanitation services, were some of the demands which would require immediate action by governments. Tax and rent relief were more middle- and long-term measures that would support informal workers. Where possible informal workers' organisations entered into dia-

² On raising poverty inequality see Food Security Portal (2020). On increased hunger see WHO (2020).

³ For a comprehensive list of organisations and their demands see WIEGO (2020a).

logues and made sure that their voices were heard – and that their recommendations were followed. Some reported that the willingness of governments to include informal workers' organisations in consultation processes has improved during the crisis (for example Argentina, South Africa and Thailand).

However, many informal workers' organisations have also become active themselves in supporting their members. FENATRAD, the Brazilian Federation of Domestic Workers for example, started campaigning for food donations as early as March 2020. Others set up their own crowd funding initiatives.⁴ The most prominent example of how a global organisation can take action, is the International Domestic Workers Federation (IDWF), which set up a global solidarity fund (see IDWF 2020). IDWF managed to negotiate with funders so they could reallocate funds and could thus provide 500,000 US dollars to their affiliates in the first round for immediate relief.⁵ Although the amounts received by IDWF affiliates were comparatively small, the responses were overwhelming: »IDWF is the only organisation which has not forgotten us. We are very grateful«, was the standard feedback we heard.

The ILO »Future of Work« discussion at the ILO's 100th anniversary in 2019 could not foresee the upcoming COVID-19 crisis. In the report of the Global Commission for the Future of Work, the experts called for »a human-centred agenda for the future of work«. The centrepiece of the experts' recommendation is »establishing a universal labour guarantee«, which includes four pillars for workers, regardless of whether they work in the formal or informal economy: fundamental rights at work, an adequate living wage, limits on working hours and safety and health guarantees. Generally speaking, the experts are calling for »reorienting the economy towards a human-centred growth and development path«. In the light of the crisis it has become clear how urgent it is to implement a »human-centred approach« (ILO 2019).

It has become evident that it was not the overpaid CEOs of transnational companies who were the heroes in the pandemic, but low paid essential workers, such as hospital staff, transport workers, food producers and distributors, street vendors, waste pickers, home based workers and domestic care workers, among others, and many of them informal workers.

If governments are prepared not only to overcome the COVID-19 crisis but are also willing to »not wast[e] a good crisis«,⁶ they would engage in meeting immediate and long-term demands from informal workers' organisations. Informal workers' organisations hope, and have committed, jointly with supportive governments, to working towards a human-centred agenda for the future of work.

RECOMMENDATIONS

- Respond to immediate needs by providing food, access to water and sanitation services in conjunction with the provision of personal, protective equipment (PPE).
- Provide access to free testing and health services.
- Provide basic emergency cash grants regardless of the nationality and residency status/ set up a recovery fund.
- Provide exemptions from utility bills during the time of the COVID-19 crisis.
- Freeze loans, micro credit and other debt payments, and provide low interest loans to replace the loss of income.
- Establish a universal health care system.
- Improve access to housing, basic services, public health facilities, and child-care.
- Recognise informal workers in policies and laws.
- Include informal workers in consultation and negotiation forums.

⁴ For a comprehensive list of solidarity campaigns see WIEGO (2020b).

⁵ The second round with about the same amount has started recently.

⁶ »Never let a good crisis go to waste« said Winston Churchill in the mid 1940s when approaching the end of World War II.

REFERENCES

Afshar, Cyrus / Devenish, Annie (2020): *Covid-19: Social Protection Innovative Practice Responses. Government grants and cash transfers to informal workers*. WIEGO; available at: www.wiego.org/sites/default/files/resources/file/01%20Social%20Protection%20Responses%20to%20Covid-19%20ENG.pdf

Alfers, Laura

- (2020a): *Pandemic: Informal workers urgently need income replacement and More Protections*, in: *WIEGO Blogs*, (23.3.2020); available at: www.wiego.org/blog/pandemic-informal-workers-urgently-need-income-replacement-and-more-protections
- (2020b): *Informal Workers and Social Protection*; SPACE Social Protection Approaches to COVID-19: Expert advice helpline (5.2020); available at: https://www.calpnetwork.org/wp-content/uploads/2020/08/SPACE_Informal-Workers_V1.pdf

Erlanger, Steven (2020): *Macron Declares France at War With Virus, as E.U. Proposes 30-Day Travel Ban*, in: *The New York Times* (16.3.2020); available at: <https://www.nytimes.com/2020/03/16/world/europe/coronavirus-france-macron-travel-ban.html>

Food Security Portal (2020): *COVID-19 Impacts on Global Poverty*; available at: <http://www.foodsecurityportal.org/policy-analysis-tools/covid-19-impacts-global-poverty> (last accessed on 21.8.2020)

International Domestic Workers Federation (IDWF) (2020): *IDWF Solidarity Fund to Fight COVID-19*, (30.4.2020); available at: <https://idwf-fed.org/en/covid-19/the-idwf/solidarity-fund>

International Labour Organization (ILO)

- (2019): *Work for a Brighter Future*, Global Commission on the Future of Work; available at: www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_662410.pdf
- (2020): *Social protection response to the COVID-19 pandemic in developing countries. Strengthening resilience by building universal social protection* (14. 5. 2020); available at: https://www.ilo.org/secsoc/information-resources/publications-and-tools/Brochures/WCMS_744612/lang--en/index.htm

WIEGO

- (2009): *Inclusive Cities Study. No cushion to fall back on. The Global Economic Crisis and Informal Workers*. available at: www.wiego.org/sites/default/files/publications/files/Horn_GEC_Study_2009.pdf
- (2020a): *Informal Worker Demands During COVID-19 Crisis*; available at: www.wiego.org/informal-worker-demands-during-covid-19-crisis (last accessed on 24.8.2020)
- (2020b): *Support Informal Workers' Campaigns*; available at: www.wiego.org/support-informal-workers-campaigns (last accessed on 24.8.2020)

World Health Organization (WHO) (2020): *Securing Healthy Diets for the Billions who Cannot Afford them Would Save Trillions in Costs*, News release (13.7.2020); available at: www.who.int/news-room/detail/13-07-2020-as-more-go-hungry-and-malnutrition-persists-achieving-zero-hunger-by-2030-in-doubt-un-report-warns

REALISING RIGHTS: A RECIPE TO PROTECT PEOPLE AND PLANET

Benjamin Schachter

THE SITUATION IN BRIEF

The world is in crisis, but it is not just a pandemic that confronts us. Instead, we are suffering the consequences of a series of poor choices – made individually and collectively over the course of decades that have locked in risks which we are now ill equipped to address.

Efforts to rebuild from COVID-19 must consider that the pandemic is a symptom of a number of larger, interconnected crises, not the cause of them. Neither the health crisis caused by COVID-19, nor its economic and human fallout should be understated. Hundreds of thousands have died, millions have fallen ill. Many will suffer long-term ill effects, both known and as yet unknown. Hundreds of millions may be driven into poverty. The toll continues to rise. No nation, no person, no economy is unaffected. This, and this alone, is an unspeakable tragedy that countless people are working day and night to put an end to.

MISTAKES ALONG THE WAY

This is a crisis that some might argue need never have happened at all. Certainly, it could have been vastly better handled. At many steps along the way, people and their institutions, including governments, turned a blind eye to known problems, to experts, and to solutions. Many continue to do so. Building Back Better is about individuals, communities and nations finding the courage to admit their mistakes and finding the fortitude to correct them.

And our mistakes are legion. Consider environmental degradation. We often describe three types of environmental degradation – climate change, biodiversity loss, and pollution – as a threat not just to people, but to all life on planet Earth. The reality is that they are more than a threat; they are contemporary causes of mass death and harm – millions of premature deaths, tens of millions of displaced persons, countless more suffering harm to their livelihoods, health and well-being. This only begins to describe the toll of environmental degradation.

Environmental degradation, for example, is also a root cause of zoonosis – the animal to human transmission of viruses – which is responsible for the majority of all emerging infectious

diseases, including COVID-19. Scientists have warned us of the risks of pandemics for years. And not just academics. Pandemics have been appearing at the top of government risk assessments in countries around the world for years. Nevertheless, the world was ill prepared to face COVID-19.

We failed to protect the environment, which may have prevented viral transmission at the outset. Once COVID-19 began to spread, we did not recognize the threat quickly enough. We did not have in place the global infrastructure to protect people from harm. We did not listen to scientists. We did not contain the damage. Some countries and some communities fared better and responded more effectively than others by quickly rolling out rapid testing, contact tracing, and distancing measures. There are lessons to be learned from them about evidence-based decision making, preventative action, resilient healthcare systems and more.

There are also lessons to be learned from our failures – politicians denying the threat, governments too slow to act, healthcare systems not up to the challenge, economies struggling to adapt to a new reality, and an international community struggling to come together to address a global challenge. These are not new failures. They are also not problems for which we have no solution.

REFLECTING ON RIGHTS-BASED APPROACHES

The international human rights framework is a legally binding set of norms that should govern and guide all action. This framework tells us that governments are duty-bearers. They exist to serve people and to respect, protect, and fulfil human rights for all without discrimination. Under human rights law, all people should have access to healthcare; economies should benefit everyone, not just the most powerful; international cooperation and solidarity are obligations, not charity; a safe, clean, healthy, and sustainable environment must be protected for current and future generations; and all people are entitled to benefit from science and its applications.

COVID-19 starkly illustrates what happens when these norms are disregarded and treated as abstraction rather than concrete commitments for action. People suffer. The

poor and those subject to discrimination suffer most. Potentially preventable crises find room to grow – one leading to another – fuelled by interconnected failures of governance, action, and imagination.

Building Back Better requires careful self reflection. We should ask ourselves, what would this crisis look like in a world without inequality? What would this crisis look like in a world with universal healthcare, social security, and education for all? What would this crisis look like if we had heeded warnings from scientists, if we had guaranteed access to information for all and truly worked together from the outset, if we had protected the environment for current and future generations rather than exploiting it for a powerful few?

These questions need not be hypotheticals, crises need not be spotlights for our failures, we can rise to challenges and we can rise above them by choosing to make our societies stronger – more united, more just and more sustainable. The international human rights framework and the United Nations rose from the ashes of World War II. It was a global response to an unprecedented tragedy of our own making, a collective condemnation of humanity's darkest impulses, a vision for a new and better world.

Today, this vision not only endures, it has grown and strengthened. It has found its way into the hearts and minds of countless human beings. It has informed the 2030 Agenda for Sustainable Development which pledges to benefit all people and leave no one behind, it has given rise to movements, toppled tyrants and reshaped our world. Yet, for many, the realisation of their rights remains more aspiration than reality.

The UN Secretary-General and the UN High Commissioner for Human Rights have called for the international community to Build Back Better from the COVID-19 crisis. This is not a new concept, nor a particularly complicated one. It means we should learn from our mistakes and take effective action to prevent repeating them. A central premise of the rights-based approach is that governments have obligations to protect human rights from foreseeable harms. A clear truth of our times is that these obligations are not being adequately met.

As strange as this may sound, and as much as the current crisis has upended our world, there was nothing unpredictable about a zoonotic global pandemic afflicting humanity, nor frankly about the response to it (both its successes and failures). And things could get worse. Because there is also nothing unpredictable about the threats posed by climate change, biodiversity loss, pollution, rising inequality, suppression of civil liberties, authoritarianism, and poverty.

BUILDING BACK BETTER: RECOMMENDATIONS FOR PEOPLE AND PLANET

Building Back Better does not require us to invent a new playbook. It requires us to embrace the old one, to take action to fulfil our existing commitments to respect, protect and fulfil human rights for all, to maintain peace and security, and to

ensure sustainable development that benefits all people. But this will not be easy. Envisioning a better world has always been easier than realising one.

RECOMMENDATIONS

To Build Back Better:

- We need to transform our economies – to make them more sustainable and to redistribute wealth on a massive scale.
- We need to protect our environment – in legal terms through global recognition of the human right to a healthy environment, and in practical terms through its effective implementation.
- We need to make our governments accountable to people for their commitments to human rights and sustainable development.
- We need to empower people to meaningfully and effectively participate in decision-making and sustainable development through strengthened democratic institutions and governance, access to information, and universal education.
- We need to invest in science and innovation as a public good of which all people are entitled to share the benefits.
- We need to look past the exigencies of the current crisis, to the many crises simmering in the background and looming on the horizon – to focus on prevention rather than belated cure.
- We need to build more resilient societies by guaranteeing all people the right to basic human necessities such as water, food, sanitation, and healthcare.
- We need to eliminate the inequalities and prejudices that divide us, and embrace our common humanity.
- We need to recognise that Building Back Better means building back more sustainably, and in some cases may mean building something new entirely.
- We need to facilitate a just transition to a zero-carbon economy, including by harnessing the power of businesses for positive change through effective incentive structures, regulations, and their enforcement.
- We need to work together in solidarity, in dignity, and in action not just speech – using resources (human, financial, and technical) to back up our words.

This is not a new recipe for success. It is an old one. We have the ingredients, but we have yet to successfully put them all together. The time to do so is now. We must learn from the COVID-19 crisis that people and the planet can no longer wait.

WOMEN AND GIRLS SHOULD NOT FOOT THE BILL OF THE PANDEMIC: FIGHTING TAX AVOIDANCE TO PREVENT DEVASTATING FISCAL AUSTERITY MEASURES

Magdalena Sepúlveda

In the United States, people have started calling it a «Shecession», a recession that hurts women much more than men – a direct reference to the 2008 crisis that was nicknamed the «mancession» (Thompson 2009), as job losses were heavily concentrated in construction and manufacturing. This time, women are the main victims of the social and economic disruption caused by the pandemic. This is not only true in the United States, where, despite making up less than half of the workforce, women accounted for 55 per cent of jobs lost in April (BLS 2020) – with women of colour (black and Hispanic) worse hit. In Britain, mothers are one-and-a-half times as likely as fathers to have lost or quit their jobs during lockdown (Andrew et al. 2020). In Latin America, the pandemic is reversing the progress on gender equality achieved in recent decades. According to the calculations of the Economic Commission for Latin America and the Caribbean (ECLAC), around 110 million women in the region will find themselves in a situation of poverty (ECLAC 2020).

The COVID-19 crisis is not gender-blind. This situation reflects the fact that women are overrepresented in the sectors that have been most affected by the crises, such as retail and tourism. The International Labour Organization (ILO) estimates that 58.6 per cent of employed women work in the services sector around the world, compared to 45.4 per cent of employed men (ILO, 2020a). Due to the concentration of women in the most affected sectors, there is a real risk that the progress made in labour market inclusion of women will be reversed. In addition, quarantine and public health measures are also having an adverse effect on informal work, where women are also overrepresented (ILO, 2020b), and small businesses, where women entrepreneurs are also proportionally more represented.

Since women tend to have lower paying jobs with less access to social protection (UN Women 2015), they benefit less from some of the safety nets that certain countries are putting in place. Particularly worrisome is the situation of domestic workers, the majority of whom are women. They have precarious working conditions with limited rights and job security, leading to higher risk of demands from employers, in turn leading to further deterioration of their working conditions. The increased demand for care work due to school closures, greater demand for health care, and the need to raise hygiene standards fall primarily on the shoulders of women domestic

workers. Moreover, if domestic workers cannot do their jobs because of social distancing measures or restrictions on movement, the lack of formal contracts often generates additional uncertainty. In many countries, they have been completely abandoned, both by their states and by their former employers. For example, since March 2020, in Mexico there have been reports of massive layoffs of domestic workers without any compensation (Forbes 2020).

Women are also on the front lines of the battle against COVID-19. Globally, 88 per cent of personal care workers and 69 per cent of health professionals are female, running much more risk of getting ill. In Spain, for instance, 71.8 per cent of infected health-care workers are women (UN Women 2020a). Due to occupational segregation, women are overrepresented in the lowest levels of health-care response (e.g. nurses and social workers). For example, in Latin America, the income of women working in the health sector is 25 per cent lower than that of men in the same sector (ECLAC 2019). These women are among those with the longest working hours and highest risk of becoming infected.

Beyond jobs and income, the COVID-19 crisis brings together all the ingredients of a devastating cocktail that could widen inequalities and put the gains that women have painstakingly fought for over decades under threat.

The pandemic has also shone a light on the unfair social organisation of care systems. Women undertake the lion's share of unpaid care work. Even before the crisis, women and girls living in poverty and those from marginalised groups were already spending 12.5 billion hours a day caring for others for free (Lawson et al. 2020). This amount of time will skyrocket now with school closures. Children and adolescents confined at home require additional care work. Due to structural discrimination and negative stereotypes, the burden of this additional work is falling mainly on women. As hospitals and health centres are struggling to deal with infected patients, much of the health-care burden is being shifted to households. Non COVID-19 related health services have been scaled down. This means that families often need to provide support to those who suffer from other illnesses, including chronic illnesses. Moreover, COVID-19 infected patients may be released early to make space for others, but still require care and assistance at home.

As the economy is starting to reopen in some places, but with educational systems often still closed and with the need to care for a growing number of ill family members, many women have to give up their jobs, especially those that cannot be performed remotely, with a disastrous impact on their access to labour worldwide.

Gender-based violence often increases during emergencies, whether they be natural disasters, economic crisis, conflict or disease outbreak, and this pandemic is no exception (UNDP 2020). Stuck at home, women are forced to spend much more time with their aggressors, with scant possibility to ask for help, and without access to normal support services. The UK, for example, registered a doubling in the number of feminicides in the first three weeks of lockdown (Grierson 2020).

Finally, the crisis is also jeopardising access to sexual and reproductive health rights (Mijatović 2020). A variety of factors, from highly restrictive abortion laws, to lockdown and travel restrictions, are making it extremely difficult for women to get safe access to these essential health-care services. This may result in unwanted pregnancies, lack of care for sexually transmitted infections, and a consequent increase in these infections (UNFPA 2020). UN Women rapid gender assessment surveys showed that in 4 out of 10 countries in Europe and Central Asia, at least half of women in need of family planning services have experienced major difficulty accessing them since the pandemic began (UN Women 2020b).

WHAT NEXT?

States should take all necessary measures to prevent setbacks on gender equality that could be disastrous in the long-term. To this end, more redistributive public policies are required. From universal access to health care, water and sanitation, education, and social protection, we must seize the opportunity for more solidarity. It also means recognising, reducing, and redistributing unpaid care and domestic work, which requires investing in quality public services such as nurseries, health centres, and homes for the elderly.

Women's rights and economic empowerment must be placed at the centre of the public agenda in order to build economies that are not only more prosperous and resilient, but also more equitable. To avoid exacerbating gender inequalities, it is imperative to incorporate a gender perspective in all fiscal, macroeconomic, social, and employment policies.

Of course, all these measures demand a massive investment of resources. Instead of mobilising these resources, several developing countries are focusing only on external debt and capital flight. Terrified of increasing their spending, some – such as Mexico – are opting to continue with fiscal austerity measures. This is a mistake we cannot afford. With political will and the courage to overcome the pressure from powerful elites, we can move forward and implement proposals already on the table and ensure more revenue is raised for a fairer future.

Taxation is often the most sustainable and accountable way for governments to raise revenue. Nonetheless, to avoid the crisis exacerbating gender inequalities, it is imperative that all policies to raise and redistribute revenues have an explicit gender approach. At the Independent Commission for the Reform of International Corporate Taxation (ICRICT), of which I am a member, we have identified five key measures to achieve a sustainable economic recovery (ICRICT 2020).

One of the priorities should be to require the digital giants that have been at the forefront of tax avoidance to pay their fair share of taxes. Ironically, they have been the big winners of the pandemic – the fortunes of Jeff Bezos (Amazon founder and CEO) and Mark Zuckerberg (Facebook co-founder and CEO) combined, for example, have grown by nearly 60 billion US dollars in the past two months (ATF 2020). Since the United States decided not to support a reform at the global level (Cobham 2020), countries should follow in the footsteps of India, the UK, France, and many others in introducing progressive digital service taxes.

Many multinationals are lobbying for tax cuts, allegedly to ensure the »reconstruction« of the economy, but governments should resist. Studies show that factors, such as quality of infrastructure, a healthy and skilled workforce, market access, and political stability, matter much more when it comes to attracting investment. On the other hand, tax cuts have devastating consequences for social spending, with a direct impact on women (IMF 2015).

Finally, it is time to tackle the question of transparency regarding the richest and multinationals. For the former, transparency would allow governments to introduce effective wealth taxation, including offshore wealth. As for multinationals, governments must require them to declare in which countries they do business and report profits in order to tax them accordingly. It is not acceptable that a company claiming state aid should continue to report high profits in countries with very low taxes, and losses in countries where it concentrates the bulk of its activities but where taxes are high, in order to avoid paying anything. As Gabriel Zucman – also an ICRICT member – has shown, more than 40 per cent of the international profits of multinationals are declared in tax havens, depriving states of precious resources that could be invested in those who are suffering the most (Tørsløv, Wier and Zucman 2020).

This crisis is affecting us all, but in different ways. Among the biggest losers are women and girls living in poverty and those who were just one crisis away from falling into poverty. One of the silver linings of this appalling pandemic has been that it has reminded us all, even conservative governments – including the one in my home country, Chile – that public services are precious. Not only do they save lives, but they also keep us healthy and guarantee our children's future. There is now an urgent need to provide states with sufficient resources to rebuild societies and economies that are not only more prosperous and resilient but also more equitable.

RECOMMENDATIONS

States should:

- Eliminate explicit and implicit tax-related gender biases that create disincentives for women to enter and remain in the labour market and reproduce traditional gender roles and stereotypes. Explicit gender biases result from specific provisions of the law, regulations or proceedings that deliberately treat men and women differently. Implicit biases are less evident and relate to differences in the way the tax system (or any tax policy measure) affects men's and women's well-being.
- Avoid increasing indirect taxation. Value Added Taxes (VAT) carry a gender bias because women's consumption patterns differ from those of men, as they purchase more goods and services with the aim of promoting health, education and nutrition. Thus, women bear a larger VAT burden.
- Consider period poverty. Female sanitary product should be considered basic goods and they should have a reduced rate or be exempted from VAT.
- Combat tax evasion and avoidance, as they are major contributors to gender inequality. They limit the resources available to governments to increase equality.
- Increase taxation of capital and wealth, as they play a crucial role in reducing inequality through redistribution within the tax system and in improving revenues to fund social protection and infrastructure.

REFERENCES

- Americans for Tax Fairness (ATF) / Institute for Policy Studies** (2020): *Tale of Two Crises: Billionaires Gain as Workers Feel Pandemic Pain* (21.5.2020); available at: <https://americansfortaxfairness.org/wp-content/uploads/2020-5-21-Billionaires-Press-Release-at-Two-month-Covid-Pandemic-FINAL.pdf>
- Andrew, Alison et al.** (2020): *How are Mothers and Fathers Balancing Work and Family Under Lockdown?*, Briefing Note, Institute for Fiscal Studies (IFS) (27.5.2020); available at: www.ifs.org.uk/publications/14860
- Cobham, Alex** (2020): »A New Beginning for International Taxation?«, in: *International Politics and Society* (22.6.2020); available at: www.ips-journal.eu/regions/global/article/show/a-new-beginning-for-international-taxation-4449/
- Economic Commission for Latin America and the Caribbean (ECLAC)**
- (2019): *Women's autonomy in changing economic scenarios* (12.2019); available at: https://repositorio.cepal.org/bitstream/handle/11362/45037/4/S1900722_en.pdf
 - (2020): *La autonomía de las mujeres en América Latina y el Caribe: Retos frente al COVID-19* (12.6.2020); available at: https://www.cepal.org/sites/default/files/presentation/files/version_finalfinal_conversatorio_del_senado_de_a_mexico0.pdf
- Forbes Mexico** (2020): Alertan por despidos masivos de empleadas del hogar durante contingencia por coronavirus, in: *Forbes* (30.3.2020); available at: <https://www.forbes.com.mx/noticias-alertan-despidos-masivos-empleadas-hogar-contingencia-coronavirus/>
- Grierson, Jamie** (2020): Domestic Abuse Killings »More than Double« Amid Covid-19 Lockdown, in: *The Guardian* (15.4.2020); available at: www.theguardian.com/society/2020/apr/15/domestic-abuse-killings-more-than-double-amid-covid-19-lockdown
- Independent Commission for the Reform of International Corporate Taxation (ICRICT)** (2020): *The Global Pandemic, Sustainable Economic Recovery, and International Taxation* (5.2020); available at: <https://static1.squarespace.com/static/5a0c602bf43b5594845abb81/t/5ee79779c63e0b7d057437f8/1592235907012/ICRICT+Global+pan-demic+and+international+taxation.pdf>
- International Labour Organization (ILO):**
- (2020a): COVID-19 and the World of Work: Impact and Policy Responses, in: *ILO Monitor*, 1st Ed. (18.3.2020); available at: www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefing-note/wcms_738753.pdf
 - (2020b): *Impact of the COVID-19 Crisis on Loss of Jobs and Hours Among Domestic Workers*, Factsheet, (15.6.2020); available at: www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_747961.pdf
- International Monetary Fund (IMF)** (2015): *Options for Low Income countries' Effective and Efficient Use of Tax Incentives for Investment*, (15.10.2015); available at: <https://www.imf.org/external/np/g20/pdf/101515.pdf>
- Lawson, Max et al.** (2020): »Time to Care: Unpaid and Underpaid Care Work and the Global Inequality Crisis«, in : *Policy Paper, Oxfam*, (20.1.2020); available at: www.oxfam.org/en/research/time-care
- Mijatović, Dunja** (2020): *COVID-19: Ensure Women's Access to Sexual and Reproductive Health and Rights*, Statement Commissioner for Human Rights, Council of Europe (7.5.2020); available at: www.coe.int/en/web/commissioner/-/covid-19-ensure-women-s-access-to-sexual-and-reproductive-health-and-rights
- Thompson, Derek** (2009): It's Not Just a Recession. It's a Mancession!, in: *The Atlantic* (9.7.2009); available at: www.theatlantic.com/business/archive/2009/07/its-not-just-a-recession-its-a-mancection/20991/
- Tørsløv, Thomas / Wier, Ludvig / Zucman, Gabriel** (2020): *40% of Multinational Profits are Shifted to Tax Havens Each Year*; available at: <https://missingprofits.world/>

UN Women

- (2015): *Progress of the World's Women 2015–2016: Transforming Economies, Realizing Rights*; available at: www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2015/poww-2015-2016-en.pdf?la=en&vs=0
- (2020a): *COVID-19: Emerging Gender Data and why it Matters* (26.6.2020); available at: <https://data.unwomen.org/resources/covid-19-emerging-gender-data-and-why-it-matters>
- (2020b): *The impact of COVID-19 on women's and men's lives and livelihoods in Europe and Central Asia: Preliminary results from a Rapid Gender Assessment*, Bangkok; available at: <https://www2.unwomen.org/-/media/field%20office%20eca/attachments/publications/2020/07/the%20impact%20of%20covid19%20on%20womens%20and%20mens%20lives%20and%20livelihoods%20in%20europe%20and%20central%20asia.pdf?la=en&vs=5703>

United Nations Development Programme (UNDP) (2020): *Gender-based violence and Covid-19* (5.2020); available at: www.undp.org/content/undp/en/home/librarypage/womens-empowerment/gender-based-violence-and-covid-19.html

United Nations Population Fund (UNFPA) (2020): *Provision of sexual and reproductive health care and family planning during the COVID-19 pandemic health emergency in Latin America and the Caribbean*, Interim Technical Brief (28.4.2020); available at: https://lac.unfpa.org/sites/default/files/pub-pdf/3-Covid-SSRyPF_ENG%20%281%29.pdf

US Bureau of Labor Statistics (BLS) (2020): *Labor Force Statistics from the Current Population Survey* (last modified 22.1.2020); available at: <https://www.bls.gov/cps/cpsaat18.htm>

BUILDING BACK BETTER IN AFRICA: THE ROLE OF TRADE

Lily Sommer

The »Great Lockdown« has exposed the fragility of response capacities and highlighted the urgency to do better in the future.

The United Nations is urging governments to »Build Back Better« post-crisis by creating more sustainable, resilient, and inclusive societies (UN 2020). But what does this mean for Africa, a continent that has long been left behind, and struggled to maintain even the foundational building blocks for development? It means doing more than getting African economies and livelihoods back to where they were before the crisis. Recovery policies also need to trigger investments and behavioural changes in tackling long standing challenges on the continent, such as a reliance on foreign aid and extractive commodities, inadequate infrastructure, weak education and health systems, and bulging youth unemployment. Other key dimensions for building back better include investments in Africa's green and digital transitions. This is required to ensure Africa is not left behind in the 21st century, and to strengthen resilience to future shocks, whether health or climatic in origin.

Trade has a key role to play. COVID-19 has demonstrated that specialised global value chains (GVCs) represent a »trade fragility« and the paradigm behind them must be re-assessed. Trade policy will need to be revisited and re-designed to enhance the resilience of Africa's supply chains, mitigate contagion during future systemic crises, and encourage continental cooperation and solidarity in a world characterised by increased protectionism. In light of the continent's structural fiscal constraints, which have been exacerbated by the pandemic, trade offers a key source of revenue and a route to grow out of poverty. Intra-African trade, which is more diversified and industrialised than Africa's trade with the rest of the world, offers particular potential. A rapid and ambitious implementation of the landmark African Continental Free Trade Area (AfCFTA) will help to hasten the recovery from COVID-19, while inoculating Africa against future adverse shocks. This article examines how trade can be used as a tool for Africa to Build Back Better in a way that also supports the continent in delivering on its twin green and digital transitions.

COVID-19 HAS MAGNIFIED EXISTING VULNERABILITIES

The pandemic risks exacerbating inequalities, both between Africa and the rest of the world and within African countries.

Africa is the only developing region for which the Millennium Development Goal (MDG) of halving poverty was not met. In recent years, the continent's average annual GDP growth has encouragingly outpaced the global average, and six of the world's ten fastest growing economies can be found in Africa (Signé and Gurib-Fakim 2019). COVID-19 threatens to reverse this progress. The International Monetary Fund project that Sub-Saharan Africa will contract by 3.2 per cent this year, the worst reading on record. On average, per capita incomes across the region are expected to fall by 7 per cent relative to expected levels in October 2019, and close to levels seen nearly a decade ago (IMF 2020a). Well known vulnerabilities over expose Africa to the adverse economic impacts of COVID-19, including weak healthcare systems, limited digital connectivity, import dependency for essential medical and food supplies, and prevalence of informality (OECD and UNECA 2020). Most advanced countries have embarked on generous fiscal stimulus packages to soften the economic and humanitarian effects of COVID-19. But this has not been possible in Africa. Even before the crisis, many African countries were already at risk of debt distress, and the pandemic has reduced governments' fiscal space to invest in recovery and long term sustainable development. This risks leaving the continent further behind than ever before.

Domestic inequalities are also on the rise: the large size of the informal sector has made it difficult for African governments to contain the virus and get support to those who need it most. Around 90 per cent of non-agricultural employment is in the informal sector (IMF 2020b). These workers typically have minimal or zero savings, limited access to finance and digital platforms, are not covered by traditional social safety nets, and reside in overcrowded dwellings. They do not have the privilege or means to social distance or work from home. In South Africa, townships have been disproportionately affected by the virus, exacerbating deeply entrenched inequal-

ities. Nearly 12 per cent of all infections in the Western Cape are in Khayelitsha, the largest township in Cape Town, even though it accounts for just six per cent of the province's population (Harrisberg 2020). In Kenya, survey data from about 2,000 residents living under lockdown in five slums in Nairobi indicates that over 75 per cent left their homes an average of three times in 24 hours, 81 per cent suffered complete or partial loss of income, and 70 per cent skipped meals due to COVID-19 (UNECA 2020a). The eagerness to persist with business amid the pandemic captures a desperate survival strategy (Luke, Masila and Sommer 2020).

BUILDING BACK BETTER THROUGH TRADE

A new approach is needed to reduce Africa's vulnerability to future crises, and trade is a crucial part of the answer.

Trade can play a strong role in driving growth and poverty reduction through employment, efficient resource allocation, and improved consumer choice (Sommer and Luke 2016). Intra-regional trade offers particular promise to facilitate diversification and value addition. On average, between 2014 and 2016, 70 per cent of exports outside the continent were extractives, compared to less than 40 per cent within. Trade can also help to strengthen domestic resource mobilisation. Currently, Africa's trade revenues stand at close to 500 billion US dollars a year, more than 17 times what Africa receives in foreign aid. Trade revenues are substantially more than foreign direct investment, remittances, and foreign aid combined.

Yet, to date, trade has been underexploited as a tool for transforming African economies. Africa's share of global trade still hovers at around just two per cent, and intra-African trade makes up only 14.5 per cent of total African trade. The new African Continental Free Trade Area Agreement offers a long awaited platform to change this.

The pandemic has strengthened the case for developing robust and resilient intra African regional supply chains.

In recent decades it has become the norm for supply chains to rely on one supplier or region for various cost and sometimes property rights reasons. For example, different components of many of the world's electronic gadgets come from several different countries. This has made countries along the entire value chain vulnerable to shocks emanating elsewhere, which has been demonstrated more than ever by the broad reach of COVID-19 (Nwokolo 2020). As countries Build Back Better, extended global supply chains will inevitably be less attractive. The economic efficiencies generated by heavy specialisation of production and just-in-time inventories will be weighed against the vulnerabilities they embed across global supply chains if even just one link in the chain breaks. This is not a rejection of trade, but rather a rational rethinking and optimisation of trade. The likely outcome will be shorter supply chains, less reliance on a single trade partner, and more emphasis on regional trade (Olson 2020).

The COVID-19 induced breakdown of supply chains has been heavily felt in Africa. Recent preliminary data published by UNCTAD indicates that Africa's exports and imports declined by 36 per cent and 21 per cent respectively in April, which is above the global average (UNCTAD 2020). A leading contributing factor has been the significant disruptions to global supply chains. COVID-19 has seen factories close due to lockdown restrictions, hikes in transport and transaction costs in foreign trade, and spikes in export bans. According to ITC's Market Access Map, 95 countries globally have now introduced COVID-19 related export bans. This has left Africa – a region heavily reliant on imports from the rest of the world – in a perilous position. In 2018, 82.2 per cent and 95.9 per cent of Africa's imports of food items and medicinal and pharmaceutical products respectively originated from outside the continent, as demonstrated in Figure 1. Also problematic has been the shift in the COVID-19 epicentre from China, which accounts for 11 per cent of African exports and 16 percent of imports, to Europe, which accounts for 33 per cent of African exports and 32 per cent of imports (UNECA 2020b). Africa's rice consumption was badly hit following the lockdown-induced stalling of shipments from India, Africa's second biggest supplier, and export bans on rice in Vietnam and Myanmar, Africa's fifth and sixth biggest suppliers (UNECA 2020b). Another example was the shortage of medical supplies experienced in Nigeria, following the shutdown of manufacturing facilities in China, and the associated 20–30 per cent rise in prices of Active Pharmaceutical Ingredients (APIs) (Banga et al. 2020).

The African Continental Free Trade Area offers an opportunity to advance on regional integration and do better than before.

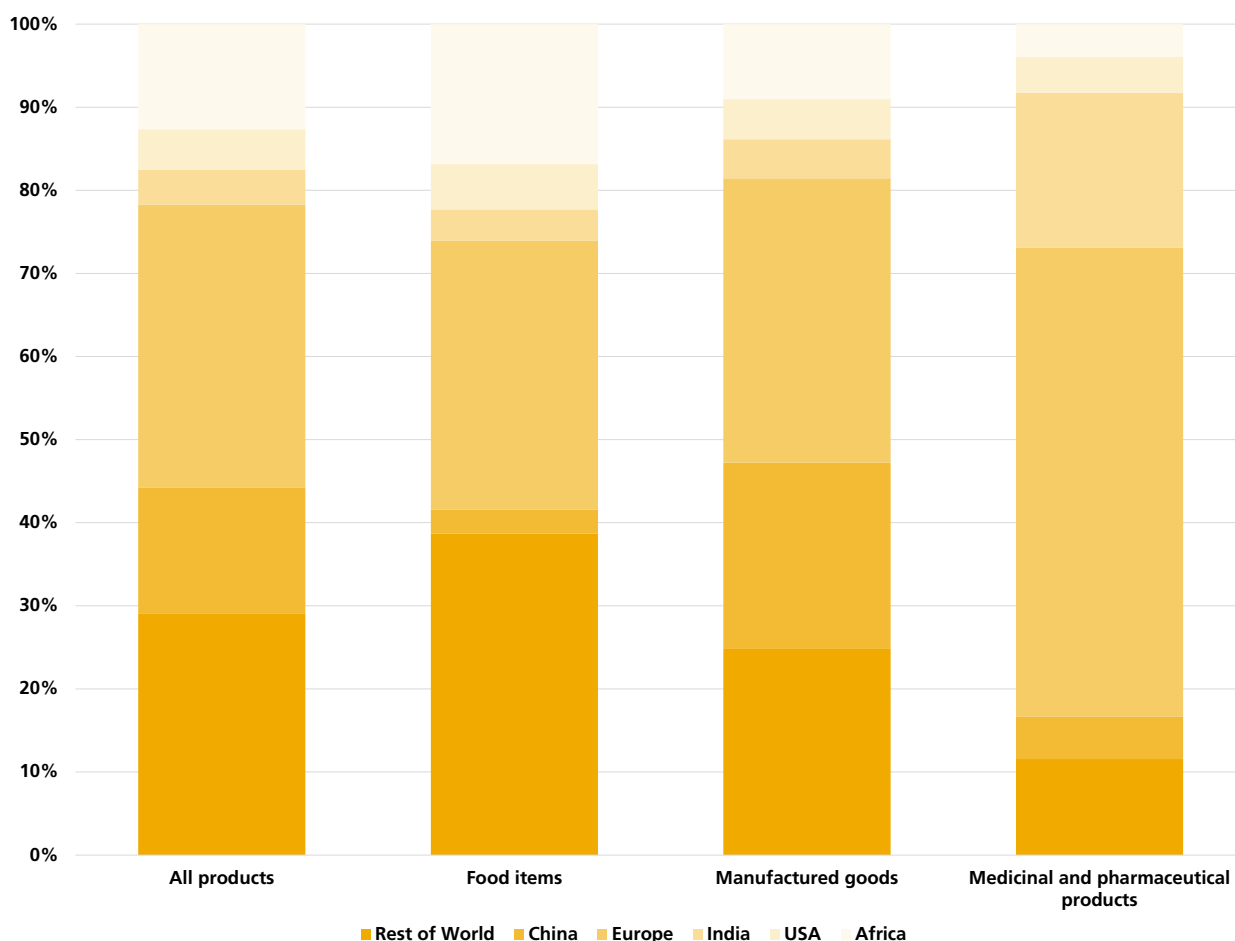
The AfCFTA serves as the continent's leading framework for developing intra regional supply chains. Swift implementation of the Agreement will be crucial to fast-track the development of »Made in Africa« brands, embedded in competitive and robust regional supply chains. This argument was emphasised by AfCFTA Secretary General H.E. Wamkele Mene during his swearing in ceremony: »Africa should not despair and fall into despondency – from a trade perspective, we should see this crisis as an opportunity. Through the AfCFTA we have an opportunity to reconfigure our supply chains, to reduce reliance on others, and to expedite the establishment of regional value chains that will boost intra-Africa trade« (AU 2020).

THREE PRIORITY BUILDING BLOCKS FOR HARNESSING THE AFCFTA TO BUILD BACK BETTER

FAST TRACKING IMPLEMENTATION OF THE AFCFTA

African Member States are fittingly focusing efforts on protecting lives and economies, and the AfCFTA start of trade date has been pushed back from 1 July 2020 to 1 January

Figure 1
Africa's imports by source
(percentage shares)



Source: Author's calculations based on UNCTADStat data

2021. Yet, in order to recover and build resilience in the medium- to long-term, African economies must maintain AfCFTA momentum and ambition, and not delay implementation any further (Banga et al. 2020). COVID-19 has amplified the urgency to operationalise the Agreement: intra-African trade offers a pathway for job creation, foreign exchange, industrial development and economic growth, and the pandemic has shed light on the need to develop African supply chains.

Reducing intra African tariffs must be complemented by efforts to ensure the smooth flow of goods and services across the continent. The pandemic has shone a spotlight on Africa's longstanding challenges related to border operations, customs cooperation and trade facilitation. As AfCFTA States Parties finalise tariff offers and gear up to begin trading, African countries can already start to prioritise implementation of elements of the Agreement that are complete and »ready to go«, including Annexes on trade facilitation and customs cooperation and the built-in non-tariff barrier mechanism. These efforts should be implemented in a manner that is cognizant of the risks of unregulated movements of pathogens and hazardous goods. This is crucial to ensuring that borders are ready to manage future health crises in a »safe«

way, so that cross-border trade can continue to flow with limited additional costs and disruption (UNECA 2020c).

UTILISING THE AFCFTA TO SUPPORT AFRICA'S DIGITAL AND GREEN TRANSITIONS

The digital economy is significantly and irreversibly transforming value chains, skills development, production, and trade (Luke and Sommer 2018). Application of digital technologies have proven critical in enabling the continuation of economic activities amid COVID-19. In Africa, electronic cargo tracking systems have enabled authorities to trace cross-border transmission of the virus, and e-payments, e-commerce and electronic documents have helped to facilitate safe and efficient trade (UNECA 2020c). In the future, increased use of digital solutions will be needed to support industrial leapfrogging, enhance the resilience and flexibility of Africa's supply chain management, and reduce the likelihood of disruptions. In this context, it will be crucial for Africa to fast-track investments in digital infrastructure, skills and cross-border connectivity, along with regulations for data governance and privacy. Member States should consider

frontloading AfCFTA negotiations on e-commerce to coincide with the closely linked phase II negotiations on investment, intellectual property rights, and competition policy. This would also provide a supporting impetus for implementation of the new AU Digital Transformation Strategy (Banga et al. 2020).

Also central to Building Back Better is the need to reduce emissions through adopting green growth models. The world's environmental emergencies are as pressing as ever, even if they may seem distant during the COVID-19 pandemic (OECD 2020a). Avoiding the worst impacts of climate change will be key to future resilience and stability in Africa. Most climate change discussions are typically constrained within borders and focused on domestic commitments, to avoid issues of non-discrimination. Yet, trade offers an enormous potential for climate change cooperation that should not be overlooked. There is scope to be more innovative in Regional Trade Agreements (RTAs) than at the World Trade Organization (WTO). In this context, »greening« the AfCFTA can offer an important platform to deliver progress on climate change. This can be achieved through bringing environmental considerations to the heart of tariff offers, trade in services liberalisation, standards harmonisation, and intellectual property rights negotiations. Furthermore, States Parties must implement the AfCFTA in a green friendly manner, including investments in more robust infrastructure, renewable energies, and drought-resistant crops.

PRIORITISE DEVELOPMENT ASSISTANCE TOWARDS THE AFCFTA

COVID-19 has significantly reduced the fiscal space for increasing aid to Africa over the short- to medium-term. To support Africa to Build Back Better, donors will need to ensure that programmed aid yields the highest return possible. This can be achieved through re-focussing aid on promoting business, trade, and investment ties. The OECD has found that one extra dollar invested in aid for trade (AfT) generates nearly 20 additional dollars of exports from the poorest countries (OECD and WTO 2019). AfT directed to Africa increased from 8.8 billion US dollars in 2006, when the initiative was created, to 22.7 billion US dollars in 2017.

The costs of implementing the African Continental Free Trade Area and complementary reforms will be significant, particularly for lower-income countries. Aligning AfT closer to continental frameworks, including the AfCFTA, would allow African countries and development partners to better capture the transformative potential of intra-African trade. In 2017, the share of trade policy support in AfT was only 2.1 per cent of total AfT to Africa. While the low share of trade policy projects can partly be explained by the lower cost of implementation relative to hard infrastructure, for example, there is scope to diversify support towards the urgent AfCFTA agenda. In order to enable the AfCFTA to serve as a tool for Building Back Better, complementary investments and interventions will also be required in several other AfT sectors, such as transport and storage, banking and financial services, and industry.

RECOMMENDATIONS

- African countries can utilise intra-regional trade to develop more localised and robust supply chains that will be more resilient to future adverse shocks.
- Policymakers should ensure that Africa's regional integration is not undermined by COVID-19 and prioritise rapid and ambitious implementation of the AfCFTA.
- Reducing intra-African tariffs must be complemented by efforts to address non-tariff trade costs to facilitate the smooth and »safe« flow of goods and services across the continent.
- The AfCFTA can be used to shape Africa's response to the major global trends that are expected during the 2020s, including digitalisation and climate change.
- Aid for trade must be refocused to support the urgent AfCFTA agenda to serve as a tool for Building Back Better.

REFERENCES

- African Union (AU)** (2020): *Statement of H.E. Mr. Wamkele Mene on the Occasion of Swearing-in as the Secretary General of the AfCFTA Secretariat* (19.3.2020); available at: <https://au.int/en/speeches/20200319/statement-he-mr-wamkele-mene-occasion-swearing-secretary-general-afcfta>
- African Union Commission (AUC) / OECD** (2019): *Africa's Development Dynamics 2019: Achieving Productive Transformation*; available at: <https://www.oecd.org/publications/africa-s-development-dynamics-2019-c1cd7de0-en.htm>
- Banga, Karishma et al.** (2020): *Africa Trade and COVID-19: the Supply chain Dimension*, ODI (8.2020); available at: <https://www.odi.org/publications/17248-africa-trade-and-covid-19-supply-chain-dimension>
- Desta, Melaku Geboye** (2020): *Covid-19 and Export Restrictions: the Limits of International Trade Law and Lessons for the AfCFTA*; available at: https://www.uneca.org/sites/default/files/PublicationFiles/atpc_brief-covid-19_export_restrictions-legal-analysis_eng_final1.pdf
- Harrisberg, Kim** (2020): Coronavirus exposes 'brutal inequality' of South Africa townships, in: *Reuters* (12.6.2020); available at: <https://www.reuters.com/article/us-health-coronavirus-safrica-housing-tr/coronavirus-exposes-brutal-inequality-of-south-africa-townships-idUSKBN23J2BS>
- International Monetary Fund (IMF)**
- (2020a): *Regional Economic Outlook, June 2020 Update, Sub-Saharan Africa*, IMF Data; available at: <https://data.imf.org/?sk=5778F645-51FB-4F37-A775-B8FECDD6BC69B>
 - (2020b): *Sub-Saharan Africa: A Cautious Reopening*. Press Release No. 20/249 (29.6.2020); available at: <https://www.imf.org/en/News/Articles/2020/06/27/pr20249-sub-saharan-africa-a-cautious-reopening>
- Luke, David / Sommer, Lily** (2018): The AfCFTA: Opportunities for Industrialization in the Digital Age, in: *AFREXIMBANK Contemporary Issues in African Trade and Finance*, Vol. 4, No. 1, December.
- Luke, David / Masila, Gerald / Sommer, Lily** (2020): *Informal traders: A balancing act of survival*. African Trade Policy Centre Policy Brief (14.5.2020); available at: <https://www.uneca.org/blogs/informal-traders-balancing-act-survival>
- Nwokolo, Marie-Noëlle** (2020): Leadership in a time of crisis: lessons for the AfCFTA: Beyond Covid-19, Africa's economy needs to be robustly rebuilt with manufacturing at its heart, in *Business Day*, (2.4.2020)
- Organisation for Economic Co-operation and Development (OECD)**
- (2020a): *Building Back Better: A Sustainable, Resilient Recovery after COVID-19* (5.6.2020); available at: <https://www.oecd.org/coronavirus/policy-responses/building-back-better-a-sustainable-resilient-recovery-after-covid-19-52b869f5/>
 - (2020b): *COVID-19 and Africa: Socio-economic implications and policy responses* (7.5.2020); available at: <http://www.oecd.org/coronavirus/policy-responses/covid-19-and-africa-socio-economic-implications-and-policy-responses-96e1b282/>
- OECD / UNECA** (2020): *Africa's Response to COVID-19: What roles for trade, manufacturing and intellectual property?* (23.6.2020); available at: https://read.oecd-ilibrary.org/view/?ref=134_134617-5ewrwojglf&title=AFRICA-S-RESPONSE-TO-COVID-19-What-roles-for-trade-manufacturing-and-intellectual-property
- OECD / WTO** (2019): *Aid for Trade at a Glance 2019: Economic Diversification and Empowerment*, OECD Publishing; available at: <https://www.oecd-ilibrary.org/docserver/18ea27d8-en.pdf?expires=1601477276&id=id&accname=guest&checksum=082FD1D388F-D65679836A1906B1C529D>
- Olson, Stephen** (2020): Post COVID-19: More regional trade and shorter supply chains?; Hinrich Foundation, in *EastAsiaForum* (6.5.2020).
- PWC** (2020): *Impact of tradedisrupting COVID-19 on South African business*; available at: <https://www.pwc.co.za/en/publications/impact-of-trade-disrupting-covid-19-on-sa-business.html>
- Signé, Landry / Gurib-Fakim, Ameenah** (2019): *Six of the world's 10 fastest-growing economies are in Africa*. World Economic Forum (6.8.2019); available at: <https://www.weforum.org/agenda/2019/08/afcfta-proof-that-africa-heading-for-substantial-growth/>
- Sommer, Lily / Luke, David** (2016): *Priority Trade Policy Actions to Support the 2030 Agenda and Transform African Livelihoods*. ICTSD; available at: <https://www.tralac.org/images/docs/10610/priority-trade-policy-actions-to-achieve-the-2030-agenda-and-transform-african-livelihoods-ictsd-september-2016.pdf>
- UN** (2020): *Climate Change and COVID-19: UN urges nations to 'recover better'* (22.4.2020); available at: <https://www.un.org/en/un-coronavirus-communications-team/un-urges-countries-%E2%80%98build-back-better%E2%80%99>
- UNCTAD** (2020): *Global Trade Update*, June 2020; available at: https://unctad.org/en/PublicationsLibrary/ditcmisc2020d2_en.pdf
- UNECA**
- (2020a): *COVID-19: Lockdown exit strategies for Africa*; available at: https://www.uneca.org/sites/default/files/PublicationFiles/ecarprt_covidexitstrategies_eng_9may.pdf
 - (2020b): *COVID-19: Safeguarding African Lives and Economies* (13.4.2020); available at: <https://www.uneca.org/covid-19-report-virtual-launch>
 - (2020c): *Facilitating cross-border trade through a coordinated African response* (8.2020); available at: https://www.uneca.org/sites/default/files/PublicationFiles/facilitating_cross-border_trade_through_a_coordinated_african_response_to_covid-19_fin_4aug.pdf
- UNECA / OHCHR / FES** (2019): *Digital Trade in Africa: Implications for Inclusion and Human Rights*; available at: https://www.fes-geneva.org/fileadmin/user_upload/documents/2019/2019_07_Digital_Trade_Africa.pdf

BUILDING BACK BETTER: FACTORING IN MIGRANT WORKERS

Manuela Tomei

Migrant workers have to be factored into any plans to rebuild economies in a post COVID-19 world.¹ They deserve attention in both countries of destination and origin because they were among the workers hardest hit by lockdown measures and because, while often unwanted, they will still be needed for economies to Build Back Better in the future. Many migrant workers were forced to return to their home countries, but were unable to do so either because borders were closed or – as for dozens of domestic workers in Lebanon – because their employers could not afford to pay the much higher cost of repatriation flights due to COVID-19. Other migrants instead returned to the countries that they had left due to the poor employment opportunities. Importantly, the pandemic has exposed the essential role that migrant workers play in numerous economic sectors worldwide.

FACTS AND FIGURES

Migrant workers on average represent 4.7 per cent of the global labour pool, comprising 164 million workers (ILO 2018), with nearly half being women. The majority of these workers are employed in high-income (67.9 per cent) or upper-middle-income-countries (18.6 per cent).

In many countries migrant workers represent a significant share of the workforce and make important contributions to societies and economies, with generally higher labour force participation rates compared to national workers (ILO 2018).

Yet migrant workers have typically been excluded from the scope of wage subsidies or other social protection measures put in place to mitigate the economic impact of the pandemic. This is because they usually engage in temporary, and often informal, employment or are recruited through opaque subcontracting arrangements.

OVERREPRESENTATION IN ESSENTIAL AND OFTEN POOR QUALITY JOBS

As the COVID-19 pandemic has highlighted, migrant workers often carry out essential jobs in health care, construction, transport, services, and agriculture and agro food processing.² Women migrant workers represent a significant share of those in domestic work, making up 73.4 per cent (or 8.45 million) of all migrant domestic workers (ILO 2015).

Jobs that have been described as »essential« during the pandemic often also happen to be jobs that are particularly strenuous, precarious, and low paid, with unpaid overtime often being the norm, and are therefore eschewed by local populations. Slaughter houses and meat packing plants were news items in countries such as the United States and Germany because of the high prevalence of COVID-19 cases in these workplaces, which, in the case of Germany, forced the region housing the slaughter house to be quarantined (The Economist 2020). At the same time, the public learned that many of the workers concerned were migrants, living in crowded and infection-prone dormitories. Indeed, the harsh conditions and often poor working conditions that prevail make working in these sectors less appealing to nationals, even when they are facing losses in their livelihoods. Agriculture is a case in point. Many industrialised countries rely on seasonal foreign workers during harvests and planting, and farmers had problems filling open positions due to border closures. City dwellers would and could not easily replace these workers, as it turned out that jobs in agriculture required particular skills – a fact previously not recognised (ILO 2020c). To Build Back Better, a change of perspective is needed regarding the social value placed on sectors with a high prevalence of migrant workers. Facilitating the recognition of prior learning might play a positive role in retention (of any workers whether locals or migrants), and Public Employment Services (PES) could help in this process (ILO 2020c).

¹ This note is based on various ILO reports produced since COVID-19 pandemic, and with thanks for the contributions of Michelle Leighton and Christiane Kuptsch.

² ILO estimates 11.5 million migrant workers are in domestic work, many in home-care jobs (ILO 2018).

VULNERABILITIES

Migrant workers have found themselves stranded in host countries without access to social protection. Along with high levels of unemployment, the pandemic has brought rising levels of discrimination and xenophobia against migrant workers, food insecurity, worsening working conditions, including reduction or non-payment of wages, cramped or inadequate living conditions where social distancing is impossible, restrictions on movements, as well as higher levels of violence and harassment, particularly for those in domestic work (ILO 2020a; Begum 2020; Caraballo 2020).

The ILO estimated that, in the second quarter of 2020 alone, the drop in global working hours among workers in the informal economy was equivalent to the loss of over 305 million full-time jobs (ILO 2020b). This is significant for migrant workers. Recent ILO research highlights that nearly 75 per cent of migrant women and 70 per cent of migrant men are working in the informal economy in many low- and middle-income-countries.³

As containment measures ease, millions of migrant workers may be required to return home to low and middle income countries where labour markets are already weakened by the additional strain of high levels of unemployment and serious business disruptions due to the pandemic (ILO 2020b). Moreover, migrant workers' families will suffer financially from the loss of the remittances normally sent to them.⁴

RECOVERY

While a slowdown in demand for foreign labour is most likely in the coming months due to the contraction of growth in many rich and emerging economies, labour migration will not stop altogether, and nor would this be desirable. The creation of decent and productive employment is essential for recovery in countries around the world, and particularly critical for migrant workers if they are not to fall further behind in realising the promise of the Sustainable Development Goals contained in the 2030 Sustainable Development Agenda. How well labour migration is managed can make a difference.

Governments can seize the opportunity in rebuilding their economies back better by adopting rights-based and gender-responsive labour migration governance frameworks, which support a whole-of-government and whole-of-society approach, as called for by the Global Compact on Safe, Regular and Orderly Migration. By creating coherence between migration and employment policies, and building on dialogue between governments and employers' and workers' organisations, and between the social partners themselves, such frameworks can lead to a fairer distribution of

the prosperity that men and women migrant workers help to create, and can respond more equitably to the interests of countries of origin, transit and destination (ILO 2020d). International labour standards, and especially fundamental rights at work should provide »a decent work compass« to guide more immediate and longer-term recovery responses that both protect migrant workers and meet labour market needs (ILO 1949a, 1949b, 1975a, 1975b, 2016, 2020d, 2020e). At the same time, it is indispensable that all workers, regardless of their contractual status or nationality, are afforded adequate labour and social protection. This is key to avoiding the misuse of certain work arrangements and reducing social dumping and unfair competition among enterprises, while preventing discrimination against migrant workers.

A number of areas will need specific attention in government policy responses to building stronger and more resilient economies.

RECOMMENDATIONS

- Tackle deceptive and abusive practices in the recruitment of migrant workers by implementing ILO fair recruitment standards and guidelines, thereby eliminating the fees and costs paid by migrant workers and helping to prevent forced labour and trafficking in persons.
- Inform policies with more robust data collection, sharing, and analysis.
- Ensure social protection systems are more inclusive of migrant workers (ILO 2019).
- Adopt programmes to develop migrant workers' skills, at all skill levels, to provide access to skill recognition systems, and to strengthen labour market institutions and social dialogue.
- Utilise bilateral and multilateral cooperation, including bilateral labour migration agreements (BLMAs), to promote decent work across migration corridors, as well as fostering economic support for migrants who have lost their jobs and helping prepare them for reintegration into home labour markets. The ILO and the International Organization for Migration (IOM) are leading the UN Network on Migration effort to adopt UN system wide guidance on BLMAs that can help foster this cooperation.
- Facilitate sustainable and successful labour market reintegration. This should recognise the skills and talent, knowledge, and capital that migrant workers bring to their home economies to rebuild after the pandemic.

Most important of all, labour migration must be integrated into broader thinking on industry, education, labour market, taxation and welfare. Migrant workers are a fundamental

³ Data on informal migrant workers from countries with available data (Amo-Agyei 2020).

⁴ The World Bank estimates have reached US\$689 billion in 2018 (World Bank 2019).

part of the global economy; they play essential roles in several sectors and should therefore benefit from pay rises and any other improvements, if and where these occur, along with local workers.

REFERENCES

Amo-Agyei, Silas (2020): *An Analysis of the Migrant Pay Gap*; Technical Paper, ILO Geneva, forthcoming.

Begum, Rothna (2020): Domestic Workers in Middle East Risk Abuse Amid COVID-19 Crisis, in: *Al Jazeera*, Human Rights Watch (6.4.2020); available at: <https://www.hrw.org/news/2020/04/06/domestic-workers-middle-east-risk-abuse-amid-covid-19-crisis>

Caraballo, Joaquín (2020): No Tenemos Comida ni Dinero y Nadie se Preocupa por Nosotros, in: *Economía* (14.4.2020); available at: <https://www.diariolibre.com/economia/no-tenemos-comida-ni-dinero-y-nadie-se-preocupa-por-nosotros-AP18246767>

International Labour Organization (ILO)

- (1949a): Migration for Employment Convention (Revised), 1949 (No. 97); available at: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312242
- (1949b): Migration for Employment Recommendation (Revised), 1949 (No. 86); available at: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R086
- (1975a): Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143); available at: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C143
- (1975b): Migrant Workers Recommendation, 1975 (No. 151); available at: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312489
- (2015): ILO Global Estimates on Migrant Workers – Results and Methodology; available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_436343.pdf
- (2016): Promoting Fair Migration. ILC 105th Session; available at: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_453898.pdf
- (2018): ILO Global Estimates on International Migrant Workers – Results and Methodology. 2nd ed.; available at: https://www.ilo.org/global/publications/books/WCMS_652001/lang--en/index.htm
- (2019): Preparing for a Brighter Future of Work, Report for the 5th Ministerial Consultation of the ADD (16.–17.10.2019); available at: http://abudhabidialogue.org.ae/sites/default/files/document-library/Future%20of%20Work%20ILO%20Study_0.pdf
- (2020a): Protecting migrant workers during the COVID-19 pandemic: Recommendations for Policy-makers and Constituents, ILO Brief (4.2020); available at: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_743268.pdf
- (2020b): COVID-19 and the World of Work: 3rd ed., in: ILO Monitor (29.4.2020); available at: https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_743146.pdf
- (2020c): Seasonal Migrant Workers' Schemes: Rethinking Fundamental Principles and Mechanisms in light of COVID-19, ILO Brief (5.2020); available at: https://www.ilo.org/global/topics/labour-migration/publications/WCMS_745481/lang--en/index.htm
- (2020d): Promoting employment and decent work in a changing landscape, ILC 109th Session; available at: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_736873.pdf
- (2020e): ILO Standards and COVID-19 (coronavirus) (29.5.2020); available at: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/genericdocument/wcms_739937.pdf

The Economist (2020): *Covid 19 in slaughterhouses: Germany's worst jobs* (25.7.2020); available at: <https://www.economist.com/europe/2020/07/23/after-spreading-covid-19-a-huge-european-abattoir-vows-reforms>

World Bank (2019): *Record High Remittance Sent Globally in 2018*, Press Release (8.4.2020); available at: <https://www.worldbank.org/en/news/press-release/2019/04/08/record-high-remittances-sent-globally-in-2018>

CONCLUSION

The pandemic has brought to light the invisible, the neglected, and the ignored, all of whom must remain visible in order to make the world a better place. The texts in this publication show the fragility of the global system. They discuss the effects of the pandemic on vulnerable groups, as well as on their enjoyment of human rights, and social and economic protection.

The authors looked at the impact of the crisis on workers and on global trade, the environment, and women and girls. Yet, in order to answer the questions of how to Build Back Better after the COVID-19 pandemic, and what changes are needed to avoid similar collapses of social and financial systems in the future, they all point in the same direction. All authors highlight the need for solidarity, equality, cooperation, and collaboration in rebuilding global systems holistically and sustainably. Or as one of the authors put it, we need to »eliminate the inequalities and prejudices that divide us, and embrace our common humanity.«

To rebuild a better world means focusing on working together in solidarity and prioritising the reduction of inequalities. To tackle global challenges requires global cooperation based on rules and respect for human rights. This will mean aiding developing countries and vulnerable groups specifically and revisiting regional and global cooperation.

To imagine a better future requires inclusiveness, avoiding unilateral actions on the part of governments or communities. A future where we avoid keeping to our bubbles and cooperate in partnerships across political and thematic borders. Governments need to be made accountable and people empowered to participate in inclusive dialogues to shape the world we live in.

To improve the economic system not only calls for reimagining them »in harmony with urgent environmental challenges, social justice, and democratic institutions« but to push forward and fundamentally transform economies to be more sustainable, to protect the environment, and to redistribute wealth. The COVID-19 pandemic breaking the »old normal« may offer the opportunity to rebuild a more equal world.

To Build Back Better, we need to focus on prevention rather than response. This pandemic is not the last crisis our world looks set to run into. And »we need to recognise that Building Back Better means building back more sustainably, and in some cases may mean building something new entirely«. And therefore, we need the courage to turn our words into acts and demand just that from governments around the world. Let's make sure it is a success!

ABBREVIATIONS

ACCTS	Agreement on Climate Change, Trade and Sustainability
AfCFTA	African Continental Free Trade Area
AfT	Aid for Trade
API	Active Pharmaceutical Ingredients
B2C	Business to consumer
BLMA	Bilateral Labour Migration Agreements
CEO	Chief Executive Officer
CHW	Community Health Workers
CICTAR	Centre for International Corporate Tax Accountability and Research
COVID-19	Coronavirus Disease
EC	European Commission
EIU	Economist Intelligence Unit
ESCR	Economic, Social, and Cultural Rights
FAO	Food and Agriculture Organization of the United Nations
FENATRAD	Brazilian Federation of Domestic Workers
FES	Friedrich Ebert Stiftung
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GB	Gigabyte
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GHS Index	Global Health Security Index
GVC	Global Value Chains
IATA	International Air Transport Association
ICRICT	Independent Commission for the Reform of International Corporate Taxation
ICT	Information and communications technology
IDWF	International Domestic Workers Federation
IEA	International Energy Agency
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
IRENA	International Renewable Energy Agency
ISDS	Investor-State Dispute Settlement
ITC	International Trade Centre
ITU	International Telecommunication Union
ITUC	International Trade Union Confederation
JHU	Johns Hopkins University
LDC	Least Developed Countries
MDG	Millennium Development Goals
MFN	Most Favoured Nation
NEDLAC	South African National Economic and Development Labour Council
NGO	Non-Governmental Organisation
NHS	National Health Service United Kingdom
NPR	US National Public Radio
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
PCP	Poland's Clean Air Programme
PES	Public Employment Services
PPE	Personal Protective Equipment
PSI	Public Services International
QUNO	Quaker United Nations Office
R&D	Research and Development
RDB	Regional Development Banks
RTA	Regional Trade Agreements
SARS CoV 2	Severe Acute Respiratory Syndrome Coronavirus 2
SDG	Sustainable Development Goals
SPS	Sanitary and Phytosanitary Measures

TBT	Technical Barriers to Trade
TNI	Transnational Institute
TRIPS	Trade Related Aspects of Intellectual Property Rights
UK	United Kingdom
UN	United Nations
UN COMHEEG	United Nations Commission on Health Employment and Economic Growth
UN DESA	United Nations Department of Economic and Social Affairs
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA or ECA	United Nations Economic Commission for Africa
UNFCCC	United National Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNGA	United Nations General Assembly
UNGP	United Nations Guiding Principles on Business and Human Rights
UNHRC	United Nations Human Rights Council
UNOPS	United Nations Office for Project Services
UNSG	United Nations Secretary-General
US	United States
WHO	World Health Organization
WIEGO	Women in Informal Employment: Globalizing and Organizing
WMO	World Meteorological Organization
WTO	World Trade Organization
WWII	World War II

ABOUT THE AUTHORS

Daniel Bertossa is Assistant General Secretary at Public Services International.

Olivier De Schutter is the UN Special Rapporteur on extreme poverty and human rights.

Torbjörn Fredriksson is Chief of the Information and Communications Technology Policy Section at the UN Conference on Trade and Development.

Todd Howland is Chief of the Development and Economic and Social Issues Branch at the Office of the UN High Commissioner for Human Rights.

Rashid S. Kaukab is Executive Director of CUTS International Geneva.

Gabrielle Marceau is Senior Counsellor at the Research Division of the World Trade Organization and Professor at the Law Faculty of the University of Geneva.

Kinda Mohamadieh is Legal Advisor and Senior Researcher at the Third World Network office in Geneva.

Joachim Monkelbaan is Representative for Sustainable and Just Economic Systems at the Quaker United Nations Office in Geneva.

Karin Pape is Deputy Director of the Organization and Representation Programme at Women in Informal Employment, Globalizing and Organizing.

Juan Pablo Salinas is consultant at the Economic and Social Issues Branch at the Office of the UN High Commissioner for Human Rights.

Benjamin Schachter is a Human Rights Officer and the Environment and Climate Change Focal Point at the Office of the UN High Commissioner for Human Rights.

Magdalena Sepúlveda is Executive Director of the Global Initiative for Economic, Social and Cultural Rights.

Lily Sommer is Trade Policy Expert at the African Trade Policy Centre of the UN Economic Commission for Africa.

Manuela Tomei is Director of the Conditions of Work and Equality Department at the International Labour Office.

IMPRINT

Friedrich-Ebert-Stiftung | Global Policy and Development
Hiroshimastr. 28 | 10785 Berlin | Germany

Friedrich-Ebert-Stiftung | Geneva Office
Chemin du Point-du-Jour 6bis | 1202 Geneva | Switzerland

Responsible:
Hajo Lanz | Director | FES Geneva
Phone: +41-22-733-3450 | Fax: +41-22-733-3545
<http://www.fes-geneva.org>

To order publications:
Christiane.Heun@fes.de

Commercial use of all media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES.

FES GENEVA

The FES office in Geneva serves as a liaison office between UN agencies, other Geneva-based international organizations and FES field offices as well as partners in developing countries to strengthen the voice of the Global South. It contributes to the debates in »International Geneva« on trade and sustainable development, decent work and social policies, human rights, economic and social rights in particular, as well as on peace and security.

BUILDING BACK BETTER

A Call for Courage



The COVID-19 pandemic has shown the fragility of the global system, highlighted inequalities, and left the most vulnerable groups exposed. It has shown solidarity on global, regional, and local levels both working and failing. It has affected the enjoyment of human rights, social and economic protection, as well as global trade. There is a real risk that the progress made over the last few decades will be permanently undone, but it might also offer the opportunity to improve past developments, in which »business as usual« hindered necessary structural reforms.



The immediate aftermath of a crisis brings hunger for change and the hope of renewal. It is unfortunately not unusual, however, that after the initial shock and the calls for reform, the world slips back into the old routines. The appetite for reform is suppressed by the yearning for the comforting certainty of the familiar.

The challenge before us now is to ensure that 2020 is the year when the call for structural reforms is taken seriously, that words are followed by action. Governments will need the courage to accept that some decisions in the past might have been wrong or insufficient, and they need the courage to make the necessary changes.



The holistic approach of »Building Back Better«, which first emerged some years ago in discussions on disaster recovery, has become the concept that has most resonated in terms of post COVID-19 reconstruction. Building Back Better is a call of hope. The world is still struggling to come to terms with the pandemic that has affected every corner of this Earth. To reconstruct and to build back a society requires resources and strength.

But to Build Back Better requires yet another ingredient: courage. It demands the courage to go beyond what is familiar and what we already know, and to rebuild new structures. Forging change requires valour and political will. And if the COVID-19 pandemic has taught us one thing, it is that we cannot ignore the need for change.

Further information on the topic can be found here:

www.fes-geneva.org