

# SPOTLIGHT

on Sustainable Development 2020



## Shifting policies for systemic change

Lessons from the global COVID-19 crisis



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Lessons from the global COVID-19 crisis

with contributions from





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## Preface

This is the fifth edition of the report Spotlight on Sustainable Development. Since 2016, we have published this report annually to assess not only the implementation of the 2030 Agenda but also the structural obstacles in its realization.

When we started to plan for this year's report in Autumn 2019, mass protests were shaking a growing number of countries in various regions of the world. In Ecuador, Brazil, Chile and Argentina, in Egypt, Lebanon, and in India, millions of people took to the streets to demonstrate against the prevailing policies.

The triggers were often transit fare increases, cuts in public services and other strict austerity policy measures, which in each country placed a particular burden on the poor and middle classes, particularly women. While the global debt crisis is real, such policies were applied even in countries where fiscal space had not reached a limit and before less damaging options – such as taxing the rich – had been exhausted. Thus, the Spotlight Report 2020 originally aimed to draw attention to the looming global economic and financial crisis, its possible consequences for the achievement of the SDGs and the resulting political consequences.

And then came the outbreak of the COVID-19 pandemic with its devastating effects in all parts of the world. Of course, we had to react to it in our report. But at the same time, it is important for us to point out that the global spread of the virus and its damages are not independent of “pre-existing conditions” of environmental destruction, climate change, erosion of public services and other symptoms of “maldevelopment”. The economic downturns following the lockdown are due to have dramatic effects.

Thus, the Spotlight Report 2020 aims to unpack the various features and amplifiers of the COVID-19 emergency and its interlinkages with other crises, including the economic lockdown, increased job loss, hunger and homelessness, increased disparities of opportunity, wealth and power both within and among countries, increasing instances of racial and gender violence, discrimination of all those perceived as “different” and escalating climate disasters.

The report consists of three parts: The first, based on national civil society reports, describes how COVID-19 and resulting lockdown has affected countries in different ways, depending on their social and economic circumstances. It also highlights examples of civil society responses to these crises and the various forms of social mobilization for transformational change.

The second part describes briefly how governments and international organizations have responded to the economic and health crises resulting from the COVID-19 pandemic. They have put together economic stimulus packages and recovery programmes totalling more than US\$ 11 trillion. But do these measures address the structural causes of the crises? Who benefits from them – and who does not? Do they systematically take human rights and sustainable development into account? Has the decades-long imposition of austerity policies been halted or will these policies be restored when governments have to pay the bill for the recovery measures?



The third part of the report argues that policy responses to COVID-19 must not repeat the mistakes of the past and lead to the old ‘normal,’ or business as usual. The call to “build back better” became a leitmotif of intergovernmental responses to the crisis. But does “building back” really lead to the urgently needed systemic change? What kind of policies, strategies and structural changes are necessary to ensure the primacy of human rights, gender justice and sustainability goals in all policy areas? The chapter highlights eight key areas in which not only policy and governance reforms but also changes in the underlying narrative are long overdue. The World Economic Forum has launched its “Great Reset” initiative to rescue capitalism. We offer as an alternative our “8 R”-agenda for transformational recovery.

This and previous Spotlight reports are supported by a broad range of global civil society organizations and trade unions. They are also informed by the experiences and reports of national and regional groups and coalitions from all parts of the world. The contributions cover many aspects of the 2030 Agenda and the SDGs (and beyond) and reflect the rich geographic and cultural diversity of their authors.

But what all contributions have in common is their fundamental critique of underlying social and economic structures, power relations and governance arrangements. Thus, meaningfully tackling the obstacles and contradictions in the implementation of the 2030 Agenda and its SDGs requires more holistic and more sweeping shifts in how and where power is vested and exercised, including through institutional, legal, social, economic and political commitments to realizing human rights.

The main message is that the multiple crises can only be overcome if the massive power asymmetries within and between societies can be reduced.

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# Overview

## A world in turmoil needs fundamental change

COMPILED BY JENS MARTENS, GLOBAL POLICY FORUM

The COVID-19 pandemic and the national responses to it brought the world almost to a complete lock-down. Economic, social and cultural life came to a virtual standstill in many places, borders were closed and trade flows interrupted. All over the world, States have intervened, to various degrees, to restrict the freedoms of their citizens in order to slow down the spread of the pandemic and prevent healthcare systems from collapsing.

The long-term political, economic and social consequences of COVID-19 cannot yet be fully predicted. However, there are signs that the far-reaching measures taken to combat the pandemic will have a massive impact on human rights and the implementation of the internationally agreed Sustainable Development Goals (SDGs). The current global economic recession affects all countries in the world. Unemployment, poverty and hunger have risen dramatically. Measures to combat global warming and the extinction of species threaten to move further down on the list of political priorities.

What makes the situation even worse is that many countries were already confronted with massive social, ecological and economic problems before the crisis. These have not now disappeared. Climate change with its devastating consequences continues at a rapid pace; systemic racial and gender discrimination perpetuate inequality and injustice and undermine social cohesion; the increasing number of authoritarian regimes is a serious setback for human rights and the urgently needed socio-ecological transformation.

In addition, even before the outbreak of the coronavirus, the macroeconomic situation in many countries had already deteriorated, owing to a vicious circle of debt and austerity policies threatened reversals in socio-economic development.

### Enormous losses and damages, but very unevenly distributed

When the new coronavirus was first detected in China, at the end of 2019, the decision to lock down huge areas in order to stop its spread clearly put the protection of life first. Economic losses and damages were to be dealt with later. One by one (but remarkably, not collectively) most governments of the world took similar decisions and societies drastically reduced population mobility on an unprecedented global scale. This has affected countries in different ways, depending on their social and economic context. The losses and damages are enormous, but very unevenly distributed.

UN Secretary-General António Guterres stated with striking clarity: “COVID-19 has been likened to an X-ray, revealing fractures in the fragile skeleton of the societies we have built. It is exposing fallacies and falsehoods everywhere: The lie that free markets can deliver healthcare for all; the fiction that unpaid care work is not work; the delusion that we live in a post-racist world; the myth that we are all in the same boat. Because while we are all floating on the same sea, it’s clear that some are in superyachts while others are clinging to drifting debris.”<sup>1</sup>

In response to these problems, mass protests, many of them led by women, have been shaking a growing number of countries worldwide. In Ecuador, Chile, Brazil and Argentina, in India, Egypt, Lebanon, and many other countries millions of people were taking to the streets in late 2019 and early 2020. Fear of COVID-19 as well as curfews and other “Stay at home” restrictions succeeded in emptying the streets of these protesters temporarily, but after a few months, in many countries, including Chile and Lebanon,

<sup>1</sup> <https://www.nelsonmandela.org/news/entry/annual-lecture-2020-secretary-general-guterres-full-speech>

as well as the USA, people are back on the streets to protest violence and discrimination as well as hunger and other human rights violations.

### Unprecedented fiscal response

Governments and international organizations have responded to the economic and health crises resulting from the COVID-19 pandemic and consequent lockdown on a massive scale. The announced liquidity measures, rescue packages and recovery programmes total US\$ 11 trillion worldwide. 196 countries and territories have taken political measures, albeit of very different scale and scope, depending on their fiscal capacity and policy space. In many countries, particularly countries of the global South, both fiscal capacity and policy space are considerably restricted, making the realization of the 2030 Agenda and the SDGs unrealistic. Without effective multilateral counter-measures, economic disparities and inequality between rich and poor countries will increase considerably. COVID-19 is thus a global wake-up call for international cooperation and solidarity.

Often, the rescue programmes have been used to fill – at least temporarily – financial gaps that exist due to the weakness of social security systems and the absence of effective public services. Not only national governments but also local governments and healthcare providers are facing major challenges in responding to the impacts of the crisis. They had to take emergency measures, set-up new services to enable proper lockdowns, and contain the spread of the virus in their communities. When the first phase of COVID-19 support measures comes to an end, many cities will be confronted with a massive increase in homelessness and hunger, even in richer countries. This is a result of the fact that governments have spent many years liberalizing markets, underfunding and/or privatizing public services, including healthcare, and neglecting social housing.

Even before COVID-19, many countries of the global South were already in an economic crisis, one characterized by contractionary fiscal policy, growing debt and austerity policy measures that made these countries more vulnerable to future crises. As a result, most governments are facing serious fiscal

constraints in responding to the current crisis, in part shaped by IMF conditionalities, and by their dependence on international financial markets and credit rating agencies, and exacerbated by the sharp decrease in public revenues due to the decline in tax payments and export earnings.

It is therefore not surprising that the COVID-19 fiscal responses of the countries of the global South are substantially lower than those of the countries of the global North, not only in absolute terms but also in relation to GDP.

In the first phase, many government COVID-19 emergency programmes contained certain social components that aimed to provide (more or less targeted) support for families in need, prevent unemployment and keep small businesses and companies financially afloat. But aside from the fact that even these altogether huge amounts of money could not prevent the global rise in unemployment, poverty, and corporate bankruptcies, the temporary measures produced at best a flash in the pan effect that will quickly evaporate when the support ends. The social catastrophe then comes only with a delay. Environmental considerations, on the other hand, played hardly any role in the first phase of COVID-19 relief programmes; they slipped down the priority list of many governments. For the most part, economic relief packages have been ecologically blind.

Overall, the first phase of COVID-19 responses did not succeed in recognizing the demand of many CSOs and trade unions that access to corporate bailouts and other public funds should be subject to conditions designed to protect and empower workers, stop tax dodging and end corporate practices fueling inequality, climate breakdown and human rights abuse.

It is therefore all the more important that now, in the second phase of policy responses, longer-term economic stimulus packages not only support economic recovery, but also promote necessary structural change, such as strengthened public social security systems, improved remuneration and rights of workers in the care economy, and the transition to circular economies, which seek to decouple growth from consumption of finite resources.

If used in the right way, such policies could offer the chance to become engines of the urgently needed socio-ecological transformation proclaimed in the 2030 Agenda for Sustainable Development.

### “8 R”-agenda for systemic change

The continuous chain of humanitarian disasters, be it floods in Southeast Asia, the locust plague in East Africa, the devastating explosion in the port of Beirut or the destruction caused by wildfires in Brazil and California or hurricanes in the Caribbean gulf, show that crises and grievances do not stop because of COVID-19. On the contrary, they are all the results of a dysfunctional system that puts corporate profit above the rights and well-being of people and planet.

In response to the COVID-19 crisis, the World Economic Forum has initiated the “Great Reset” in order to reshape “stakeholder capitalism”, and rightly states that the “inconsistencies, inadequacies and contradictions of multiple systems –from health and financial to energy and education – are more exposed than ever.”

But pushing the reset button just restarts the game, without changing the rules of the game – or even the game itself. The reset button clears the memory and reboots the (old) system, a system which has proven that it could not prevent the current crises, but rather has caused them.

We offer as an alternative an “8 R”-agenda for systemic change.

The eight sections do not provide a comprehensive reform programme. Rather, they illustrate in a nutshell eight issue areas where not only policy and governance reforms but also changes in the underlying narrative are long overdue. Action in these areas are a necessary precondition for making progress towards the socio-ecological transformation proclaimed in the 2030 Agenda for Sustainable Development.

**1. Re-value the importance of care in societies:** The pandemic has revitalized the idea that essential jobs exist. Care-giving jobs are at the top of that list, even though historically they have been hardly recognized, socially devalued and badly paid, with little or no benefits or protection. A recognition of the essentiality of care should foster a process of transformation in the way in which it is socially addressed. Democratically expanding horizons of equal care arrangements, allocating public resources to building care infrastructure and recognizing and strengthening community care arrangements are essential elements in any process of building a different way out of the current global crisis.

**2. Re-empower public services:** Around the world, frontline public service workers continue to receive praise and support for their vital role in responding to the COVID-19 crisis. Yet, these underfunded public services and brutal working conditions are not inevitable. They are the result of decades of deliberate erosion of our public services through budget cuts, privatization and understaffing. We must make sure these services are well financed. We need a better global tax system to ensure corporations and the very wealthy pay their fair share and do not use their economic power to exercise undue influence over public policy. The remarkable wave of re-municipalizations in more than 2,400 cities in 58 countries shows how possible – and popular – it is to bring services back into public control.

**3. Re-balance global and local value chains:** The COVID-19 pandemic exposed once again the vulnerabilities generated by commodity dependence and overreliance on global value chains. They reflect the dominant model of a global division of labour which disregards the massive externalities related to resource exploitation, environmental degradation, displacement of communities, and the violation of human rights and labour rights. The current crisis offers the opportunity to rethink and remodel these unbalanced export-driven development strategies, shift the centre of gravity away from the global economy and take bold public policy and investment decisions to strengthen domestic circular economies. Three cornerstones of the necessary economic transformation are the strengthening of sustainable local

food systems, enhanced regional (or subregional) cooperation to overcome the constraints of limited domestic demand, and systemic reforms in international trade and investment regimes to widen the national policy space for transformation.

**4. Reinforce the shift towards climate justice:** Against the backdrop of increasing climate change impacts that inordinately adversely affect the poor, especially in developing countries, and a potential deepening of the development gap and global inequality as a result of these and other crises, a more just and equitable approach to addressing climate change has to be undertaken. In particular, countries of the global North should start phasing out and shifting subsidies and investments away from fossil fuel exploration, extraction and production immediately and commit to transition rapidly to a 100 percent use of clean and renewable energy by 2030. They should scale up the provision of climate financing to at least US\$ 100 billion by the end of 2020 and increase that rapidly between 2020 to 2030.

**5. Re-distribute economic power and resources:** The relief and recovery packages being put in place by governments and international institutions are a critical means for tackling the structural inequalities exposed and perpetuated by COVID-19. In designing and implementing these packages, governments have the chance to start disrupting the status quo and breaking up the concentration of corporate and elite power at the root of these inequalities. However, most governments are currently failing to take this opportunity. Redistribution is absolutely crucial for a just recovery from COVID-19, for realizing human rights for all, and for achieving the SDGs. But on its own, redistribution is not enough – we also have to think about how we create wealth, resources and power in the first place. Crucial “pre-distributive” policy areas in this regard include labour and wage policies and financial and corporate regulation.

**6. Re-regulate global finance:** The coronavirus crisis and resulting economic lockdown have made clear that fundamental steps need to be taken in financial regulation and reform of the international financial architecture. At least to some extent, they have also created new political impetus for such steps.

One essential element would be a sovereign debt workout mechanism. This requires an institution that makes independent and binding decisions on sovereign debt restructurings based on objective criteria and is able to enforce it in an impartial manner. To address the problems of tax dodging facilitated by financial secrecy jurisdictions and an unfair global tax system, an intergovernmental tax body – with universal membership and a strong mandate – should be created under the auspices of the United Nations.

**7. Re-invent multilateral solidarity:** Mobilizing support for international cooperation and for the UN must start with bending the arc of governance back again – from viewing people as shareholders - to stakeholders - to rights holders. There are many global standards and benchmarks that could be developed to measure this progression. These should be at the forefront of pursuing substantive, rights-based multilateralism and distinguishing it from multilateralism in name only. The UN should be the standard bearer at the global level, not a neutral convenor of public and private engagement. This requires predictable and sustainable public resources, currently undermined by tax evasion and illicit financial flows and detoured to servicing undeserved debt burdens. The necessary but not sufficient condition for multilateral solidarity, the fuel to change direction, is a new funding compact at national level and to finance an impartial, value-based and effective UN system.

**8. Re-define the measures of development and progress:** SDG target 17.19 of the 2030 Agenda urged the international community “to develop measurements of progress on sustainable development that complement GDP”. COVID-19 shows that this is not a statistical subtlety but a matter of life and death. The example of the Global Health Security Index (GHSI), an analytical tool intended to identify gaps in epidemic and pandemic preparedness, shows that largely ignoring the social and environmental determinants of health and concentrating instead on the infrastructure, advanced technologies and liberalized regulatory frameworks, can lead to misinterpretations and misguided policy conclusions. The still dominant development paradigm’s main message is that countries need to get richer,

not more sustainable, and that to climb the ladder and become “developed” they should follow the advice – and example – of their richer peers. This mindset must be overcome once and for all.

# 1

## Spotlights on the multiple crisis: Impacts and responses on the ground



## Spotlights on the multiple crises: Impacts and responses on the ground

BY ROBERTO BISSIO, SOCIAL WATCH

COVID-19 is a global catastrophe, but every one of the millions of infections has happened in the context of close local contact. While global mobility has spread the new coronavirus at fast speed all over the world, national capacities and policies to confront it are very different. Injustices and inequalities aggravate the impact of COVID-19 and without strong intervention from the State, the existing imbalances are reinforced. A few billionaires are getting richer while the slow-paced progress over decades to reduce global hunger and poverty is being reversed.

Civil society organizations around the world are monitoring the impact of COVID-19 and reclaiming the streets, with revitalized leadership and a rainbow of demands that combine old and new issues.

“Back to normal” is not possible nor desirable. The needed global changes are being incubated by a myriad of local hopes and actions.

When the new coronavirus was first detected in China, at the end of 2019, the decision to lock down huge areas in order to stop its spread (not without some initial hesitation) clearly put the protection of life first. Economic losses and damages were to be dealt with later.

One by one (but remarkably not collectively) most governments of the world took similar decisions and societies drastically reduced their mobility on a global scale unprecedented in history.

### A Brazilian catastrophe

Only a handful of political leaders decided to confront scientific advice, and one of these was President Jair Bolsonaro of Brazil, for whom COVID-19 was “just another little flu”. The result has been catastrophic, not just in terms of the pandemic (over 100,000 diagnosed deaths by mid-August 2020, second only to those in the USA) but also in terms of the

economy that his denial policies tried to protect.

In June, the World Bank forecast an 8 percent decline in Brazil’s GDP in 2020 (from a previous forecast of 2% growth),<sup>1</sup> while the global economy is estimated to decline by 4.9 percent and emerging market and developing economies, including Brazil, by 3 percent, in their first contraction in at least 60 years.<sup>2</sup>

This means that in spite of Brazil being a top exporter of food and agricultural products, it risks being included this year in the Hunger Map produced by the FAO, due to the combined effect of an increase in unemployment and a decrease in social security payments.

1 World Bank, “COVID-19 in Brazil: Impacts and Policy Responses”; <http://documents1.worldbank.org/curated/en/152381594359001244/pdf/Main-Report.pdf>

2 IMF, World Economic Outlook Update, June 2020.

According to the Institute for Social and Economic Studies (INESC) progress report on the Sustainable Development Goals (SDGs) in Brazil<sup>3</sup> by Ana Cernov and Iara Pietricovsky, “Brazil is one of the few developing countries that has a public health system, with universal and free access – the Unified Health System (SUS), established by the Constitution in 1988. Just when this system most needs all available resources to deal with an unprecedented health crisis, the health budget in Brazil, which historically is insufficient, had allocated the same resources in 2019 as in 2018 and at the same levels as in 2014.” But between 2014 and 2019, the Brazilian population increased by 7 million people. As a result, the report concludes, “the lack of funding for health has limited the capacity for a quick and efficient response to the COVID-19 pandemic, mainly harming the most vulnerable populations, which depend exclusively on SUS.”

Social Watch-**Bénin** also reports dramatic cuts in health expenditure in this African country prior to the eruption of COVID-19: “The financial resources of the Health Ministry have been dropping since 2015 (7.9% in 2015; 6.8% in 2016; 5.2% in 2017; 5.3% in 2018 and 5% in 2019). This is far below the percentage of the budget that should be allocated to health according to the recommendations of the Abuja Declaration and of the WHO.”

Similarly in **Bahrain**, which used to be “recognized amongst Gulf states for its excellent health services and indicators” the report by the Bahrain Transparency Society observes that “things are changing”. Among the changes, the shift from free to paid medication is forcing low-income expatriates to forego adequate health care, thus increasing their vulnerability.

As the Brazilian report points out, “neoliberal policies are not meant to respond to emergencies”, and therefore “social policies are essential to guarantee the life and dignity of the most vulnerable groups, and looking at the economy alone will only reinforce inequalities and widen the gap between social classes”.

3 The full text of all the quoted national civil society reports are available at [www.socialwatch.org](http://www.socialwatch.org).

In contrast, the report from the Social Watch Coalition of the **Democratic Republic of Congo** (RDC) informs readers that the new government, elected in 2019, has raised salaries for nurses and doctors, among other pieces of good news, like the liberation of all political prisoners and the establishment of free basic education. Yet “the socio-economic situation is worrying... as RDC had barely declared the end of the campaign against the ebola virus when the new coronavirus entered the country”.

### *Food Insecurity*

According to the latest FAO report, “The State of Food Security and Nutrition in the World 2020,” almost 690 million people went hungry in 2019 –up by 10 million from 2018, and by nearly 60 million in five years. 4 High prices and poor access also mean billions cannot eat a healthy or nutritious diet.

Across the planet, the COVID-19 pandemic could tip as many as 132 million more people into chronic hunger by the end of 2020.

A July 2020 analysis by FAO and the World Food Programme (WFP) identified 27 “hotspot countries” at high risk of –and in some cases already seeing –significant food security deterioration in the coming months, including rising numbers of people pushed into acute food insecurity.<sup>5</sup>

The FAO is particularly concerned about the pandemic’s impacts on vulnerable communities already grappling with hunger or other crises – including for example, the Desert Locust outbreak in the Horn of Africa and beyond, economic shock and insecurity in Yemen or the Sahel –as well as countries that rely heavily on food imports, such as Small Island Developing States (SIDS), and countries that depend on primary exports such as oil.<sup>6</sup>

4 <http://www.fao.org/3/ca9692en/online/ca9692en.html>

5 <http://www.fao.org/3/cb0258en/CB0258EN.pdf>

6 <http://www.fao.org/2019-ncov/q-and-a/impact-on-food-and-agriculture/en/>

Between March and May 2020, while countries around the world were massively locking down because of the COVID-19 pandemic, the World's 25 richest billionaires saw their personal fortune increase by US\$ 255 billion. Jeff Bezos, founder and CEO of Amazon, gained US\$ 30 billion alone, consolidating his position as the richest person in the world, with an estimated fortune of US\$ 146.9 billion.<sup>7</sup>

At the same time, at the other end of the pyramid, the UN estimates that the global Human Development Index will actually fall in 2020 for the first time since it started to be computed in 1990, that poverty will increase and that the number of people facing food insecurity could double.<sup>8</sup>

As UN Secretary-General António Guterres graphically summarized: "...while we are all floating on the same sea, it's clear that some are in superyachts while others are clinging to drifting debris".<sup>9</sup>

COVID-19 is having a differential impact across different countries and social strata. The losses and damages are enormous, but very unevenly distributed.

In Brazil, for example, "although the contamination rate for white and black people is similar, black people die in greater numbers: the mortality rate among whites is 38 percent and among black people 55 percent. In the favelas, where it is more difficult to comply with the recommendations on hygiene and social distancing, due to precarious basic sanitation and housing conditions, residents have three problems: the virus, hunger, and the ostensible presence of police forces." Inadequate housing and territorial inequities are a growing problem, made worse by COVID-19 (see Box 1.1).

7 <https://www.forbes.com/sites/jonathanponciano/2020/05/22/billionaires-zuckerberg-bezos/#2a5359557ed6>

8 [https://sustainabledevelopment.un.org/content/documents/26482HLPF\\_Advancing\\_human\\_wellbeing\\_BN\\_FINAL\\_1July2020.pdf](https://sustainabledevelopment.un.org/content/documents/26482HLPF_Advancing_human_wellbeing_BN_FINAL_1July2020.pdf)

9 António Guterres, UN Secretary-General's Nelson Mandela Lecture, 18 July 2020, <https://www.un.org/sg/en/content/sg/statement/2020-07-18/secretary-generals-nelson-mandela-lecture-%E2%80%99Ctackling-the-inequality-pandemic-new-social-contract-for-new-era%E2%80%9D-delivered>

## When the global housing crisis meets a global pandemic: a social tragedy

BY DARIA CIBRARIO, PUBLIC SERVICES INTERNATIONAL<sup>1</sup>

“Stay at home”, advised as key in the fight against COVID-19, implies there is a home to stay in. But in absence of prompt, extraordinary measures to support income and mitigate the social impact of the crisis, many millions around the world will be evicted or dispossessed as they become unable to pay their rents and mortgages. Shockingly, some are now even losing their accommodation because of the stigma associated with having fallen ill with the virus or because they work in frontline public services such as doctors and nurses.<sup>2</sup>

Well before COVID-19, the lack of affordable homeownership and rentals had already pushed

a majority of workers – including those in vital services such as healthcare, social and elderly care, waste services, public transport and education who are now celebrated as ‘heroes’ – to the edge or outside of their cities, forcing them to endure long commutes and often to live in precarious conditions with scant access to the same services they provide to those that can afford to live in more affluent areas.<sup>3</sup> While housing inequality has long been a harsh reality for millions in emerging economies, it is now increasingly common in high income ones, too, including where public and social housing stock and services used to exist. Sample data are telling: in 52 out of 102 countries, workers with an average salary must save their whole income for 10 years to be able to purchase accommodation in the country where they live.<sup>4</sup>

In Canada, real estate prices in the Greater Toronto area increased by 425 percent over the last 30 years, whereas median household wages increased only by 133 percent.<sup>5</sup> According to the Australian Council of Trade Unions (ACTU), 28,600 full-time workers were homeless, 16.5 percent of the country’s total homeless population, in 2018.<sup>6</sup> These data show that even in high-income countries, full-time, permanent work is no guarantee of access to affordable and adequate housing.

Housing is enshrined in the Universal Declaration of Human Rights as essential to the right to an adequate standard of living and well-being.<sup>7</sup> For the former UN Special Rapporteur on the Right to Housing Leilani Farha, “housing is a human right and a primary human need, not a commodity”.<sup>8</sup> It also appears

1 This box is an extract of a paper published by PSI in August 2020, see <https://bit.ly/3hInbc>.

2 N. Sharma, “Stigma: the other enemy India’s overworked doctors face in the battle against COVID-19,” 25 March 2020, <https://qz.com/india/1824866/indian-doctors-fighting-coronavirus-now-face-social-stigma/> and “‘Merci d’aller vivre ailleurs’: des soignants considérés comme des pestiférés par leurs voisins,” *Nouvel Observateur*, 25 March 2020, <https://www.nouvelobs.com/coronavirus-de-wuhan/20200325.OBS26571/merci-d-aller-vivre-ailleurs-des-soignants-consideres-comme-des-pestiferes-par-leurs-voisins.html>

3 PSI, “Ten Points for Fair Cities and an Inclusive New Urban Agenda”, 2016 and R. Pavanelli, “After the applause is time to rebuild global public services”, 23 *The Guardian*, June 2020, <https://www.theguardian.com/society/2020/jun/23/after-applause-time-rebuild-global-public-services-covid-19>

4 F. Gertten, “The Push,” documentary, Sweden 2019 official trailer, <https://www.youtube.com/watch?v=2iLWpuZrd-I>

5 *Ibid.*

6 ACTU, “Nearly thirty thousand working full-time but homeless,” 25 July 2018, <https://www.actu.org.au/actu-media/media-releases/2018/nearly-thirty-thousand-working-full-time-but-homeless>

7 Art. 25, Universal Declaration of Human Rights, UN, 10 December 1948, <https://www.un.org/en/universal-declaration-human-rights/>

8 <http://unhousingrapp.org/>

as a priority target in global policy frameworks, including the Sustainable Development Goals (SDGs)<sup>9</sup> and the New Urban Agenda.<sup>10</sup> States have committed themselves to uphold it and are responsible for its implementation. Yet, many governments have overlooked their housing responsibilities for decades, relying instead on private developers, real estate investors, foreign aid and charities to provide much-needed housing solutions to their people.

Over the past decades, housing has become financialized and a favourite target of large private and corporate investors, banks, private equity and pension funds. These actors have used it as an asset to park capital or seek new profit outlets as margins in traditional investment in production and services declined and bank interest rates stagnated. Property investment has also become a favourite avenue for money laundering via a triangular scheme through which organized crime sells at inflated prices legally acquired apartments, buildings, hotels, restaurants, to its own offshore companies, thereby maximizing bleached money

9 SDG 11, Target 11.1: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums", <https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-11-sustainable-cities-and-communities.html>

10 New Urban Agenda, Habitat III, Quito, 2016, <http://habitat3.org/wp-content/uploads/NUA-English.pdf>

amounts.<sup>11</sup> In 2016, the global value for residential real estate was valued at US\$ 163 trillion, more than half of the value of all global assets and more than twice the world's total GDP.<sup>12</sup> This trend has caused land and housing prices to soar, making cities unaffordable for the locals, pushing dwellers and workers to the outskirts or expelling them from cities, leaving the most vulnerable in the streets, while homelessness has been criminalized in many places.<sup>13</sup> The rise of mass tourism and the popularization of online short-term rental platforms have exacerbated this phenomena.

Where they existed, public and social housing services have been scaled down or liquidated. Governments embracing

neoliberal policies have encouraged housing market deregulation and the sale of public housing and land stocks of local governments by promoting – and in some cases subsidizing – their private purchase through tax breaks and low-interest loans. The generalized failure to address real estate speculation at a national and global level has further resulted in the sale of housing stock, leading to deeper urban gentrification, social segregation and inequality in many cities and metropolitan areas worldwide. In the aftermath of the 2008 financial crisis, Madrid sold over 1,800 social housing units to the private equity firm Blackstone for EUR 128.5 million. As of 2018, the value of those same apartments had risen by 227 percent.<sup>14</sup>

11 Italian writer Roberto Saviano, quoted in O. Wainwright, "Push review – a whirlwind tour of rocketing rents and personal tragedy," *The Guardian*, 10 September 2020 <https://www.theguardian.com/artanddesign/2019/sep/10/push-film-review-leilani-farha-global-housing-crisis>

12 L. Farha, "Commodification over community: financialization of the housing sector and its threat to SDG 11 and the right to housing," SDG 11, Spotlight on Sustainable Development 2017, [https://www.2030spotlight.org/en/book/1165/chapter/11-commodification-over-community-financialization-housing-sector-and-its-threat#footnote2\\_noylulk](https://www.2030spotlight.org/en/book/1165/chapter/11-commodification-over-community-financialization-housing-sector-and-its-threat#footnote2_noylulk)

13 National Law Centre on Homelessness and Poverty, "No Safe Place. The Criminalization of Homelessness in U.S. Cities," USA, 2019, [https://nlchp.org/wp-content/uploads/2019/02/No\\_Safe\\_Place.pdf](https://nlchp.org/wp-content/uploads/2019/02/No_Safe_Place.pdf) and V. Kovács, "The war on rough sleeping. On the Criminalisation of homelessness in Hungary," *Eurozine*, 12 November 2019, <https://www.eurozine.com/the-war-on-rough-sleeping/>

14 L. Farha, "When governments sell out to developers, housing is no longer a human right" *The Guardian*, 29 February 2020, <https://www.theguardian.com/commentisfree/2020/feb/29/governments-developers-housing-human-right> and F. Caballero, "La venta de 1.860 viviendas sociales a fondos buitres que condenó al Gobierno de Ana Botella," *El Diario*, 29 December 2018, [https://www.eldiario.es/madrid/cronologia-viviendas-celebracion-perjuicio-municipales\\_1\\_1768572.html](https://www.eldiario.es/madrid/cronologia-viviendas-celebracion-perjuicio-municipales_1_1768572.html)

### What is “essential”?

A range of different forms of confinement and quarantine were implemented around the world in order to slow down the spread of the pandemic and avoid a collapse of overburdened health systems. In that process, low-paid services such as home deliveries, food processing, garbage collection and care-giving were identified as “essential”.

In most comparatively affluent countries those services are largely provided by immigrants and yet, as reported from the UK by Imogen Richmond-Bishop of Just Fair, “COVID-19 has disproportionately affected migrant communities” through drops in income; limited access to welfare support; barriers for homeless migrants to access accommodation and overcrowded and substandard housing.”

One of the measures introduced in the UK in 2012 as part of the “Hostile Environment” (for immigrants) is the “No Recourse to Public Funds” (NRPF) provision. A person with NRPF cannot access most welfare benefits or social housing. Without the safety net of social security, many families with NRPF end up living in destitution and are at high risk of exploitation and abuse. As a result, 32 percent of foreign-born households live in poverty compared to 19 percent for white British-born people.

In **Bahrain**, the population increased threefold between 2001 (650,000) and 2019 (1.7 m), mostly due to an abnormal influx of expatriates as well as mass naturalization. Bahrainis make up 45 percent and non-Bahrainis 55 percent of the population. Most migrant workers are males willing to travel alone to foreign destinations in order to remit funds to family members back home. This phenomenon forces both local and expatriate workers into a weak bargaining position. Existing legislation does not provide workers the needed space to defend their rights—partly due to restrictions imposed on the labour movement. The surplus in the expatriate workforce resulted in increased unemployment among both the local and expatriate workforce. In particular, working conditions and accommodations for many migrant workers are appalling, with several people crammed into a single room in the dormitories.

This situation created conditions for a rapid spread of COVID-19 and forced closures or at best limited functioning of numerous sectors, including aviation and hospitality, thereby undermining non-oil revenues at the same time as the global plunge in oil prices. Bahrain resorted to borrowing from local and international markets. The Brazil INESC report concludes: “The catastrophic impact of this double crises of COVID-19 and an oil slump, re-asserts the need for radical review of the development model.”

### *Migrant Workers*

There are 164 million migrant workers around the world, rendering them an important part of the global labour force. This is particularly the case in key sectors vital to economies and societies in the context of COVID-19, such as healthcare and food production. For example, among the countries most affected by COVID-19, many depend on foreign-born workers in healthcare services, particularly the USA, Spain, Italy, Germany, France, the United Kingdom, Belgium, the Netherlands, Canada and Switzerland. Immigrants also constitute a significant share in other sectors affected by the crisis. For example, nearly 17 percent of skilled agricultural and fishery workers in the United Kingdom in 2015–2016 were foreign-born. COVID-19 has exacerbated the pre-existing global competition for attracting much-needed health workers and the need to address labour shortages in the agricultural sector.<sup>10</sup>

The need for governments to act swiftly to fight the pandemic has led to the adoption of emergency measures in many countries and parliaments have passed laws allowing the executive branch, for example, to impose curfews and confinements, restricting freedoms otherwise protected as human rights. But in deeply divided societies such restrictions are not always consensual and there is a very legitimate fear that authorities could use them for purposes beyond the need to protect public health.

10 [https://www.iom.int/sites/default/files/documents/issue\\_brief\\_why\\_migration\\_matters\\_for\\_recovering\\_better.pdf](https://www.iom.int/sites/default/files/documents/issue_brief_why_migration_matters_for_recovering_better.pdf)

This was clearly the case in **Hungary**, where, as explained by the Hungarian Social Watch Report 2020, “the emergency bill adopted by parliament in March 2020 gave Prime Minister Viktor Orbán sweeping powers to rule by decree and jail people for spreading information deemed to be fake news”. The government portrayed the move as a necessary response to the unprecedented challenges posed by the coronavirus pandemic, but critics immediately labelled the legislation dangerously open-ended and vulnerable to abuse.

Ultimately, when parliament ended the emergency in May, the prime minister kept more powers than those he had had prior to the pandemic.

One positive exception to this trend can be seen in the state of **Kerala, India**. Unlike most of the country, where the Hindu nationalist government of Narendra Modi has trampled human rights and severely curtailed labour rights, Kerala’s Left Democratic Front government has successfully contained the pandemic through both its strong public health system and, equally important, a firm commitment to human rights and a democratic decentralization process (see Box 1.2).

## Box 1.2

## Decentralised Governance – Kerala state, India

BY VANITA NAYAK MUKHERJEE, DAWN

Kerala is a densely populated state of 35 million people in South West India. Led by the Left Democratic Front, it stands out among India’s 28 states for its successful performance during COVID-19. As a first step, in mid-January Kerala prepared itself on the health front by creating a Corona Control Room with 18 task forces to combat the coronavirus. By the end of March, a set of thoughtful measures were crafted to mitigate the adverse effects of a stringent lockdown on people’s lives and livelihoods, with a commitment of US\$ 271 million (Rs.20,000 crores). The design of these measures and its implementation are not just humanitarian, but egalitarian. They stand up to scrutiny of human rights principles, and are remarkable for actually reaching

the proverbial last mile in the state. How does Kerala manage to achieve this? What are the specific features of the state that make it possible?

First, Kerala has a century-long history of struggle over rights in the public sphere. The state is vibrant with social movements and civil society initiatives. The social contract is strongly mediated by different interest groups negotiating their rights with the state. The development discourse and practice, over time, is deeply imbricated with norms of social justice, and policies that respect the rights of marginalized groups. There is a constant pressure and demand from below to deliver.

Second, in 1996, the state initiated a process of democratic decentralization by devolving power and finances (35%) to Local Self-Governance Institutions (LSGIs) called “panchayats”. These are elected bodies in a three-tier system, with the village as the last tier of decentralized governance with quotas for women, scheduled castes and tribes. A People’s Plan Campaign in the Panchayats was initiated by the Left Democratic Front government, where local people decide priorities for funds allocation and programmes. Several state departments are governed by these local village councils, including health and education.

Third, the decentralization process has deepened democracy and the distribution of public goods. Ward-level committees, led by elected members of the panchayats, enable a structure and a system to foreground the interests of marginalized communities and reach the last-person. Finally, the state has sponsored Neighbourhood Groups (NHGs), led exclusively by women, called “Kudumbasree”. There are 4.5 million women in 300,000 Kudumbasree groups with representation of transgender people, seniors and disabled people. They work in collaboration with the panchayats to deepen democratic governance further.

When the coronavirus hit, the state prioritized testing, contact tracing, treatment and quarantine. Dedicated COVID Treatment Centres were set up in the public health system with state-of-the-art infrastructure, facilities and skilled healthcare providers. Testing and treatment are free, universally available and accessible. As the number of cases has risen, Kerala has decentralized care further, with COVID First-Line Treatment Centres at the village panchayat level with quarantine facilities. Seniors, pregnant people, and those with morbidities are prioritized as vulnerable and are given special care. The state provided relief package is routed through the panchayats. The package initially included universal food provisioning but is currently targeted to the vulnerable. In addition, there are pension payments for the elderly, allocations for a rural job-guarantee

scheme, interest-free consumer loans routed through women’s groups, mental health helplines, helplines for domestic violence victims, waiver of debt payments, utility payments for electricity and water and financial support for 5.5 million wage workers through labour welfare boards. Some 300,000 stranded migrant workers were housed in camps with food, medicine, health check-ups, helplines, complimentary mobile talk time and leisure games and activities. Internet providers were instructed to enhance bandwidth to facilitate work and study from-home. The digital divide for school children in Kerala has been addressed innovatively by either distributing smartphones and TVs in remote areas, or converting community libraries into facilities for study for groups of ten.

The state’s commitment to social justice, an architecture of decentralized governance to operationalize state policies, and a vocal rights-aware population ensure transparency and accountability. This is the key to Kerala’s success.



## Chile: The state as a rapist macho

BY TERESA VALDÉS, COORDINATOR, OBSERVATORIO DE GÉNERO Y EQUIDAD

On 18 October 2019, people took to the streets in Chile. The rise in the Santiago Metro fare was the straw that broke the camel's back, and it was the high school students who sparked off the protest, calling on the population to evade paying the fare by jumping over the turnstiles at the entrance to the trains. Santiago has 7 million inhabitants, it is very segregated socially and spatially, workers travel two hours and more in collective locomotion to get to their jobs. The call encouraged thousands of students and workers to evade payment and stop traffic on the streets. The government responded with repression through a "state of emergency", a curfew, and the military in the streets. There was destruction of subway stations, attacks on pharmacies, bank branches, and supermarket chains.

On 27 October 2019, over a million people in Santiago participated in the "March of History," demanding that the government take the military out of the streets, withdraw its neoliberal reform proposals from Congress and call a Constituent Assembly to draw up a new constitution, chanting "Chile woke up". The police and military incurred serious and multiple human rights violations, including eye injuries and loss of vision, harassment and sexual

abuse against youth, women and people of diverse sexual identities in police stations, but the mobilizations continued, week after week, paralyzing traffic and occupying a central plaza transformed into the "Plaza de la Dignidad".

Chile, a successful example of neoliberal policies, which President Sebastián Piñera described as "an oasis," was stripped naked by social revolt, leaving the costs of neoliberalism, its social and therefore political unfeasibility, in plain view. The government had to backtrack on its measures and on 24 November 2019, in the midst of great tension, the majority of the political parties reached an "Agreement for Peace and the New Constitution" opening a way out of the serious social crisis. This agreement was supposed to calm the waters, but the mobilization of the social movements were maintained and also the police repression, justified by the "maintenance of public order".

Then "LasTesis" came on the scene, a small group of feminist students who, on the occasion of the international day of action on violence against women, on 25 November, performed "Un violador en tu camino" in the city of Valparaiso. In a few verses, accompanied by drums, they explain that at the root of all the

violence suffered by women is the patriarchy, which judges women at birth and punishes them with violence, that the State maintains through its institutions – government, parliament, justice, police – and is therefore an oppressive and rapist male.

Dancing and singing took over the protests, thousands of women gathered in squares and buildings to point out the State as responsible for all the violations, not only of women, but of all the human rights of the population, through, fundamentally, the precarity of life and violence. The forms of expression of the protest changed, and it became common sense that a society cannot be thought of without women. Hence, after arduous battles by a wide range of feminists – movements, parties, academics, jurists, parliamentarians – Congress agreed, along with the reform that allows for a plebiscite to be called at the end of 2020 to approve constitutional changes, that this democratically elected constitutional body will have gender parity.

## Back to the streets

“Stay at home” policies imposed an additional burden on women through extra care work as well as greater risk of domestic violence. In many countries these lockdown policies also succeeded in emptying the streets of protesters that until earlier this year had demanded an end to austerity policies, more freedom and less inequality and discrimination (see Box 1.3 on Chile).

**Jordan** is one of the places where the expressions of discontent were successful. “The numerous protests in Jordan, mostly led by civil society organizations (CSOs), achieved sustainable social and economic improvements in terms of better wages, working conditions and the dismantling of unjust regulations,” reports the Phenix Center for Economic Studies from Amman. It adds:

While the government had long disregarded the work of the CSOs or refused to engage in dialogue, their social role as mediators and decision-makers increased through the strong participation of non-political actors from the youth and middle class. Furthermore, the protests raised greater awareness – here, the intense use of social media undoubtedly played an important role – by showing people what they can achieve through collective efforts, which contributed to the emergence of new social and political movements and expansion of existing CSO networks throughout the collaboration between asymmetric actors. As an example, one of those new alliances and coalitions were the joint efforts of trade unions and business associations during the tax reform protests.

As in many other countries, the report noted, tax reform and other conditionalities imposed by the IMF in Jordan produced “greater distrust of the population in the government”.

**Lebanon** was considering IMF support to face the economic crisis before the August explosion in Beirut. The Arab NGO Network for Development (ANND) warned that “an IMF package, provided in the form of loans will merely mean a further debt crisis. Conditionalities that undermine both Lebanese sovereignty and promote austerity measures detrimental to already weak public services in Lebanon would push the country off the cliff.”

A widespread and non-sectarian social mobilization (Thawra) had started in Lebanon on 17 October 2019 “addressing recurrent injustices in accessibility and affordability of fundamental rights, including education and health, high unemployment and informality” and demanding the resignation of the government. “From students to the elderly, different professionals, namely teachers and doctors, as well as unemployed people have been part of the Thawra since its inception reflecting the country’s deeply rooted and multi-level injustices.” The mobilization stopped with the lockdown due to the outbreak of COVID-19 in February 2020.

The response of the government to the pandemic has been very limited, reports ANND: “A voluntary fund was created as a tool to provide financial aid of 400.000 Lebanese liras to those in need – with no clarity as to its beneficiaries. Like the longstanding National Poverty Targeting Programme, such temporary anti-poverty measures are inadequate and do not address the root causes of inequalities, poverty, and injustices.” The government ultimately resigned after the August 2020 explosion, when massive numbers of people came back to the streets (see Box 1.4).

## Beirut explodes

BY ARAB NGO NETWORK FOR DEVELOPMENT (ANND)

On 4 August 2020, Beirut was hit by an explosion that killed over 200 people, wounded several thousand and led to billions of dollars in economic losses, as the country goes through a deep economic, financial and social crisis, putting its economy on the brink of total collapse.

The social repercussions of the explosion are major. Around 300,000 families lost their homes, businesses and livelihoods. The fragile food security situation brought about by the financial crisis and COVID-19 has become more precarious following the destruction of the granaries and all the imported goods stored at the port. The health sector faces a major crisis, due to the damage caused to three major private hospitals in Beirut, which had to suspend their work, leading to a significant decrease in the city's healthcare capacity, dependent for the most part on private sector facilities. Furthermore, COVID-19 cases have been rising rapidly and warehouses storing the medications distributed freely by the Ministry of Health and international organizations were destroyed.

The explosion was caused by the presence of 2,750 tonnes of ammonium nitrate stored at the Beirut port since 2014, without

any attempts to move it, despite warnings of the danger. Consecutive governments, the Port of Beirut, customs and security forces had knowledge of the presence of dangerous chemicals at the port. "The explosion, thus, was not an accident," wrote Lebanese civil society organizations (CSOs) in a letter to international organizations. "It is a blatant crime for which responsibility falls on the political, security and administrative authorities overseeing the work of the port, appointed and protected by political forces."

Lebanon was already in the middle of an unprecedented crisis. Dollar exchange rates have been soaring as the country faces hyperinflation (with inflation rates reaching 50% a month).

"The real reason is that throughout all of the crises that have befallen the country since the end of the civil war, the failed political class has been sharing the spoils and accumulating wealth," argue the Lebanese CSOs. Therefore, "people in Lebanon have lost trust in the authorities and the current government, which they hold responsible for the explosion. There is absolutely no trust in any investigation by authorities that failed to solve much simpler crises or prosecute those responsible for the

disasters afflicting Lebanon and its people. Those responsible for the catastrophe should not be in charge of the investigation of its causes or recovering from its effects, including receiving aid, managing relief operation, renovation or reconstruction."<sup>1</sup>

The Lebanese people responded immediately to this disaster. Hundreds of individual and collective initiatives and thousands of volunteers from all regions ran down to the affected areas to provide assistance. The inaction and absence of State institutions was a reminder of previous crises. "This comprehensive popular solidarity is Lebanon's true wealth. It is the one that must be built upon, strengthened, and provided with support to overcome this crisis far from the institutions of corruption, clientelism, and political parading."

The civil society organizations call for an "immediate, impartial, independent and transparent international investigation to determine the parties responsible and the causes of deaths and injuries". They demand "the accountability of those responsible for the presence, transportation, storage

<sup>1</sup> See the whole statement at <http://www.annd.org/>

and handling of these materials in the port and the failure to take the necessary measures to ensure the safety and life of the Lebanese people over the past years.” And they call “on the UN and international non-governmental organizations (INGOs) to develop greater cooperation and coordination, based on the wide

network of national and local aid and development organizations providing aid to those in Lebanon. There should be more reliance on local organizations, associations and initiatives to respond to relief and assistance needs in transparent ways.”

In **Nicaragua**, too, taxes are identified as being at the root of massive protests, according to the report by Coordinadora Civil:

As multinational corporations do not pay their fair share of taxes, Nicaragua sees its fiscal capacity diminished and the government raised the taxes on small and medium enterprises and on consumption (through VAT) twice in 2019. The impact of taxes on women is greater than on men, so much that the term “Pink Tax” has been used to make that difference visible.

Moreover, gender inequalities in Nicaragua are among the worst in Latin America. Some 77 percent of working women are in informal employment and depend on their partners for health insurance or social security coverage, which they lose in case of divorce, while the few with formal employment lose all benefits if they abandon the workforce to care (without remuneration) for children, sick or elderly family members.

Not surprisingly, demands for gender equality, women’s sexual and reproductive rights and care-centred social policies have been put high on the agenda of the protesters.

Race-based inequalities are another major source of grievances. The Brazilian Social Watch report notes: “Afro-Brazilians represent 75 percent in the group of the poorest 10 percent; a black person is 2.7 times more likely to die from homicide than is

a white one; in the job market, black workers earn less; 46.9 percent of the black population is in the informal sector, when the percentage among white is 33.7 percent; and the white worker received, on average, 72.5 percent more than a black professional in 2017.” The resources devoted to change this reality of “structural, institutional and personal racism” represent, on average 0.08 percent of the federal budget distributed in various bodies”.

In the **USA**, the murder of George Floyd by a white police officer in May 2020 sparked an outpouring of protest, giving even greater urgency to the #BlackLivesMatter movement that began in 2013. Drawing on grassroots organizing and activism that had been developing over many years, recognition of – and mobilization against – the systemic nature of anti-Black racism spread widely, with sustained protests across the country and even internationally. The related calls to “Defund the Police” reflected recognition of the ways that economic and budgetary decisions play a major role in maintaining white supremacy. For example, the average wealth of white families is 6.7 times greater than that of black families,<sup>11</sup> due to decades of racist economic policy and practices, including housing and tax policies.<sup>12</sup>

11 <https://www.brookings.edu/blog/up-front/2020/02/27/examining-the-black-white-wealth-gap/>

12 <https://www.cbpp.org/blog/tax-code-can-do-more-to-narrow-racial-gaps-in-income-and-wealth>

In **Puerto Rico**, meanwhile, the “Summer 2019” uprising was triggered by the leaking of homophobic chats between Governor Ricky Roselló and his friends. Hundreds of thousands of people took to the streets in protests against sexism, homophobia and misogyny, but also against austerity policies, as synthesized in the outcry of “Ricky renuncia y llévate a la Junta” (Ricky, resign and take the Oversight Board with you).

Roselló resigned a few weeks after, but “la Junta” stayed. Created in 2016 when the island defaulted on its public debt, the Puerto Rico Oversight Board is charged with leading the country to “fiscal responsibility and access to capital markets”. Its members are designated by the US president and Congress (in which Puerto Rico has no representatives) and they are not accountable to any elected Puerto Rican authority.

Martha Quiñones Domínguez from Observatorio de la Deuda (Debt Watch) at the University of Puerto Rico-Arecibo reports that while the protest movement was successful in forcing the governor to resign, “territorial zoning was arbitrarily changed to allow construction projects that violate land use planning, laws were changed to limit rights, debt rescheduling forced budget cuts in pensions, education and health and the public Electric Power Authority was privatized”.

In July and August 2020, the protest movement started again, with demands for adequate compensation for healthcare workers and car rallies blocking the airport to demand an end to pandemic control measures. Amid resignations and prison sentences for legislators convicted of corruption, the primary elections due in August were cancelled by the territory’s Supreme Court because of the chaotic way in which they were organized.

Elections are better organized in **Switzerland**, but not without surprises. In November 2019, the left-wing Swiss alternative green party increased its seats from 11 to 28 in the lower house of the federal parliament. The more business-friendly Green liberal party increased its seats from 7 to 16. Most of these gains by parties traditionally committed to some kind of environmental protection came at the expense of right-wing parties, mostly the Swiss People’s Party.

This shift was “unprecedented in Swiss recent history,” according to the report by the Swiss Platform 2030 Agenda:

This ended a year when the youth climate movement and the women’s strike took the streets, mobilizing crowds of historic size. With an ubiquitous presence in mass media, they changed Swiss public discourse, overshadowing sterile discussions on migration driven by conservatives, which previously were dominating....Both movements seized upon a key topic in sustainable development and made efforts to tackle the issue within a sustainability framework, to adopt holistic perspectives and to explore the connections to other aspects of sustainability.

The women’s strike and concurrent demonstrations on 14 June 2019 in many towns across the country managed to mobilize over half a million women and men, surpassing all expectation. With this strong signal and the discussions before and after this historic day, the women’s strike successfully placed the message that Switzerland still has to tackle women’s issues such as the gender pay gap, employee protection in case of pregnancy, maternity leave, violence against women and sexual harassment.

The youth movements to combat climate change joined forces with other groups and called for a single major climate demonstration in Bern on 29 September 2019. People streamed into the city from the entire country, quickly filling the rather small streets and places of Bern’s city centre, so that many participants could not come close to the government building. This turned out to be the biggest demonstration that the Swiss capital city had ever seen, marking an impressive success in mobilization.

The “pan” in “pandemic” means “all” or “global” in Greek, while “demos” is the people affected, which are local and close by. The pandemic is global but every one of the millions of infections is the result of close local contact. “Back to normal” is not possible nor desirable as “normal” was a world of unbearable inequalities and blatant injustices marching towards climate disaster. The needed global changes will also be brought by a myriad of local hopes and actions.

# 2

Systemic changes or  
back to the old normal?

## Systemic changes or back to the old normal?

BY JENS MARTENS, GLOBAL POLICY FORUM

Governments and international organizations have responded to the economic and health crises resulting from the COVID-19 pandemic and consequent lockdown on an unprecedented scale. The announced liquidity measures, rescue packages and recovery programmes total US\$ 11 trillion worldwide. A total of 196 countries and territories have taken political measures, albeit of very different scale and scope, depending on their fiscal capacity and policy space.

If used in the right way, these programmes could offer the chance to become engines of the urgently needed socio-ecological transformation proclaimed in the 2030 Agenda for Sustainable Development. Some governments and international organizations have explicitly articulated this claim by promising not to return to the old normal after the dual crisis and to “build back better”, for instance by a Green (New) Deal.

But the reality behind these aspirations looks quite different. There are indications that policy responses to the crisis ignore its structural causes, favour the vested interests of influential elites in business and society, further accelerate economic concentration processes, fail to break the vicious circle of indebtedness and austerity policies, and in sum, widen socioeconomic disparities within and between countries. Such responses risk intensifying social conflicts, increasing political instability and distancing the world from achieving the SDGs rather than bringing it closer to these goals.

### Worst global economic downturn since the Great Depression

Governments around the world have introduced far-reaching contact and travel restrictions to contain the COVID-19 pandemic and save lives. This brought economic activities in many sectors, from goods production to tourism, to a virtual standstill. The result was the worst global economic downturn since the Great Depression in the 1930s.

In its World Economic Outlook from June 2020, the International Monetary Fund (IMF) predicts a global recession, with the world economy shrinking by an

average of 4.9 percent in 2020.<sup>1</sup> At first glance, this number does not appear to be particularly serious, but it is associated with dramatic social and economic consequences: thousands of companies have already had to close their doors, and working-hour losses for the second quarter of 2020 (compared to the last quarter of 2019) are estimated to reach an equivalent to 400 million full-time jobs, according to estimates by the International Labour Organization (ILO).<sup>2</sup> Even worse affected are workers in informal employment, the majority of them women. The ILO estimates that the crisis has affected around 1.6 billion

<sup>1</sup> IMF, World Economic Outlook Update, June 2020.

<sup>2</sup> ILO, ILO Monitor: COVID-19 and the world of work. Fifth edition, 30 June 2020.

informal workers worldwide. This is particularly devastating in countries that do not have functioning social security systems. These countries are home to 73 percent of the world population.<sup>3</sup> Many of these informal workers have lost any sort of livelihood as a result of the global lockdown.<sup>4</sup> And the crisis is far from over. Experts warn of a ticking time bomb of global insolvencies, which will not peak until 2021. Allianz Research predicts a 35 percent increase in global business insolvencies in 2021 (compared to 2019).<sup>5</sup> It estimates the increase at 40 percent for China, 45 percent for Brazil and as much as 57 percent for the USA. This will result in further job losses and massive negative domino effects along the global supply chain.

### Fiscal and monetary crisis response of historic proportions

Governments and central banks have responded to the COVID-19 crisis and the consequences of the lockdown measures in most parts of the world with financial interventions of historic proportions. In the six months between February and July 2020 alone, the fiscal measures announced by governments totaled almost US\$ 11 trillion.<sup>6</sup> According to IMF estimates, half of these measures (US\$ 5.4 trillion) consisted of additional government spending and foregone revenue, and the other half (US\$ 5.4 trillion) consisted of liquidity support, for example, in the form of loans, equity injections, and guarantees. Thus, governments are expected to provide more than three times as much funding as during the last global financial crisis in 2008–2009. McKinsey has calculated that the financial support provided by Western European countries alone, at around US\$ 4 trillion, is almost 30 times larger than today's value of the post-World War II Marshall Plan.<sup>7</sup>

3 <https://www.ilo.org/global/topics/social-security/lang--en/index.htm>

4 [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_743036/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_743036/lang--en/index.htm)

5 Allianz Research, "Calm before the Storm: COVID-19 and the Business Insolvency Time Bomb," 2020.

6 <https://www.imf.org/en/About/FAQ/imf-response-to-covid-19>

7 McKinsey & Company, "The \$10 trillion rescue: How governments can deliver impact," 2020, p. 2.

And that is not all. To prevent a global financial crash and a credit crunch, central banks in over 90 countries, led by the US Federal Reserve and the European Central Bank (ECB), have provided "first aid", cut interest rates (where still possible) and pumped over US\$ 6 trillion in liquidity into the markets.<sup>8</sup> This was achieved through, among other things, the expanded purchase of public securities and, in part, corporate bonds. To this end, the ECB, for instance, in addition to its existing instruments has set up the Pandemic Emergency Purchase Programme (PEPP), which alone has a volume of EUR 1,350 billion.<sup>9</sup>

Central banks primarily support national governments, banks and large corporations. In individual cases, however, they also support states and local authorities. The Federal Reserve, for instance, has created the Municipal Liquidity Facility (MLF) to purchase new debt issued by states, cities, and counties, all of which are facing higher spending to fight the pandemic, reduced tax revenue and delayed income tax filing. To support states and large cities, the Federal Reserve announced it would purchase up to US\$ 500 billion in new short-term debt issued by states, cities, and counties. But most counties and cities cannot tap into this aid, and those that can will have to repay that debt sooner or later and risk further reducing their ability to provide essential public services.

That is why the Global Task Force of Local and Regional Governments, which coordinates the policy work of major local government networks, demands the acceleration of transformative actions in the aftermath of the COVID-19 outbreak. It states:

As countries and international entities discuss financial packages and funds to recover economies, we call to ensure and reinforce public service provision at all levels as a means to build back better. ...We call on international systems and national governments to promote legal and regulatory reforms necessary to enhance municipal

8 <https://www.imf.org/en/About/FAQ/imf-response-to-covid-19>

9 <https://www.ecb.europa.eu/mopo/implement/pepp/html/index.en.html>



and regional governments' resources and capacity to act and carry out the goals, especially during periods of distress.<sup>10</sup>

But in most countries of the global South neither the central banks nor the governments have the necessary resources and instruments to mitigate the devastating effects of the crisis.

### Unequal distribution of financial support

In addition to immediate central bank interventions, two phases can be distinguished in governments' fiscal policy responses to the pandemic:

1. short-term emergency relief to finance the additional costs for health systems and to compensate for the immediate economic losses for private households and companies;
2. longer term reconstruction programmes and stimulus packages to support sustainable economic recovery, promote the necessary structural change and increase resilience to future crises.

A large part of the funds has so far been used for short-term emergency support.

In the USA alone, four major financial packages have been adopted, with a total volume of almost US\$ 3 trillion.

#### COVID-19 emergency relief measures adopted by the US Congress 2020

Coronavirus Aid, Relief and Economy Security Act ("CARES Act"): US\$ 2.3 trillion

Paycheck Protection Program and Health Care Enhancement Act: US\$ 483 billion

Families First Coronavirus Response Act: US\$ 192 billion

Coronavirus Preparedness and Response Supplemental Appropriations Act: US\$ 8.3 billion

The funds are mainly used to support companies, both small businesses and large corporations, with grants, loans and guarantees to finance healthcare costs (hospitals, virus tests, Medicaid, etc.), to support state and local governments and to provide one-time cash payments and other benefits to individual citizens. In part, these funds are used to fill financial gaps that exist due to the weakness of the US social security system. Many millions of Americans do not have health insurance, do not have access to sick pay and receive very limited unemployment benefits when they are laid off.

Many countries of the global South face similar problems, but they have far less fiscal capacity. Many have tried to prevent the worst consequences of the crisis by means of short-term tax breaks and financial assistance programmes for the most vulnerable. In India, for example, short-term relief measures included in-kind (food, cooking gas) and cash transfers to lower income households, insurance coverage for workers in the healthcare sector and wage support and employment provision to low-wage workers. Egypt increased pensions, Indonesia expanded its social-welfare programme to include food assistance; Brazil provided temporary income support to vulnerable households, including cash transfers to informal and unemployed workers; and Morocco introduced staggered subsistence aid to households of informal workers.<sup>11</sup>

Even so, these measures are far from sufficient to prevent unemployment, poverty and hunger from increasing significantly.

Not only governments but also local authorities are facing major challenges in responding to the social consequences of the crisis. They had to take

<sup>10</sup> Global Task Force of Local and Regional Governments (2020): Towards the Localization of the SDGs (<https://www.global-taskforce.org/sites/default/files/2020-07/Towards%20the%20Localization%20of%20the%20SDGs.pdf>), p. 9.

<sup>11</sup> <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

emergency measures, set-up new services to enable proper lockdown, and contain the spread of the virus in their communities (see Box 2.1).

More than 3.9 billion people – half the world’s population – have been affected by the lockdown decisions of their governments in the first half of 2020. But for many of them, the appeals to stay at home, wash hands thoroughly and keep at a six-foot physical distance seem cynical. After all, more than 1 billion people worldwide live in densely populated slums or informal settlements. Many live in cramped conditions and often have no access to the most vital public services such as water, sanitation and electricity. The slums are a perfect breeding ground for viruses. The same is true for the overcrowded refugee camps in countries such as Bangladesh and Greece, where the occupants are forced to live in inhumane conditions.

When the first phase of COVID-19 support measures comes to an end, many cities will be confronted with a massive increase in homelessness, even in richer countries. Many residents who lost their jobs will no longer be able to pay high rents or mortgages. Where there is no adequate legal protection for them, families threaten to be thrown out on the streets overnight. This is a result of the fact that governments have spent many years liberalizing real estate markets, privatizing public property and neglecting social housing. The problem does not only exist in poorer countries. Even in the USA, for instance, 20 to 28 million renters are facing evictions after the temporary eviction moratoriums expire.<sup>12</sup>

<sup>12</sup> According to Emily Benfer, co-creator of the COVID-19 Housing Policy Scorecard with the Eviction Lab at Princeton University (<https://evictionlab.org/>).

Box 2.1

## Local government strategies to provide emergency lockdown solutions in the COVID-19 crisis

BY DARIA CIBRARIO, PUBLIC SERVICES INTERNATIONAL<sup>1</sup>

Although the legal frameworks underpinning housing policies and allocating resources are typically set at a national level, it is often local and regional governments which are responsible for the implementation of local housing development and manage public and social housing

stocks and related services.<sup>2</sup> As the global trends in urbanization widening inequality and mass displacements accelerate

due to war, migration and the climate crisis, the role of local governments in housing policies is more important than ever. Yet, their resources, powers and institutional capacities are often inadequate to effectively curb real estate speculation and to uphold the right to housing in their territories.

The convergence between the global housing and global pandemic crises has meant that local governments are facing major challenges in accommodating people so that they can

<sup>2</sup> UN General Assembly, A/HRC/28/62, “Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context, Leilani Farha: Responsibilities of Local and Other Sub-National Governments, 22 December 2014, <http://www.unhousingrapp.org/user/pages/04.resources/Thematic-Report-7-Responsibilities-of-Local-and-SubNational-Governments.pdf>

<sup>1</sup> This box is an extract of a paper published by PSI in August 2020, see <https://bit.ly/3h1nbc>.

properly isolate. They have therefore sought emergency measures and have set up new services to enable proper lockdowns and contain the spread of the virus in their communities. Emergency measures taken by cities include:

- Setting up temporary shelters in public buildings (army barracks, sport infrastructures, neighbourhood social centres, empty public buildings, universities, city halls, etc.).
- Requisitioning or renting private hotel rooms at preferential rates to enable people to self-isolate.
- Creating multidisciplinary mobile public service teams composed of health, social and security workers to carry out testing, deliver treatment and take care of vulnerable people directly on the spot.
- Strengthening the availability of shelters and support to victims of domestic violence that spiked following lockdown orders.<sup>3</sup>
- Providing “sanitation points” with running water and soap in different urban locations to facilitate access to proper handwashing, especially where such essential services are hardly accessible or unsafe.

Cities have also sought to mitigate the effects of the crisis on the income of precarious tenants by:

- Lowering, deferring or renouncing payments on public and social housing rentals for tenants who suffered a loss of income, including on the private rentals of non-essential services in public buildings and infrastructure.
- Passing moratoriums on evictions and repossessions.
- Encouraging and negotiating with real estate agencies, landlords and banks that they defer rents and payments for vulnerable residential and commercial tenants.
- Postponing municipal and other local taxes.
- Providing essential service continuation (electricity, water, gas, etc.) or – requiring it from private providers – even in case of non-payment by households under economic hardship.<sup>4</sup>

While these measures go in the right direction to face the pandemic contingency, it will be essential that permanent housing solutions are found and that local governments’ financial efforts to provide sustainable access to housing for vulnerable people are

duly supported and accounted for by national governments and international institutions rescue packages.

3 A. Taub, “A New COVID-19 Crisis: Domestic Abuse Rises Worldwide” New York Times, 14 April 2020, <https://www.nytimes.com/2020/04/06/world/coronavirus-domestic-violence.html>

4 UCLG, LLE Housing: ensuring everyone can safely #StayAtHome Briefing & Learning Note April 1st, 2020 [https://www.uclg.org/sites/default/files/eng\\_briefing\\_housing\\_lle1.pdf](https://www.uclg.org/sites/default/files/eng_briefing_housing_lle1.pdf) and “Cities for Global Health” <https://www.citiesforglobalhealth.org/>

Even before COVID-19, many countries of the global South were already in an economic crisis, one characterized by contractionary fiscal policy, growing debt and austerity policy measures that made these countries more vulnerable to future crises. In this context, economists Isabel Ortiz and Matthew Cummins warned that austerity becomes “The New Normal”.<sup>13</sup> As a result, most governments face serious fiscal constraints in responding to the current crisis, in part shaped by IMF conditionalities and by their dependence on international financial markets and credit rating agencies and exacerbated by the sharp decrease in public revenues due to the decline in tax payments and export earnings.

It is therefore not surprising that the COVID-19 fiscal responses of the countries of the global South are substantially lower than those of the countries of the global North, not only in absolute terms but also in relation to their GDP.

At the same time, a large part of the fiscal support flows into the business sector. A progress report by the G20 finance ministers on their COVID-19 Action Plan states:

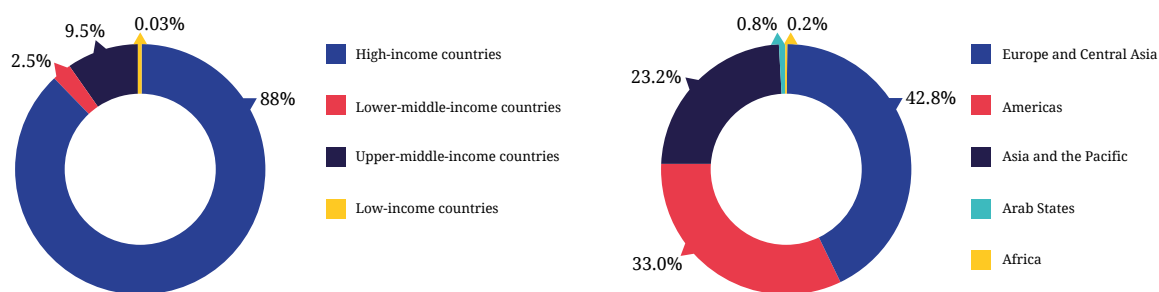
Across G20 advanced economies, financial support for businesses made up the largest share of fiscal measures – equal to 15 percent (approx.) of GDP versus 7.5 percent (approx.) of GDP for non-business support, on average. Among G20 emerging market economies, fiscal interventions were also concentrated in the business sector – equal to 4 percent (approx.) of GDP versus close to 2.5 percent of GDP for non-business support, on average.<sup>14</sup>

In the poorer countries of the global South the fiscal space is much smaller. The ILO has calculated that 88 percent of global fiscal support is accounted for by high-income countries, but only 0.03 percent by low-income countries (see Figure 2.1).

13 I. Ortiz and M. Cummins, “Austerity, the New Normal, InterPress Service, 2019, <http://www.ipsnews.net/2019/10/austerity-new-normal/> and “The Insanity of Austerity”, <https://www.project-syndicate.org/onpoint/the-insanity-of-austerity-by-isabel-ortiz-and-matthew-cummins-2019-10?barrier=accesspaylog>

14 Communiqué. G20 Finance Ministers & Central Bank Governors Meeting, 18 July 2020. Annex I: Action Plan Progress Report, p. 8.

**Figure 2.1**  
Global fiscal support, by income group and region (as at 8 June 2020, in percent)



Source: ILO Monitor: COVID-19 and the World of Work. Fifth edition, 30 June 2020.

## Recovery on credit?

Most countries in the world are in a dual emergency situation as a result of the COVID-19 pandemic: on the one hand, their revenues have shrunk dramatically as a result of the economic lockdown and resulting contraction; on the other hand, they had to increase their expenditures in order to prevent a humanitarian disaster and to finance urgently needed relief and reconstruction programmes. To close the funding gap, many are left with the short-term option of taking out new loans. For most countries of the global North, especially the USA and the countries of the EU, this is feasible given low, and in some cases even negative, interest rates. Most countries of the global South do not have this option. They are dependent on international financing through grants and public and private loans.

As early as March 2020, the United Nations called for a US\$ 2.5 trillion coronavirus crisis package to counter the catastrophic consequences of the pandemic and a global recession for the countries of the global South. The package comprises three sets of measures:<sup>15</sup>

- US\$ 1 trillion should be made available through the expanded use of Special Drawing Rights.
- US\$ 1 trillion of debts owed by developing countries should be cancelled in 2020.
- US\$ 500 billion needed to fund a Marshall Plan for health recovery and dispersed as grants.

So far, additional **grants** to address the most pressing problems related to the pandemic have been made available in far smaller amounts than would be necessary. This also applies to the activities of the World Health Organization (WHO) and other organizations of the UN system (see also Table 2.1.):

- The **WHO** has estimated additional requirements of US\$ 1.7 billion to respond to COVID-19 until

December 2020 (Strategic Preparedness and Response Plan). These resources should be used to implement priority public health measures in support of countries to prepare and respond to coronavirus outbreaks, as well as to ensure continuation of essential health service. By mid-August 2020, only 50 percent of the requested funds have been received (US\$ 872.9 million).<sup>16</sup>

- The **UN Office for the Coordination of Humanitarian Affairs (OCHA)** launched the COVID-19 Global Humanitarian Response Plan (GHRP) in April 2020, to respond to the direct public health and indirect immediate humanitarian consequences of the pandemic, particularly on people in countries already facing other crises. The financing requirements over a period of nine months (April–December 2020) are estimated at US\$ 10.3 billion. By mid-August 2020, governments had provided only US\$ 2.21 billion (21%).<sup>17</sup>
- The **UN** launched the system-wide COVID-19 Response and Recovery Fund in April 2020. The financial requirements of the fund are projected at US\$ 2 billion, with US\$ 1 billion needed in the first nine months. The fund is intended to complement the WHO's Strategic Preparedness and Response Plan and OCHA's GHRP. By mid-August 2020, The UN had received only US\$ 51 million (5% of the amount requested for 2020) from eight donors.<sup>18</sup>

A promising financing option for the countries of the global South would be the issue of additional **Special Drawing Rights** by the IMF. Such a proposal is supported not only by many economists and IMF Managing Director Kristalina Georgieva, but also by the vast majority of IMF member states. It has so far failed due to the veto of the US government.<sup>19</sup>

<sup>15</sup> <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2315>

<sup>16</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/donors-and-partners/funding>

<sup>17</sup> <https://fts.unocha.org/appeals/952/summary>

<sup>18</sup> <http://mptf.undp.org/factsheet/fund/COV00>

<sup>19</sup> <https://cepr.net/report/the-world-economy-needs-a-stimulus-imf-special-drawing-rights-are-critical-to-containing-the-pandemic-and-boosting-the-world-economy/>

Moreover, the **debt cancellation** measures demanded by the United Nations, governments and many civil society organizations also have not yet been achieved. Between April and July 2020, the IMF only approved debt service relief from its Catastrophe Containment and Relief Trust (CCRT) for 28 eligible low-income countries (LICs) for six months, estimated at US\$ 251 million.<sup>20</sup> And in April 2020 as well, G20 leaders announced their Debt Service Suspension Initiative (DSSI) from May to the end of 2020 for 73 primarily LICs. The G20 initiative covers up to US\$ 20 billion of bilateral public debt owed to official creditors but does not apply to the debt owed to private lenders and multilateral creditors. Thus, instead of spending the money saved from debt relief on health-care and other COVID-19 related activities, it has to be used to pay the private creditors on time and in full. In fact, the G20 initiative prioritizes private over public creditors.

According to a study issued by Oxfam, Christian Aid, Global Justice Now, and the Jubilee Debt Campaign in July 2020, so far 41 countries have applied for debt relief, potentially saving them up to US\$ 9 billion in 2020. However, the 73 countries still have to repay up to US\$ 33.7 billion in debt relief through the end of the year, and still owe at least US\$ 11.6 billion to private creditors, including commercial banks and investment funds, and roughly US\$ 13.8 billion to multilateral development banks.<sup>21</sup>

At least there are signs of some progress in Argentina, which has reached a basic agreement with its main private creditors, led by BlackRock Inc, in early August 2020 to restructure US\$ 65 billion in foreign debt, allowing Argentina to receive significant debt relief. After the restructuring has been approved by the creditors, Argentina will start talks with the IMF to replace the now-defunct US\$ 57 billion loan programme negotiated by the previous administration

two years ago. The debt crisis and the adjustment measures imposed by the IMF have led to a massive increase in poverty in Argentina. It remains to be seen if the new agreements with private creditors and the IMF can turn this trend around.

For many countries of the global South, the only remaining main option for financing the most urgent COVID-19 relief and recovery programmes is to obtain new loans from multilateral development banks and the IMF. The World Bank has pledged to make available US\$ 160 billion over a 15-month period to help developing countries respond to the health, social and economic impacts of COVID-19;<sup>22</sup> the newly established funds of the various regional development banks amount to US\$ 73.8 billion; and, according to IMF Managing Director Kristalina Georgieva, “the IMF has secured \$1 trillion in lending capacity, serving our members and responding fast to an unprecedented number of emergency financing requests – from over 90 countries so far”<sup>23</sup> (see Table 2.1).

However, the financing of COVID-19 relief and recovery programmes through the increase in foreign debt and the reliance on IMF support is problematic, mainly for two reasons.

First, many countries had already reached the limits of their debt sustainability before the COVID-19 pandemic. The foreign debt of the countries of the global South had risen to all-time high. Public and private debt of developing and emerging countries totaled US\$ 9.7 trillion in 2018.<sup>24</sup> They are thus now more than twice as high as at the peak of the last global financial crisis in 2009 (US\$ 4.5 trillion) and more than four times as high as in 2000.

20 <https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker#CCRT>

21 Christian Aid/Global Justice Now/Jubilee Debt Campaign/Oxfam, “Passing the buck on debt relief”, 2020, <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621026/mb-passing-buck-debt-relief-private-sector-160720-en.pdf?sequence=4&isAllowed=y>

22 <https://www.worldbank.org/en/who-we-are/news/coronavirus-covid19>

23 <https://www.imf.org/en/Topics/imf-and-covid19>

24 “External debt sustainability and development.” Report of the Secretary-General. New York, 2020 (A/74/234), <https://undocs.org/en/A/74/234>, p. 4.

**Table 2.1.**  
**International funding mechanisms for COVID-19 response**

The following table summarizes selected funding mechanisms in the UN system, multilateral development banks and other financial institutions (as of June 2020). It is not intended to be exhaustive. The numbers reflect the projected funding, not the real disbursements. The vast majority of the funds are repayable loans.

Organization	Fund	Projected amount (US \$)	Further information
UN OCHA	Global Humanitarian Response Plan (GHRP)	10.3 bn	<a href="https://www.who.int/health-cluster/news-and-events/news/GHRP-revision-july-2020/en/">https://www.who.int/health-cluster/news-and-events/news/GHRP-revision-july-2020/en/</a> <a href="https://fts.unocha.org/appeals/952/summary">https://fts.unocha.org/appeals/952/summary</a>
UN System	COVID-19 Response and Recovery Fund	2 bn	<a href="https://unsdg.un.org/sites/default/files/2020-03/SG-Response-and-Recovery-Fund-Fact-sheet.pdf">https://unsdg.un.org/sites/default/files/2020-03/SG-Response-and-Recovery-Fund-Fact-sheet.pdf</a> <a href="http://mptf.undp.org/factsheet/fund/COV00">http://mptf.undp.org/factsheet/fund/COV00</a>
WHO	COVID-19 Strategic Preparedness and Response Plan	1.74 bn	<a href="https://www.who.int/emergencies/diseases/novel-coronavirus-2019/donors-and-partners/funding">https://www.who.int/emergencies/diseases/novel-coronavirus-2019/donors-and-partners/funding</a>
IMF		1,000 bn	<a href="https://www.imf.org/en/Topics/imf-and-covid19">https://www.imf.org/en/Topics/imf-and-covid19</a>
World Bank Group		160 bn	<a href="https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list">https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-covid-19-coronavirus-projects-list</a>
European Bank for Reconstruction and Development (EBRD)	Solidarity Package	21 bn	<a href="https://www.ebrd.com/what-we-do/coronavirus">https://www.ebrd.com/what-we-do/coronavirus</a>
Asian Development Bank (ADB)		20 bn	<a href="https://www.adb.org/what-we-do/covid19-coronavirus">https://www.adb.org/what-we-do/covid19-coronavirus</a>
Asian Infrastructure Investment Bank (AIIB)	COVID-19 Crisis Recovery Facility	10 bn	<a href="https://www.aiib.org/en/news-events/news/2020/AIIB-Doubles-COVID-19-Crisis-Response-to-USD10-Billion.html">https://www.aiib.org/en/news-events/news/2020/AIIB-Doubles-COVID-19-Crisis-Response-to-USD10-Billion.html</a>
African Development Bank (AfDB)	COVID-19 Response Facility	10 bn	<a href="https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-group-unveils-10-billion-response-facility-curb-covid-19-35174">https://www.afdb.org/en/news-and-events/press-releases/african-development-bank-group-unveils-10-billion-response-facility-curb-covid-19-35174</a>
New Development Bank	COVID-19 Emergency Programmes	4 bn	<a href="https://www.ndb.int/projects/list-of-all-projects/approved-projects/">https://www.ndb.int/projects/list-of-all-projects/approved-projects/</a>
Inter-American Development Bank (IDB)		2.8 bn	<a href="https://www.iadb.org/en/news/idb-approves-more-funding-central-america-and-dominican-republic-fight-covid-19">https://www.iadb.org/en/news/idb-approves-more-funding-central-america-and-dominican-republic-fight-covid-19</a>
Development Bank of Latin America (CAF)	Regional Emergency Credit Line	2.5 bn	<a href="https://www.caf.com/en/">https://www.caf.com/en/</a>
Islamic Development Bank Group (IsDBG)	Strategic Preparedness and Response Programme	2.3 bn	<a href="https://www.isdb.org/news/the-islamic-development-bank-group-strategic-preparedness-and-response-programme-for-the-covid-19-pandemic-allocates-us-23-billion-to-member-countries">https://www.isdb.org/news/the-islamic-development-bank-group-strategic-preparedness-and-response-programme-for-the-covid-19-pandemic-allocates-us-23-billion-to-member-countries</a>
OPEC Fund for International Development		1 bn	<a href="https://opecfund.org/media-center/press-releases/2020/the-opec-fund-dedicates-us-1-bn-to-covid-19-efforts-in-developing-countries">https://opecfund.org/media-center/press-releases/2020/the-opec-fund-dedicates-us-1-bn-to-covid-19-efforts-in-developing-countries</a>



In 2018, US\$ 1,239 billion in debt service payments flowed from these countries to foreign creditors<sup>25</sup> – more than eight times as much as the OECD countries provided this year in official development assistance (ODA) (US\$ 153 billion).<sup>26</sup> As a result of the COVID-19 crisis, falling commodity prices, dwindling foreign reserves and weakening currencies have made it now even harder for many countries to meet external debt payments.

According to the IMF, the number of low-income countries, which are either in debt distress (8) or at high risk of debt distress (28), has doubled in the last five years from 18 to 36.<sup>27</sup> For them, a further increase in debt is not a viable option.

### Back to the old normal?

In addition, the use of IMF funds may let the fox guard the henhouse. Already in the Ebola crisis in 2015, the IMF was criticized for its harsh conditionalities, which had weakened the health systems of affected countries and thus fostered the spread of the disease.<sup>28</sup> More recent analysis by ActionAid and Public Services International (PSI) revealed how IMF conditionalities restricted critical public employment in the lead-up to the COVID-19 crisis. Of the 57 countries last identified by the WHO as facing critical health worker shortages, the IMF advised 24 – among them Burkina Faso, Liberia and Mozambique – to cut or freeze public sector wages.<sup>29</sup>

Confronted with the disastrous consequences of weakened health systems, it was hoped that the IMF and the World Bank would learn lessons from past mistakes and realize that their austerity policy prescriptions were not exactly in line with the assertions of “building back better” and “sustainable recovery”.

But statements from the Fund and the Bank, and an analysis of the IMF’s recent lending programmes, suggest that they see the current crisis as merely a brief interruption on the way back to the old normal of contractionary fiscal policy and unwavering confidence in the private sector.

The World Bank makes it very clear in its PPP blog that “healthy cooperation with the private sector will be more important than ever as countries exit this crisis even more fiscally constrained”.<sup>30</sup>

And the IMF states in its Fiscal Monitor of April 2020, that “once the current economic situation improves, a more ambitious, credible medium-term fiscal consolidation path is needed to bring debt and interest expenditure down” in emerging and middle-income economies.<sup>31</sup>

In the Summer 2020 edition of its Bretton Woods Observer, the Bretton Woods Project presented ample evidence that the IMF is continuing its conventional austerity policy course in its lending decisions.<sup>32</sup> Examples include:

- In June 2020, the IMF agreed a 12-month, US\$ 5.2 billion loan programme with **Egypt**. It detailed a FY2020-2021 primary budget surplus target of 0.5 percent to allow for COVID-19-related spending, but demanded it be restored to the pre-crisis primary surplus of 2 percent in FY2021-2022.<sup>33</sup>
- In **Ukraine**, the IMF approved a new 18-month, US\$ 5 billion loan programme in June 2020. It praised

25 Ibid., p. 17.

26 <https://www.oecd.org/newsroom/development-aid-drops-in-2018-especially-to-neediest-countries.htm>

27 <https://www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf> (as of 30 June 2020).

28 <https://www.brettonwoodsproject.org/2015/02/imfs-role-ebola-outbreak/>

29 <https://actionaid.org/news/2020/covid-19-crisis-imf-told-countries-facing-critical-health-worker-shortages-cut-public>

30 <https://pppknowledgelab.org/ppp-community-forum/news/how-world-bank-looking-covid-19-and-public-private-partnerships-right-now>

31 IMF Fiscal Monitor, “Policies to Support People During the COVID-19 Pandemic,” Washington, D.C., April 2020, <https://www.imf.org/en/Publications/FM/Issues/2020/04/06/fiscal-monitor-april-2020>

32 Bretton Woods Project, “The IMF and World Bank-led Covid-19 recovery: ‘Building back better’ or locking in broken policies?” In Bretton Woods Observer, Summer 2020, <https://www.brettonwoodsproject.org/2020/07/the-imf-and-world-bank-led-covid-19-recovery-building-back-better-or-locking-in-broken-policies/>.

33 <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/20/33/Stand-By-Arrangement>



Ukraine’s fiscal consolidation efforts pre-COVID-19 that were “achieved mainly through a reduction in the real value of wages and social benefits”,<sup>34</sup> and set out a fiscal consolidation plan targeting a primary surplus of about 1-1.5 percent by 2023.

- In **Jordan**, on top of a four-year loan programme agreed in January 2020, the IMF provided urgent support in May 2020 under its Rapid Financing Instrument (RFI). While the Fund recognized the need to reconsider fiscal consolidation targets for 2020 in the context of COVID-19 spending, it noted that the authorities plan to resume the “needed fiscal consolidation from 2021 by [inter alia] cutting lower priority spending”.<sup>35</sup>
- In **Pakistan**, long-term fiscal consolidation measures were agreed in an IMF US\$ 1.386 billion

loan programme in April 2020.<sup>36</sup> It complements a programme from July 2019 which, according to the IMF “includes improved plans for social protection measures. Over the medium term – the next three to five years – there will be more jobs, better health care and improvements in education.”<sup>37</sup> However, in response to this programme public protests against hospital privatizations and a salary freeze for government employees were reported in March and June 2020.

- In **Ecuador**, the impact of COVID-19 is one of the most devastating in the world, severely exacerbated by six years of IMF-backed fiscal austerity measures that resulted in a 64 percent decrease in public investment in the health sector in just the last two years. Yet, even now, Ecuador is undergoing IMF-mandated structural reforms that further dismantle its health system (see Box 2.2).

34 <https://www.imf.org/-/media/Files/Publications/CR/2020/English/1UKREA2020001.ashx>, p. 7.

35 <https://www.imf.org/-/media/Files/Publications/CR/2020/English/1JOREA2020002.ashx>, p. 8.

36 <https://www.imf.org/-/media/Files/Publications/CR/2020/English/1PAKEA2020001.ashx>

37 <https://www.imf.org/en/Countries/PAK/FAQ#Q9>

## Box 2.2

# The IMF’s role in the devastating impacts of COVID-19 – the case of Ecuador

BY PABLO ITURRALDE, CENTRO DE DERECHOS ECONÓMICOS Y SOCIALES (ECUADOR)\*

In Ecuador, the impact of the coronavirus pandemic is one of the most devastating in the world, severely exacerbated by IMF-backed policies of austerity and structural adjustment implemented before the crisis. Yet, even now, Ecuador is undergoing further IMF-mandated structural reforms that dismantle its health system and suppress economic growth, just when it is necessary to increase public investment and

delay fiscal austerity measures to overcome the crisis caused by the pandemic.

The evident weakness of the country’s public health system is the result of six years of fiscal austerity measures endorsed by the IMF, including a fall of 64 percent in public investment in the health sector in just the

last two years.<sup>1</sup> Reflecting the implications of these policies, just five days after the start of the

1 A.L. Badillo Salgado and A. M.Fischer, “COVID-19: Ecuador, COVID-19 and the IMF: how austerity exacerbated the crisis,” International Institute for Social Studies blog, April 2020. <https://issblog.nl/2020/04/09/covid-19-ecuador-covid-19-and-the-imf-how-austerity-exacerbated-the-crisis-by-ana-lucia-badillo-salgado-and-andrew-m-fischer/>

quarantine, the country's health minister resigned, explaining that she could not face a health emergency without resources, and stated that "no budget allocation has been received from the competent authority for emergency management".<sup>2</sup>

While the IMF was careful not to explicitly condition its 2019 loan programme on cuts in social spending, the programme was based on the expectation that Ecuador would transform its current account deficit of 0.7 percent of GDP in 2018 to a surplus of 0.4 percent in 2019, including through the "strengthening of controls on expenditure commitments [in the health sector]" and "realigning the public sector wage bill".<sup>3</sup> Predictably, this led to 3,680 public health workers being laid off in 2019, or 4.5 percent of total employment in this ministry, ahead of the worst global public health crisis in decades.<sup>4</sup>

The state of emergency instituted on 16 March was used to further approve structural adjustment measures long called for by the IMF: a flexible labour law reform

bill that had been postponed for fear of social opposition,<sup>5</sup> a tax reform bill that had been rejected by parliament in late 2019 and the elimination of fuel subsidies after a massive social protest had prevented that last year.<sup>6</sup> The implementation of the IMF agenda was only possible because social mobilization was made impossible.

Yet, things will only get worse. Bewilderingly, the IMF's austerity recommendations continue.<sup>7</sup> While the IMF has emphasized that it is supportive of increased public health spending in the immediate response to COVID-19, in its emergency financing loan to Ecuador agreed in May, the Fund revealed its proposal to continue "fiscal consolidation...of about 6.2 percentage points of GDP during the period 2019–2025", which will inevitably severely undermine social spending and protection. In this context, should we really be surprised by headlines finding that during the pandemic, a further 11,820 public sector workers were fired<sup>8</sup> or that as recently as 31 May 2020,

another health budget cut of US\$ 217 million relative to the initial 2020 budget was made?<sup>9</sup>

The reduction of social spending hits the poor, women and marginalized harder, while benefitting creditors and increasing the profits of the rich. While doctors are protesting in the midst of the pandemic due to the lack of financing for medical supplies, the Ecuadorian government is paying interest to private creditors and the IMF on time.<sup>10</sup>

These are the same supply-side reforms promoted by the IMF for more than four decades, with the aggravating circumstance that they are applied today in the midst of a pandemic that requires sustained counter-cyclical policies that support economic recovery and guarantee people's human rights.<sup>11</sup> The IMF must go beyond the declarations of good intentions and change the course of its specific policies. One cannot wait any longer: It is time to put finances at the service of life.

*\*A longer version of this article was published in the Bretton Woods Project Observer in July 2020.<sup>12</sup>*

2 <https://uk.reuters.com/article/us-health-coronavirus-ecuador/ecuador-coronavirus-cases-increase-by-over-400-in-less-than-a-week-health-minister-quits-idUKKBN21904T>

3 <https://www.imf.org/en/Publications/CR/Issues/2019/03/20/Ecuador-Staff-Report-for-the-2019-Article-IV-Consultation-and-Request-for-an-Extended-46682>

4 <https://issblog.nl/2020/04/09/covid-19-ecuador-covid-19-and-the-imf-how-austerity-exacerbated-the-crisis-by-ana-lucia-badillo-salgado-and-andrew-m-fischer/>

5 See Observer Autumn 2019 (<https://www.brettonwoodsproject.org/2019/10/imf-ecuador-agreement-undermines-workers-rights/>)

6 See Observer Winter 2019 (<https://www.brettonwoodsproject.org/2019/12/uprising-and-discontent-global-protests-erupt-against-imf-backed-policies/>)

7 <https://www.imf.org/en/Publications/CR/Issues/2020/05/28/Ecuador-Request-for-Purchase-under-the-Rapid-Financing-Instrument-and-Cancellation-of-49460>

8 <https://www.telesurenglish.net/news/More-Than-11000-Workers-Fired-in-3-Months-in-Ecuador-20190317-0021.html>

9 <https://www.finanzas.gov.ec/ejecucion-presupuestaria/>

10 <https://www.expreso.ec/actualidad/economia/ecuador-debe-pagar-hoy-324-millones-deuda-externa-coronavirus-7604.html>

11 <https://www.ituc-csi.org/imf-renewed-supply-side-push>

12 <https://www.brettonwoodsproject.org/2020/07/the-imfs-role-in-the-devastating-impacts-of-covid-19-the-case-of-ecuador/>

### Aligning COVID-19 responses with human rights and the SDGs

Especially in times of crisis, the human rights obligations of governments mandated by the United Nations human rights agreements and the 2030 Agenda should not be undermined by conditions imposed by foreign donors or creditors, in particular the IMF. Therefore, all austerity policy measures must be put to the test. The **Guiding Principles on Human Rights Impact Assessments of Economic Reforms**, presented in December 2018 by Juan Pablo Bohoslavsky, then UN Independent Expert on External Debt and Human Rights, could play an important role in this regard. Adopted on 21 March 2019, Human Rights Council resolution 40/8, “took note with appreciation” of the Guiding Principles encouraging Governments, relevant UN bodies, specialized agencies, funds and programmes and other intergovernmental organizations “to consider taking into account the guiding principles in the formulation and implementation of their economic reform policies and measures”.<sup>38</sup>

Especially now in the midst of the COVID-19 crisis, the Guiding Principles can thus serve as a tool for checking whether economic policy measures are in line with international human rights obligations.

But needed transformation cannot only be about damage control of economic and financial policy decisions. Rather, the resources of the COVID-19 reconstruction and economic stimulus packages should be used proactively to promote human rights and the implementation of SDGs.

UN Secretary-General António Guterres affirmed that human rights can and must guide COVID-19 response and recovery. The recovery measures must also respect the rights of future generations, enhancing climate action aiming at carbon neutrality by 2050 and protecting biodiversity. “We will need to ‘build back better’ and maintain the momentum of

international cooperation, with human rights at the centre”, he said in April 2020.<sup>39</sup>

UN Framework Convention on Climate Change (UNFCCC) Executive Secretary Patricia Espinosa said along the same lines: “With this restart, a window of hope and opportunity opens... an opportunity for nations to green their recovery packages and shape the 21st century economy in ways that are clean, green, healthy, safe and more resilient”.<sup>40</sup>

And even IMF Managing Director Kristalina Georgieva called for a green recovery and stated: “From a position nearing economic stasis there is nonetheless an opportunity to use policies to reshape how we live and to build a world that is **greener, smarter, and fairer**”.<sup>41</sup>

For governments this would mean, for example, bringing their COVID-19 programmes in line with national sustainable development strategies and human rights. So far, this has not been done systematically. In South Africa, for example, economic and monetary policies are still seen to be outside the purview of rights and are entrenching rather than divisive pre-existing inequalities (see Box 2.3).

38 <https://www.ohchr.org/EN/Issues/Development/IEDebt/Pages/DebtAndImpactAssessments.aspx>

39 <https://www.un.org/en/un-coronavirus-communications-team/un-urges-countries-%E2%80%98build-back-better%E2%80%99>

40 Ibid.

41 <https://www.imf.org/external/pubs/ft/fandd/2020/06/turning-crisis-into-opportunity-kristalina-georgieva.htm>

## Contesting business-as-usual and promoting economic transformation in South Africa

BY CARILEE OSBORNE AND PAMELA CHOGA, INSTITUTE FOR ECONOMIC JUSTICE

South Africa was initially praised for getting ahead of the pandemic by beginning preparations before cases were confirmed, and instituting a strict lockdown to slow the spread of infections. However, the government failed to institute adequate measures to safeguard people's incomes, protect their well-being and support the economy. The socioeconomic impact has swiftly outweighed the impact of the virus itself, with the economy expected to contract by at least 7.2 percent of GDP. Livelihoods have been deeply impacted: for example, in one study about 47 percent of households reported that they ran out of money to buy food in April 2020.<sup>1</sup> This resulted in extreme pressure to re-open the economy.<sup>2</sup> Meanwhile, the lockdown time was not used wisely: hospitals were still overwhelmed and understaffed, lacking adequate PPE, beds and ventilation. The official death rate is likely an underestimate, as people die at home untested due to an overwhelmed and inaccessible healthcare system.

The vulnerable in our society are the hardest hit. Social co-morbidities – those rooted in South Africa's wide levels of income, spatial, gender, racial and wealth inequality – play as important, or more important, a role as physical co-morbidities such as diabetes and heart disease.<sup>3</sup> A map of hotspots in the Western Cape province, for example, shows hotspots in informal settlements where social distancing is difficult and access to services, including healthcare and adequate sanitation, is poor.<sup>4</sup>

Women have been affected disproportionately by the virus in at least two ways.<sup>5</sup> First, more women have become unemployed relative to men; two thirds of estimated job losses between February and April were lost by women. Second, women have had to take on a disproportionate amount of

the additional childcare needed as a result of schools and other childcare facilities being closed.

Major debates on questions of policy have however been opened as a result of the pandemic.<sup>6</sup> South Africa's Constitution and history of human rights activism allows public discourse to advance a rights-based response to COVID-19, and one that values the inter-dependence of rights. On the one hand the pandemic has allowed greater space for contestation of economic policy, which progressive economists and civil society have effectively occupied.<sup>7</sup> On the other hand, economic policy is still seen to be outside the purview of rights. The National Treasury and Reserve Bank has maintained a rigid ideological position, manifest in limited rescue expenditure and weak monetary policy responses. As argued by progressive analysts, South Africa's recent request for IMF support reinforces retrogressive

1 <https://cramsurvey.org/wp-content/uploads/2020/07/Spaull-et-al.-NIDS-CRAM-Wave-1-Synthesis-Report-Overview-and-Findings-1.pdf>, p. 6.

2 <https://iej.org.za/towards-a-safer-more-equitable-opening-of-the-economy/>

3 <https://www.dailymaverick.co.za/article/2020-07-24-covid-19-towards-a-safer-more-cautious-and-more-equitable-opening-of-the-economy-in-sa/>

4 <https://www.iol.co.za/capeargus/news/these-are-the-10-cape-suburbs-with-the-most-covid-19-cases-50530264>

5 <https://cramsurvey.org/wp-content/uploads/2020/07/Casale-Gender-the-early-effects-of-the-COVID-19-crisis-in-the-paid-unpaid-economies-in-South-Africa.pdf>

6 <https://www.businesslive.co.za/bd/national/2020-07-01-economists-urge-mps-to-reject-tito-mboweni-budget/>

7 <https://iej.org.za/covid-19-an-emergency-rescue-package-for-south-africa/>

policy measures.<sup>8</sup> Initially, there was a great deal of rhetoric around the need for a “new economy” and calls for everyone to pull together.<sup>9</sup> However, policies pursued by government are entrenching rather than disrupting pre-existing inequalities.

Civil society continues to actively work on strengthening the role of human rights in economic policy-making, arguing that

8 <https://www.businesslive.co.za/bd/opinion/columnists/2020-08-02-ayabongacawe-rationale-behind-the-imf-loan-has-been-glossed-over/>

9 <https://www.dailymaverick.co.za/article/2020-05-31-ramaphosa-outlines-plans-for-a-new-economy/>

the most important emergency response is a radical expansion of the social security system, including working towards a basic income guarantee. We also argue that in the medium term, the economic response to the pandemic must be geared towards a Just Recovery.<sup>10</sup> The social and economic consequences of COVID-19 are not an exogenous shock to an otherwise functioning system, but the consequences of a system that has instability and inequality hardwired into its DNA. We must move towards an economy that rests on ensuring human

10 <https://350africa.org/just-recovery-south-africa/>

well-being and the realization of rights. This requires a fundamental transformation of our economy, for example, by shifting production activities, including away from fossil-fuel production; investing in public services and supporting care economies.

In the first phase, many of the governments’ COVID-19 emergency programmes contained certain social components that aimed to provide (more or less targeted) support for families in need, prevent unemployment and keep small businesses and companies financially afloat. But aside from the fact that even these huge amounts of money could not prevent the global rise in unemployment, poverty and corporate bankruptcies, the temporary measures produced at best a flash in the pan effect that will quickly evaporate when the support ends. The social catastrophe then comes only with a delay. It can only be prevented if the short-term support leads to fundamental structural changes, such as the strengthening of the public social security systems and improved remuneration and rights of workers in the care economy.

Environmental considerations, on the other hand, played hardly any role in the first phase of COVID-19 relief programmes; they slipped down the priority list of many governments.

Of course, the closure of entire sectors of the economy in spring 2020 naturally resulted in less greenhouse gas emissions. According to the International Energy Agency (IEA), global CO<sub>2</sub> emissions from fossil fuels will decrease by 8 percent in 2020.<sup>42</sup> However, greenhouse gas reductions will be short-lived.<sup>43</sup> When air and vehicular traffic and manufacturing production resume, emissions might even increase faster than predicted before the crisis because necessary innovation and transformation processes have been stopped or slowed down, not least as a result of intense lobbying of corporate interest groups.<sup>44</sup>

Many economic relief packages are ecologically blind. In the world’s largest legislative project, the US Coronavirus Aid, Relief and Economy Security Act (“CARES Act”), for example, terms such as “climate

42 <https://www.iea.org/reports/global-energy-review-2020/global-energy-and-co2-emissions-in-2020>

43 <https://news.un.org/en/story/2020/04/1062332>

44 <https://corporateeurope.org/en/2020/04/coronawash-alert>

change” or “sustainability” do not appear once in its 880 pages.<sup>45</sup> In contrast, the aviation industry and other businesses deemed “critical to maintaining national security” received government grants and loans in the high double-digit billions.<sup>46</sup>

European airlines have sought an unprecedented EUR 34.4 billion (as of 26 June 2020) in government bailouts since the beginning of the COVID-19 crisis, most of them without binding environmental conditions.<sup>47</sup> To be sure, there are a few exceptions: in June 2020, the Austrian government agreed on a EUR 450 million bailout deal for Austrian Airlines, conditioned on restricting short-distance flights, banning cheap tickets below EUR 40, including a EUR 12 environmental tax to each ticket, and halving its CO<sub>2</sub> emissions by 2030.<sup>48</sup>

Overall, however, the first phase of COVID-19 responses did not succeed in recognizing the demand of many CSOs and trade unions that access to corporate bailouts and other public funds should be subject to conditions designed to protect and empower workers, stop tax dodging and end the corporate practices fueling inequality, climate breakdowns and human rights abuse.<sup>49</sup>

It would therefore be all the more important that now, in the second phase of the political responses to the COVID-19 crisis, longer-term economic stimulus packages not only support the economic recovery, but also promote necessary structural change. After all, some stimulus packages explicitly claim to “reconcile” climate action and economic recovery.

In Germany, for instance, a EUR 130 billion stimulus package adopted in June 2020 comprises a temporary VAT reduction, income support for families, grants for small and medium enterprises (SMEs), financial support for local governments, and subsidies/investment in green energy and digitalization. But it also contains expanded credit guarantees for exporters and export-financing banks, thus signaling that the German Federal Government will not abandon the conventional export-based growth model.

In July 2020, the European Council agreed on the Next Generation EU recovery fund, which aims to provide EUR 750 billion in total to EU member states (split between EUR 390 billion grants and EUR 360 billion loans).<sup>50</sup> Overall, 30 percent of the fund will be targeted towards climate change related spending.

However, the criteria for what is “climate change-related” remain vague, and the promotion of fossil fuels and nuclear energy is not stopped, nor are climate-damaging transport projects and subsidies for industrial agriculture and factory farming. At the same time, the funds pledged to boost innovative investments or to mitigate the social impact of structural change (e.g., the European Commission’s Just Transition Fund which is supposed to support regions which need to phase out production and use of coal, lignite, peat and oil shale, or transform carbon-intensive industries) have declined significantly.

Finally, the EU is far from fulfilling its global responsibility with regard to funds for international cooperation. Instead, it is continuing its policy of restricting support to refugees, asylum seekers and migrants.

And despite all its public talk about global solidarity in the fight against the coronavirus, in reality the EU seems to join the global race for access to the vaccine (with the USA, Russia and China) by making its own deals with pharmaceutical companies like Sanofi-GSK for purchase guarantees and delivery quantities.<sup>51</sup>

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45 <https://files.taxfoundation.org/20200325223111/FINAL-FINAL-CARES-ACT.pdf>

46 See the comprehensive information provided by the Committee for a Responsible Federal Budget, <https://www.covidmoneytracker.org>.

47 <https://www.transportenvironment.org/what-we-do/flying-and-climate-change/bailout-tracker>

48 <https://uk.reuters.com/article/us-health-coronavirus-lufthansa-austrian/lufthansas-austrian-arm-gets-450-million-euro-government-bailout-idUKKBN23F1EN>

49 See [https://www.business-humanrights.org/sites/default/files/documents/CESR%20Brief%205%20FINAL%20ADJUST\\_%20%28002%29.pdf](https://www.business-humanrights.org/sites/default/files/documents/CESR%20Brief%205%20FINAL%20ADJUST_%20%28002%29.pdf)

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50 The European Parliament and national parliaments still need to ratify the agreement in order for the EU to issue the debt to finance the Next Generation EU recovery fund.

51 [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1439](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1439)

However, the European Commission also affirms that it is

ready to explore with international partners if a significant number of countries would agree to pool resources for jointly reserving future vaccines from companies for themselves as well as for low and middle-income countries at the same time. The high-income countries could act as an inclusive international buyers' group, thus accelerating the development of safe and effective vaccines and maximum access to them for all who need it across the world.<sup>52</sup>

But this statement is very vague and the EU must first prove that it is serious.

There is still time to correct the current reconstruction and stimulus packages and to demand that politicians put human rights and the goals and principles of the 2030 Agenda at the centre of their programmes.

Economists Carilee Osborne and Pamela Choga from the South African Institute for Economic Justice put it very well when they concluded that the social and economic consequences of COVID-19 are not an exogenous shock to an otherwise functioning system, but the consequences of a system that has instability and inequality hardwired into its DNA. Failure to correct this will make the world emerge from the crisis even more unequal, unstable and less sustainable than it was before.

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<sup>52</sup> Ibid.

# 3

## Building blocks of an agenda for systemic change



## Building blocks of an agenda for systemic change

Governments have responded to the COVID-19 pandemic with unprecedented intensity. They have taken far-reaching regulatory measures to contain the pandemic and mobilized financial resources on an enormous scale. They have thus demonstrated that they are capable of action and need not leave the driver's seat to the markets and the private sector if the political will is there.

In countless statements most governments have also affirmed that a return to business-as-usual after the crisis is not an option. Instead, the UN call to “build back better” has become a leitmotif of the multilateral responses to the COVID-19 crisis. But does “building back” really lead to the urgently needed systemic change?

Many COVID-19 emergency programmes and stimulus packages contain certain social and environmental components. But they do not go far enough and often ignore the structural causes and the interdependencies of the multiple crises.

The continuous destruction and loss of life caused by humanitarian disasters, be it floods in Southeast Asia, the locust plague in East Africa, the explosion in the port of Beirut, raging wildfires in California or the increasing intensity of hurricanes in the Caribbean gulf show that disasters and crises do not stop because of COVID-19. On the contrary, they are all the result of a dysfunctional system that puts corporate profit above the rights and well-being of people and planet.

In response to the COVID-19 crisis, the World Economic Forum calls for “The Great Reset” to enable

“stakeholder capitalism,” and rightly states that the “inconsistencies, inadequacies and contradictions of multiple systems—from health and financial to energy and education—are more exposed than ever”.<sup>1</sup>

But pushing the reset button just restarts the game, without changing the rules of the game – or even the game itself. The reset button clears the memory and reboots the (old) system, a system that has proven that it could not prevent the current crises, but rather has caused them.

We offer as an alternative an “8 R”-agenda for systemic change.

- Re-value the importance of care in societies.
- Re-empower public services.
- Re-balance global and local value chains.
- Reinforce the shift towards climate justice.
- Re-distribute economic power and resources.
- Re-regulate global finance.
- Re-invent multilateral solidarity.
- Re-define the measures of development and progress.

<sup>1</sup> <https://www.weforum.org/great-reset/>

The following eight “R” policy prescriptions do not provide a comprehensive reform programme. Rather, they illustrate in a nutshell eight issue areas where not only policy and governance reforms but also changes in the underlying narrative are long overdue. Action in these areas is a necessary precondition for accelerating progress towards the socio-ecological transformations proclaimed in the 2030 Agenda for Sustainable Development.

## RE-VALUE the importance of care in society

BY CORINA RODRÍGUEZ ENRÍQUEZ (DAWN)

Feminist organizations have insisted for decades on the importance of recognizing the systemic role of care work. This invisible work is indispensable for reproducing the labour force<sup>1</sup> and more broadly for sustaining life.<sup>2</sup> The COVID-19 pandemic has transformed this feminist message into an accepted truth.

The new coronavirus has forcefully exposed the fragility of human life. All of us face the risk of catching a disease that can kill us. In this context, it is also made very visible that our lives are interdependent. To avoid contagion, we need to take care of ourselves, but we also depend on the whole of society adopting habits of caring. If we get sick, we need the specialized care of people who work in the health sector, but also daily care to meet the daily needs of existence.

Most of the strategies adopted to confront the pandemic, based on physical distancing and social isolation, along with “stay at home” guidelines, have been possible because “at home” there is the regular provision of domestic and care unpaid work that reproduces life on a daily basis. With the closure of schools and of daycare facilities for dependent persons, unpaid domestic and care work in households has increased.<sup>3</sup>

Paid care work has also become more intense and more risky. People who work in the healthcare sector are at the forefront of this increased care, and the high percentage of people with COVID-19 among healthcare workers reflects this increased risk. The risk is higher when the health systems in which they work have been devastated by decades of austerity policies. Paid domestic workers and workers in garbage collection and urban hygiene are also seeing their work increase and their conditions become more difficult.<sup>4</sup>

In the context of greater precariousness and social vulnerability, community care arrangements have proved fundamental in guaranteeing the most basic social rights, such as the right to food. The role of community kitchens or soup kitchens, generally staffed by volunteers, has been fundamental in poor neighbourhoods in many big cities, especially in the global South. Community-based care arrangements have enabled survival in the context of the pandemic, and women’s bodies have been at the forefront of sustaining these collective spaces.

The pandemic has revitalized the idea that essential jobs exist. Care-giving jobs are at the top of that list, even though historically they have been hardly recognized, socially devalued, badly paid and poorly protected. This sense of the essentiality of care should foster a process of transformation in the way in which care is socially addressed.

1 I. Larguía and J. Dumoulin, *Hacia una ciencia de la liberación de la mujer*. Barcelona: Anagrama, 1976.

2 A. Picchio, “Un enfoque macroeconómico ‘ampliado’ de las condiciones de vida.” In C. Carrasco Bengoa, ed., *Tiempos, trabajos y género*. Barcelona: Ediciones UB, 2001.

3 “Cuidados en América Latina y el Caribe en tiempos de Covid19. Hacia sistemas integrales para fortalecer la respuesta y la recuperación.” Santiago: CEPAL, 2020.

4 ILO Monitor: Covid-19 and the world of work. Fifth Edition, Geneva, 2020.

There is ample evidence that the social organization of care is unjust and a vector for the reproduction of inequality.<sup>5</sup> It is unjust because care responsibilities are unequally distributed among the State, the market, the household and the community, as well as between men and women. It is a vector of inequality because possibilities of choosing care arrangements are less, the lower the socio-economic level. Because care demands increase and the possibilities of meeting them decrease when people live in precarious habitats, with little and difficult access to basic social infrastructure (drinking water, sanitation, energy sources). Also, because the social organization of care has become transnational, and in global care chains labour and immigrants' rights are violated.

The unjust social organization of care continues to be at the root of the reproduction of inequalities in economic participation, access to employment, the possibility of earning one's own income, political participation, opportunities for training and the possibility of enjoying leisure time and self-care.

The re-value of care as an essential activity, as a basis for systemic sustainability, should strengthen the agenda for reorganizing care on the basis of social co-responsibility, including the demand for public care policies that guarantee the necessary conditions for choosing desired care arrangements. As this report has said before, there is an urgent need to adopt an integrated approach to public policy strategies that articulate the building of national care systems with the provision of basic social services (water, sanitation, gas, electricity) as well as with access to efficient public transport that can ease care arrangements.<sup>6</sup>

Care policies can also be thought of as key for post-pandemic recovery. Investing in care services will not only enlarge alternatives for care arrangements, but also create direct and indirect employment, as well as enable other sectors of the

economy to function properly. The fast expansion of teleworking as an alternative in many economic sectors also calls for better and more creative alternatives for work-life balance.

The relevance of the local dimension of care policies should also be taken into account. It is worth mentioning the example of the proposal for a local care system in Bogotá, Colombia, that features the design of care provision by neighbourhood, including fixed and mobile care units, and the provision of community spaces to take care of domestic tasks such as laundry.<sup>7</sup>

Democratically expanding horizons of equal care arrangements, allocating public resources to building care infrastructure and recognizing and strengthening community care arrangements are essential elements in any process of building a different way out of the current global crisis.

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5 ILO, Care work and care jobs for the future of decent work. Geneva: ILO, 2018.

6 C. Rodríguez Enríquez, "Care systems and the SDGs. Reclaiming policies for life sustainability." In Spotlight Report on Sustainable Development 2018.

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7 <https://bogota.gov.co/mi-ciudad/mujer/el-sistema-distrital-de-cuidado-un-logro-historico-para-las-mujeres>

## “We are only as safe as the most vulnerable among us” – Strengthening public health and social protection systems in response to the COVID-19 pandemic

BY MIRA BIERBAUM, THOMAS GEBAUER AND NICOLA WIEBE, GLOBAL COALITION FOR SOCIAL PROTECTION FLOORS

The health and socioeconomic crisis caused by COVID-19 has shown in a dramatic fashion that we are only as safe as the most vulnerable among us. Despite previous legal and policy commitments and laudable progress in many countries, only between one-third and one-half of the world’s population were covered by essential health services.<sup>1</sup> More than 55 percent had no access to social protection at all, with devastating consequences for societies worldwide.<sup>2</sup> Millions of people have already fallen into poverty, are suffering from hunger and destitution or have died. The crisis has put into sharp relief the large underinvestment in public health systems that struggle to detect, isolate and treat cases. It has also demonstrated the need for robust and comprehensive

social protection systems that protect individuals against income losses in case of sickness or job loss and that reduce the depth and duration of economic downturns by means of counter-cyclical spending.

### Financing universal social protection for all is possible

Even before the COVID-19 pandemic threw the world into turmoil, low- and middle-income countries were confronted with large financing gaps in social protection, amounting to more than US\$ 500 billion annually.<sup>3</sup> While these gaps are without doubt significant – in low-income countries, they amount to 5.6 percent of Gross Domestic Product (GDP) – they represent only about 0.05 percent of the GDP of all high-income countries or

1.4 percent of all illicit financial flows.

The world is literally swimming in money. Due to the misguided financial and fiscal policies of the past decades, it is simply not where it is needed. Today, public coffers are in dire straits and the managers of investment funds are eagerly looking for new opportunities. They have recently found them in the healthcare sector – with the precarious consequences that became apparent in the coronavirus crisis.

International justice, including, among other measures, international tax justice, is urgent. Tax havens and tax evasion by multinational companies undermine successful tax collection, especially in countries where funds to cover public social expenditure are already scarce. In order to effectively protect and increase the national resource base, regulation and enforcement of tax justice at the international level is essential.

Beyond this, however, international solidarity is needed in the form of a global financing mechanism for social protection. In line with the solidarity principle

1 WHO et al. (2019): Primary Health Care on the Road to Universal Health Coverage. Global Monitoring Report 2019. Geneva. [https://www.who.int/healthinfo/universal\\_health\\_coverage/report/uhc\\_report\\_2019.pdf](https://www.who.int/healthinfo/universal_health_coverage/report/uhc_report_2019.pdf)

2 ILO (2017): World Social Protection Report 2017-19: Universal Social Protection to Achieve the Sustainable Development Goals. Geneva <http://www.social-protection.org/gimi/gess/ShowWiki.action?id=594>.

3 Durán Valverde, Fabio/José Pacheco-Jimenez/Taneem Muzaaffar/ Hazel Elizondo-Barboza (2019): Measuring Financing Gaps in Social Protection for Achieving SDG Target 1.3: Global Estimates and Strategies for Developing Countries. Working paper 073. Extension of Social Security (ESS) Paper Series. Geneva: ILO. [http://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS\\_729111/lang--en/index.htm](http://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_729111/lang--en/index.htm).

of social policy, a “Global Fund for Social Protection” should be endowed with resources according to the financial capacity of states and disbursed according to social needs. This would support efforts to fulfil commitments to achieve the Sustainable Development Goals (SDGs) and to jointly realize the human right to social security. Without the fair use of existing wealth, without redistribution, the global crisis will not be resolved. Rescue, however, is possible; the resources are there; it should not fail due to a lack of solidarity.

#### From commitments to implementation

In the aftermath of the global financial crisis 2008–2009, governments and social partners adopted the ILO Social Protection Floors Recommendation, 2012 (No. 202) that provides guidance to Member States to establish and maintain national social protection floors and progressively increase levels of protection. The global commitment to universal social protection was reaffirmed in the 2030 Agenda with SDG 1.3 calling on governments to “implement nationally appropriate

social protection systems and measures for all, including floors” by 2030. Such floors guarantee access to essential healthcare and income security throughout the life cycle, for example in the form of child or family benefits, benefits in the case of illness, unemployment, disability and old age. In principle, States bear the overall responsibility to establish and maintain these floors, based on principles of universality, social solidarity and non-discrimination, social dialogue and solidarity in financing. Yet, if economic and fiscal capacities are insufficient, the Recommendation also states that States could seek international support.

A fundamental international consensus and repeated voluntary commitments by governments and social partners are hence already on the table. What is required now with great urgency is the implementation of these commitments. Civil society has an important role to play in advocating for and participating in the development of a social policy based on global solidarity.

The health and economic crisis has been an eye-opener for many people. What has long been considered utopian seems possible today, demonstrated by appeals for solidarity, greater appreciation for care-givers, citizens’ initiatives to cater for the needs of others in their neighbourhoods and a flurry of government actions that aim at equity in many countries. These demonstrations of solidarity are important and a fundamental aspect of functioning sociality. But they remain insufficient as long as sociality is only thought of in a national context.

Notwithstanding the challenges, we seek a reorientation of human living environments towards the principle of preserving care, both for one another and for the environment. We urgently need global social conditions in which the guaranteed rights of freedom are given a socio-political framework determined by solidarity. This requires from all of us an attitude of cosmopolitan solidarity, which is also directed towards those who are strangers to us and who may have very different lifestyles from our own.



## RE-EMPOWERING public services in a time of COVID-19

BY DANIEL BERTOSSA, PUBLIC SERVICES INTERNATIONAL (PSI)

Around the world, frontline public service workers continue to receive praise and support for their vital role in responding to the COVID-19 crisis. Yet these underfunded public services and brutal working conditions are not inevitable. They are the result of decades of deliberate erosion of our public services through budget cuts, privatization and understaffing.

Undermining the quality and accessibility of public services has been part of a deliberate strategy to loosen the deep political commitment our communities have to protecting them. This has involved the creation and promotion of many myths: that public services are inefficient, wasteful, poor quality, harm economic growth and are protected by public servant elites for their own benefit.

But as economist Mariana Mazzucato pointed out, many of the world's extraordinary recent innovations, such as advanced medicines and the technology behind smartphones, owe more to government spending, research and development than to private sector ingenuity.<sup>1</sup>

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.

The old narrative has supported the promise that cutting public services would create a more efficient world – and no one would pay the cost. As COVID-19 deaths approach a million and the global economy collapses, this lie has been tragically exposed.

But neither facts nor applause will alone address this crisis. We must also channel this growing support into a new, relentlessly positive vision of re-empowered public services which generate value across our societies by providing things that the market simply cannot. Services which ensure all people can fulfil their essential needs – not based on ability to pay but because these are their rights. Services that strengthen human rights and allow people to live free from fear. Services which promote equality and build a stronger safety net for us all – and build more resilient societies, better able to respond in moments of crisis.

In short, these services put people over profit.

Yet the great survival strategy of our current system, as seen in the aftermath of the 2008 global financial crisis, is its ability to incorporate the language of dissent during crises but guard the system's foundations to ensure real change never arrives.

Even as the pandemic rages, those who benefited from the way things were before are trying to undermine the possibility of a better post-COVID-19 world. The World Economic Forum's call for a Great Reset –

<sup>1</sup> <https://www.nytimes.com/2020/07/01/opinion/inequality-government-bailout.html>

instead of a Global New Deal – sets the beat.<sup>2</sup> Blaming public institutions, scapegoating migrants, attacks on the WHO and calls for government aid to go to large business provide the chorus.

Yet the experience of COVID-19 means most people understand that the recovery cannot be a return to the past. Now is the moment to harness this understanding in order to build a new popular narrative with re-empowered public services as the key driver of our recovery. But if a new popular narrative is needed to create the political will, what are the practical steps we must take?

We must make sure these services are well financed. Over US\$ 20 trillion in assets are currently held offshore – enough to end global poverty nine times over. We need a better global tax system to ensure corporations and the very wealthy pay their fair share and do not use their economic power to exercise undue influence over public policy. The major tech companies who have seen their profits soar during the pandemic, must finally be taxed and regulated. The data which they exploit for advertising revenue or to manipulate democracy must be governed in the public interest to inform better policy responses and better public services.

The huge hole that tax avoidance and evasion has left in public budgets has contributed to the need for governments to turn to debt spending to fund the crisis response. We cannot let this essential spending be used as an excuse to impose privatizations and austerity. Instead we must promote debt cancellation for least developed countries (LDCs), debt relief for developing countries and the removal of artificial debt to GDP ratios for developed countries.

It is outrageous that as the pandemic still rages, private law firms and multinational corporations are gearing up to sue governments for vital life-saving interventions which may have impeded on their future profits. The trade agreement mechanisms which make this possible – including the notorious Investor State Dispute Mechanisms (ISDS) and the

EU's rebranded Multilateral Investment Court (MIC) – must be ditched once and for all, along with Trade in Services Agreements which restrict policy space.

Instead of undermining vital policy interventions, we must rebuild the capacity of our public administrations to design good policy: independent and in the public interest. Relentless cuts to these government departments have created a reliance on private consultants and industry groups to provide policy solutions. Not surprisingly the advice they offer supports their interests and undermines the ability of governments to generate coherent and coordinated policy responses, which are essential in moments of crisis. As COVID-19 has shown, bad policy kills.

Re-empowering public services requires re-empowering those who provide them. Even before COVID-19 struck, the UN estimated a shortfall of over 20 million people in the health workforce by 2030 – and highlighted the need for improved conditions and remuneration in the sector. Some of the worst outbreaks of COVID-19 have been tracked to frontline staff who could not afford to stay at home if they were sick and spread the virus to multiple workplaces because one job was not enough to survive. Ultimately however we must take back what was always ours.

When a hospital's building maintenance, finance, parking, diagnostics, cleaning, catering, and security is all privatized, its ability to respond to patient need – particularly in times of crisis – is undermined. When the majority of nurses are employed via agencies and doctors are forced to turn to private practice to pay the bills, 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 re-municipalizations are not anywhere as hard as we are told. From healthcare facilities and care homes, to industrial production of medical supplies and PPE, re-municipalization and strong public intervention have saved countless lives.

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<sup>2</sup> <https://www.weforum.org/great-reset/>



We must support a New Urban Agenda.<sup>3</sup> The municipal or local government level is where people have the most direct interaction with public services – from water, energy, transport, education, social housing and beyond. This is also where many services are governed – and where the potential for democratic change is strongest.

The remarkable wave of re-municipalizations around the world shows how possible – and popular – these struggles can be. When the public is given a say over their services, the results are overwhelming: 83 percent voted in favour of taking Berlin’s energy services back into public hands; 98 percent voted for stopping the privatization of Thessaloniki’s water supply. Since 2000 more than 2,400 cities in 58 countries brought services back into public control.<sup>4</sup>

PSI and the global umbrella organization United Cities and Local Governments’ recent statement “Strong local public services for a safe world” provides a clear overview of both the risks for local authorities and the strategies needed to build a better system of empowered local government.<sup>5</sup>

But most of all, COVID-19 shows that a new world with quality public services is needed now more than ever. To achieve this world, we must build a relentlessly positive vision of public services which improve our lives and build stronger communities, create the conditions and channel the growing wave of support into making this world a reality.

3 [http://www.world-psi.org/sites/default/files/documents/research/en\\_psi\\_position\\_on\\_habitat\\_iii\\_0.pdf](http://www.world-psi.org/sites/default/files/documents/research/en_psi_position_on_habitat_iii_0.pdf)

4 <https://www.tni.org/en/futureispublic>

5 <https://www.uclg.org/en/media/news/strong-local-public-services-safe-world-uclg-psi-joint-statement-context-covid-19>

Box 3.2

## More than ever with COVID-19 we need strong public and social housing services

BY DARIA CIBRARIO, PUBLIC SERVICES INTERNATIONAL<sup>1</sup>

While the promotion of market-led approaches to housing is still prevalent at a global level, some local governments are joining forces to swim against the tide.

Facing a 100 percent surge in rent prices since 2015, Berlin’s local government has frozen rent prices for the next five years at

June 2019 levels and repurchased 670 apartments that were to be sold to real estate holding company Deutsche Wohnen, sparing tenants disproportionate rent rises due to superfluous renovations imposed by the company.<sup>2</sup> In late 2019, the public Berlin’s Housing Association further

remunicipalized 6,000 apartments in the Spandau and Reinickendorf districts.<sup>3</sup> This makes sense when thinking of Vienna, one of the cities topping the world ranking for the quality of living, where 62 percent of the city’s residents live in publicly owned or

1 This box is an extract of a paper published by PSI in August 2020, see <https://bit.ly/3h1lnbc>.

2 A. Stoyanov, “Berlin continues fight for affordable housing,” 5 October 2019, <https://www.themayor.eu/en/berlin-continues-fight-for-affordable-housing>

3 The Future is Public Conference Report, “Towards democratic ownership of public services,” Working draft, Amsterdam, December 2019, [https://futureispublic.org/wp-content/uploads/2019/11/TNI\\_the-future-is-public\\_online.pdf](https://futureispublic.org/wp-content/uploads/2019/11/TNI_the-future-is-public_online.pdf)

subsidized housing. Surprisingly, these are not only the lowest income earners, as housing here is seen as social good, not as a market commodity.<sup>4</sup>

In March 2019, a European civil society coalition including tenant associations, human rights organizations, trade unions, student and pensioners groups as well as representatives of city networks launched the Housing for All initiative, demanding the European Union take action to ensure affordable housing for all in the EU. Although halted in February 2020 by the organizers before it reached one million signatures because of Brexit, the initiative has triggered an EU parliamentary initiative on “access to decent and affordable housing for all”.<sup>5</sup>

Cities are also uniting to return housing to its primary social role. In July 2019, eight cities<sup>6</sup> together with United Cities and Local Government (UCLG) launched “Cities for Adequate Housing,”<sup>7</sup> a global

call for action on national governments and global institutions to demand more regulatory and fiscal powers as well as resources for local governments to regulate and enhance their public housing stocks. The call is part of a series of actions joining “The Shift” campaign launched by the former UN Special Rapporteur on Adequate Housing to reclaim housing as a fundamental human right.<sup>8</sup> As of today the number of endorsing cities and metropolitan areas has increased to 42.<sup>9</sup>

As cities are forced to rethink and adapt their social measures in the context of the global health and economic crisis, public and social housing emerge clearly as an essential part of the solution to beat pandemics and protect public health in the long term. Market-based solutions have proved inadequate to solve the global housing crisis and uphold the human right to housing, leaving deep social inequality scars that are tearing apart the social cohesion of many cities and

communities, while losing lives to COVID-19. Published in December 2019 by the former UN Special Rapporteur, the “Guidelines for the Implementation of the Right to Adequate Housing” contain a clear call to prevent “any privatization of public or social housing that would reduce the capacity of the state to ensure the right to adequate housing”.<sup>10</sup>

As public authorities seek to enable lockdown measures to beat COVID-19, it is imperative that things do not just go back to what they were before the crisis, but that the lessons learned from the pandemic are integrated, made permanent and scaled up to ensure lasting, decent housing solutions for everyone, especially the most vulnerable. Public and social housing services have a fundamental role to play in making that happen and must be fully rehabilitated and refurbished as a critical part of the toolkit that governments at all levels should have to secure everyone’s social security and public health for all.

4 V. Lorin, “Can Vienna’s model of social housing provide the inspiration to tackle Europe’s housing crisis?” *Equal Times*, 22 January 2020, <https://www.equaltimes.org/can-vienna-s-model-of-social?lang=en#XpX1jcgzbct>

5 Housing for All website, <https://www.housingforall.eu/european-citizens-initiative-housing-for-all-stopped-but-still-successful/>

6 Amsterdam, Barcelona, Berlin, London, Montevideo, Montreal, New York, Paris

7 “Cities for Adequate Housing,” *Municipalist Declaration of Local Governments for the Right to Housing and the Right to the City*, New York, 16 July 2018, [https://www.uclg.org/sites/default/files/cities\\_por\\_adequate\\_housing.pdf](https://www.uclg.org/sites/default/files/cities_por_adequate_housing.pdf)

8 UN Special Rapporteur on the Right to Housing, “The Shift” website, <http://www.unhousingrapp.org/the-shift>

9 Amsterdam, Asunción, Bangkok, Barcelona, Barcelona Provincial Council, Beitunia, Berlin, Birmingham, Blantyre, Bologna, Buenos Aires, Cascais, Copenhagen, Durban, Eyyübiye, Geneva, Jakarta, Lisbon, London, Mannheim, Mexico City, Medellín, Montreal, Montevideo, New Taipei, New York, Paris, Rennes, Río Grande, San Antonio de Areco, Seoul, Strasbourg, Taipei, Terrassa, Tlajomulco, Vienna, Zaragoza, Barcelona Metropolitan Area, Greater Manchester, Plaine Commune, Grand Paris, <https://citiesforhousing.org/cities/>

10 UN General Assembly, “Guidelines for the Implementation of the Right to Adequate Housing” (A/HRC/43/43), Art. 69 (i), 26 December 2019, [http://www.unhousingrapp.org/user/pages/04.resources/A\\_HRC\\_43\\_43\\_E-2.pdf](http://www.unhousingrapp.org/user/pages/04.resources/A_HRC_43_43_E-2.pdf)

## Strengthening public education systems

BY ANTONIA WULFF, EDUCATION INTERNATIONAL

In April 2020, schools and education institutions were shut down in 194 countries, affecting almost 1.6 billion students – 91.3 percent of students globally.<sup>1</sup> A rapid and large-scale shift to remote schooling took place, fundamentally changing the nature and conditions of teaching and learning and exacerbating inequality.

While the school closures were an emergency response to the pandemic, the approach and solutions chosen say something about the education sector and what is at stake: underfunded and overburdened systems, competing conceptions of quality and a changing governance and financing landscape.

With more than a billion students still out of school, progress made in recent years towards universal quality education is in jeopardy. At least 463 million students have no access to remote schooling.<sup>2</sup> As past crises have shown, interruptions in schooling expose (girl) children to risks related

to child labour, domestic and care work, child marriage, early pregnancy and gender-based violence. An estimated 23.8 million students, from pre-primary to tertiary levels, may never return to school.<sup>3</sup>

The shift to online learning has revealed a significant digital divide and helped bring inequity in education to the fore. Yet, too narrow a focus on the digital divide risks obscuring deeper structures of inequity by propagating the idea of universal access to education technology (edtech) and electronic devices being the solution.

The pandemic is accelerating a trend that was already underway: educators Ben Williamson and Anna Hogan describe this trend as “global edtech industry solutionism,” whereby private and commercial actors have “set the agenda, offered technical solutions for government departments of education to follow, and is actively pursuing long-term

reforms”.<sup>4</sup> In 2019, Amazon spotted a market opportunity and launched Amazon Ignite, where teachers can sell their educational resources to their colleagues, targeting an underpaid workforce, enticing them into the gig economy, while charging them 30 percent of the sales plus a transaction fee.<sup>5</sup>

As schools were closed, online tools and platforms were introduced as emergency measures, often chosen without any transparency, accountability or involvement of those who will use the tools – teachers and students. It makes for a situation where (public) education depends on privately provided platforms, with implications for surveillance, data protection and privacy rights of both students and teachers. Importantly, it also shifts power away from the profession: many of the tools interfere with the professional autonomy of teachers, reducing the scope and quality of education provided

1 See UNESCO monitoring, <https://en.unesco.org/covid19/educationresponse>

2 UNICEF, “COVID-19: Are children able to continue learning during school closures,” New York, 2020, <https://data.unicef.org/resources/remote-learning-reachability-factsheet/>

3 UNESCO, “COVID-19 education response: how many students are at risk of not returning to school?” Paris, 2020, <https://unesdoc.unesco.org/ark:/48223/pf0000373992?locale=en>

4 B. Williamson and A. Hogan, Commercialization and privatization in/ of education in the context of Covid-19, Brussels: Education International, 2020, p. 2, [https://issuu.com/educationinternational/docs/2020\\_eiresearch\\_gr\\_commercialisation\\_privatisation](https://issuu.com/educationinternational/docs/2020_eiresearch_gr_commercialisation_privatisation)

5 <https://ignite.amazon.com/#/>

and compromising the values and practice of the profession.

At a moment when public service expenditure was already declining in many regions, World Bank projections suggest that as much as 10 percent of education budgets could be cut as governments are under pressure to prioritize healthcare and social protection.<sup>6</sup> As household income declines, families will find it increasingly difficult to cover the direct and indirect costs of education. Strengthening public education systems must be recognized as an

essential part of a people-centred, rights-based response to the pandemic. For countries to have the necessary fiscal space, there will have to be significant debt relief and debt cancellation and a rejection of austerity and market-based approaches to development.

At this time, governments need to assume their role as the guarantors of inclusive equitable quality education, defending the public nature of education and ensuring the necessary related public investment. Governments need to regulate the role of private actors in education and engage in social and policy dialogue with teachers, education support personnel and their unions. This is the only way of ensuring that quality is upheld and education enjoyed equitably.

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6 World Bank, "The impact of the covid-19 pandemic on education financing," Washington, D.C., 2020, <http://documents1.worldbank.org/curated/en/479041589318526060/pdf/The-Impact-of-the-COVID-19-Pandemic-on-Education-Financing.pdf>



## RE-BALANCE global and local value chains

BY STEFANO PRATO, SOCIETY FOR INTERNATIONAL DEVELOPMENT (SID)

### Global value chains and the global division of labour

One of the most salient characteristics of the current pattern of hyper-globalization is its overreliance on global value chains (GVCs) and the international division of labour that they set in stone. Rather than generating value, GVCs have really been about grabbing value from the developing world by promoting a model based on the extraction of primary commodities from the global South for these to be transformed in countries where labour and other productions costs could be reduced to the minimum; final outcome would then be exported, often in the form of standardized cheap products, across the entire world.

While the official explanation claims that the resulting “cheapness” of final products comes from economies of scale, the reality is that, while scale plays a role, it rather emerges from massive externalities related to resource exploitation, environmental damage, displacement of communities, violation of human rights and labour rights, disregard for social reproductive and care roles, and significant social, cultural and health impacts. A recent study by the ETC Group claims that for every dollar consumers pay to chain retailers, society pays another two dollars for the chain’s health and environmental damages.<sup>1</sup> Unfortunately, the consequences of these externalities are disproportionately paid by some, and include the intergenerational implications of ecological and climate crises.

GVCs are translated into export-oriented economic development strategies of primary commodities by many countries, promoting significant changes in the structure of their economies. In many African countries this translated into the reduction of economic diversification, a broken relationship between the primary and manufacturing sectors, de-industrialization – despite already limited productive capacity – and premature tertiarization, also due to the significant increase in logistics and other export support services. According to UNCTAD’s *State of Commodity Dependence 2019*, 64 percent of developing countries and 85 percent of the world’s least-developed countries are commodity dependent.<sup>2</sup>

Rather than an exception, commodity dependence equals normality for the largest share of the developing world. In some cases, dependence can be extreme: in 35 countries, more than 90 percent of their exports are commodities. Unfortunately, export concentration of primary commodities is closely linked to limited development progress: the higher the dependence, the lower the country’s development, measured by its GDP per capita.

But one critical yet often under-acknowledged dimension of GVCs is related to the implications of extreme delocalization: the disintegration of any social and ecological contract between production, population and territory. Overall, when the product being produced and traded is not marketed locally

1 ETC Group (2017), Who will feed us? The industrial food chain versus the peasant food web, 3rd edition, <https://www.etcgroup.org/sites/www.etcgroup.org/files/files/etc-whoillfeedus-english-webshare.pdf>

2 UNCTAD (2019), State of Commodity Dependence 2019, [https://unctad.org/en/PublicationsLibrary/ditcom2019d1\\_en.pdf](https://unctad.org/en/PublicationsLibrary/ditcom2019d1_en.pdf)

there is a less vibrant virtuous cycle between wages and domestic demand: on the contrary, international competitiveness drives wages down and this is confirmed by the continued reduction of the wage share of GDP as the combined effect of technology-driven lower labour intensity, rent-based economies, labour deregulation and suppression of wages.

The other side of the coin is that the export of commodities tends to be characterized by a dramatic surge in imports. For instance, many agricultural exporting countries became net importers of food. In 2018, over 65 percent of goods imported to the EU from Africa were primary goods (food and drink, raw material and energy), while almost 70 percent of goods exported from the EU to Africa were manufactured goods.<sup>3</sup> Commodity dependence therefore means “exporting jobs” to manufacturing locations, consolidating the global division of labour that perpetuates structural inequalities between nations. Inequalities within countries are clearly trapped by inequalities between countries. Hence, commodity traps are de facto inequality traps.

Financialization has further complicated the situation by shifting economic decision-making away from the real economy into a financial bubble,<sup>4</sup> leading to an economic conundrum that only the aberrant levels of inequalities can explain: the simultaneous manifestation of structural gaps in global demand, excess of liquidity and limited access to credit for productive activities. While it is hardly possible to tackle such a conundrum at the global level, there could be plenty of policy options to resolve it at the national level and rethink domestic economies, if it were not for two complicating factors. First, national political economies under these global economic arrangements have evolved, with a clear neocolonial character, to the benefit of small political and

economic elites that captured power. Second, the global division of labour has been encapsulated in a myriad of trade and investment agreements, often protected by Investor-State Dispute Settlement (ISDS) mechanisms, intellectual property regimes, foreign debt exposure and capital account liberalization, all involving a significant release of sovereignty from the national to the global level. Commodity traps are often intertwined with debt traps, as exports play a critical role in ensuring the availability of hard currencies for debt service payments.

Overall, the COVID-19 pandemic exposed the depth of the vulnerabilities generated by commodity dependence and overreliance on GVCs. It must be noted that the commodity price downturn started well before the current crisis. After reaching a peak in the 2008-2010 period, commodity prices were substantially lower in subsequent years and this reduction contributed to an economic slowdown in many commodity-dependent countries, with several of them going into recession with a worsening of their fiscal positions and rise in public debt, often resulting in increased external debt.

The economic and financial crisis induced by COVID-19 exposed and magnified this pre-existing vulnerable situation: the reduction of economic activities induced by the lockdowns and the failure of many value chains heavily impacted exporting developing countries long before the pandemic actually hit their territories. Many countries were confronted with a looming food crisis and had to resort to a rapid increase in local food production to save the day. The crisis therefore offers a precious opportunity to rethink and remodel socioeconomic development strategies at the national level and re-energize a systemic redesign of global economic frameworks and governance.

### The transition towards vibrant local economies

The essence of the change that is needed involves shifting the centre of gravity away from the global and take bold public policy and investment decisions to strengthen the domestic economies. However, this needs a new theory of structural transformation beyond traditional orthodoxy focused exclusively on

3 Data obtained from the relevant section of Eurostat, the Africa-EU international trade in goods statistics, [https://ec.europa.eu/eurostat/statistics-explained/index.php/Africa-EU\\_-\\_international\\_trade\\_in\\_goods\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php/Africa-EU_-_international_trade_in_goods_statistics)

4 Citizens for Financial Justice (2019), Spotlight Report on Financial Justice, <http://citizensforfinancialjustice.org/resource/spotlight-on-financial-justice-understanding-global-inequalities-to-overcome-financial-injustice/>

the movement of workers from low productivity to high productivity activities and sectors. The conventional structural transformation agenda may impact inequalities, but does not deliberately aim to tackle them: we need a socioeconomic transformation agenda that places equity and equality at the core of a new approach to economic diversification, including commodity-driven industrialization, based on human rights, economic pluralism, circularity and regenerative rather than extractive approaches to ecological resources.

The central proposition of this socioeconomic transformation is precisely that of rebuilding – or building anew – a socio-ecological contract that can create a virtuous cycle of wages, domestic demand and economic expansion, all consistent with the sustainable use of resources and ecological footprint. This economic transformation agenda does not exclude the global, but places the barycentre of economic activity within the domestic economy. This is not an easy transition to facilitate, particularly given the existing political economies, the employment base of the current model and all its supportive international agreements. Specific pathways would necessarily be country-specific and all involve significant levels of social mobilization, including strong demands for the democratization of public policy-making within the economic domain, among others. But three key pillars could be possibly identified as cutting across country specificities.

**First**, local food systems can be the cornerstone of economic transformation and the key entry point of economic diversification: they offer the simplest route to reconnecting the primary and manufacturing sectors and transition the current commodity-export orientation towards commodity-driven industrialization. Food systems also encompass a large variety of agents, from small-scale food producers to all those engaged in manufacturing, retailing and food provision. They therefore provide a wide socioeconomic base at the core of the social contract of this economic transformation agenda. Food systems also allow closer connection with a wide range of territories – across the urban-rural continuum – and their ecological footings. Last but possibly most important, food systems serve multiple public objectives and

can therefore become a common pivot by which to advance the entire agenda for sustainable development. Food sovereignty and agro-ecology, allowing countries and communities to regain full control over the way food is produced, traded and consumed, therefore offer a concrete and immediate pathway to economic transformation.

**Second**, regional (or even subregional) cooperation can offer critical opportunities to overcome the limitations of limited domestic demand, particularly for smaller countries, and offer a more viable turf for the expanded trading of locally manufactured products as well as a wide range of options for common infrastructural initiatives and trans-boundary community developments, including strengthened cooperation on ecosystems and resource management. The subregional/regional context allows the framing of economic partnership relations in close connection with livelihood challenges and needs, particularly in all those countries whose boundaries have been artificially established during the colonial phase.

**Third**, the democratization of global economic governance for the systemic reform of global economic frameworks needs to remain central to the economic transformation agenda. Indeed, such a transformation is heavily constrained by systemic obstacles within macroeconomic frameworks and institutions dominated by developed countries, perpetuating the global division of labour and structural inequalities between countries. Without systemic reforms in trade, debt, finance, tax and other domains, developing countries will continue to lack the policy and fiscal space to advance their socioeconomic transformation agendas. Taking bold policy actions to strengthen the domestic economy therefore requires simultaneous engagement in the multilateral space to construct new systems and institutions that can reorient the current patterns of hyper-globalization.

## IV

# REINFORCING the shift towards climate justice

BY VICENTE PAOLO YU, THIRD WORLD NETWORK

Climate change is intensifying. Record-breaking global temperatures, atmospheric greenhouse gas (especially CO<sub>2</sub>) concentrations, and rising sea levels and temperatures, as well as increasing ocean acidification, are constantly being reported. Global mean temperature has approximately increased by 1.1°C above the pre-industrial level. Climate change impacts are now undermining and will pose significant constraints on meeting sustainable development and poverty eradication in many developing countries due to the loss and damage that they bring to critical economic and human infrastructure but also to the long-term shifts in economic production that they will entail.

At the same time, development convergence between developed and developing countries largely has not taken place, despite improvements largely due to rapid economic growth over the past four decades in China, India, and Southeast Asia, and in some parts of Latin America in the early 2000s. Since the 2008 global financial crisis, reductions in poverty levels have slowed or in some cases reversed. The economic impact of the COVID-19 pandemic on developing countries' economies is already causing poverty rates to go up as the global economy falls into recession and there is a sharp drop in GDP per capita, erasing the progress in poverty eradication since the tepid recovery from the 2008 crisis started in the mid-2010s.

Income inequality and enduring poverty exacerbates the impact of climate change on the poor, particularly those in developing countries. These make the extremely poor, virtually all of whom live in developing countries in Africa, Asia and Latin America,

much more vulnerable to the losses and damage that climate change results in. The lower levels of financing, technology, physical infrastructure and disaster preparedness and resilience that most developing countries experience due to their development circumstances pose greater challenges to climate change adaptation and long-term development resilience for these countries.

Both climate change and the global development gap have long historical roots stretching back to the Industrial Revolution in the global North that led to new productive industrial technologies powered using fossil fuels. This triggered rapid increases in industrial production which in turn led to rapid improvements in the living standards and incomes of people in those countries. However, this process was marked by increased levels of natural resource destruction and consumption, driving forward and subsequently sustained by colonial expansion and exploitation of the natural resources, territories and peoples of today's global South, and powered by a rapid shift to reliance on and the consumption of fossil fuels.

This is the reason why, in terms of historical contributions to the cumulative stock of anthropogenic emissions since 1850, today's developed countries (accounting historically for around 1/6 of the global population) emitted most (from more than half of all GHGs or around three-fourths of CO<sub>2</sub> emissions) of the anthropogenic GHGs in the atmosphere while today's developing countries (accounting historically for 5/6 of the global population) accounted for around one-fourth of CO<sub>2</sub> emissions or less than half of all GHG



emissions. Additionally, developed countries have fallen short in complying with their commitments to reduce emissions and to provide support to developing countries under the United Nations Framework Convention on Climate Change (UNFCCC).

Today, even as countries continue to deal with the COVID-19 pandemic and, in some cases, start to deal with the post-pandemic recovery phase, the urgency and the scale of the need to continue actions to combat climate change has remained. At current rates of anthropogenic greenhouse gas (GHG) emissions from fossil fuel production and use, the remaining emissions budget commensurate with the 1.5°C aspiration under the Paris Agreement on Climate Change will be exceeded between 2025 and 2030. At the same time, the COVID-19 pandemic has laid bare and, in many cases exacerbated, long-standing structural economic conditions coming from colonization and deepened by globalization since the 1980s that have kept most developing countries continuously fossil-fuel dependent (whether in terms of imports, exports, or energy use) and with substantial levels of chronic poverty among their population.

International cooperation on climate change is supposed to take place on the basis of the UN Framework on Climate Change Convention (UNFCCC), which explicitly specifies:

The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.<sup>1</sup>

This is rooted in the principle of common but differentiated responsibilities and respective capabilities (CBDR) that is embedded in the Convention and which continues to be reflected in the Kyoto

Protocol and the Paris Agreement. CBDR reflects and seeks to make operational the concept that the global North has significant historical responsibilities for anthropogenic emissions stemming from their fossil fuel-powered development pathways over the past three centuries (including through colonialism) that enabled them to develop their economies. It recognizes that the economic, social, political and ecological inequities that both result from and characterize historical and current global economic and power relationships between developed and developing countries need to be adequately reflected and then addressed as an integral part of the climate change regime. This is the underlying conceptualization of climate justice.

Against the backdrop of increasing climate change impacts that inordinately adversely affect the poor, especially in developing countries and a potential deepening of the development gap and global inequality due to such climate change impacts, the COVID-19 pandemic and global economic recession, a more just and equitable approach to addressing climate change has to be undertaken. This approach is exemplified in, for example, the People's Demands for Climate Justice.<sup>2</sup>

**First**, developed countries should start phasing out and shifting subsidies and investments away from fossil fuel exploration, extraction and production (keeping fossil fuels in the ground) by 2020 and commit to transition rapidly to 100 percent use of clean and renewable energy by 2030; ban fracking and have a global moratorium on new fossil fuel exploration and extraction and on new coal projects; shut down fossil-fuel power plants as rapidly as possible and replace them with clean and renewable energy power plants; use both new and traditional technologies and methods to enhance energy efficiency in production and consumption; and increase electrification through clean and renewable energy. Their more diversified and developed economies, higher standards of living, higher consumption levels, and with greater levels of financial and technological resources to undertake economic diversification

1 UNFCCC, art. 4.7.

2 See <https://www.peoplesdemands.org/#read-the-demands-section>

better position developed countries to take the lead in this regard. Developing countries should be assisted through finance and technology from developed countries to make the transition as rapidly as possible within their own context, consistent with their sustainable development goals and with a just transition in terms of compensation for job loss.

**Second**, false solutions and narratives should be avoided in favor of real, just, feasible and essential solutions to the climate change crisis. Unproven or ineffective technologies such as geoengineering or the use of bioenergy with carbon capture and storage (BECCS) should be avoided; the use of clean and renewable energy technologies, appropriate to local conditions should be scaled up; energy efficiency should be enhanced; non-market regulatory and voluntary approaches to promote less per-capita energy and resource consumption and waste should be used; community-oriented and people-first approaches with respect to clean and renewable energy use, sustainable transportation, urban planning and design, sustainable agriculture (including for agroecology and food sovereignty), community-based ecological restoration and natural resource control and stopping the conversion of local agricultural lands to non-food production purposes should be prioritized; the use of carbon offset or trading arrangements or other corporate-driven market-based mechanisms that are not likely to deliver real-world emission reductions and which undermine human and indigenous rights should be avoided.

**Third**, long-standing emissions reduction, financing and technology transfer commitments by developed countries under the UNFCCC, the Kyoto Protocol, and the Paris Agreement must be fulfilled as soon as possible, ensuring that they are honoring their “fair share” in doing so. In particular:

- Developed countries should recognize and act on their greater historical responsibility for GHG emissions and greater capacity to undertake action through showing and implementing more ambitious domestic mitigation targets that are in accordance with science, equity, and the 1.5°C temperature limit, including through the rapid phase out of fossil fuels extraction and subsidies,

with a view towards having negative emissions by mid-century;

- Developed countries should scale up the provision of climate financing to developing countries to at least US\$ 100 billion by the end of 2020 and increase that rapidly between 2020 to 2030, through new concrete pledges of public climate finance with a definite timeline for delivery, to approach a substantial fraction of the climate financing needs indicated by developing countries in their Nationally Determined Contributions (NDCs); provide increased resources to the Green Climate Finance and the Adaptation Fund to support developing countries; and provide scaled up adaptation financing and ensure protection to climate migrants and those impacted by climate change. Developed countries should also commit to provide reparations to those most affected and least responsible for climate change;
- Developed countries should support the creation, freeing up and mobilization of domestic financial resources in developing countries, including through, among other things, debt cancellation, controlling speculative and illicit financial flows, undertaking structural reforms in multilateral trade policies to support and enhance the policy space of developing countries to meet their sustainable development goals, and avoid unilateral trade protectionism and unilateral coercive economic measures;
- Developed countries should support changes to international policies and rules that create barriers to the access to and the faster dissemination of needed climate change-related technologies from developed to developing countries; enhance their provision of financing to support such transfer to and the endogenous development of climate change-related technologies in developing countries; ensure participatory and transparent assessment of all proposed climate technologies; rejecting barriers to technology transfer such as intellectual property rights and respecting and enabling non-corporate, community-led climate solutions that recognize and respect indigenous knowledge and rights. Additionally, a multilateral

technology framework should be adopted that recognizes the importance of endogenous and indigenous technologies and innovations in addressing climate change, and enables developing countries and communities to develop, access and transfer environmentally sound, socially acceptable, gender responsive and equitable climate technologies.

**Fourth**, multilateral climate change negotiations should be free from the influence of the profit-oriented multinational corporate sector. At the multilateral level, community and civil society organizations play important roles in providing information and context about the real-life and grassroots impacts of climate change and multilateral rules to the negotiators, and their spaces to do so should be fully supported and maximized. Corporate influence in the multilateral climate change negotiations should be curbed through advancing a conflict of interest policy to prevent corporations that profit from fossil fuels and the climate crisis from influencing international and national climate policy forums and from inserting themselves into the negotiations.

# V

## RE-DISTRIBUTE economic power and resources

BY KATE DONALD AND IGNACIO SAIZ, CENTER FOR ECONOMIC AND SOCIAL RIGHTS (CESR)

The imperative to redistribute economic power and resources was already urgent long before the COVID-19 pandemic. Indeed, the intense concentration of wealth and corporate power was an issue explored at length in the 2018 Spotlight Report. However, as with so much else, the pandemic has magnified existing trends, shining a harsh spotlight on how extreme and unjust the status quo has become, and also how the systems we have in place channel wealth and power upwards, even in the midst of a global health emergency.

As of July 2020, billionaires in the US had increased their net worth by US\$ 637 billion during the pandemic,<sup>1</sup> while job losses and unemployment spiraled out of control, threatening to push millions into poverty. Meanwhile, 17 of the top 25 most profitable US corporate titans, including Microsoft, Pfizer, Johnson & Johnson and Facebook are expected to make almost US\$ 85 billion more in 2020 than in previous years. While the “benefits” of the pandemic are being concentrated in the hands of the few, those who were already disadvantaged are finding their inequality yet more entrenched: Oxfam found that more than 9 out of every 10 dollars of excess pandemic profits are likely to end up in the hands of white Americans, with only 32 cents for Black and Latin communities.<sup>2</sup>

This phenomenon is not only happening in the US; billionaires in Latin America increased their wealth by some US\$ 50 billion from March to June 2020, equivalent to over a third of total government stimulus packages across the region in that period.<sup>3</sup>

The pandemic is widening inequalities at the global level, too. Of the 70–100 million people worldwide predicted to fall into extreme poverty, more than 80 percent are in South Asia and Sub-Saharan Africa.<sup>4</sup> The consequences of imbalanced economic power *between* countries are also becoming ever more deadly. Low-income countries are trying to fight the virus with public health systems starved of resources over decades of externally-imposed structural adjustment and austerity, while also facing likely delays in obtaining vaccines and treatments as rich countries buy up current and future stock and refuse to relax intellectual property patent protections.<sup>5</sup>

The relief and recovery packages being put in place by governments and international institutions are a critical means for tackling the structural inequalities exposed and perpetuated by COVID-19. In designing and implementing these packages, governments have

1 H. Woods (2020), ‘How billionaires got \$637 billion richer during the coronavirus pandemic’, Business Insider. <https://www.businessinsider.com/billionaires-net-worth-increases-coronavirus-pandemic-2020-7>

2 Oxfam America (2020), Pandemic Profiteers Exposed. <https://www.oxfamamerica.org/explore/stories/who-profits-covid-19-and-how-can-we-use-money-help-us-get-vaccine/>

3 Oxfam (2020), ¿Quién paga la cuenta? Gravar la riqueza para enfrentar la crisis de la COVID-19 en América Latina y el Caribe. <https://www.oxfam.org/es/informes/quien-paga-la-cuenta-gravar-la-riqueza-para-enfrentar-la-crisis-de-la-covid-19-en-america>

4 World Bank Data Blog (2020): <https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty>

5 CESR and TAG (2020), Recovering Rights Topic Six: Ensuring Universal Access to Covid-19 Diagnosis, Treatment and Prevention. <https://www.cesr.org/sites/default/files/Brief%206%20Health%20Adjust.pdf>

the chance to start disrupting the status quo and breaking up the concentration of corporate and elite power at the root of these inequalities. However, most governments are currently failing to take this opportunity. Stimulus plans in countries such as the US have been skewed towards large corporations rather than the most affected communities,<sup>6</sup> while the terms of IMF emergency loans to countries such as South Africa have raised fears of renewed “anti-poor” austerity cuts.<sup>7</sup>

These developments have prompted concerted pressure from civil society<sup>8</sup> to ensure that recovery measures serve to redistribute resources, remedy inequalities, and rebalance power in our economies – both nationally and globally.

Such measures would not only be more just; they would be in line with governments’ obligations under international human rights law. These obligations direct governments to generate sufficient revenue to finance the infrastructure, goods and services needed to guarantee people’s rights, including through taxation that is fair, progressive and socially equitable (e.g., not burdening poorer people, especially women, disproportionately). Resource allocation should prioritize disadvantaged groups and target gender, racial and other inequalities, including in the care economy. This has concrete implications for whom COVID-19 relief and recovery packages should benefit and how they should be paid for. Indeed, socioeconomic rights standards give us a roadmap for a just recovery: away from an exploitative economic model based on unsustainable growth, towards a resilient one based on caring for people and the planet.<sup>9</sup>

Several fiscal policy proposals being put forward by civil society, progressive economists and some political parties are very much in line with human rights standards and principles. For example, there is a strong human rights case for implementing both wealth and “excess profits” taxes at this time.<sup>10</sup> So-called solidarity taxes have been implemented or proposed in various forms in different country contexts, including Uruguay, Colombia, Peru, South Africa and Spain. In Europe, economists have proposed a progressive Europe-wide tax on the wealthiest one percent to fund the COVID response. The idea of a new tax on the “excess” profits of those corporations reaping rewards during the pandemic (e.g., Amazon and other tech giants) is also gaining traction.<sup>11</sup> Ultimately, the principle is simple: those most impacted by COVID-19 and its economic fallout – in terms of health and livelihoods – should not be the ones to pay the eventual bill. More robust taxation of wealth and corporations was already high on the agenda of economic justice groups, but has been given further impetus by COVID-19. The newly agreed indicator for SDG target 10.4, which will measure the redistributive impact of fiscal policy (as measured by the Gini coefficient)<sup>12</sup> is a timely step in the direction of visibilizing the role of economic policy in creating and perpetuating structural inequalities.

Redistribution is absolutely crucial for a just recovery from COVID-19, for realizing human rights for all, and for achieving the SDGs. But on its own, redistribution is not enough - we also have to think about not how we create wealth, resources and power in the first place. Crucial “predistributive” policy areas in this regard include labor and wage

6 I. Saiz (2020), A Rights-based global economic stimulus to tackle COVID-19, OpenGlobalRights. <https://www.openglobalrights.org/rights-based-global-economic-stimulus-to-tackle-covid-19/?lang=English>

7 Budget Justice Coalition South Africa (2020). <https://budgetjusticesa.org/media/finding-money-to-fight-covid-19-transparency-and-participation-are-the-bottom-lines-1/>

8 See CESR Confronting COVID blog series: <https://www.cesr.org/blog>

9 See CESR’s Recovering Rights series unpacking the implications of human rights standards for how governments should resource a just recovery: <https://www.cesr.org/covid-19-recovering-rights-series-0>

10 As well as enacting reform to the overall tax system to make it more progressive. See CESR, Recovering Rights Topic Three: Progressive Tax Measures to Realize Rights. [https://www.cesr.org/sites/default/files/Brief%203%20Progressive%20Tax\\_.pdf](https://www.cesr.org/sites/default/files/Brief%203%20Progressive%20Tax_.pdf)

11 T. Diniz Magalhaes and Allison Christians, Rethinking Tax for the Digital Economy after COVID-19 (2020). [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3635907](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3635907)

12 N. Lustig, C. Mariotti, C. Sánchez-Páramo (2020), The redistributive impact of fiscal policy indicator, World Bank Data Blog. <https://blogs.worldbank.org/opendata/redistributive-impact-fiscal-policy-indicator-new-global-standard-assessing-government>

policies, and financial and corporate regulation.<sup>13</sup> In particular, the corporate influence over – and in many cases, capture of – the State is a phenomenon with profoundly negative impacts on human rights, which are becoming more pronounced in the context of COVID-19. At this moment, while they are handing out bailouts, forgivable loans and other publicly funded relief to businesses, governments have an unprecedented leverage over corporate actors desperate for State aid. They should use it to promote social and environmental interests, by premising corporate aid on strict conditions. Public money should only protect corporations if they are in turn willing to prioritize their workers, the environment and the human rights of the communities with which they interact.<sup>14</sup>

Some countries – including Denmark and Poland – have already banned corporations that utilize tax havens from receiving government bailout funds. But there is a lot more that should be done, including for example requiring bailout recipients to provide paid sick leave, implement a minimum living wage and limit executive pay, close the gender pay gap, and put in place a plan to achieve net-zero carbon emissions.<sup>15</sup> Unfortunately, there is little evidence so far that such conditions are being seriously considered or enforced in a widespread way. An investigation in the UK has found that corporations bailed out with public money have paid out billions in dividends to investors while laying off tens of thousands of workers.<sup>16</sup> Meanwhile, businesses in the most concentrated sectors – such as food processing – have recklessly exposed their workers to the virus without fear of retribution.<sup>17</sup> The threat of multinational corporations using

their excessive power to sue governments who put in place restrictions on business activities for reasons of public health is also looming on the horizon.<sup>18</sup> Ending Investor State Dispute Settlements must be a priority if we want to re-establish the primacy of human rights over investor “rights”.<sup>19</sup>

It is also important that the redistribution of economic power we seek also take place at the global level. The current system operates to the intense disadvantage of people in lower-income countries, whose governments are starved of resources to realize their rights through illicit financial flows, debt servicing and loan conditionalities. Human rights standards must also guide us here: all governments have obligations to cooperate internationally and respect the rights of people outside of their own borders.<sup>20</sup> These standards have concrete policy implications, including around tax cooperation and debt relief, issues which the next article will explore in more detail. As we navigate our way through the pandemic, we can draw on human rights standards such as these to ensure our governments make decisions that steer us towards a more just economic system – nationally and globally. The pandemic is galvanizing an ever-increasing array of actors to imagine how our economies could be reshaped if human rights and human dignity were put at their center, and to work together to make that vision a reality.

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13 CESR (2016), *From Disparity to Dignity: Tackling Economic Inequality through the SDGs*.

14 CESR and BHRRC (2020), *Recovering Rights Topic Five: Business and Human Rights in a Just Recovery*. [https://www.cesr.org/sites/default/files/CESR%20Brief%205%20FINAL%20ADJUST\\_\\_0.pdf](https://www.cesr.org/sites/default/files/CESR%20Brief%205%20FINAL%20ADJUST__0.pdf)

15 Ibid.

16 B. Smoke (2020), 'Corporations Receiving Bailout Billions Have Laid Off Staff and Paid Investors', *Vice World News*. [https://www.vice.com/en\\_us/article/m7jxvn/corporations-receiving-bailout-billions-have-laid-off-staff-and-paid-investors](https://www.vice.com/en_us/article/m7jxvn/corporations-receiving-bailout-billions-have-laid-off-staff-and-paid-investors)

17 J. Mayer (2020), 'How Trump is Helping Tycoons Exploit the Pandemic', *The New Yorker*. <https://www.newyorker.com/magazine/2020/07/20/how-trump-is-helping-tycoons-exploit-the-pandemic>

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18 Public Citizen (2020), 'Law Firms Are Recruiting Corporations to Attack COVID-19 Policies in ISDS 'Corporate Courts''. <https://www.citizen.org/news/law-firms-are-recruiting-corporations-to-attack-covid-19-policies-in-isds-corporate-courts-warn-600-plus-civil-society-groups-from-90-nations/>

19 CCSI et al, *Call for ISDS Moratorium During COVID-19 Crisis and Response* (6 May 2020). <http://ccsi.columbia.edu/2020/05/05/isds-moratorium-during-covid-19/>

20 CESR (2020), *Recovering Rights Topic Two: Governments' Obligation to Cooperate Internationally to Realize Human Rights*. [https://www.cesr.org/sites/default/files/Issue%20Brief%202\\_\\_\\_.pdf](https://www.cesr.org/sites/default/files/Issue%20Brief%202___.pdf)

## Public-Private Partnerships in the health sector: a needed revision to “build forward” better

BY CORINA RODRÍGUEZ ENRÍQUEZ, DAWN

Public-Private Partnerships (PPPs) have been promoted as mechanisms to expand financing for development, opening up business opportunities to the private sector in sectors where public provision for decades was considered essential to guarantee rights. The healthcare sector is one good example.

Evidence from different countries of the global South shows that, instead of improving the coverage and quality of health provision and making it more efficient, PPPs have contributed to deepening the economic concentration in healthcare provision, making its management less transparent and limiting the guarantee of this basic human right.

Three examples taken from a project of case studies that DAWN is developing in different countries of the global South illustrate this:

In **Kenya**, Crystal Simeoni and Wangari Kinoti have been studying the case of the Managed

Equipment Service,<sup>1</sup> marked by the signing of contracts between the Ministry of Health, county governments and private sector providers. Analyzing the impact of this initiative on medical equipment leasing, they conclude that it has led to gaps in priority setting, a redirection of resources to “non-essential” specialized equipment, as well as less access by women to this specialized equipment. They highlight that “amplifying these obvious gaps in prioritization is the fact that prevailing philanthro-capitalist and development assistance to the healthcare sector continues to weaken African health sectors”.

In **Zimbabwe**, Nyasha Masuka has been studying public-private engagements at Parirenyatwa Hospitals,<sup>2</sup> where she concludes that PPPs in the country’s healthcare sector were formulated without adequate participation of all the actors and there was lack of

transparency and accountability. The provision of healthcare through PPPs also has been more costly, with subsequent discrimination in the quality of service provided to different population groups. The situation led to acts of resistance from healthcare professionals, legislators and citizens. Resistance to PPPs and acts of corruption associated with them resulted in dismissal of the Minister of Health and Child Care and the cancellation of all PPPs in public hospitals by the Acting Minister of Health and Child Care.

In **India**, Sulakshana Nandi, who has studied PPPs in the healthcare sector,<sup>3</sup> finds that “while essential government health services such as primary healthcare services, disease control programmes and reproductive and child health programmes are being starved of funds, the budgets for PPPs such as the publicly funded health insurance (PFHI) schemes have been increasing manifold”. She concludes, “The COVID-19 pandemic shows that despite being continually prioritized in terms of

1 Simeoni, C. and W. Kinoti (2020) “Medical Equipment Leasing in Kenya: Neocolonial Global Finance and Misplaced Health Priorities”. Work in progress.

2 Masuka, N. (2020) “Corporate Accountability and Women’s Human Rights: A Feminist Analytical Approach to Public-Private Partnerships (PPPs) in the health sector in Zimbabwe”. Work in progress.

3 Nandi, S. (2020) “Case study on the impact of Private Public Partnerships through Publicly-funded health insurance schemes on women in India, with special reference to Chhattisgarh state.” Work in progress.

resource allocation, the Pradhan Mantri Jan Arogya Yojana (PMJAY – an expanded version of previous PFHI schemes) has failed to enable access to free healthcare, even at a time of crisis when healthcare services were needed

the most. This exposes the danger of promoting and diverting public resources to such PPPs, and neglecting and under-resourcing the public health system.”



## VI

## RE-REGULATE global finance

BY BODO ELLMERS, GLOBAL POLICY FORUM EUROPE

The COVID-19 pandemic led to a combined triple crisis: the response to the health crisis quickly triggered an economic and financial crisis, as governments locked down the economy and financial market actors panicked in the early weeks of the crisis. Contrary to the transatlantic financial crisis of 2008-2009, the unregulated global banking system is not at the centre of the triple crisis. Nevertheless, insufficient financial regulation and inadequate international financial architecture aggravated its impact and made a swift and effective response more difficult.

Financially more vulnerable countries were especially affected. In March 2020, a record volume of private capital left developing countries in record time. Capital flight was more severe than during the 2008-2009 financial crisis. Valuations of sovereign bonds issued by heavily indebted countries plummeted on secondary markets, as investors got scared that emerging economies would no longer be able to service their debts and a series of defaults is at the doorstep.<sup>1</sup>

Financial markets only calmed down when private investors got reason to believe that they will once again be bailed out by the public hand. A new wave of interventions by the world's major central banks – primarily massive asset purchase programmes –

boosted demand for bonds and thus their prices and injected new liquidity into the markets. The IMF declared quickly that it would deploy its US\$ 1 trillion lending capacity to ensure that governments do not run out of cash, including the cash they need to pay their creditors. The G20 declared in April its intention to suspend bilateral debt payments owed by Low Income Countries and Least Developed Countries until the end of 2020.<sup>2</sup>

In so doing, major central banks and the IMF managed to stabilize financial markets and avoid a massive series of sovereign defaults, for now. This however came at the price that the bubbles in the international economy grew even bigger. Even market-friendly analysts are increasingly astonished by the mismatch between asset price valuations and the underlying economic fundamentals. While stock markets had returned to their pre-crisis evaluations by summer 2020, the global real economy was in recession, governments faced record fiscal deficits, and several hundred million workers had lost their jobs and income.

This mismatch has made the global economy even more vulnerable to a massive financial crash. Already before the COVID-19 shock hit, global debt levels, public and private debt combined, had reached all-time highs, and this simultaneously in all

1 UNCTAD (2019), The Covid-19 Shock to Developing Countries: Towards a “whatever it takes” programme for the two-thirds of the world’s population being left behind. Geneva, p. 3-4. [https://unctad.org/en/PublicationsLibrary/gds\\_tdr2019\\_covid2\\_en.pdf](https://unctad.org/en/PublicationsLibrary/gds_tdr2019_covid2_en.pdf)

2 IMF (2020), Communiqué of the Forty First Meeting of the IMFC. Washington, D.C. <https://www.imf.org/en/News/Articles/2020/04/16/communique-of-the-forty-first-meeting-of-the-imfc>

country income groups: high, middle and low.<sup>3</sup> The coronavirus crisis has made clear that fundamental steps in financial regulation and reform of the international financial architecture need to be taken. At least to some extent, it also created new political impetus for it.

### Towards capital controls and a sovereign debt workout mechanism

A key challenge is how to get rid of high and unsustainable debt levels when it becomes necessary. While sovereign debt owed to bilateral and multilateral creditors can be cancelled through these creditors' political decision, this is not easily possible for sovereign debt owed to private creditors. Sovereign debt is the only category of debt for which there is no insolvency law that would establish binding rules for its treatment in case of the debtor's insolvency, and for which there is no insolvency court to treat it – to make binding decisions on debt restructuring and enforce them in a fair and timely manner.<sup>4</sup>

Some private creditors exploit this situation with free-rider strategies. They speculate that when public creditors' grant debt relief, it frees up money that enables the debtor to continue paying them. Currently, the savings that poor countries realize from the G20's Debt Service Suspension Initiative (DSSI) are partly cashed in by private creditors instead of creating fiscal space to respond to the health crisis, as private creditors refuse to participate voluntarily, and there is no effective mechanism to enforce participation and guarantee fair burden-sharing. On a more general level, because restructuring debts owed to private creditors is so difficult, the policy choice of bailout is often preferred over debt restructuring. Richer countries use primarily central bank money for financing such private creditor bailouts; poorer countries use IMF resources for doing so.

To address this issue, it would be necessary to fill the gaping hole in the international financial architecture – namely, a sovereign debt workout mechanism. This requires an institution that fulfils the roles that insolvency laws and courts fulfil for other debt categories, that is, one that makes independent and binding decisions on sovereign debt restructurings based on objective criteria and is able to enforce it in an impartial manner. The idea is not new. It has been promoted by the IMF for some time since the early 2000s, by academics and civil society organizations, and by developing countries organized in the G77, but has been repeatedly shelved due political resistance by countries which either host major political centres, or are in a solid net creditor position.<sup>5</sup> The need for such a mechanism became a central item in the multilateral response to the coronavirus crisis, as UN Secretary-General António Guterres also endorsed it prominently at the 2020 UN Financing for Development Forum.<sup>6</sup>

In addition, countries can and should make more use of capital controls in times of crisis. Controls on capital outflows aim to mitigate large-scale capital flight through investor panics, as the one we have witnessed in spring 2020. They also help to reduce severe exchange rate depreciations, which make it difficult for private or public debtors to sustain debt service when loans are denominated in foreign currency. Such controls can come in the form of restrictions that limit the amount of capital that can be transferred out of the country, or in the form of price mechanisms that tax such transfers.

Capital controls can be an effective tool to curb speculative movements of capital, promote long-term investments and stability, and secure policy space. They had been part of essentially every country's

3 World Bank (2019), *Global Waves of Debt. Causes and Consequences*. Washington, D.C. <https://www.worldbank.org/en/research/publication/waves-of-debt>

4 Bodo Ellmers (2016), *The Evolving Nature of Developing Country Debt and Solutions for Change*. Eurodad, p. 28-35.

5 Bodo Ellmers (2015), *The UN's work towards faster and better resolution of sovereign debt crisis. A tale of legal frameworks and basic principles for sovereign debt restructurings*. Eurodad. <https://www.eurodad.org/unanddebtcrises>

6 UN (2020), *Secretary-General addresses the virtual meeting of the 2020 ECOSOC Forum on Financing for Development* (UN Web TV), <https://www.un.org/development/desa/financing/voice/secretary-general-addresses-virtual-meeting-2020-ecosoc-forum-financing-development>

anti-crisis policy toolkit until the 1970s, after which they have been gradually removed as part of the neoliberal agenda, often under pressure by international organizations such as the OECD and IMF. More recently, the pendulum has swung back in favour of capital controls, but in practice their application is often ‘too little – too late’.<sup>7</sup>

### Towards new taxes and an international tax body

The coronavirus pandemic has also exposed how important a high level of steady fiscal revenue is. Countries which are poor or have suffered from austerity policies in recent years were more heavily affected. Their underfunded health systems lacked capacity to cope with the health emergency. Limited fiscal space also meant they were unable to finance economic stimulus to counter the effects of the economic crisis. Harmful tax competition, tax evasion and tax avoidance are the central reasons why governments all over the world are cash-starved. In particular financial secrecy jurisdictions, or tax havens, facilitate tax dodging. Developing countries especially suffer from an unfair global tax system that allocates taxing rights to their disadvantage.

To address this issue, an intergovernmental tax commission – with universal membership and a strong mandate – should be created at the level of the United Nations. This has been a central global governance demand of developing countries for quite some time, very prominently in the run-up to, and at the Fourth International Conference on Financing for Development in Addis Ababa in 2015. Most work on international tax policy and regulation has been done by the OECD in the past decades, and OECD agreements could be made to create more transparency through, for example, the automatic provision of tax information, or disallowing transnational corporations to evade taxes by artificially relocating profits to tax havens through dodgy accounting tricks. These however have turned out to have limited effect in

practice and in any case are not tailored to the needs of developing countries.<sup>8</sup> An intergovernmental tax body at the United Nations could manage international cooperation to address tax dodging as well as harmful tax competition.

It could also pursue steps towards global taxation. A globally coordinated introduction of financial transaction taxes (FTT), for example, has enormous potential to raise revenue and thus create fiscal space.<sup>9</sup> At the same time, it would make speculative activities that can destabilize financial markets and cause crises costlier and hopefully less numerous in volume. At a UN high level event on “Financing for Development in the Era of COVID-19 and Beyond” in May 2020,<sup>10</sup> the idea was proposed of using revenue from a global financial transaction tax to finance a Global Fund for Social Protection. Such an innovation, if realized, could become a key element of the better recovery that the international community is currently seeking.

7 Kavaljit Singh (2019), “Capital Controls. The Policy Pendulum Just Keeps Swinging,” Madhyam, Policy Brief # 3, 5 April 2019, <https://www.madhyam.org.in/capital-controls-the-policy-pendulum-just-keeps-swinging/>

8 Tove Ryding (2019), An intergovernmental UN tax commission – why we need it and how we can get it. Eurodad/Financial Transparency Coalition, [https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/529/attachments/original/1590691263/An\\_intergovernmental\\_UN\\_tax\\_commission\\_%E2%80%93\\_why\\_we\\_need\\_it\\_and\\_how\\_we\\_can\\_get\\_it.pdf?1590691263](https://d3n8a8pro7vhmx.cloudfront.net/eurodad/pages/529/attachments/original/1590691263/An_intergovernmental_UN_tax_commission_%E2%80%93_why_we_need_it_and_how_we_can_get_it.pdf?1590691263)

9 Only in the USA, a 0.1% tax could raise US\$ 777 billion over 10 years, and it would be a highly progressive tax predominantly paid by the rich, see Aaron Klein (2020): What is a financial transaction tax? Brookings, <https://www.brookings.edu/policy2020/votervital/what-is-a-financial-transaction-tax-2/>

10 <https://www.un.org/en/coronavirus/financing-development>

## VII

# RE-INVENTING multilateral solidarity: rhetoric, reaction or realignment of power?

BY BARBARA ADAMS, GLOBAL POLICY FORUM

Multilateral solidarity is gaining traction as the slogan for mobilizing support for international cooperation and for the UN. Is it replacing or merely renaming cross-border obligations – many of which have been enshrined over decades in UN treaties, conventions and agreements – and the principle of common but differentiated responsibility in their implementation?

Why do we seek another name at this time? It seems that reaffirmation is less attractive than invention in this time of innovation, short term thinking and results measurement and messaging via social media and 280 characters. How should it be reinvented?

Solidarity assumes trust and common responsibilities.

In the 1980s Chase Manhattan CEO David Rockefeller said that the economics of international relations drives the politics. Certainly, the politics of international relations has failed to keep pace with globalized economics and has resulted in unfettered hyper – globalization and multi-dimensional inequality and violence.

Decades of structural adjustment, market liberalization and austerity policies, together with financialization and digitalization have propelled the rush to neo-liberal governance. This is characterized by the unwillingness and/or loss of capacity of UN Member States to govern at the national level, and by implication and logic, also at the global level.

The vacuum has been nurtured and “filled” by power centres, public and private. One prominent forum is the World Economic Forum (WEF) that defines itself as “the International Organization for Public-Private Cooperation” and asserts: “The Forum engages the foremost political, business, cultural and other leaders of society to shape global, regional and industry agendas.”<sup>1</sup>

In June 2019, the UN Secretary-General signed a framework agreement with the WEF, promising multiple areas of cooperation on activities the WEF describes as “shaped by a unique institutional culture founded on the stakeholder theory, which asserts that an organization is accountable to all parts of society. The institution carefully blends and balances the best of many kinds of organizations, from both the public and private sectors, international organizations and academic institutions.”<sup>2</sup>

Is this agreement a recognition that stakeholders are replacing public sector representatives and rights holders as the primary “subjects” of multilateralism and the UN?

One of the victims of this (stakeholder) trend is the UN. The pragmatism of Secretaries-General Annan and Ban Ki Moon launched a succession of public-private partnerships and multi-stakeholder initiatives to keep the UN in the multilateral game. Are these what is meant by multilateral solidarity?

1 <https://www.weforum.org/about/world-economic-forum>

2 Ibid.

If so, how can it be expected to tackle the most serious global challenges that include climate degradation, ballooning inequalities and systemic discriminations, the COVID-19 pandemic and an unsustainable debt burden for many developing countries?

The record of the International Financial institutions (IFIs), in particular the Bretton Woods Institutions, is not encouraging. The looming debt crisis, exacerbated by COVID-19 and economic lockdowns, is not a unique phenomenon. The failure of IFIs to assess debt sustainability and related fiscal policy according to rights and social, economic and environmental justice obligations is a long-standing practice, one that treats symptoms at best. The 2030 Agenda for Sustainable Development made a valiant effort to connect the dots, and the COVID-19 tragedy has forced governments back into the driver's seat, a role many had relinquished willingly or under pressure.

Climate change and COVID-19 are not the only crises that have exposed the abdication of achieving *substantive* democratic multilateralism but have been of such dimensions that Member States have to step up and govern. Has the preference of many to partner rather than govern met a dead end?

Reinventing multilateral solidarity must start with bending the arc of governance back again – from viewing **people as shareholders - to stakeholders - to rights holders**.

There are many global standards and benchmarks that could be developed to measure this progression. These should be at the forefront of pursuing substantive, rights-based multilateralism and distinguishing it from multilateralism for rhetoric's sake. Just a few to get started:

- Vaccines recognized as global public goods.
- Moratorium on IPRs for health, climate change and indigenous peoples' rights while going through a review and possible recall process.
- Ratification and adherence to human rights treaties and conventions.

- Ratification and adherence to environmental and sustainability treaties.
- Abdication of nuclear weapons and export of small arms as commitment to peaceful and just societies.
- Global priority positioning of the 2030 Agenda for Sustainable Development to support sustainable livelihoods and strategies for conflict prevention, as well as to evaluate debt sustainability and the quality of financial flows.
- National oversight and implementation of agreements on business and human rights.
- New and meaningful commitments to reducing inequalities within and between countries including policies addressing and measuring the concentration of wealth.
- Cross-border solidarity that is not an excuse for interference or market access.
- Demotion of GDP as the primary measure of economic progress and prosperity.

Multilateral solidarity relies on trust and requires addressing the trust deficit in the public and private spheres. Solidarity is demonstrated by a commitment to all rights for all and this cannot be achieved or aspired to without an effective duty bearer – government and the public sector. The UN should be the standard bearer at the global level, not a neutral convenor of public and private engagements.

Credible public institutions with commitment and capacity for long-term programming and non-market solutions and responses are essential at all levels.

And this requires predictable and sustainable public resources, currently undermined by tax evasion and illicit financial flows and detoured to servicing undeserved debt burdens.

The necessary but not sufficient condition for multilateral solidarity, the fuel to change direction, is a new funding compact at national level and to finance an impartial, value-based and effective UN system.

## VIII

### RE-DEFINE the measures of development and progress

BY ROBERTO BISSIO, SOCIAL WATCH

On 26 February 2020, US President Donald Trump waved a paper with maps and figures in front of the cameras and announced that “the risk [of the new coronavirus] to the American people remains very low” and that “whatever happens, we’re totally prepared”.<sup>1</sup>

The paper shown to substantiate the decision to delay any immediate action was the Global Health Security Index (GHSI),<sup>2</sup> an analytical tool intended to help “countries understand each other’s gaps in epidemic and pandemic preparedness so they can take concrete steps to finance and fill them”.

The expert weight and credibility of the GHSI is based on an international advisory panel of 21 experts from 13 countries that created “a detailed and comprehensive framework... to assess a country’s capability to prevent and mitigate epidemics and pandemics”.<sup>3</sup> The data thus gathered are compiled by the Nuclear Threat Initiative, the John Hopkins School of Public Health, and the Intelligence Unit of *The Economist*. The initiative was funded by the Bill & Melinda Gates Foundation, the Robertson Foundation, and the Open Philanthropy Project.

The Gates Foundation is also a major funder of the Global Preparedness Monitoring Board, a high level task force sponsored by the World Health

Organization (WHO) and the World Bank. This board had among its members the chief epidemiologists of the United States and China, doctors Anthony Fauci and Georges Gao. In their first “World at Risk” report (September 2019), they had warned that “there is a very real threat of a rapidly moving highly lethal pandemic of a respiratory pathogen killing 50 to 80 million people and wiping out nearly 5% of the world’s economy, a global pandemic on that scale would be catastrophic creating widespread instability and insecurity”.<sup>4</sup>

After the experiences of Ebola, SARS and the avian flu, it was deemed “likely that the world will continue to face outbreaks that most countries are ill positioned to combat”. The new index was intended to “illuminate those gaps to increase both political will and financing to fill them at the national and international levels”.<sup>5</sup> The new pandemic was not a question of “if” but of “when”.

Half a year after the eruption of the COVID-19 global pandemic, the comparison between the assessed “capability to prevent and mitigate epidemics and pandemics” and the actual impact of the new coronavirus, in terms of deaths per million inhabitants, is shocking: Among the fifteen countries better ranked in the GHSI we find many of those with the highest casualty rates (see Table 3.1), while among the ten

1 <https://www.voanews.com/science-health/coronavirus-outbreak/trump-us-totally-prepared-coronavirus>

2 Available at <https://www.ghsindex.org/>

3 “Developing the GHS Index” in <https://www.ghsindex.org/>

4 <https://reliefweb.int/report/world/world-risk-annual-report-global-preparedness-health-emergencies-global-preparedness>

5 “Why is the GHSI needed?” <https://www.ghsindex.org/wp-content/uploads/2019/10/2019-Global-Health-Security-Index.pdf>

deemed the worst prepared we find for example Algeria, which is one of fifteen countries considered “safe” and from which travel to Europe has been allowed since 1 July 2020.

The announced “high preparedness” of the USA and the UK (the top-ranking countries) seems to have led decision-makers in these and other top-ranking countries to feel that they did not need to worry much about COVID-19 when it started in China and then jumped to Italy and Iran in the first weeks of 2020. China was ranked in 51<sup>st</sup> place and Iran in 97<sup>th</sup> place in the index (and Italy, in 31<sup>st</sup> place had the lowest Western European ranking) and it was easy to assume they were suffering because of their unpreparedness.

Thousands of deaths could have been avoided if, instead of downplaying the risks, the perceived certainty of statistics had pointed to the dangers that even the richest countries were facing and thus press for earlier action.

Bad policy decision are the responsibility of the decision-makers, not of the scientists that advise them and the GHSI did include the caveat that “no country is fully prepared for epidemics or pandemics, and every country has important gaps to address”.<sup>6</sup> But the data clearly indicate that “the average overall Global Health Security Index score totals 40.2 out of a possible score of 100 and 116 high- and middle-income countries do not score above 50”. With scores of around 80 percent, the highest in the world, both Donald Trump and Boris Johnson had good reasons to feel reassured.

Were the numbers wrong? Actually, the GHS report and its index provide an exhaustive compilation of the state and capacity of health services for 195 countries. The information is organized into six categories: prevention, detection and reporting, rapid response, health system, compliance with international norms, and risk environment. The value for each category is defined by several questions

(140 in total) that in turn provide numerical values for a total of 34 indicators, and 85 sub-indicators.

While each indicator is as accurate as possible (with some amount of unavoidable guesswork, e.g., in measuring risks), the way in which they are chosen and weighted together as proxies of complex issues can be problematic.

For example, the first of seven issues that define “prevention” is Antimicrobial Resistance (AMR). AMR happens when microorganisms (e.g., bacteria, fungi, viruses, and parasites) change when they are exposed to antibiotics and develop resistance, thus becoming “superbugs”. AMR is a global problem, as medicines become ineffective and the risk of infections spreading increases. But the indicator for AMR in the GHSI does not measure the intensity of the use of antimicrobials or the percentage of patients with resistant infections, but measures instead four sub-indicators:

1. Is there a national AMR plan?
2. Is there a laboratory that tests AMR?
3. Does the government conduct surveillance activities?
4. Are prescriptions required for using antibiotics in humans and animals?

The USA is a major contributor to global AMR, but it ranks number 8 among 195 countries on that indicator, as it meets most of the tests. Countries that are too poor to actually have excess use of expensive antibiotics could be commended for not adding to this global problem, but instead their ranking is very low, because they lack sophisticated regulations and laboratories.

The USA ranks first in the category of “detection and reporting”, because of its laboratory systems and epidemiology workforce; although its ranking goes down to 117 in the category of “environmental risk”, because of the high urbanization, deforestation and the economic cost of natural disasters. But that high risk is diluted by good performances on other “risks” like infrastructure adequacy, political and security

<sup>6</sup> <https://www.ghsindex.org/report-model/>



risks and socioeconomic resilience, each of which has a similar weight in the average as the environmental risk.

Similarly, under the “health system” category, the USA ranks in place 175 (only 20 steps away from the very bottom) in “healthcare access”, with only 25 percent. But this huge social problem of lack of access to healthcare, with such a big impact on how the country actually suffered from COVID-19, is diluted when averaged against other sub-indicators such as “capacity to test new medicines” (100%), “communications during emergencies” (100%) or “health capacities in clinics” (60%).

While a new vaccine is being developed, the fight against the pandemic, where successful, has been conducted largely with the century-old tools of quarantine, physical distancing and wearing face masks, and many of the public health recommendations and language used in several countries are strikingly similar to those that were used against the so called “Spanish Flu” of 1918.

Science still has many unanswered questions, such as why Northern Italy suffered more from COVID-19 than the relatively poorer South of the peninsula, or why Eastern Europe was less affected than their richer neighbours of the West. Was it because of better policies, such as early confinement? Or was it due to some different environmental or social determinants, and if so which?

Some early analyses have found “compelling evidence of a positive relationship between air pollution, and particularly PM2.5 concentrations, and COVID-19 cases, hospital admissions and deaths”.<sup>7</sup> PM2.5 refers to particles in the air that have a diameter less than 2.5 micrometres, typically associated, as in the case of overall air pollution, with fossil-fuel consumption. Similarly, high mortality rates among COVID-19 patients are associated with conditions such as obesity and diabetes, which in turn are “mal-development” or behavioural issues, associated with the consumption of junk food and excess sugar.

By largely ignoring the social and environmental determinants of health and concentrating instead on the infrastructure, advanced technologies and regulatory frameworks, the GHSI ends up being very similar to traditional “development” indices, with a correlation greater than 0.7 with the UNDP Human Development Index (HDI). A correlation of 1 indicates that two measures are identical and a zero that there is no correlation at all. The GHSI claims that it has “a somewhat positive correlation” of 0.44 with GDP per capita. Yet, on a closer look it seems obvious that the index “penalizes” small countries just because they do not have the scale to support some of the high technology health services that the GHSI judges as important for preparedness. Thus Monaco has an Index value of 31.1 while neighbouring France ranks 68. Andorra scores 30.5 while Spain has an index value of 65 and Liechtenstein reaches 43.5 while Switzerland’s value is 67.

If we only consider countries with more than a million inhabitants, the correlation of the GHSI with per capita GDP climbs to over 0.7, which is a high degree of correlation.

### Why does it matter?

The high degree of correlation between the GHSI and HDI or per capita income is accepted because it does not surprise anybody. It reinforces the development cooperation paradigm: “Our World in Data”, a major statistical database compiled by the University of Oxford (funded, coincidentally, by the Bill & Melinda Gates Foundation) announces in 2020 that “where GDP per capita is high people live longer; children die less often; mothers die less often; doctors can focus on fewer patients; more people have access to clean drinking water and electricity; they can travel more; have more free time; better access to education and improved learning outcomes; and people are more satisfied with their lives”.<sup>8</sup> The same study goes on to show that among countries at the same income level, health results can be very different and other studies have shown a higher correlation of health results with lower inequalities than with GDP per capita.

<sup>7</sup> <https://ideas.repec.org/p/iza/izadps/dp13367.html>

<sup>8</sup> <https://ourworldindata.org/exemplars-in-global-health>



But the main message for policy-makers is that countries need to get richer, not more sustainable, and that to climb the ladder and become “developed” they should follow the advice of their richer peers.

Teivo Teivanen, Professor of World Politics at the University of Helsinki, has argued that “various pedagogical tools have been used to construct the idea that the poor countries of the developing world have childlike features and that they therefore need to be educated, and led, by the developed countries, the adults. Even if the idea is seldom presented so bluntly, it forms part of many if not most development discourses”.<sup>9</sup> In that paradigm, “poor” countries

get no credit in terms of ranking for not contributing to climate change or to air pollution or AMR.

SDG 17.19 of the 2030 Agenda promised “to develop measurements of progress on sustainable development that complement GDP”. COVID-19 shows that this is not a statistical subtlety but a matter of life and death. It is high time that “A” grades are distributed where due, and not exclusively to rich students.

<sup>9</sup> [https://www.researchgate.net/publication/232872230\\_The\\_Pedagogy\\_of\\_Global\\_Development\\_the\\_promotion\\_of\\_electoral\\_democracy\\_and\\_the\\_Latin\\_Americanisation\\_of\\_Europe](https://www.researchgate.net/publication/232872230_The_Pedagogy_of_Global_Development_the_promotion_of_electoral_democracy_and_the_Latin_Americanisation_of_Europe)

**Table 3.1.**

**Top ranking of the Global Health Security Index: The better prepared were among the worst performers during the COVID-19 pandemic**

Country	GHS Index Score	Deaths per million*
United States	83.5	480
United Kingdom	77.9	680
Netherlands	75.6	359
Australia	75.5	9
Canada	75.3	237
Thailand	73.2	0.8
Sweden	72.1	568
Denmark	70.4	106
Korea, Rep	70.2	6
Finland	68.7	59
France	68.2	464
Slovenia	67.2	59
Switzerland	67	229
Germany	66	110
Spain	65.9	609

\* Deaths caused by COVID-19 per million inhabitants as of 3 August 2020.

Sources: GHS Index (<https://www.ghsindex.org/>) for the preparedness index and Worldometer COVID-19 Data (<https://www.worldometers.info/coronavirus/#countries>) for the COVID-19 deaths per million figures.

Spotlight on Sustainable Development 2020

## Shifting policies for systemic change

Lessons from the global COVID-19 crisis

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