



Delivering the Global Reset

In ODI's sixtieth anniversary year we set out to challenge decision-makers and thought leaders to think differently about global challenges.

The Covid-19 pandemic raised the stakes, accelerating the need for systemic change and radical yet realistic measures to recalibrate social values and provide more sustainable and equitable pathways for the future. ODI@60 convened a series of virtual conversations to interrogate global challenges and chart the practical steps required to create more resilient, equal societies and reimagine a world beyond the pandemic.

We invited global, community and youth leaders, activists, businesses, academics and experts to explore and share ideas to build a better world. Through the #GlobalReset dialogues we asked:

- ▶ **How can global economic cooperation be reinvigorated to deliver a fairer and more sustainable future for all? How can this transformation address the climate emergency?**
- ▶ **What should political and societal leaders do to redefine the social contract and ensure more progressive and just policies post-pandemic?**
- ▶ **How do global and local institutions need to adapt to meet these challenges? What kind of coalitions and ways of working could emerge?**

ODI argued at the outset of the pandemic that we cannot go back to normal, because normal was the problem. So we must seize this opportunity to reset before old habits re-establish themselves.

Conclusions and recommendations

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1 Take urgent action to tackle the climate emergency

While the pandemic dominated global headlines last year, many countries also experienced deadly climate shocks. 2020 tied with 2016 as the hottest year on record. Locust plagues across East Africa left 42 million people facing severe food insecurity. Australia, Brazil and the US suffered unprecedented wildfires. After heavy monsoon rains, a third of Bangladesh was underwater. The frequency and intensity of such disasters will increase as average global temperatures continue to rise.

Yet 2020 was also a year of new climate actions. Major economies including China, Japan and South Korea joined the European Union with pledges to reach net-zero emissions by mid-century; the US followed in early 2021. The challenge now is delivering a rapid green recovery that sets the world on track to halve emissions by 2030 (compared to 2010 levels). For sustained success, the green recovery must be founded in a **new social contract** that meets the needs and addresses the concerns of the most vulnerable.



Support a green economic recovery

To date, 42% of the G20's energy-related stimulus spending has flowed to fossil fuels. Over the next decade, countries plan to produce 120% more fossil fuels than would be consistent with limiting global warming to 1.5°C. There is therefore an urgent need to shift investment and lending towards low-carbon options.

Decision-makers all over the world are reflecting on the tools at their disposal. Low coal, oil and gas prices offer an opportunity to tackle the fiscal and climate crisis by reducing fossil fuel subsidies and introducing a carbon price. Central banks and institutional investors are starting to measure and report climate-related financial risks. Still more innovative approaches, such as border carbon adjustments and debt-for-climate swaps, are on the table.

Low-carbon investments can also be job-rich. Retrofitting buildings, constructing mass transit and installing decentralised renewables can all boost employment, as well as reducing greenhouse gases. With COP26 looming and a new director at the helm of the WTO, there is a window of opportunity to align climate and trade policy to accelerate the green recovery.

Prioritise a just low-carbon transition

Building a sustainable world economy must be based on embracing and unlocking the benefits of the green transition for all, rather than denying low-income countries the opportunities that are commonplace in, for example, OECD countries. If designed and delivered with care, climate actions can cut air pollution, enhance labour productivity, reduce traffic injuries, improve energy security and safeguard biodiversity. The shift to a climate-friendly economy therefore has the potential to boost living standards and reduce inequality.

Reaching net-zero emissions also demands profound economic and social changes that carry risks for workers, communities, investors and countries. The benefits of climate action will only be fully realised if the low-carbon transition is carefully managed to ensure everyone in society sees the rewards.

Decision-makers need to adopt inclusive, forward-looking approaches to address the climate emergency, paying particular attention to the rights and needs of vulnerable groups on a global scale : women, children, people with disabilities, residents of informal settlements, indigenous communities and others who have been excluded by the current focus on high-carbon economic models.

2 Build a fair and sustainable future for all

The Covid-19 pandemic exposed the gross inequalities of the current economic and social order, fuelling demands for a fairer economic and political system. The crisis required a global effort on all fronts – but instead international solidarity fell short and protectionism and narrow national interest have dominated the response. Now is the time to challenge power structures and dynamics that sustain inequality, and to create a fairer, more inclusive global economic system.



Rewiring the economic framework

Our economic framework needs to move beyond a focus on efficient markets and cyclical countercyclical policies. Macroeconomic policies need to encompass employment and climate objectives rather than just focusing on how vulnerability to external shocks are minimised.

Governments should prioritise industrial policies for job creation, and invest in skills development, trade-related infrastructure and digitalisation – including to bring the digitally excluded online. Fiscal and monetary policies should be deployed to increase the provision of global and national public goods. Trade and industrial policies also need to be seen as complementary to traditional macroeconomic policy instruments such as fiscal or monetary policy. WTO commitments and Regional Trade Agreements could be used to transform economies, for example through digitalisation and e-commerce. Government regulation of the financial system should focus on shared prosperity, not just short-term profitability.

Investing for sustainable development

The twin crises of Covid-19 and climate change have underscored the need to direct investment in ways that drive more sustainable, resilient economic transformation. Public finance has a crucial role to play in raising and steering private investment. Domestically, eradicating environmentally harmful subsidies can lay the foundations for greener investments while providing robust social protection can encourage entrepreneurship and innovation. But the collapse of tax revenues and trade during the pandemic has also underscored the importance of international public finance to protect the most marginalised groups and ensure a green recovery. The fiscal burden must be shared equitably through both emergency financing and expanded investment.

Focusing on private finance, 2020 has been distinguished by new commitments to disclose climate-related risks, divest from carbon-intensive assets and adopt more rigorous ESG metrics. Many financial regulators and development finance institutions are pushing commercial banks, insurance companies, pension funds and other financial institutions to align their portfolios with the SDGs and the Paris Agreement. These steps are welcome, if overdue. Yet in parallel, Covid-19 has exposed and exacerbated inequalities. Poverty and unemployment rates are rising as the wealth of the richest balloons. Going forward, investments must be grounded in a new social contract to close the gap between rich and poor, and ensure decent living standards for all.

Existing legal and political accountability mechanisms are often weak, and embedded in discrimination that hold back social and economic progress and undermine collective solidarity. We must move beyond policies that are simply sensitive to discrimination, and push for transformative and sustainable change that explicitly seeks to rebuild the social fabric while addressing injustice grounded in stereotypes and norms based on race and / or gender across all sectors and spaces.

Economic and social protection measures have lagged behind those to contain the spread of the virus as policy-makers face major liquidity and fiscal constraints. Over 150 countries have extended or developed social protection schemes during the pandemic, but many are interim and do not provide a long-term safety net. A global fund for social protection for LDCs could plug the financing gap and insure them against risk. Expanding universal child benefits and universal health coverage would help reduce vulnerabilities and promote social cohesion and public support for social protection.

4 Promote digital governance and rights

Building political consensus to tackle global and domestic inequality will be challenging in an increasingly polarised world where rising inequality and weak digital governance have created ideal conditions for populism to thrive. This has further undermined the broad-based legitimacy democracies once enjoyed, one that was already seriously challenged by their inability to deliver ‘democratic dividends’ in terms of redistribution of wealth and a more inclusive social contract.

Some states have used the pandemic and the calls for the expansion of rights that have proliferated across the globe (as epitomised by the Black Lives Matter movement, but also pro-democracy protests in Myanmar, and the End Sars Movement in Nigeria) as a pretext for curtailing human rights, and access to digital freedoms. Keeping citizens ignorant or misinformed is one of the many ways regimes infringe on people’s rights and intimidate and suppress them.



Navigating the digital landscape

The links between digital rights and human rights (including socio-economic rights) are complex and need to be better understood. Digital spaces have exposed human rights defenders to intimidation and criminalisation, yet human rights legal frameworks provide the needed foundation for guiding the production of online content and behaviours, while upholding freedoms. The role of the big technology companies needs greater examination. Radicalisation and violent movements have proliferated globally, with social media platforms being used to recruit, diffuse hate speech and finance and promote violence. Yet oversight, governance frameworks and scrutiny by accountable institutions, lag considerably behind. Mechanisms to ensure transparency, accountability and compliance are lacking. Diversifying access to information online and offline is crucial to countering nefarious content.

Global, national and community leaders need to collectively and actively engage in holding companies to account for their roles in fostering radicalisation and other digital public harms. While digital access and expression should be prioritised, states must protect citizens from malign forces online, for example through embedding education on digital and critical literacy from early years. The ability of states to protect their citizens is contingent on levels of public trust, and the ways in which states police their own behaviour. The emphasis on the digital space should not obscure the need for public trust in institutions and legitimacy of leadership.

5 Inspire new coalitions and ways of working

The pandemic offers an opportunity to advance a long-overdue overhaul of global cooperation structures. Instances of multilateral innovation have invariably emerged from systemic crises. Global cooperation needs reshaping from the ground up, bringing together like-minded actors, as well as the not-so-usual suspects. Broad coalitions coalescing around a common goal can form the basis for a ‘new’ multilateralism. These coalitions have the potential to bridge global and local, digital and analogue, state and non-state, and include activists and political actors.

Linking global and local leadership

New models of leadership will need to draw on experience and thinking from diverse groups. For example, national leaders can identify opportunities for people’s participation in inclusive processes, and strengthen local democracy by supporting civil society organisations to mobilise citizens and sustain the pressure for change. Local leaders, such as city mayors, are agents of change with better access to, and understanding of, their communities than global elites, and should be central to policy development.

Local engagement and leadership will be particularly important in crisis situations. We know that humanitarian action is stronger when it is locally rooted and led, but funding, decision-making and capacity is still concentrated in large international aid agencies. Governments need to fund and give agency to local authorities and local humanitarian organisations, who should lead humanitarian response – with international aid agencies providing support.

Upholding human rights and the laws of war

Seventy-five years after the UN was established, the promise of the Universal Declaration of Human Rights remains largely unfulfilled for most people in the world. A new multilateralism must be based on the principle that all states have a duty to protect human rights within their borders and beyond, and that the laws of war, which provide basic protections for civilians in conflict are respected.

While human rights and a rules-based order are fundamental to building peaceful, just and inclusive societies, the battles over defining, upholding, and expanding the reach of human rights is always a political one. We must redouble efforts to uphold human rights and international humanitarian law, and agreements that ensure access to justice for all. We must also redouble efforts to understand the political battles that lie at the heart of struggles over the expansion of human rights. This is particularly vital at a time when human rights discourses are re-shaping global political imaginations in a changing geo-political landscape. Understanding how global and local politics influence respect for rights, will enable us to more clearly identify the levers, the formal and informal incentives for advancing them.

Key takeaways

In our 60th year we created a space for people to reimagine a brighter future beyond the pandemic. Some tangible recommendations emerged: we know we can take meaningful steps toward addressing the climate emergency through a reduction in fossil fuel subsidies, the introduction of a carbon price, and the creation of infrastructure to boost employment while reducing greenhouse gases. We also know that equity and social justice need to be at the heart of any post-Covid aspiration to build back better if the struggles for social and racial justice, epitomised by the global explosion of the Black Lives Matter movement, even at the height of the Covid-19 pandemic are not to be beaten back by populist denial of the democratic project.

These ideas would require a more radical shift in collective mindsets – the move toward shared prosperity, not just short-term profitability, in the regulation of the financial system; or the need for transformative and sustainable change tackling structural racism and gender norms across all sectors and spaces. As leaders, social movements, organisations and citizens committed to greater inclusion, expanding rights and tackling racial injustices grapple with these choices, ODI will continue to hold the space open to advance this critical conversation – and provide the evidence and critical ideas needed to deliver transformational change based on justice and equity as the foundations for resilient, just and equitable prosperity on a global scale.

www.odi.org/60

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