

Audio file

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Transcript

I want to focus my 10 minutes on why we are failing and what to do about it. It's easy to critique, but there are solutions that we're not activating towards these interlinked crises that we seem to be stuck with. We have a massive global warming crisis, we have a biodiversity crisis, we have a water crisis, we have health pandemics that we found we were incredibly unprepared for. All of these problems could actually galvanise global, national and local innovation, technological, organisational and social, if we cared. It's really interesting to see how the history of innovation and technology has often been simulated, actually by problems. If you think about it, why do we have the Internet? Because there was a problem to be solved, which was to get the satellites to communicate. Why do we have GPS? There was a problem to be solved. To know where all the ships were in the ocean. All the problems that the Sustainable Development Goals should be focusing our minds on those bold 17 goals. Are we actually taking them seriously? Are we putting them at the heart of an economy which is problem-oriented, which is purpose-oriented with purpose-oriented businesses, mission-oriented governments, truly working together as we did, by the way, to get to the moon more than 50 years ago? There was 400,000 people. There was many different sectors in the business community, not just for aerospace. These required sectors as different as nutrition, materials, electronics, software, working truly dynamically with government. It was government led, but it wasn't top down and micromanaging. There was huge amounts of bottom-up innovation in the private sector working hand in hand with the public sector to solve so many different homework problems which got us camera phones, foil blankets, baby formula. But as I said, in all these cases, technology was an outcome. They were not obsessed with the technology. They were obsessed with the urgent need to solve problems and the design of that public-private partnership through changing the tools, for example, outcomes-oriented procurement, help to galvanise an immense amount of innovation across so many different sectors. We are not doing this. We are not doing this with the Sustainable Development Goals. We continue to treat our societal challenges, for example, the fact that there's over 2.2 billion people around the world that do not have safely managed drinking water. That we have 4 billion people or about 55% of the world, which have no recourse to even the most basic social protection. That we have this urgent need to solve our climate challenges, so on and so forth as peripheral. These are on the side. Literally in different rooms from those where the serious Finance ministers and treasuries work together to talk about growth. What's really going to make the world change is if we truly put our sustainable development goals at the centre, not at the periphery, of an outcomes-oriented economy. So that's really my first point. How can we completely switch mindset and really treat these problems as urgent? And use them to galvanise a massive wave of public and private sector investment. Also, third sector investment, we should remember. There's other, not just public and private to focus on problems. This, by the way, is what I tried to do with the World Health Organisation Council on the Economics of Health for All where I brought together as chair, working closely with Dr Tedros, 11 women, it was an all-women council saying, of course, we must invest in health and that's good for the economy. But the mind switches to say, focus on health for all and design an economic system to deliver a massive amount of innovation focused on health for all, design and economy. What does it mean for value, for innovation, for finance, for public sector capacity? The same thing in my co-chairing with Ngozi Okonjo-Iweala, with Tharman Shanmugaratnam, and Johan Rockstrom. We're currently co-chairing

the Global Council and the Economics of Water. Same thing, massive water problems. But water is not a sector, it's a problem. For example, the 2.2 billion people that I just mentioned, who don't have access to drinking water. How do we actually galvanise those water-related goals to bring together many different public and private actors, but especially with the global coordination, and that's why, of course, the UN remains so incredibly important. But this really also requires moving away from thinking of just fixing market failures, or, in the case of the sustainable development Goals, just seeing them in terms of financial gap. That gap, by the way, is massive. The latest estimates are that the SDG's have about four to seven trillion in a financial gap, but by seeing something as a gap, we by design, not by coincidence, end up producing reactive policies, policies that are about filling a gap, fixing a market failure, or at best facilitating someone else to take on risk. What we actually need for an outcomes-oriented, mission-oriented economy is to restructure the finance. There's plenty of finance out there, but it's not actually again outcomes oriented. Let's think of how much money is currently in our public development banks. It's over \$20.2 trillion, and then the Multilateral Development Banks, of which I'm sure some are in the room, 2.2 trillion, so together close to \$23 trillion are in public banks, which should be providing patient long-term committed finance. For what? For goals. But that doesn't happen unless they're actually aligned and working both together, so at the regional level, our MDB's can actually be working closely around the SDG's. Having a relationship with the national development banks, which then, and this is the critical bit, create conditionality. But the functional conditionality, not the problematic conditions of the past. To make sure that when loans are provided to the private sector across all the sectors in our economy. They are indeed conditional on investment, innovation, to really help you know, pick the willing, those that are willing to work. With our public banks and the MDP's and the UN on solving those problems, a quick example, by the way would be the reason we have green steel in Germany is that the local public Development Bank there, the KfW put the loans to the steel sector and you know in Latin America we should think about the natural resources, those sectors. The loan in Germany to the steel sector was conditional on steel lowering the material content of production in order to stimulate green steel, which they did to repurpose, reuse, recycle. And they did it because it was embedded in a loan programme. So, the SDG stimulus which the Deputy Secretary-General Amina Mohammed often talks about, as does the Secretary general, the SEG stimulus requires care and actually transforming these tools, procurement, public loans, grants and so on to truly be designed to deliver those technological innovations, social innovations, organisational innovations to have outcomes around the SDGS. Third, none of this will happen without doing what I've just described, which is to really rethink the concept of partnership. It's too easy to talk about ecosystems between public and private actors or partnerships, as though they're neutral. They're not neutral. We can design them in different ways, not just in terms of the conditionality I just discussed, but also, for example. Really making sure that how we govern technology is good for people and planet. So the how matters as much as the what. We saw this with COVID-19. We ended up with eight vaccines but the way they were actually produced continued to be problematic. So intellectual property rights, we can have them, but we can't abuse them. Intellectual property rights should not be so wide, used just for strategic reasons. So strong, hard to licence and so upstream that the tools for research are actually being patented. That's a misgovernance of intellectual property rights. So making sure that we have patent pools and different types of conditions to share knowledge, to put collective intelligence at the centre of our innovation systems is what will actually help to make sure that the innovation that then happens is actually good innovation, which is both problem oriented but also governed in terms of the how. And lastly, of course, multilateralism, global cooperation is critical, but without national and local and regional capacity capabilities, it's really hard to govern these processes. Even governing these dynamic symbiotic partnerships, which I just talked about, need capacity and capabilities. And what we've actually seen over the last 50 years is the outsourcing of

that capacity to private institutions, including consulting companies from our state institutions. I just wrote a book about this, which is coming out in Spanish this week, *En gran engaño* in English it's *The Big Con*, how the consulting industry has helped us infantilize our governments. We need actually smart government, smart business, working together, hand in hand, well governed, but without that capacity and capabilities, it doesn't happen. In Chile by the way, we have the laboratory de gobierno that's like a Gov lab within government, which creates a safe place precisely to experiment, to welcome uncertainty. How do we do outcomes-oriented procurement? Of course, that requires testing and learning by doing. So, these four points I'll leave you with now in conclusion, we need an outcomes-oriented economy where innovation is truly problem oriented. That's what got us all the technology in our Smartphones, we need to not think of financial gaps, but restructuring finance to create that SDG multiplier, which the UN Secretary-General talks about so importantly. We need symbiotic, not parasitic, public-private partnerships. We can do it. We did it to get to the moon, but it's not enough to talk about partnership and ecosystems. We need measures. How do we know if we're actually building a good partnership and not a bad one that is good again for people and planet. And lastly, we really absolutely need both the global cooperation but also the local, the regional and the national capacity. We need to reorient our thinking, not in terms of facilitating enabling market fixing, but truly co creating an economy that delivers and that requires the ability to create value differently, pre-distributively, not just redistributively. And with all this outsourcing that we've seen over the years away from our civil service. We really need to believe again in the civil service in order to also to attract some of the best minds back in and if we don't do that by the way, it will be impossible to govern artificial intelligence if all the talent is just going to the private sector. So we need private and public working together with capacity on both sides. And on that note, thank you again for inviting me to speak at your very important conference.