A Way Forward ↗

Governing in an
Age of Emergence

UNDP

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A Way Forward ↗

was initiated and inspired by Achim Steiner's Future of Development (FoD) COVID-19 High-Level Strategy Lab dialogue hosted on 22 April & May 12 2020. It expands on the ongoing exploration of the Future of Governance, led by the United Nations Development Programme (UNDP) and Dark Matter Labs. It aims to bridge the discussions initiated in the FoD lab and the hundreds of conversations we have hosted or participated in over the last few weeks. Ours is a multi-dimensional expedition, seeking new paradigms for wellbeing and value creation.

"Only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable."

Milton Friedman
1962

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A Way Forward is an expedition looking into the future of governance. It seeks to provide:

A lens to make sense of the changes taking place today, triggered by COVID-19.

A frame to consider the choices the world collectively faces.

An invitation for reflections, inputs, and suggestions to expand the analysis and, more importantly, to action the core propositions of the paper in the form of policy options for governments and societies.

'A Way Forward'. This is an expedition into #NextGenGov that puts forward three core key provocations:

1. An urgent call to build a **new Statecraft for the age of uncertainty and risk**
2. A recognition that we are operating in a new **context of shared vulnerabilities, risks and interests which require new models of societal and transnational innovation**s.
3. **An acknowledgment that the mere response to the immediate set of cascading crises** is not enough, we need to scaffold the **transition to a new human contract with the world around us.**

In this context, this paper is the beginning of a journey, it is an request to not only reflect on the ideas put forward and to participate in the discussion on policy options, but *an invitation to co-create new transitional governmental alliances for the transition we face as humanity*.

Contents

Summary

The world is on the cusp of a global depression. The death toll directly attributable to COVID-19, while significant and still growing, could prove to be minuscule relative to the cascading effects of the disease and the impact on public health arising from social and economic deprivation. The pandemic has exposed the inadequacy of the current institutional infrastructures to deal with the emergence, escalation, and nature of such outbreaks. In this paper, we argue that a renewal strategy capable of responding to the immediate crisis, with a view to reducing future liabilities, ought to be deployed synchronously across three risk horizons.

Horizon 1:
the known

Current national responses are shaped by the extent to which the pandemic has taken hold, government capabilities, and civic trust placed in those governments. These responses have surfaced a range of patterns that indicate the need for a fundamental reconfiguration of our governance systems, enabling us to deal more effectively with a new age of risk and to scaffold the rapid transition we are witnessing.
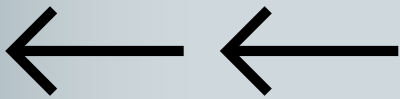
Horizon 2:
the knowable

The current crises of work, the social contract and trust, collective psychological trauma, and food security and supply, all call for a fundamental overhaul of public investment and financial management. We need to reduce future liabilities, make better risk provisions, and rethink our public revenue model.

Horizon 3:
the unknowable

Not only do we need to reconfigure our governance to deal with the risks & uncertainties, enabling us to withstand unexpected change, but we also need to be able to thrive on this uncertainty. This requires a new statecraft premised on a different institutional infrastructure, agile architecture for policy and regulation, new forms of legitimacy, and radical devolution of power and investment. A new framework for transnational alliances and global public interest is also necessary.

The scale and scope of the challenges our civilisation faces cannot be limited to incremental evolutionary risk management alone. We will have to venture **beyond the known, knowable, and unknowable horizons**, redefining what it means to be human, as well as our relationship with the planet and with each other.

We conclude with a petition for seeding **new transnational alliances** based on **shared interests and vulnerability** and a call for building new capabilities for the **Statecraft in the age of risk and uncertainty**.

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Hindsight 2020

The COVID-19 pandemic has provoked a collective, global trauma driven by rising deaths, accelerating unemployment, inequality, political instability, stalled economies, and widespread suffering and fear. We are on the cusp of a possible global depression. The death toll directly attributable to the virus could prove to be minuscule relative to its cascading effects and the impact on public health arising from social and economic deprivation.

01 While current global numbers continue to rise, with close to 500,000 deaths and 10 million infected individuals and counting, the projected caseload in the low-income countries outstrips available mechanical ventilators and oxygen by a factor of 25x. According to Imperial College in London, this number is itself a gross underestimation. In Africa alone, where 600,000 tests have been administered to date, estimates point ↗ to the need for 5 million in the next 100 days. Higher levels of poverty and inequality, limited access to basic resources, poor living conditions, demographics relating to population growth and ageing, and the overall health systems' capacity to deal with the subsequent epidemic waves ↗, all suggest an increased mortality rate in low-income countries. Imperial College's latest report↗ on the impact of COVID-19 on low- and middle-income countries indicates that this rate may be 4-times higher than current estimates suggest ↗.

02 In terms of the economic impact, the International Monetary Fund (IMF) estimates ↗ contraction of the global economy by 3%. This is far worse than the 2008-9 financial crisis, pushing an additional 40-60 million people into extreme poverty ↗, *resulting in the first increase in global poverty since 1998.* Collapsed distribution chains and export markets, coupled with diminishing demand, have affected Bangladeshi garment workers, Ethiopian coffee farmers, Kenyan flower producers, Sri Lankan tea growers. These are all people who need to work in order to eat. The International Labour Organization (ILO) indicates ↗ that 81% of the global workforce – that is, 3.3 billion people – have seen their workplace partly or fully closed as a result of the pandemic. Over 200 million jobs are at risk of loss – a figure that does not account for the informal sector that is prevalent in low- and middle-income countries. The incomes of 150 million Africans ↗, or ⅓ of the total labour force, are at risk, with an estimated 60 million jobs already lost. The World Bank projects a decline of $110 billion in remittances this year, roughly ⅕ of the 2019 figure. Massive debt, a shrinking public purse, plummeting oil costs, and a reliance on external finances increase the likelihood ↗ of political instability and conflict in countries already suffering from economic, political, and other crises.

03 The social costs of the pandemic are equally grim. The number of acutely hungry people is expected to double ↗ from 135 to 265 million, with a potential 30 million deaths ↗ in the coming months. More than 117 million children will miss out on vaccinations over the next few weeks, leading to an expected increase in illnesses and deaths ↗ from preventable diseases such as polio, cholera, and measles. The pandemic is having a disproportionate affect on women, with the United Nations Fund for Population Activities (UNFPA) indicating a likely 20% increase in domestic violence during an average 3-month lockdown across all 193 UN member states, as well as 2.7 million unsafe abortions and 11,000 pregnancy-related deaths ↗.
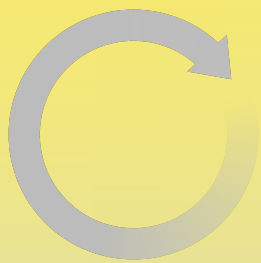
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Normal was a problem in the first place

The pandemic also can be understood as a warning sign, a probe into the structural weaknesses of our existing systems. It shows how futile it is to insist on facing 21st century challenges with the institutions and methods of 20th-century global governance.

01 **The pandemic has made evident the scale of the climate catastrophe, so too the scale of work required to manage and mitigate the impending tsunami of risks.** Even a near complete shutdown of the global economy has resulted in only 5.6% CO2 emission reductions relative to the 7.6% required annually ↗ to keep within the 1.5°C temperature-rise target. While much has been made of the potential benefits of the pandemic on the environment, COVID-19 has also highlighted the limitations of international environmental law ↗. It has merely hit a pause button on emissions that are likely to return to or even exceed pre-pandemic levels, particularly if economic stimulus packages are invested in road, air, and other infrastructures that support fossil fuels.

02 **COVID-19 has exposed the fragility of the social contract between state and citizen, risking state failures across the globe.** For years, there appeared to be a lack of public finances for the poor, the homeless, and marginalised. Now, in the COVID era, what was previously considered politically impossible, such as universal healthcare and basic income, has become politically inevitable ↗. The understanding of the state as both projection and architecture of our collective needs ↗ will be tested as citizen expectations rise in the post-pandemic period. Indeed, the ability of governments to provide for their people will be constrained by rising debt ↗. The resulting whiplash could lead to civil strife and political instability ↗, the seeds of which are already evident in various surveys relating to public perception ↗ of government crisis management.

03 **The pandemic has revealed the systemic injustices of highly concentrated markets that do not allocate fairly or freely.** We have witnessed how those with money outspend and deprive the poor of critical medical supplies with acts of modern piracy, hoarding, and price gouging ↗. The immediate consequence of the predatory purchase of medical supplies during a period of worldwide shortages is to render it impossible for low- and middle-income countries to adequately respond at the scale that is required. As such, the crisis is likely to accelerate inequality ↗, increasing the vulnerability of some people, cities, and states to the health, economic, and social fallout of the pandemic.

04 **COVID-19 has compounded underlying systemic inequities ↗** in communities where poverty and inequality levels are high, access to services like medical care is low, high pollution industries are present, and demographics include migrants, people of color, and minorities. Informal workers are particularly at risk of drifting into permanent poverty as they are currently unable to sell their products. Without sales, they are unable to purchase what is required for the next phase of production, selling what assets they possess in order to survive, and thereby removing the opportunity for future revenue streams post-lockdown. The possibility of investing in education or healthcare for either themselves or their families, inevitably, is greatly diminished. These deep structural weaknesses have now become visible to all, exacerbated by numerous pre-existing factors, such as the climate crisis, automation, and urbanization. Recent research illustrates the compounding nature of these risks, establishing the connection between poverty and COVID-related death. There is an estimated 32% increase in the probability of death ↗ when comparing the poorest quintile with the wealthiest.

05 **The pandemic has exposed the fragility of logistics infrastructures across the globe.** The demand for the critical production of food, medicine, and protective equipment, among other things, has raised questions about distribution and re-localisation. This has coincided with the increased automation that has impacted geographic job distribution, as well as the demise of ailing and fragile industries. Some countries are shoring up their production of critical assets, such as pharmaceuticals, while others are paying companies to relocate their operations from abroad, as is the case in Japan ↗. We may see an acceleration of the de-globalisation trend, following a global trade fall of 0.4% ↗ in 2019, with supply chains becoming shorter and national resilience gaining prominence on the political agenda.

06 **COVID-19 is disrupting global food production.** Already subject to massive inefficiencies and the effects of the climate crisis, global food waste amounts to almost $1 trillion a year ↗. National restrictions on the export of grains ↗, price spikes, and shortages mean that the number of people facing a severe food crisis is doubling ↗. Most of these people are in Africa, and are dependent on the food they grow for both nourishment and income. They now find themselves exposed to broken supply chains and disrupted cross-border trade.

07 **The pandemic has triggered a new essentialism.** That is, a collective, global transformation in what and why we buy and consume. Historically, this is unsurprising, with economic contractions leading to a drastic decline on consumer durables ↗, and a negative relationship between stock market variability and the production of consumer durables.

Cross-country research ↗ from May 2020 shows similar patterns in consumer spending, irrespective of the strictness of national containment policies, and points to personal choice as the biggest factor behind the drop. This has been significantly worse for those who are more exposed to COVID-triggered economic or health risks.

08 **COVID-19 has made evident the need to reconfigure the structural relationship between the household, the state, and market economies ↗.** For households, the usual means of smoothing income shocks ↗ – such as casual work, the gig economy, and migration – are not possible in a lockdown situation. Many households, especially those involved in the informal economy, are unable to access any form of state support or insurance. Their fragility is further affected by where they live, their dwelling space, and their social networks. It is people – families, friends, neighbours – that currently carry a premium value, rather than the goods and services that the market provides. Our response to the pandemic has prioritised health and wellbeing over the economy. Is it possible, then, that in the future we might see the gap between what the market values and what citizens value close? Crucially, the pandemic has made visible the foundational role of the state in relation to markets. To date, the state has been the underwriter of market failure and risk. What we have witnessed in recent weeks opens up a new possibility for changes in the social contract. We can alter how we live, how corporations operate, and the role and responsibility of government.

A Great Realization:
Beyond Grand Plans

In the midst of uncertainty, there seems to be one undisputed truth about COVID-19: no one knows what the long-term implications and legacy of the pandemic will be. The current institutional infrastructures of democracies and dictatorships, of high- and low-income nations, have been deemed ill-equipped to deal with the scale, scope, and nature of the emerging and cascading risks. Alternative renewal strategies need to look beyond the traditional Grand Plans.

" Our cards were speed and time, not hitting power, and these gave us strategic rather than tactical strength. Range is more to strategy than force."

T.E. Lawrence
1929

01 If we consider the pandemic in the context of growing global risks posed by the environmental breakdown – from air pollution and plastic contamination to the extinction of species and destruction of the oceans and biodiversity – the return to pre-2020 governance systems and economies is **not only increasingly unlikely but would be structurally negligent**. If we contend that the current emergency stems from the previous ways of doing things, this also tells us that any grand, monolithic plans provide no roadmap for responding to and reconfiguring the world after COVID-19.

02 There is much to applaud in state-led New Green Deal initiatives, and they may well result in the systemic overhaul that is required. However, we have to ensure **their structural fit and flexibility in addressing the asymmetrical crisis** born out of the interaction of emergent, cascading, and systemic risks and vulnerabilities. Grand Plans can often look good but are not easy to implement. Without effective deployment, they break apart when faced with the shifting situation on the ground. Like all plans, they rarely survive the first contact with reality – especially the reality of the long emergencies

03 **The Age of Emergence**

Perhaps more so than the financial crisis of 2008-9, the COVID-19 pandemic has highlighted the interdependencies of global risks that give rise to the Age of Emergence. Any viable strategy of change needs to recognise the depth and scale of anthropogenic, global interconnectedness. This is increasingly complex, tightly coupled, and near real-time.

The fragility of our human system and the rise of exponential technologies have coincided with escalating systemic erosion, involving the diminishment of our biosphere's regenerative capacities, which has been compounded by our extraction and consumption of natural resources.

This has served to establish a new age of risks & uncertainties that give rise to unknowable shocks precisely at a time when our collective will, technical capacity, and statecraft to tackle them appear to be lacking. It is an age in which the myth of certainty and linear predictions is neither useful nor applicable to emergent global realities; an age of mutual vulnerabilities in which the bailout is the 'new normal'. This requires a new structural approach to statecraft, which is designed to operate in an age of shocks and cascading risks compound by structural vulnerabilities.

04 Our collective strategy of renewal ought to be premised on a systemic response built on emergent, discursive, contingent processes of <u>perpetual learning and self-renewal</u> that build resilience and hope, and acknowledge the interconnectedness and types of risks we face, as well as their '<u>unmeasurable uncertainty</u>'. It should not be built only for the few on the back of the many. This strategy depends on establishing **distributed capabilities**, rapid **policy experimentation**, and **alternative social infrastructures (*Horizons 1–3*). Ultimately, it requires rethinking the relationship of humans with nature, with the future, with technology, and with ourselves (*Beyond the horizons*)**. The aim is to bolster the institutional immune system, radical transparency, disintermediated sense-making, and participation. Initial responses to the pandemic have planted seeds for what a renewal strategy might look like in practice, something that we will return to when we address the topic of statecraft in the age of risks & uncertainties.

" We are witnessing the largest experiment in comparative governance we are likely to see in our lifetimes. The virus is the control variable."

Benjamin Bratton
2020

Three Horizons and Beyond

For a renewal strategy to respond to the immediate crisis with a view to reducing future liabilities, it must consider three crisis horizons: those that are known, those that are knowable and predictable, and those that are unknowable.

"A **COVID Dividend** ↗ is the value we will reap from the reforms, changes in behavior and other innovations which were caused, prompted or dramatically accelerated by the COVID-19 pandemic that deliver sustained improvements in the social, economic, environmental, institutional, personal and community dimensions of our lives"

Martin Stewart-Weeks
2020

↗

Horizon 1

Reacting to (& learning from) the known crisis

Current national responses are shaped by the extent to which the pandemic has taken hold, government capabilities, and civic trust placed in those governments. These responses have surfaced a range of patterns that indicate the need for a fundamental reconfiguration of our governance systems, enabling us to deal more effectively with a new age of risk and to scaffold the rapid transition we are witnessing.

We have seen a spectrum of immediate crisis responses across the world, and while they vary greatly based on the extent of the pandemic, governments' capabilities, and political disposition towards scientific advice, to name a few, several patterns have emerged. Recognising these will be critical for reconfiguring our governance systems to deal with emerging and cascading risks. It should be noted, however, that this is not meant to evaluate one approach over another nor point to causality but rather to reflect on what has arisen to date.

1. **Execute and iterate**

The pandemic has opened a political space for forced experimentation, requiring speed and continued iteration of policies to adjust to fast-moving changes. Some governments are being more intentional in this regard. Vietnam's unique approach for managing the pandemic relies on <u>running multiple experiments</u> ↗ with different institutions to design a low-cost test kit for COVID-19. City authorities around the world are dedicating more of their public space to <u>biking lanes</u>. Some nations are experimenting on the go. Colombia and Bangladesh are <u>iterating entirely new social welfare programmes for millions of people</u> ↗. Around the world, <u>new policy alternatives</u> ↗ are being tried out in response to the health and socio-economic aspects of the crisis. This is likely to continue for months to come, as reopening of the economy will mark a <u>new phase of global trial-and-error</u> ↗, with policies tested to ensure that they maintain the wellbeing of the population. Legitimacy and accountability remain pressing issues, particularly as old paradigms are not flexible or adaptive enough to accommodate the speed of change we are dealing with.

2. **Beyond budgets**

Most governments responding to COVID-19 are in uncharted territory, functioning outside their regular budgets. Scrutiny of allocation decisions has been sacrificed in favour of speed and scale of response. Many governments are working to fill the capital gap, either by negotiating debt payment arrangements or raising funds from other sources, in order to maintain various policy support programmes for the population. Fiscal transparency in emergency situations is complex, with crisis response generating dynamics that override ordinary processes. <u>Independent research in 118 countries</u> ↗ validates this, indicating that most governments lack the accountability systems to make their budgets fully open to the public. However, the consequences of today's decisions will be felt for years. In the post-pandemic era, the <u>scrutiny over what drove public finance</u>↗ decisions, including details of with whom deals were made and on what basis, is likely to undermine trust and create a legitimacy gap, particularly if there is a lack of transparency or any suspicion of inequality or corruption.

3. **Responding with options**

Diversity of policy options for responding to the crisis depend on a range of **tangible** and **intangible** factors, ranging from resources, infrastructure, and technical know-how to trust and transparency. Digital infrastructure, dubbed as 'the sanitation strategy of our times' ↗, has provided the public sector with a larger menu of available options for preparedness and response.**Governments with the digital infrastructure** in place are having an easier time in contact-tracing, deploying vital support, and disbursing cash and subsidies↗ to citizens and companies. The Colombian government made social welfare provisions for 3.5 million newly needy households in 2 weeks as a result of a digital infrastructure that enabled rapid identification. The Bangladeshi government created 2 million digital wallets on the basis of national IDs or birth registrations for garment industry employees in 1 week to ensure rapid and safe disbursement of cash.

Nations with **dispersed networks of innovation foundations↗, maker spaces, and a vibrant social sector** are capable of orchestrating social capital, knowledge, and other resources toward a strategic objective and **deploying a full systems response (the platform state)**. In India, the social sector is outperforming government↗ in feeding people, and the Nepal & Bhutan Fab labs↗ are 3D-printing spare parts for ventilators and lab equipment to respond to the immediate need. These labs also are taking a longer-term perspective, mapping the supply chains of the medical sector, building a catalogue of spare parts, and on-shoring the production of critical equipment spares. The ability to deploy a portfolio of options as a response to the pandemic might point to resilience and adaptation to changing conditions. We have seen the difficulty of outsourcing responses, especially to the private sector, with citizen trust at an all time low. The absence of data and digital skills at the centre of government has become a life or death issue ↗ and outsourcing critical state capacities in contexts where public-private partnerships are not premised on delivering public value leaves all societies stranded in cases of pandemic-like events.

4. **Legitimacy & trust**

While few of today's political leaders have faced a crisis like COVID-19, the differences in their response to the pandemic has impacted on a fundamental aspect of the social contract: _trust_ ↗. That is, **trust in the state**, relating to the executive branch's capabilities, judgement, and ability to make impartial decisions, and **trust in the government**, concerning those individuals who currently hold power. Where trust is low or absent, there are rumours, misinformation, and fear. In some cases, these have resulted in actions that have spread rather than contained the virus, including the staging of public protests against lockdown and the refusal to close religious sites. Conversely, leaders whose responses have tended to generate trust via open, frequent, and transparent communication with citizens have been able to deploy a range of nuanced and tailored measures to deal with the crisis and rapidly flatten the rate-of-infection curve.

Recent research reveals shifting dynamics on trust. For the <u>first time since 2011</u>, citizens are demonstrating greater trust in governments to deal with crises. Yet, at the same time, responses to COVID-19 have exposed a <u>growing sense of unfairness and inequality</u> that is behind the burgeoning distrust of institutions in general. It would appear that the <u>difference in policy approaches is a function of different kinds of trust-driven relationships</u> ↗ between governments and society. How, then, might trust evolve in the coming months as we see nations address the cascade of entangled risks in the wake of the COVID-19 crisis? What will the degradation or absence of risk lead to?

5. **Societal sense-making infrastructure**.

While the spread, timing, and ultimate effects of COVID-19 all remain uncertain, governments are taking <u>100% of the responsibility for decisions that are based on less than 50% of the information</u> ↗. Not only is there a lack of data, **but the available models and systems for assessment and analysis** are a poor fit in terms of the nature of the pandemic. For economic, societal, and epidemiological events, <u>statistical models</u> ↗ are used that rely on data from the past in order to predict what will happen in the future. With COVID-19, however, we are dealing with the new and the unknown. The emphasis placed on the quantitative, at the expense of qualitative and ethnographic evidence, results in a skewed <u>cognitive and experiential diversity of perspectives</u> ↗. This has a knock-on effect on decision-making, ignoring numerous blind spots.

There is an opportunity to leverage technology and the collective intelligence of the populace in order to increase cognitive diversity and help make sense of the deluge of information. Instead, many governments are having to address the spread of misinformation and its effects on the most vulnerable. In Iran, for example, <u>700 deaths resulted from people drinking toxic methanol</u> ↗.

The global response to the pandemic has revealed how highly centralised bureaucracies are ill-equipped to cope with a fast-moving, shapeshifting situation that does not conform to neat categorisation and forecasting. The outliers have proven to be countries where the public sector <u>works within and outside the bureaucracy</u> ↗, leveraging new partnerships for faster and more coherent sense-making of new data and insights. <u>Vietnam and the Indian state of Kerala</u> ↗ are cases in point, as is <u>the network of cities in Mexico</u> ↗ that are collaborating to make sense of and respond to the crisis.

6. **Designing at scale**

In response to COVID-19, governments around the world have rapidly accelerated programmes that were already in the pipeline but slow to take off. These include digital infrastructure, public communication systems, national identity frameworks to support new welfare and universal basic income initiatives, online education, digital healthcare services, rapid rural development to address de-urbanisation, public food and civil supplies distribution systems, cities and states requiring immunity passports, and track-and-trace programmes. This forced acceleration of large-scale programmes stands in stark contrast to the recent trend for small-scale experimentation, informed by design thinking.

The pandemic has created the conditions of near constant emergency. Effective response requires the know-how and capability to undertake large-scale national programmes. What the current programmes reveal is an urgent need for scaffolding, as well as input from three distinct approaches:

- Mission-driven design, procurement, and implementation frameworks.
- Humanitarian response programmes.
- Counter-insurgency operational models.

7. **Debt**

The combination of **shocks to both supply and demand** has created the need for bailouts, economic stabilisation, and investment programmes at an unprecedented scale. This impacts countries in different ways. Many nations were already in debt prior to the pandemic and are unable to service either their running or projected debts. New international pacts are likely to emerge as a result of the COVID-disrupted economy, but it remains to be seen whether this will result in a further imbalance of power, favouring cash-rich nations, or whether wealthier states are willing to assume greater responsibility for the good of global relations.

With uncertainty come opportunities for exploitation – where debt-buying serves as something of a Trojan Horse – as well as opportunities for policy innovation. There are already promising signs from middle-income countries. Iraq, Tuvalu, and Azerbaijan, for example, have put in place stimulus packages worth roughly 17-18% of their GDP, while Romania, Georgia, El Salvador, Kazakhstan, Ukraine, Peru, and Sudan are on par with Italy, Finland, Sweden, Ireland, and Switzerland with packages amounting to 5% of their GDP[1].

1. The analysis comes from a comparison of projected and current fiscal deficits in World Economic Outlooks of 2019 (pre-COVID) and 2020 (accounting for COVID-triggered policies). It was done by RBEC chief economist Ben Slay. Note of caution: it is hard at this point to distinguish additional fiscal stimulus from repurposing (switching expenditure between budget lines).

Horizon 2

Responding to the age of risks and uncertainties

The **current** crises of work, the social contract and trust, collective psychological trauma, and food security and supply, all call for a fundamental overhaul of public investment and financial management. We need to reduce future liabilities, make better risk provisions, and rethink our public revenue models.

The immediate response to the crisis features four classes of systemic issues that require rapid intervention, as well as a series of 'no regrets' ↗ or COVID-dividend ↗ policies worth implementing now irrespective of which scenario plays out over the coming months. The cascading effects of the COVID-19 pandemic, is likely to result in one of the worst financial and economic crises on record. This will be entangled with a looming food crisis, health crises arising from disrupted immunisation campaigns that have affected 200+ million children globally, and crises connected with domestic and sexual abuse with long-term implications for a whole generation of women. Populations already suffering from the social and economic impact of the pandemic also will need to absorb the effects of a changing climate and severe weather events, the increased risk of political instability and conflict, the displacement of jobs due to re-shoring and automation, and rising food prices. The four classes of systemic issues that require rapid intervention over the next 2-12 months are outlined.

A. The Crisis of Work

The economic shut down and structural destruction of various industries calls for the design of a **new architecture of public investment focused on the real economy**. The growth path out of lockdown requires a portfolio of interventions that provide long-term generative, circular, and clean economic benefits, including job creation, particularly in the informal sector. Rapid local actions should be promoted, driving investments towards ecological restoration and regeneration. Interventions need to be at the level of both the individual, with many people having recently become unemployed and requiring assistance to make a fresh start, and the company. Possibilities include the following:

01 Shovel-ready green investment and job retention programme

Grass-roots action has resulted in some cities rapidly being retrofitted in an effort to create pandemic-safe economic opportunities. Vilnius, for example, has been transformed into an open air cafe ↗. Elsewhere emphasis has been placed on movement and exercise in sustainable, clean, and physically-distant ways. Around the world, there has been a quadrupling of the kilometers dedicated to bicycle lanes ↗ in cities. Other initiatives are underway to reimagine cities and streets in post-COVID times ↗. These include urban forests, renewable economies, tactical sustainable urbanism, and 'jungle jobs' ↗.

This is a civic investment for the common good, creating rapid social, economic, and environmental value. Clean energy technologies create more jobs per energy dollar ↗ than fossil fuels, with wind and solar power

providing 50% more jobs for the same amount of energy. A study published by Oxford University in May 2020 ↗ argues that green stimulus programmes in response to COVID-19 also will have a higher return on government investment than other alternatives. There is, however, a need to nurture civic commonwealth in conjunction with such programmes..

02 Public pivot investment programme for independent businesses

The Pivot Investment Fund runs on two parallel tracks. One is targeted at micro businesses, providing unconditional transition investment, with civic and stakeholder accountability for how the public investment is used. This enables the re-engineering of business models for resilience, adaptability, and experimentation. COVID-19 has already triggered the emergence of new models, including peer-to-peer networks and hackathons, as well as repurposing and diversification ↗, that suggest potential

paths for others to follow. The second is targeted at large companies, where the investment leads to citizen equity (with a potential of a buy-back) and a principle of mutualisation. This can take many forms. In some, bailouts are contingent on a company's registration status: if a company is registered in a tax haven it is likely to be denied access to bailout funds. In others, investment can be contingent on the prepayment of future contracts across the supply chain. This carries a liquidity risk for the company in question, but has a broader benefit as public funding trickles to all the different players in the supply chain.

03 Public sector financial investment and innovation

Many nations currently are dealing with massive COVID-triggered national debt. Financial support measures include loans and the temporary suspension of debt payment. Any significant attempt to reconfigure the economy and rebuild society will require extraordinary and unprecedented government spending and financial innovation, adding to the burden generated by the need to reduce liabilities, manage risk, ensure future public revenue, and stimulate investment in ecosystem services and clean technologies. The latter will involve tapping into existing financial mechanisms, such as debt swaps, consol or perpetual bonds ↗, pricing nature-based services in the low- and middle-income nations and swapping them for debt ↗, as evidenced by the Seychelles' debt-for-nature ↗ swap and the new Breath Better Bond ↗. Assessment of these public investment initiatives needs to take into account a Systems Return on Investment.

The returns will be both direct and indirect, factoring in the effects of local, social, economic, and environmental regeneration, speed of deployment, creation of new markets, and wealth distribution.

04 Public sector experimentation

As a result of the pandemic, there has been a forced digitisation transition of public services, from healthcare to education. In the case of some nations, they have become open-air testing labs ↗, as governments work out what policies will make it safe to reopen their economies, services, and borders. Experimentation to drive the deep transition of some of the new services is required. This will need to address options and opportunities, as well as structural inequalities and the potential for economic and social exclusion of those without access to digital services. In education, for example, it is necessary to develop, adapt, and contextualise online content and learning applications, as well as to help teachers address not only content but psychological development and mentorship. There is a need to flip the classroom, integrating project-based and hybrid learning.

B. The Crisis of Social Contracts & Trust

In times of crisis, expectations go unmet, companies collapse, and jobs are lost. Inevitably, this can generate both unrest and apathy, placing a strain on the social contract. Local investment and decision-making authority are necessary counter-measures, adapting policy to emerging needs and allocating personnel, services, and resources where they are most required, such as health workers in rural areas.

01 Investing in social infrastructures

This is necessary to build up community resilience, establish civic R&D and innovation ecosystems, as with Fab City Global ↗, and nurture social capital as a permanent capability to deal with short-term distress, as exemplified by Participatory City ↗. When investments and agency are devolved locally, social infrastructures become both a buffer zone to think and react in the face of fast-acting risks, and they present a form of institutional immune system, as in the case of Civic Square ↗.

02 Civic sense-making

The quality of citizen-scale sense-making has proven to be a vital differentiator in the coherence of national responses to the pandemic. Governments with open pathways to leverage bottom-up civic voices and draw on civic-sensor and communication networks ↗ have been able to mobilise with speed, scale, and minimum use of power. In the age of fake news and news terrorism, building the capacity for citizens to sense-make with integrity and trust will make all the difference to viable nationwide responses. Investment in this is vital.

03 Remaking the social contract

This needs to encompass the design and provision of basic services and assets for all, creating a social floor. Had this been in place before the pandemic, it would have enabled governments to focus on other aspects of the crisis, rather than investing in the care of those who fell outside the system, such as informal workers. There also needs to be an extension of social and employment insurance systems to include those in the informal sector, as well as provisions for a universal basic income linked to civic participation and further education, and universal basic assets ↗ and welfare similar to GiveDirectly's experiment in Kenya ↗.

The immediate intention is to reduce the **exposure of the vulnerable** by maintaining a basic scaffolding for long-term development and health care. Access to basic services should be considered an inherent right, without which there would be a catastrophic impact on the poor that would dwarf the mortality rate of COVID-19 ↗ itself. Such an approach should include basic healthcare for the elderly and those with underlying conditions, vaccination for children, the provision of warm meals, and supplementary feeding and postnatal care for mothers.

C. The Crisis of Collective Psychological Trauma

The conjunction of deep underlying vulnerabilities and the effects of COVID-19 – including mass global unemployment, food insecurities, logistical failures, and prolonged periods of suffering – are creating trauma at a societal scale. This reality calls for **investing in civic infrastructures**. The industrial revolutions of the 19th and early 20th centuries required us to reimagine health and wellbeing, resulting in sewer construction, slum clearance, and the establishment of schools and new public services. Our 4th industrial transition has seen a shift towards circular, decentralised, distributed, automated, AI-assisted, and collective-intelligence economies. When combined with the economic shock of COVID-19, we find ourselves once again challenged to reimagine the conditions in which both humans and the wider ecology can thrive, going beyond treatment and prevention to encompass environmental, physical, and mental wellbeing.

D. The Crisis of Food (supply chain) Security

The number of people facing acute hunger crisis is projected to double as a result of COVID-19 and the climate crisis. Not only is there uncertainty over the pandemic's duration and associated disruptions in supply chains and trade, but there are also concerns regarding severe weather events and the worst locust outbreak in decades ↗, which has affected more than 20 countries. Food growth and distribution is affected by labour market dynamics and shortages, variable incomes, the ability of farmers to plant and harvest, logistical failures and the disruption or suspension of supply chains, and global trade disputes. Ensuring food security ought to include a mix of national and international measures, covering investment in food production, agricultural innovation, and distribution, as well as agreement over food related trade restrictions to avoid massive price spikes ↗.

RT-HS-XL: Real-Time, High Speed, and Extra-Large Critical Policy Missions

Responding to *Horizon 2* COVID-triggered crises, governments have deployed unprecedented response programmes with no time to develop evidence-based or experiment-based policies. However, even though speed has a central place in these *Horizon 2* programmes, it should be acknowledged that **fast is not a direction** ↗, and that these programmes are characterized by more than just speed.

- They are **hypothesis-driven seeking continuous evidence**. For example, 50 million children need online education next week in Bangladesh, so let's make a start and tweak as we go along.

- **They are premised on operating, learning and iterating with real-time data**. There are no best practices or previous evidence for what does and does not work. In our education scenario, then, we will have to tweak the curriculum and online learning software as we go.

- They are **outcomes-oriented**. These are new massive-scale programmes involving **multiple actors** covering households and the private, public, and nonprofit sectors.

- They are radically open with real-time accountability and public governance.

- They represent a **portfolio of coherent interventions** across incentives, culture, services, institutions, infrastructure, and finance.

If we contend that bailouts are the 'new normal' in the Age of Emergence, then governments will need to rediscover how to design and deploy transformative programmes at scale, requiring new ways to organise and structure, assign and deliver work, and apportion accountability. This is the domain of *Horizon 3*.

Horizon 3

Statecraft in the age of risks & uncertainties

Not only do we need to reconfigure our governance to deal with the risks & uncertainties, enabling us to withstand unexpected change, but we also need to be able to thrive on this uncertainty. This requires a new statecraft premised on a different institutional infrastructure, agile architecture for policy and regulation, new forms of legitimacy, and radical devolution of power and investment. A new framework for internationalism and global public interest is also necessary.

We operate in a new age of risks & uncertainties, arising from complexity, from the brittleness and fragility of human, technological, and ecological systems. This requires us to reimagine our statecraft and its architecture in order to reconfigure our systems to deal with **unknowable shocks, the third horizon of our problem domain**. The shift from *Horizon 2* to *Horizon 3* is evident in how many countries and cities are responding to COVID-19 today. Weak signals and first steps suggest the potential for a new system capable of not only withstanding unexpected change but of thriving on uncertainty. Nurturing conditions in which these first seedlings can take root is a necessity.

> "Unlike the Enlightenment, where progress was analytic and came from taking things apart, progress in the Age of Entanglement is synthetic and comes from putting things together. Instead of classifying organisms, we construct them. Instead of discovering new worlds, we create them. And our process of creation is very different."

Danny Hillis
2016

Our governance models were designed for a world of categorisation, compartmentalisation, linearity, and predictability, where the intent was to tame and colonise and control. This legacy of old industrial methods and dogma has been found wanting in the face of the pandemic, in all its complexity and unpredictability. We have been confronted by our inability to detect the interdependencies between and effectively connect scenario planning, risk management, political decision-making, policy, budgets, provisions, and strategic innovation investment.

Part of the challenge is an approach where ex ante permissions are given based on centralised prediction, rather than decentralised iteration. They therefore cannot account for the adaptive nature of innovation where uncertainty is co-produced across corporates, governments, and civil society. Too often, our established institutions do not acknowledge the interlinked nature of these risks, let alone lead strategies that tackle them meaningfully. These strategies will require us to build our collective capacity to respond systematically to these threats on a real-time basis.

The Age of Emergence manifests the challenge James C. Scott terms 'seeing like a state' ↗ in which Victorian conceptions of knowledge are no longer sufficient to address the emergent, situational, and particular nature of crises. **This requires a new notion of statecraft**, which does not impose schematic visions that do violence to complex interdependencies that can never be fully understood. The success of any future statecraft depends upon the recognition, respect, and reorganisation of governance, public power, and agency to reflect the reality that local, practical knowledge is as important as formal, epistemic knowledge.

The key feature of 21st century notions of governance, then, is that it not only withstands the unexpected change but actually thrives on uncertainty. It does so by building up an ***infrastructure of ennoblement*** – rather than discouraging undesirable behaviour through control, such ennobling regulatory systems can now incentivise, communicate, and verify contribution. It also does so by building the ***institutional infrastructure for resilience***, managing and responding to what is happening environmentally and in terms of future risks, rather than relying on efficiency and optimisation. It reinforces the co-evolutionary relationship between science, economy, and state, suggestive of a post-industrial society grounded in the laws of nature rather than the artifice of 5-year plans. All this requires a shift in emphasis from the short-term of 4-year election cycles and millisecond-based financial transactions, to a focus on **the long-term** and the future collective good. **It requires the development of five core capabilities to underpin our new statecraft.**

A. New institutional infrastructure

Our existing systems are designed for a linear and predictable world. Different structures are now required within the public sector. We need to reconsider what data sources should be drawn on and combined to inform risk assessment, decision-making, and policy, from both within and outside state institutions. New capacities for system transformation will depend on experimentation and a portfolio approach to generate new evidence and engage with strategic risk. A new governance architecture, based on experimentation, speed, and precision, will enable us to simultaneously address and learn from complex systems.

01 Dual-operating-system governments

This requires the establishment of dual teams across each department to continually evaluate and manage both current and cascading risks as back-up systems, safe-to-fail protocols, and circuit-breakers ↗. As an example, in response to COVID-19, the State of Victoria set up an ambidextrous two-government system ↗, in which department heads were relieved of their normal duties to create a 'rapid response government' focused on 8 COVID-related medium-to-long term missions. In the meantime, deputy secretaries dealt with the day-to-day business.

02 New national statistical offices

National statistics should be made open-platform, collating and hybridising data from a variety of official, citizen, ethnographic, and other sources. This needs to inform rapid decision-making and maintain the integrity of sense-making standards. The core function of new national statistical offices will be to confer legitimacy to data sources that currently do not inform public decision-making. See, for example, Metasub's work with citizen science on detecting the spread of viruses and antibiotic resistance patterns across the world, or India's effort to monitor waste water as an early warning of COVID-19 outbreaks.

03 New ministries of futures

In the age of risks & uncertainties, siloed assessments of future risks and departmental scenario planning are leaving governments unprepared, equipped only for a linear, predictable response, built on analogue data. Ministries of futures, such as the UAE's Ministry of Possibilities and Bologna's Civic Imagination Office ↗, point the way for a new, integrated, cross-governmental capacity for the structured, real-time, data-driven design of integrated predictive models, future scenarios, and risk analysis.

04 Pricing risk on government balance sheets

While government bodies generate countless risk registers and risk management protocols, it is increasingly clear that very few of these risks make it to treasury in the form of real provisions. Lack of investment means that they are largely left under-managed. We need to bring the craft of actuarial science and insurance into the public sector. This will enable us to record on balance sheets the externalities and liabilities of dirty industries, inequalities, and the impact of species extinction on ecosystems, as well as to redesign the decision-making tools we use in response to such factors. Current forms of production, consumption, and systemic risk accumulation have served to create a multigenerational Ponzi scheme ↗ that we need to address.

05 Public intangibles asset management

The accounting innovation required is not just about liabilities but also assets. Governments need to better understand the wealth of assets that are unrealised, from local expertise to ecological services. In New Zealand,

the government has changed what drives decisions about its public budget ↗, shifting from an emphasis on economic growth to five priorities focused on wellbeing: mental health, inequality, poverty, community resilience, and social capital. Accounting for these intangibles suggests a move towards outcome-based public budgeting and a shift in how this is understood as investment rather than cost.

06 Economic development, investment, and market creation

There is scope for the state to be a risk buyer, designing and accelerating new markets by simultaneously investing in supply and demand. In order to encourage next-generation, open-data, machine-learning-assisted markets to respond to current risks, the state can advocate, and even subsidise, digital transformation, investment in the manufacture and distribution of vaccines, the decarbonisation of resilient food systems, or the regeneration of natural assets economies by means of new carbon pricing schemes ↗.

Collaborating with mobile companies, some governments already have enabled cash transfer ↗ initiatives in geographically inaccessible areas, such as Togo ↗. Others have combined ecological and economic considerations ↗ by connecting bailout programmes with sustainability conditions ↗ and committing to New Green Deal programmes ↗. Several governments have blocked companies registered in tax havens from accessing their bailout public funds, while others have made equity of treatment a key feature of their recovery plans, as is the case with Hawaii's feminist economic recovery plan ↗.

07 Reimagining public procurement

The shortcomings of the current public procurement system was brought into stark relief the moment there was universal demand for masks, gloves, and other protective equipment. Public procurement should be a mechanism for community resilience, economic development, and the reinvention of public and private partnerships towards the creation of public value. A focus on efficiency and a bias towards scale have to give way to an orchestration of resources in a distributed network premised on low-cost digital fabrication tools and open technologies. This encourages a move away from closed processes that favour incumbents (in close to 90% of all city procurements, contracts go to the incumbent companies) to open digital platforms based on transparency and modular contracting ↗.

B. An agile architecture for policy and regulation

If statecraft in the age of risk & uncertainties is about **the new types of structures**, the new architecture of policy and regulation is about **what those new structures produce**. It rests on at least three pillars:

01 Agile and iterative regulation

In an era of turbulence, agile regulation with civic legitimacy is a necessity. Drafting laws as code leads to safer, faster, and more transparent services ↗, new opportunities for both the public and regulators, and makes it easier for companies to achieve compliance in an ever-changing world. Most fundamentally, it provides the basis for testing laws before they are enacted as policy ↗. Bangladesh created an entirely new social welfare programme for 5 million 'newly needy' citizens in a week ↗. Had its rules already been encoded, the original policy could have been updated on its own.

02 Real-time policy

Taking 100% of responsibility for decisions made on the basis of 50% of the information ↗ aptly describes the age of risk we live in. Nearly all policy now can be viewed as situational experimentation. Driven by real-time policy, this is meant to generate evidence on a rolling basis, iterating policy on the go and creating scaffolding that enables decisions and spending allocations to pivot, fiscally and politically, when faced with a rapidly changing context. New Zealand is the first country to have turned tactical urbanism ↗ into official policy. In the process, it has set up an Experimentation Fund for citizens to submit ideas that would de-risk a city's

exposure to air pollution, which is understood to accelerate the spread of COVID-19. Vietnam's success in managing the pandemic partly stems from its efforts in testing multiple parallel strategies ↗ for the production of low-cost test kits.

03 Digital infrastructure

Underpinning a new architecture for policy and regulation is a digital infrastructure for different registries, permissions-based identity, and other data systems premised on interoperability. The pandemic forced major services to be transferred online almost overnight. It created the space to speed up public programmes that were already in the pipeline, such as the online provision of education. Those nations that had invested in digital infrastructure prior to the pandemic have proven to be more effective in their response. However, the COVID-19 outbreak has also highlighted how clunky some of these provisions were, making manifest social and economic inequalities, where the most needy have had no means of accessing online services. Fundamental tensions ↗ are also evident between the opportunities brought by digital tools and the risks the use of data pose to privacy rights and security. Negotiating this is at the heart of a different relationship between Big Tech and the state, swinging from animosity and distrust – as a result of data privacy issues, digital monopolies, and data extraction and manipulation – to a renewed digital compact that puts citizens' rights and inclusion at the centre.

C. New forms of legitimacy

Iterative regulation and real-time policy call for new forms of accountability and legitimacy. Consider current COVID-triggered policies: scrutiny for decisions relating to multi-billion dollar bailout packages and social programmes have been sacrificed for the sake of speed and the need to cover as many people as possible. If this kind of decision-making, policy implementation, and regulation is to be normalised in response to ever-shifting realities, then we also should rethink our approach to legitimacy and accountability. This could include, but not be confined to, the following:

01 The parliament for the unborn

No matter how rich or smart the future generations are, they simply cannot fix species extinctions, ocean acidification, or melted permafrost ↗. The legitimacy of today's decisions should be subject to scrutiny. In 2019, in Wales, the world's first Minister of Future Generations ↗ was appointed as a means of institutionalising this type of scrutiny. Democracy for the Future rests on **a third parliamentary house**, with elected citizens who will represent the interests of future generations on par with those representing the interest of our current ones.

02 Ecological Rights Charter

Some local and national governments have afforded bees, plants, and trees citizenship ↗, while rivers across the world have been granted legal rights similar to those of citizens ↗. Nonetheless, these remain isolated instances rather than a feature of the public decision-making apparatus. The Ecological Rights Charter is intended to address the blindfold of public legitimacy, to reimagine not only the interests of present and future generations, but also the interests of non-human inhabitants of the planet.

03 The Open Sector

Openness and transparency are necessary to render the invisible visible in the corporate sector. For too long this has been obfuscated by a mixture of inadequate regulations, lobbying, corporate governance norms, and fiduciary duties. The continuation of questionable 20th-century corporate practices, which have a detrimental social and environmental impact, is indicative of the broken social contract between the enterprise and society. Open Sector is a response to this trend, including transparency in employee pay ↗, open intellectual property ↗, creative commons, and data-driven institutional transparency in corporations ↗.

D. Micro–Many State

In stark contrast to a monolithic, top-down state premised on centralised control, the **Micro–Many State** seeks to **build distributed capabilities, connecting local authorities and cities, drawing on bottom-up and systemic innovation**, and rapidly identifying and managing emergent risks and opportunities. It is the <u>institutional version of a well-functioning immune system against unknowable risks</u> ↗. It distributes power among smaller, local, self-sufficient entities, producing a system 'that <u>could survive random stresses, rather than break under any particular one</u> ↗.'

01 **Radical devolution and distribution of governance capabilities** are enabled by digital interoperability

In an effort to create differential legitimacy and accountabilities, this is an effort to distribute resilience to households, communities, markets, and state by incentivising bottom-up innovation, new models of economy, social services, and production. One example is <u>Edgeryders</u>' work on uncovering the future of social services and the care economy.

02 Deploying commitment engines

This involves the establishment of new forms of public, shared accountability in complex systems, where individual accountability for collective and social outcomes is concrete and defensible. Consider, for example, <u>Lahti City's personal CO2 trading emissions scheme</u> ↗. This is a method of operationalising democracy as a non-coercive system where **trust is the key currency**.

03 Public distributed financing (DeFi)

This is an alternative to the centralised budgeting of treasuries. It requires distributed public financing arrangements for real-time fiscal devolution, spanning municipalities, regions, and national governments. The DeFi ↗ movement demonstrates that a new financing architecture is possible based on in-built trust in decentralised technologies, transparency, and interoperability. It serves to create a space for peer-to-peer service provision, trade, and economic activity, fostering the distribution of public finance and financing institutions.

04 Designing cultural transitions

The COVID-19 crisis has prompted us to address the 'crisis of imagination' ↗, picturing a desirable society a generation or two into the future. The pandemic has forced us to question what it means to be human in the age of emergence, to discover what is possible in the context where 'science fiction becomes the realism of our time' ↗.

Art and culture have had a tendency to anticipate and catalyse structural shifts throughout human history. There have been many instances of policy-makers collaborating effectively with culture-makers. In the 1930s, for example, the US New Deal created the Federal Art Programme ↗, which mobilised artists across the country to develop works for the public good.

For our #NextGenGov ↗ initiative, we collaborated with artists ↗ whose work inspired new policies in countries around the world. Today, several governments ↗ are investing in the creative industry and freelancers to build on the COVID-19 responses.

E. New transnational alliances and global public interests

The COVID-19 vaccine is the first test for strategies that aim at realigning global and national public interests. Providing a fast, free, and universally accessible vaccine – ensuring a path out of intermittent lockdowns in a connected world – will require action premised on international collaboration and solidarity rather than competition. Open, real-time sharing and collaboration are essential and must be given preference over a regulation-first approach.

01 Framework for building new transnational alliances

In the context where international trade has driven globalisation, we have seen countries revert to self-sufficiency and isolation when faced with shocks rather than seeking transnational collaboration. COVID-19 has opened a political space, informed by mutual vulnerability ↗, to rethink the key drivers of globalisation. Manifestation of a global public risk, in this case in the form of a pandemic, has flagged the importance of global intangible assets such as solidarity, trust, legitimacy, and human rights laws, as well as of tangible assets and resources relating to international health collaboration. If the assumptions regarding the risks & uncertainties that underpin *Horizon 3* are correct, then it is likely that global public risks will arise with increasing frequency and intensity, accompanied by entangled, cascading, and accelerating effects.

New transnational, interoperable systems for governing those risks are necessary.

Our mutual vulnerability and the need to protect populations across the globe are likely to usher in an era of new transnational alliances and concern for global public interests. This is already evident in the international efforts to rapidly understand and respond to a COVID-related syndrome affecting children ↗. Standard operating procedures and national protocols have been abandoned for the sake of setting up and drawing from the emerging international database of childrens' care protocols in order to determine what treatments work and what do not.

02 New framework for global action for public interest.

COVID-19 calls for global leadership and coordinated action based on Global public interest objectives and metrics ↗. We need to rethink intellectual property, the diffusion of technology and scientific advancements, manufacturing, and the integration of public value in pricing regimes. International collaboration in developing and implementing the COVID-19 vaccine, if achieved, can be a precursor and accelerator to a new suite of transnational compacts for viable growth. The Wellbeing Alliance ↗ is an example of such an initiative, and is premised on transnational innovation, interoperability, and design that prioritise wellbeing over capital efficiency and competition.

Beyond the Horizons

The scale and scope of the challenges our civilization faces cannot be limited to incremental evolutionary risk management alone. We will have to venture beyond the known, knowable, and unknowable horizons, redefining what it means to be human, as well as our relationship with the planet, technology and with each other.

The three horizons are systematically designed to sustain, conserve, and mitigate current and future perceived liabilities. There is an urgency to deal with the COVID-triggered damage now, yet there is a simultaneous need to manage emerging and new risks in order to reduce the future exposure and strengthen our resilience to respond to new crises. While the horizons chart pathways to address different types of risk, they **fundamentally require a different approach to public investment structured across intangible and tangible assets**. This is necessary to **reduce future liabilities and provisions for risk, as well as fostering both direct and indirect growth in public revenues and wealth**. However, we believe that the scale and scope of the challenges our civilisation faces cannot be limited to incremental evolutionary risk management alone. Even if leveraged by systemic innovation, this is likely to prove insufficient to overcome the technological, cultural, governance, emotional, and organisational leaps that are necessary.

Beyond the Horizons moves upstream to address the systemic origin of these risks, reconfiguring the sources that generate them. Their foundations are defined by ideologies that shape our human relationships. We have made the **future** a slave to our immediate needs, **nature** a hostage to our economic exploitation and efficiencies, and **technology** an insufficiently understood mechanisms for centralisation and control. Inequality and nepotism underpin how we conceive of our **societal relationships** and expose the broken social contract that leaves many exposed and vulnerable. In this context, the pandemic is a product of our relationship with **nature**, but a broader view of the cascading risks are also a function our relationship with:

- **The future** where austerity measures cripple healthcare systems.
- **Ourselves** where the broken social contract, poverty, and inequality all increase the risk of COVID-related mortality.
- **Technology** where a lack of digital infrastructure widens inequality, affecting those who cannot access basic services or centralised power.

This mission of embracing and discovering the full capacity of being human, seeking to transform our sense of self as a species, drives technological innovation and seeds new economies. We must move forward collaboratively, providing ourselves with a window <u>to look up in the sky and wonder at our place in the stars</u> ↗.

A Way Forward:

Turning shared interests to new ways of Governing in the Age of Emergence

A Way Forward is a beta version of our initial findings. It invites us to acknowledge that immediate responses to the current crisis will not be enough, that there is a compelling need to address the deep-rooted causes of the accelerating societal risks we face. It is essential that we scaffold the transitions to a different kind of a human contract with the world around us.

A Way Forward is an expedition into a new model of statecraft for the age of risk and uncertainty. It is an invitation to acknowledge that we are operating in a new context of shared vulnerabilities, risks, and interests that require a transition to different models of societal and transnational innovations based on the new foundational compact between state and society.

This paper seeks to go beyond mere analysis of the spectrum of problems and risks we face, identifying a portfolio of possibilities (POPs) and articulating a new framework for governance and government. The purpose of these POPs is not to define the future but to challenge, to innovate, to expand the range of politically acceptable policies, and to establish a foundation for the statecraft in the age of risk and uncertainties.

As its name suggests, we recognise that the *A Way Forward* is and must be one of many pathways to explore the future of governance. It is the beginning of a journey; one on which you are invited to join us to help evolve the provocations into new paradigms and policy options that seek to chart an alternative pathway to governance and statecraft.

A Way Forward is a petition for seeding new transnational alliances based on shared interests and vulnerability. We believe the future will be built across a new constellation of governmental alliances, where innovation in statecraft and governance is achieved collaboratively. Our key objective is to establish a platform to host these transnational discussions, and move us towards the new capabilities that are necessary for statecraft in the age of risk and uncertainty.

A Way Forward

Partners

UN
DP

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