

It takes more than markets: first lessons from the Covid-19 pandemic for climate governance

By Louis Meuleman, Vice Chair UN Committee of Experts on Public Administration and Visiting Professor Public Governance at Leuven University



Finding new routes

We are in the middle of the first pandemic of this century, but it is never too early to draw fresh lessons on governance, and to see how they can be used to further the societal transitions linked to the UN Agenda 2030 and the climate crisis in particular. This is what Louis Meuleman does below¹. He is Vice-chair of the UN Committee of Experts on Public Administration (CEPA), author of the book *Metagovernance for Sustainability* and Visiting Professor of Public Governance at Leuven University. He identifies three first lessons: firstly, the critical value of having an effective public sector; secondly, the importance of culturally sensitive governance; thirdly, the feasibility of transformative change.

We are rediscovering the public sector

The first observation is no big surprise. Countries with a functioning public sector that caters for essential health services for all are better equipped to deal with the pandemic than others who have privatized health care. Market-based health care uses the same strategy as retail companies, namely just-in-time delivery, limited stock and high reliance on logistics. This explains why many hospitals in otherwise well-resourced health systems have no emergency stock of protective clothing and facial masks.

¹ This article is a revised and longer version of a short guest article published at iisd.org on 7 April 2020.

Furthermore, long-term thinking is typically lacking in privatized versions of what used to be public tasks. Financial austerity since the global financial crisis of 2008 has aggravated the situation. Foresight teams and independent advisory councils preparing governments for '[thinking the unthinkable](#)' have been abolished in several countries. In the USA, for example, government has slashed funding for the federal Centers for Disease Control and Prevention and its infectious disease research, as [Linda Bilmes](#) from Harvard University recently reported. Meanwhile, globalization has increased the probability of, and the vulnerability to, global disasters, and has decreased the resilience of many national economies.

At the same time, for decades we have generally undervalued the role of the public sector, which [UN CEPA](#) has described as a political failure and [Mariana Mazzucato](#) has underpinned from an economic angle. The 'small government' mantra has resulted in less effective public administration and service, and a disregard of the public value that it may create. Mazzucato calls for a rethink of the role of public policy and the public sector and a redefinition how we measure value in our societies. CEPA has developed a set of eleven [principles of effective governance](#) for sustainable development, endorsed by the UN Economic and Social Council (ECOSOC) and already used as guidance by many countries.

So, the first lesson is about the need to reassert the central role of an effective, responsive and capable public sector in responding to society's needs, building resilience and dealing with crises when they arise. A hands-on instead of hands-off government is what climate action needs to maintain traction and course. But in many developing countries the real discussion is about what to do when government has no hands at all. Capacity building for climate action requires at least some kind of foundation on which it can be built. The need to (re)assert an effective public sector because of the pandemic will increase the vulnerability of people living in the least governed countries.

Effective governance is contextualized

The second early lesson from the COVID19 pandemic is about how contextualized effective public governance is. This is also not a big surprise. Markets are also context sensitive, but for a different purpose (e.g. specific revenue streams and market segments). Governments need to be sensitive to national values and traditions. As [Monika Sie](#) observed in the Dutch newspaper NRC of 20 March 2020, people in China reacted differently to the virus than in the Netherlands. In the collectivist culture of China, people wear face masks to protect others, while in the individualist Dutch culture, people wear the same masks to protect themselves – if they wear them at all. Similarly, people in China accept strict rules more easily than in countries such as the Netherlands or the UK. Governments are making use of this cultural dimension, extensively researched by [Geert Hofstede](#), by focusing, respectively, on collective responsibility in Asian countries and on individual responsibility in the Netherlands. The Dutch call their less restricted corona-lockdown, 'intelligent social distancing' because in their culture it is considered smart to be individualist. Maybe to compensate for this, the national Covid-19 slogan is 'Only together can we win the fight'.

Differentiation will remain, but in order to be more resilient, the new normal will in any case include formal and central government institutions. But there are almost no best practices that can be applied everywhere. The exception is maybe that the institutional coordination of climate and sustainability governance should be with the Prime Minister's office. However, even that may not be necessary if, as in Finland, the PM is not the super boss but the number one among her peers. Even a national sustainable development plan or climate and energy plan can have different shapes in different countries – even within commonly agreed rules such as in the EU on climate and energy plans. It can be a classic strategic plan of 200 pages, but strategy can also be seen as a permanent learning process. The focus is then on strategizing, not on planning. Or it could be both combined: planning as design and instruction, and as a continuous learning process.

The lesson for the implementation of the Sustainable Development Goals (SDGs) and for climate action in particular is that governance should be contextual, adaptive and resilient – as illustrated by the theory and practice of [metagovernance](#). Both the Chinese and the Dutch government, to stay with the above example, might reach their objectives, while using different approaches to get there. Climate governance has learned this lesson after the disappointing result of the 2009 United Nations Climate Change conference (COP) in Copenhagen. Many observers believe that the summit failed because of the focus on one particular approach, popular among climate scientists and activists, namely the idea that the only solution was a legally binding agreement (see e.g. [Meuleman 2010](#)). Since 2009, climate governance has become more diverse and combines top-down with bottom-up policy mechanisms. The Covid-19 crisis has just provided even more proof that this is right.

Rapid systemic transformation is possible

The third lesson is that rapid and unprecedented systemic transformation is possible in each country, provided that a problem is framed – and broadly felt – as a crisis. A disaster requires the acceptance of a command and control style of leadership (in individualist countries with soft gloves to ‘pamper the pain’). This style of leadership is making a comeback in responses to Covid-19, although it is not replacing collaborative or empowered approaches. But Covid-19 has become an equalizer: all governments have switched to a central command & control style of governance. For some that was a big change, for others not. The surprise, and that is an important lesson learned, is that such a sudden switch was possible. In other words: big transformations are possible. That is good to know. We might need to rely on disaster management more often in the future than we would like to think.

Beyond disaster management, can we also accelerate SDG and climate action through fast-track policy and institutional innovations – without replacing existing incremental innovation? This depends among other things on whether public institutions are willing to become a little more risk-taking than they are used to being. Fast-track SDG implementation cannot be organized without taking risks. It is impossible without trial and error, and without failure. This we need to accept. But risk-taking is not exactly a popular issue in public sector organisations. Public institutions’ first reaction to external shocks is normally the ‘turtle’: Close the windows and doors, then your eyes, and hide. That is logical because such institutions were not invented to be flexible, innovative and agile. They are there to keep things reliable, predictable and stable. But to be prepared better for dealing with crises we need to be able to combine stability with flexibility. So, we need institutional innovation that rewards some level of failure instead of punishing it. I have heard about research organisations who have a target failure rate of not less than 5%. Might make sense. Not for the Ministry of Justice, though.

One area where we might be able to speed things up without too much risk is multilevel governance. Top-down and bottom-up relations between levels of government are both characterized by a slow transfer of innovative ideas. A European law, for example on waste recycling, can take seven years to reach the local level where it needs to be implemented. For implementation of SDG issues, which are complex, urgent and relate to several administrative levels, we need to add a third approach and thus establish a three-speed gearbox for SDG multilevel governance. This third approach is ‘[real-time collaborative multilevel governance](#)’. It consists of mechanisms that bring together representatives of all relevant levels of administration to implement specific SDG challenges. It is not an exotic idea; it exists, for example, in the Netherlands already. It may be more difficult in certain cultural settings. But I think it has to be tried.



Source: Lightspring/Shutterstock

Creating strong partnerships

In addition, governments are suddenly ready to liberate enormous funds for social-economic support and recovery during and after the corona-triggered lockdowns. These investments should be used to develop societies, including their economies, to become more resilient to shocks. Keeping investments in climate action as the highest priority is then a wise thing to do.

The 2030 Agenda and the Paris Agreement, both agreed in 2015, are together a good roadmap to guide such sustainable investments. Support comes from the [International Energy Agency, pleading to put clean energy at the heart of stimulus plans to counter the coronavirus crisis](#). Also private investors consider this a smart approach:

since the corona crisis started, [sustainable equity funds](#) overall fared better than their conventional peers. The European Commission has communicated extensively that funds for Covid-19 crisis recovery should support its priorities on sustainable development and especially climate action, and digitalization.

We are at a crossroads

Already now, the Covid-19 pandemic has shown some underestimated impacts of globalization. Not only are diseases travelling extremely fast to reach the whole globe, we are also observing the impact of the concentration of industrial and pharmaceutical production on low-income countries. It is too early to estimate what kind of corrections of globalization will survive after the pandemic has lost its top place on the political agendas. We cannot afford to have the Covid-19 stimulus funds support an unsustainable future. We cannot afford delays in tackling the climate crisis, which is probably the first man-made global crisis. But in a way the climate crisis is worse than Covid-19, as European Commission President [Von der Leyen](#) has said: 'Sooner or later our scientists and researchers will develop a vaccine against coronavirus. For climate change, however, there is no vaccine.'

Taking the wrong decisions now will be worse than causing delays - it could throw our progress back years, or even prevent a sustainable pathway for the foreseeable future. Emerging trends on sustainable financing, budgeting and procurement would be blocked. This is a real risk. We have seen during the 2008 crisis how powerful global financial and economic actors were able to mobilize against structural change of their (unsustainable) 'business as usual' practices. And again, vested interests defending the carbon economy have become vocal very quickly and started lobbying against sustainable investments and – in Europe – the European Green Deal and the European Climate Law and Pact. Rowing back the sustainability agenda would be in stark contrast to the 'acceleration' theme that was selected for the July 2020 High Level Political Forum (HLPF) on the SDGs. It would not only lead to high human costs in rich countries but also endanger the continuity of the Paris Agreement and other commitments to support less developed countries.

To conclude, it takes more than markets to bring about sustainable change, and I am very happy with the re-discovery of the public sector and of the critical importance of effective governance. But just like the economy, the public sector does not exist for itself. It exists to serve the needs of the people and to respect and protect planetary boundaries. For this, we need partnerships between governments, private sector and civil society. For such partnerships we need strong government.