Innovating Public Governance to build back better & greener with Sustainable Industrialization

SDTF 2020/21 – 22 Febr 2021

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2020-21

Sustainable Development Transformation Forum

Building Back Better and Greener Sustainable, Low-Carbon Industrialisation

22-26 February 2021
8pm (Seoul) 2pm (Addis Ababa) 8am (Buenos Aires)

unosd.un.org/events/2021-21_SDTF

United Nations | Department of Economic and Social Affairs

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We have a problem…

- The climate & biodiversity crisis and the Covid-19 pandemic are destroying economic, social and environmental systems globally;

- This affects the SDGs – but differently across countries;

- Inequality and poverty are on the rise

… and this has a huge impact on industries in all countries, in different ways …

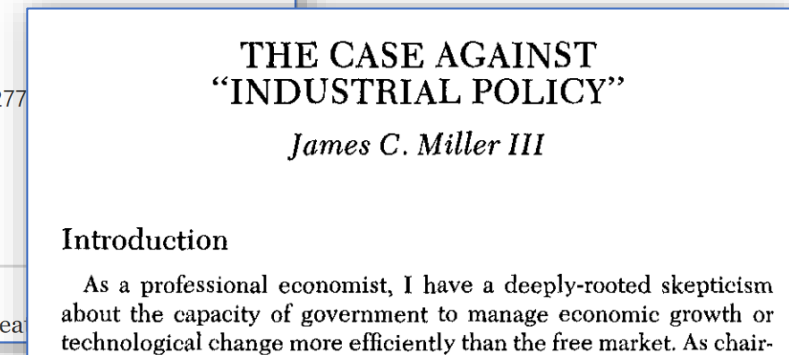*The impact of COVID-19 on global poverty: the first increase in global poverty since 1998*
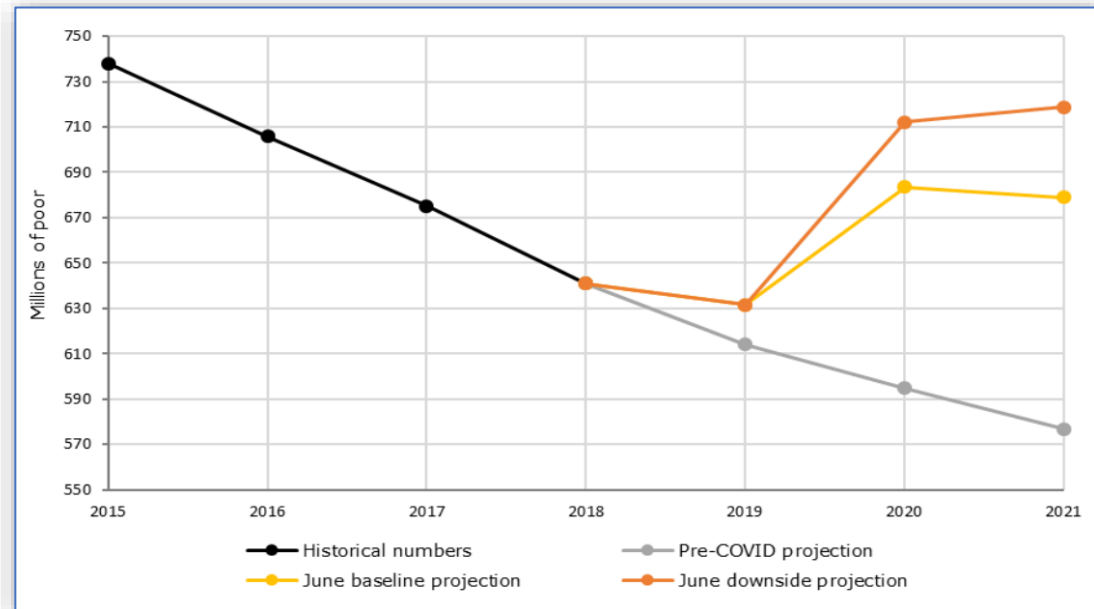
Source: Committee for the Coordination of Statistical Activities, 2020

- **Industry is affected by supply- and demand-side effects**
- **Some local industries** will be the **winners:** Firms are rethinking their business models, as **supply shortages from overseas** lead to increase in buying from local businesses
- This puts **export from developing countries** at risk

WHY the need to innovate governance?

... but many state institutions and their governance are not able to cope with the challenge.

- For decades, economic forces have resulted in **small and weak governments** and agencies, because the *'invisible hand of the market'* would solve all problems

- Part of this ideology was that **governments should not have an industrial policy to steer and condition developments**

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Home > Publications > Regional Economist > April 1993 >

The Pitfalls of Industrial Policy

By Michelle Clark Neely
Thursday, April 1, 1993

FUTURE DEVELOPMENT
Three reasons why industrial policy fails
Shanta Devarajan · Thursday, January 14, 2016

Published: 04 February 2020
The Failure of French Industrial Policy
Pierre-André Buigues ✉ & Elie Cohen

Journal of Industry, Competition and Trade **20**, 249–277

816 Accesses | **17** Altmetric | Metrics

Abstract
France, for a century, thought of herself as a grea

THE CASE AGAINST "INDUSTRIAL POLICY"
James C. Miller III

Introduction

As a professional economist, I have a deeply-rooted skepticism about the capacity of government to manage economic growth or technological change more efficiently than the free market. As chair-

WHAT to do? (1)

We've seen that the 'invisible hand' cannot solve our very visible crises -> the only option is to <u>bring industrial policy back … and green</u>

- Example: The European Green Deal (2019) requires major shifts in the European industrial structure, including transitions from fossil fuels to renewable energy

- **The EU's new Industrial Strategy (2020) is part of the Green Deal**

- It promotes investment in clean technologies and disruptive innovation

This means <u>bringing back the State and promote effective governance</u>

- The response of governments to the pandemic showed
  - the **power and importance of the state** in a crisis,
  - the **failure to act accordingly**.

- International experiences show that **the correct response to the pandemic is to demand <u>better</u> government, not less**

<u>Governance</u> is one of the 4 levers of sustainability transformation (GSDR 2019)

Politics books

Mission Economy by Mariana Mazzucato review – the return of the state

The pandemic has shown the limits of the market ... a book that takes its cue from the Apollo 11 mission is full of vital ideas for progressives who want to change capitalism

MARIANA MAZZUCATO

MISSION ECONOMY
A Moonshot Guide to Changing Capitalism

allen lane
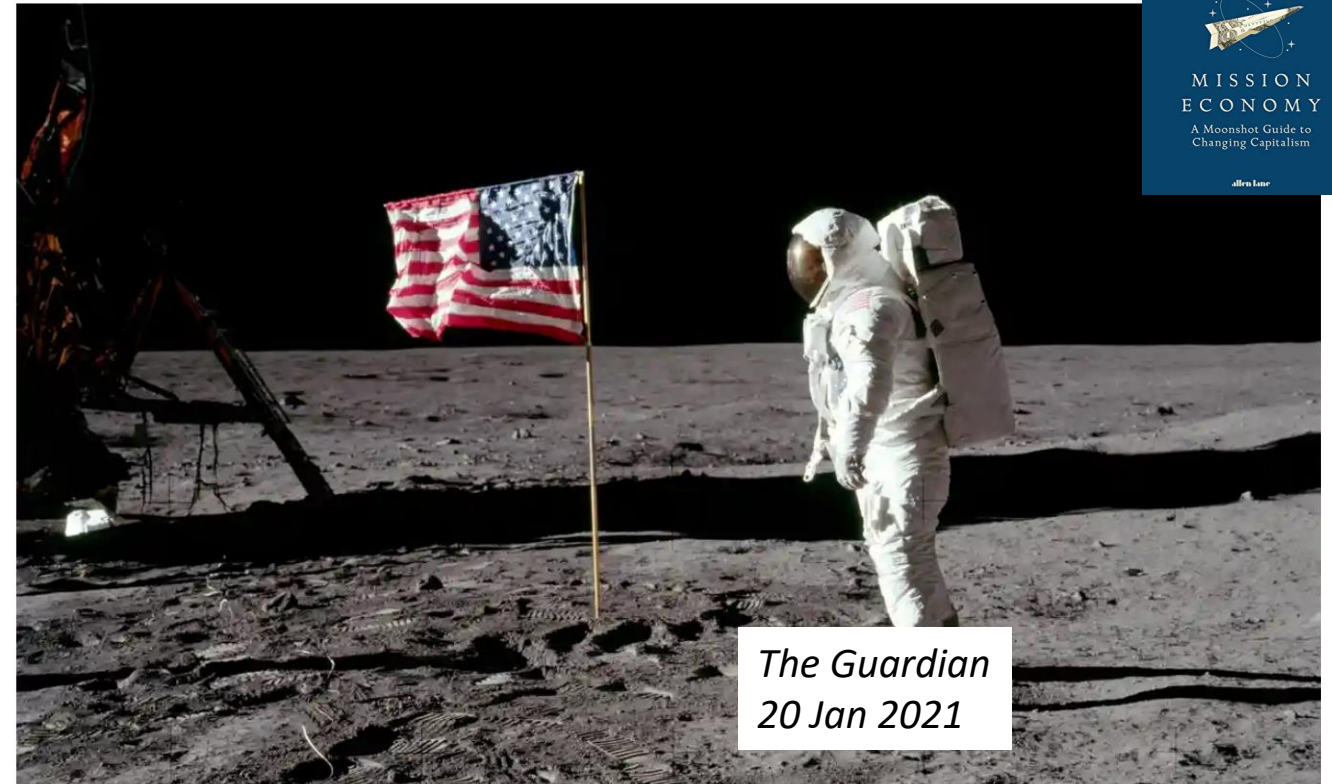
*The Guardian
20 Jan 2021*

▲ Look to the stars ... Buzz Aldrin on the moon, 20 July 1969. Photograph: NASA/Reuters

1. **Innovative governance requires a fast evolution to more adequate rules, tools, resources and skills**

- The most common <u>public governance style</u> is still <u>hierarchy</u>: centralist, legalist, top-down, with a silo mentality – and **not inclusive & geared to partnerships and co-production**

- The most needed innovation is therefore **shifting the balance** between the institutions, tools and mind-sets of <u>hierarchical, network and market governance</u>

- Innovating public governance should become a **strategic policy area**

Hierarchical governance

Meta-governance

Network governance

Market governance

Participation
Partnerships
Collaboration

Empowerment
Flexibility
Competition
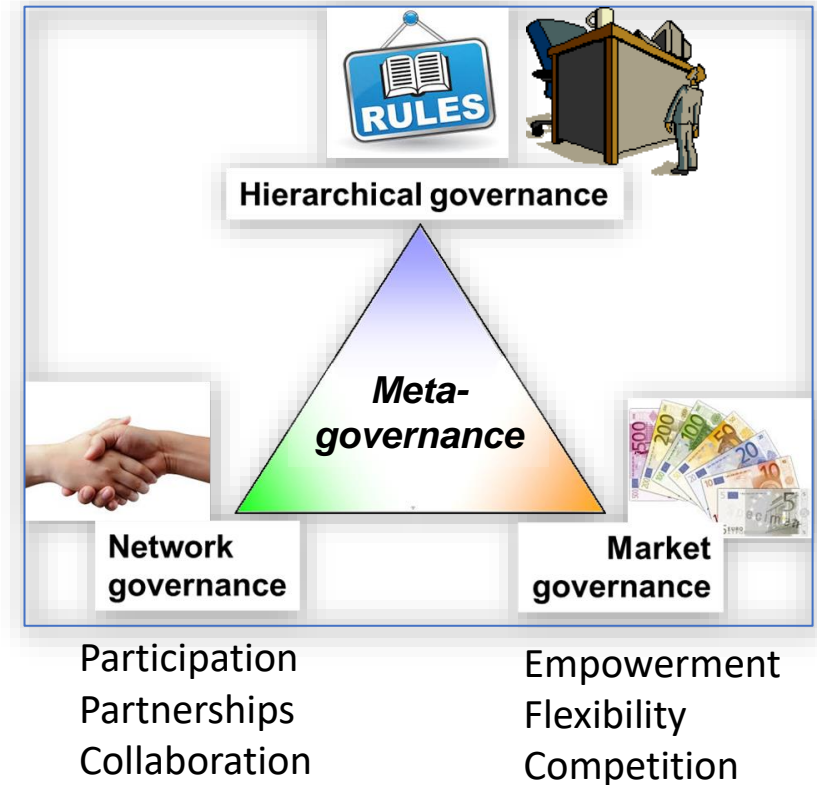
2. **Innovative governance must be embedded in <u>mission-oriented public administration and governance reform,</u> to achieve the SDGs by 2030**

   - **On all great transformation ar**eas, we need bold and inspirational **missions**, with involvement of business and civil society

   - This helps **<u>focusing on the ends rather than the means:</u>** policymakers should create the space for *creativity, experimentation and collaboration* across sectors

   - **For public administration and governance, such a mission-oriented approach is to be recommended**
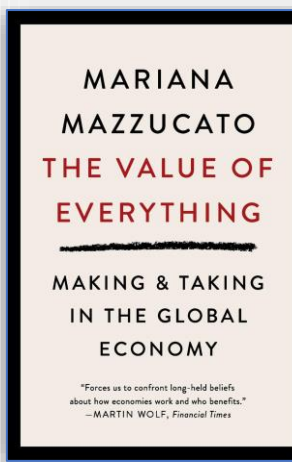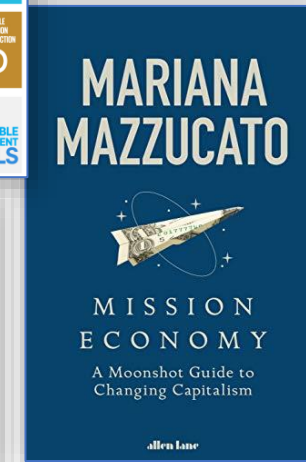
But do the ends justify any means?
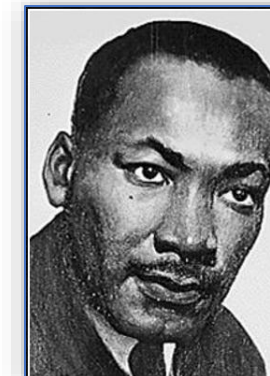
In the final analysis, means and ends must cohere because the end is preexistent in the means, and, ultimately, destructive means cannot bring about constructive ends.
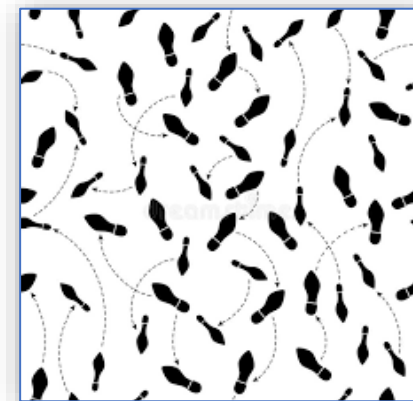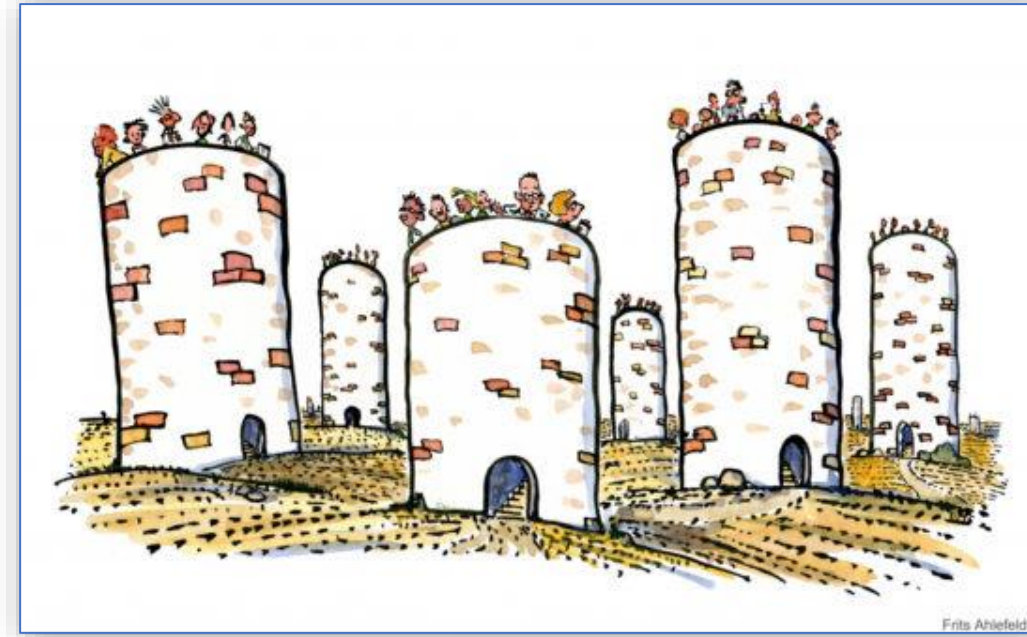
— *Martin Luther King* —

AZ QUOTES

3. **A central part of the mission-oriented reform is creating the <u>capacities and mindsets</u> for innovative governance**

- **Use the 11 <u>principles of effective governance</u>**
- **Work on at least seven <u>priority areas</u>:**

  (1) **digitalise government** and integrate multiple public services;

  (2) improve access through multi-channel service delivery;

  (3) open government data;

  (4) simplify administrative processes;

  (5) decentralize public services;

  (6) make partnerships with private sector and civil society;

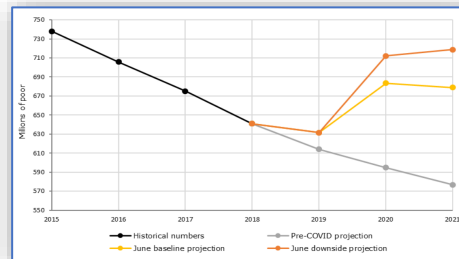 (7) **change the mindset and behaviour of civil servants**

Principles of Effective Governance for Sustainable Development

Effectiveness
» Competence
» Sound policymaking
» Collaboration

Accountability
» Integrity
» Transparency
» Independent oversight

Inclusiveness
» Leaving no one behind
» Non-discrimination
» Participation
» Subsidiarity
» Intergenerational equity

SUSTAINABLE DEVELOPMENT GOALS

(7) Change the mindset and behaviour of civil servants

- Working in <u>political</u>, <u>institutional</u> and <u>mental</u> "silos" is a main cause of ineffective governance for the SDGs

- But silos are also good: they give structure, help responsibility, transparency, accountability; they give identity

- Instead of "breaking down all the silos", "<u>Teach the silos to dance</u>" -> make them work together, and more flexible and permeable, without losing the necessary structure

- *Communication and collaboration skills can be learned, e.g. The Harvard <u>Mutual Gains Approach</u> (MGA);*

- *'<u>Bureaucracy hackers</u>' and '<u>Boundary spanners</u>' can play a role*
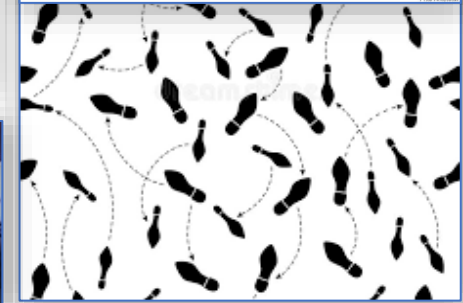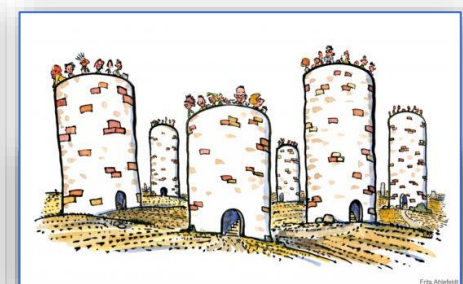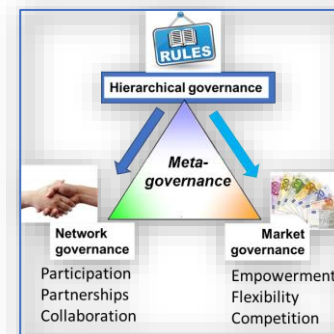
Why?   **What?**   **How?**

Thank you for your attention!

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