

A sustainable recovery from the coronavirus crisis

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It is crucial that the strategy for tackling the economic and social consequences of the pandemic takes a sound approach which complements the global Sustainable Development Goals right from the start. There will be no financial leeway for fundamental readjustments later on. With this in mind, the German Council for Sustainable Development (RNE) recommends that the following initial, selected conclusions are drawn from the crisis:

1. Sustainability should be the guiding principle for all steps out of the crisis

Thinking and acting sustainably helps to prevent crises and ensures that the economy and society are as well prepared as possible in the event of a crisis occurring. A sustainable approach to public services and sustainable business practices are called for. Both environmentally and socially sustainable structures and companies that operate sustainably have been proven to be less susceptible to risk.

2. The crisis should be used as an opportunity for transformation

The profound consequences of the crisis continue to necessitate further swift action. Our democracy has just shown that it is capable of reaching fast, forward-looking decisions based on scientific recommendations. This presents opportunities for the next steps in the shift towards sustainable structures. We believe that social and technological innovations which support sustainability should be introduced quickly, e.g. in digitalisation (education and health), energy (solar, wind and hydrogen) and infrastructure (energy and data networks). Opportunities for digital public participation (without necessitating a public hearing) should be established and processes should be streamlined and sped up wherever possible. The necessary changes in the industry and energy sectors, transport and agriculture should be made as quickly as possible. Corresponding innovations pave the way for quality growth, improve crisis prevention and increase resilience. It is imperative that business is also geared towards the good of society.

3. Equal opportunities and social cohesion should be promoted

Despite the existing welfare net, the coronavirus crisis is affecting some sections of the population very severely – in particular families with young children, low earners and people with limited financial reserves. In other words, the crisis is embedded in structures of social inequality. Overall, women are more severely affected than men. As a result, the way in which we choose to recover from the crisis also determines the extent to which equal opportunities and social cohesion will form part of our society in the future. It is important to sever the link between an individual's origins and their academic attainment and social mobility. At present, it needs to be ensured that all children and young people – including those from lower-income and less well-educated families – can successfully access digital learning. Furthermore, the measures taken to mitigate the coronavirus crisis should not just focus on typically male-dominated professions, such as those in industry. They should also pay equal attention to forms of employment and jobs favoured by women. The status of occupational groups crucial to overcoming the coronavirus crisis – such as those in health care and

nursing – should be enhanced. Workers in these fields should be given fair pay which reflects their importance for society, along with commensurate pensions.

4. Economic programmes should be linked to climate, environmental and resource conservation

It would be a cardinal error to soften or postpone the existing climate protection and environmental targets as a consequence of the crisis. Climate change is proceeding apace; extreme weather events and droughts are on the rise. Paired with the general growth in the global population, urbanisation, global mobility, the destruction of ecosystems and the reduction in biodiversity, this heightens the risk of crises, social hardship and pandemics. It is therefore crucial to take effective and efficient action now on climate and environmental protection and to forge a link between climate protection and competitiveness.

On one hand, a special emphasis should be placed on the sectors which have been particularly hard-hit by the coronavirus crisis and which are also highly relevant for the transformation of the German economy. In the recovery strategy, the protection and creation of good jobs must go hand in hand with effective climate protection. On the other hand, a large number of companies had already been realigned with the transformation in mind before the crisis. All firms need certainty for planning and investment purposes.

5. Recovery and transformation funding should be combined

As the performance of all national economies is massively reduced and all public budgets are under extreme strain, it is crucial that the recovery and transformation are funded intelligently. It is important to find a suitable combination of instruments comprising government aid, tax incentives, and funding via banks and the capital market, such as green bonds and sustainable investment funds. A reliable legal and economic framework must be created so that investors provide funds for the transformation promptly instead of waiting for potential improvements to the fundamentals. For this reason, the recommendations made by the Sustainable Finance Committee should be implemented quickly. During Germany's Presidency of the Council of the European Union, it should press ahead with both the discussions concerning sustainable finance at European level and implementation of the Green Deal. The German state should also use green bonds as a refinancing instrument and issue government bonds which comply with the global Sustainable Development Goals.

Companies which utilise the government's economic stimulus packages – or even equity – should be obliged to observe sustainability criteria in their use of the funding and in the development of their businesses. They should subsequently report on this (e.g. using the Sustainability Code). This also includes self-limiting of dividends and bonuses. New approaches – such as the European Commission's proposal of adding social and ecological criteria to the generally accepted accounting principles – make a crucial contribution towards stabilising social systems and providing incentives for the capital market to finance environmental innovations. Favourable interest rates and repayment conditions could be offered for the attainment of climate targets in order to create an additional incentive for climate action.

6. Supply chains should be diversified and the circular economy strengthened

The pandemic has also highlighted the dependencies in global supply chains with low levels of resilience. Especially in key areas affecting public services – such as health, energy, water, waste, public transport and digital infrastructure – it is necessary to become more resilient to international crises and to ensure that regional, national and European procurement options are available. For this purpose, it is important to define strategic value chains for Europe, e.g. for essential medication. The resilience of international supply relationships could also be enhanced by making supply chains transparent and observing both social and environmental standards. This would also improve the economic prospects of the Global South. Independently of this, the circular economy can tap a

strategic growth area with enormous revenue and employment possibilities along with considerable ecological potential.

7. The EU's collaboration on ecological and social issues should be strengthened

The crisis calls for greater and better coordination in the EU and throughout Europe. In the EU, collaboration should be strengthened in line with the key principle of the Green Deal. Challenges should be tackled and resolved in a spirit of solidarity. The German government should therefore use its Presidency of the Council of the European Union in the second half of 2020 to set a corresponding course. This applies in particular to the approach taken to tackling the consequences of the pandemic, i.e. the configuration of recovery and transformation packages. To this end, the medium and long-term measures of the planned recovery fund should be interwoven intelligently so as to support both an economic bounce-back and the European Green Deal (e.g. via an initiative for the use of photovoltaics to produce green hydrogen in the southern member states). The White Deal mooted by European Commission President von der Leyen to safeguard medical supplies in the EU is also an idea worth pursuing. An EU initiative for greater supply-chain transparency and resilience should likewise be added to the agenda for the Council Presidency.

8. Collaboration with the Global South should be intensified

As a global phenomenon, pandemics can only be overcome via a global approach. However, the crisis is also rooted in international inequality. The central principle of the UN's 2030 Agenda for Sustainable Development – leave no one behind – is therefore particularly relevant at present. In line with this ethos, poor countries must be given equal access to vaccines, tests, medication and PPE; these must also be priced fairly at international level. Furthermore, a larger number of people in the Global South are affected by the indirect social and economic consequences of the pandemic. A large-scale famine and a dramatic rise in poverty figures are anticipated. However, poor countries' national budgets are wholly incapable of softening the social blow – especially as many of them already have high levels of debt. A two-pronged approach must therefore be taken. Firstly, both economic collaboration and international development cooperation must be intensified, especially to bring about a sustainable improvement in health structures and social security systems (public services). Secondly, efforts must be made to develop international solutions for debt relief. After all, Germany and Europe must continue to support developing and emerging countries with climate protection, adaptation to climate change and the fair reshaping of supply relationships as well as providing the funds that have been pledged for this endeavour and which are still needed.