

CHECK AGAINST DELIVERY

Statement

by

Ms. Olga Algayerova

United Nations Under-Secretary-General

Executive Secretary of the United Nations Economic Commission for Europe

at

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Economy and Employment

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Ladies and gentlemen, dear guests,

Good morning – good afternoon!

It is my great pleasure to address this distinguished audience. My special appreciation goes to the United Nations Office at Geneva and the World Academy of Art & Science for providing an invaluable platform to discuss global leadership issues.

While the COVID-19 pandemic has brought about unprecedented challenges, our focus has to be – and now is, I believe, shifting towards opportunities to build back better. Policies aimed at reviving the economy and **stimulating employment**, while respecting planetary boundaries, should be at the core of our efforts.

Clearly, the challenges and uncertainties caused by the COVID-19 pandemic should serve as a wakeup call. According to the ILO Monitor¹, there was a 14 per cent drop in global working hours during the second quarter of 2020. This is equivalent to the loss of 400 million full-time jobs.

While these figures are gloomy, they highlight the need for all countries to undertake deep reforms towards a more sustainable and resilient economic recovery that works for everyone. The pandemic has

¹ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_749398/lang--en/index.htm/

definitely slowed down progress towards the Sustainable Development Goals. We need to renew and reinforce our commitment to them.

While there are various angles through which such issues can be tackled, I would like to focus on one specific area of UNECE’s work: innovation.

Innovation is essential for sustainable development, and the main means to achieve the targets of SDG 8 on decent work and economic growth.

Let’s first take a look at the context in which today’s policy makers, economic actors, and other stakeholders in international organizations, think tanks and academia are operating.

Global trends will continue to transform our societies – including how we create value, how we work, how we exchange, and how we govern. Rapid technological change, increasingly accessible and affordable high-speed connectivity, and the rise of platforms will speed up ongoing developments, such as structural change, de-industrialisation, servicification, and the importance of intangible assets such as data and skills.

All of this is happening against the backdrop of a continuously unsustainable development path. The limits of planetary boundaries are becoming clearer and clearer – to all of us. We must find effective ways

to meet current needs, without compromising the ability of future generations to meet their own.

Transitioning to a circular economy is key in this process. We need to change how we manage our resources, how we make and use products, and what we do with them after we use them. This would not only bring us closer to the 2030 Agenda and the SDGs, but it would also promote a thriving economy that benefits everyone.

Recognizing the role of circularity in accelerating the achievement of the SDGs, the 56 member States of the UNECE have decided that their Sixty-Ninth Commission Session in April 2021 will be held under the theme: “Promoting circular economy and sustainable use of natural resources in the UNECE region”.

Clearly, the transition towards circularity will not be easy. Especially against the backdrop of the COVID-19 crisis. The challenge will be particularly pronounced for the most vulnerable segments of society and the economy.

I therefore call upon all of you: leaders in government, international organizations, academia and think tanks, and the private sector – **to harness the power of innovation in addressing this challenge.**

I am pleased to note that ECE member States, including those with economies in transition, recognise this clearly. They share a strong

commitment to innovation and technology. They invest heavily in skills. They work hard to promote and facilitate trade and attract foreign direct investment.

Now, what can WE do to assist countries to harness the power of innovation?

Innovation means experimenting with ideas that use physical, digital and biological technology to transform how we produce, consume, and interact and, ultimately, how we meet the SDGs. Innovation is the driving force of the Fourth Industrial Revolution.

New business ideas and technologies promise not only radical gains in efficiency and productivity, but completely new economic opportunities, as well as solutions that will enable us to consume more while ensuring resource efficiency and sustainability.

Economies, including economies in transition could leapfrog to the latest technologies and standards, bypassing intermediate stages.

Let me give you two examples:

First, connectivity and digitization. They can create endless new opportunities. They have already empowered citizens, transformed work, created new business models and accelerated innovation. But there is still huge untapped potential, and its realization will greatly benefit the most vulnerable segments of society.

Second, the rise of the platform economy. This will continue, especially on the consumer side. It is increasingly possible that, for most of the things we buy and own, we will be able to rent them when we need them – from power tools to cars to our homes. This will reduce resource use, while creating new opportunities for consumption – and also jobs.

Yet, these opportunities do carry some risks.

These are centered around two sets of issues: first; the level and quality of employment, skills and education; and second, higher inequalities in the distribution of income and wealth, within and across countries.

Let me briefly address each of them in turn.

First, regarding the level and quality of employment, skills and education; today's context of rapid change has given rise to precarious and contract employment. This is truly challenging, particularly for those with low levels of skills or with increasingly outdated skills. COVID-19 has just shown us how fast seemingly solid skill sets and jobs become obsolete.

Second, higher inequalities in the distribution of income and wealth within and across countries. Knowledge, skills, governance, and infrastructure gaps between developing and developed economies are bigger. They will affect countries in transition to a significant

extent. It will no longer be enough for countries to enter global value chains through labour intensive, low skilled manufacturing and services. They need to aim higher, while paying close attention to developing the capacities to learn and innovate.

Governments have a key role to play in ensuring that innovation-driven growth will be inclusive and sustainable. Labour unions and experts in social policy also have to explore ways to fulfil their mandates.

Let me flag a few entry points, policy options and possible policy directions for governments.

- **Education and social policies** need to protect the vulnerable while developing the right skills. This requires a comprehensive learning strategy through education and learning in schools, families, communities and the workplace.
- Governments must align these efforts with **industrial, innovation and trade policies**.
- Given the rise of the gig economy, with contract-based, precarious employment, **social policies need to be redone** to provide adequate protection to all citizens.
- Policymakers need to adopt **clear and feasible national innovation strategies**, with objectives to enhance digital infrastructure and strengthen the societal knowledge base.

- **Competition and regulatory policies** should ensure that the benefits of innovation are broadly shared throughout society.

Ultimately, governments will have to change the way they regulate. They will need to foster close collaboration with businesses and civil society, and better understand why and what they regulate.

This is, indeed, a tremendous challenge ahead.

At UNECE, we are proud to make a number of contributions. For example:

- **UNECE hosts international policy dialogues on these issues**, particularly through its Team of Specialists on Innovation and Competitiveness Policies, to help governments through the sharing of experiences, best practices and policy recommendations.
- **UNECE also conducts national Innovation for Sustainable Development Reviews and a regional Innovation Policy Outlook for Eastern Europe and the South Caucasus.** These reviews guide governments in innovation policy reforms for sustainable and inclusive growth. We have just successfully launched this pilot initiative, together with our international partners WIPO, OECD and the European Commission.

- **Last but not least, as part of our next annual “Regional Forum for Sustainable Development” in March, we will co-host a session with ILO. It will allow experts from the region to exchange experiences on the topic of: “*building back innovative, inclusive and sustainable economies and providing decent and productive jobs for all*”.**

This will be a flagship session under Cluster 2, “prosperity”. I look forward to welcoming you all to this session in March next year.

Thank you for your attention.