

MESSAGE FROM WORLD LEADERSHIP ALLIANCE-CLUB DE MADRID TO THE G20 ON EU'S CORONAVIRUS GLOBAL RESPONSE ONLINE PLEDGING EVENT

4 May, 2020

With **some 3.5 million confirmed cases** of Covid-19 and **over 247 000 deaths** as we write, it is clear that the Covid-19 pandemic has brought great pain, social dislocation, and economic destruction.

As the first wave of infections has now crested in most of the advanced economies, the social and economic costs of lockdowns have become difficult to bear. Most of these societies are relaxing the most stringent restraints, and several developing economies, suffering similar strains, are following suit.

Infections in developing countries in Latin America, Africa and Asia are gaining momentum. Testing is rudimentary and health facilities are inadequate. The ratios of medical personnel and hospital beds, emergency rooms and ICU facilities per million residents, are small fractions of those in the advanced economies.

While we must pray that the virus will spread less vigorously in these countries, under different conditions of temperature and humidity, it would be highly irresponsible to rely on that.

We hope that therapies will become available but rolling these out at scale in developing countries will be a great challenge. Likewise, despite encouraging indications, it seems unlikely that a vaccine can be deployed in all countries in the next twelve months.

We highly appreciate the initiative of the European Union in creating a Coronavirus Global Response Online Pledging Event, to be held today, 4 May, jointly with France, Germany, the United Kingdom, Norway and Saudi Arabia, to accelerate the Development, Production and Equitable Access to COVID-19 Vaccines, Diagnostics and Therapeutics.

We urgently need cheap and easy-to-use tests that can be deployed reliably in less developed countries and must provide support for weak and vulnerable states in identifying, quarantining, and treating infected persons. Developing countries need to expand testing, increase healthcare worker protection, prepare medical facilities for the spread of the virus, and ensure strong supply chains. The World Health Organization is central to all this, and it must be strongly supported by national development agencies and philanthropic organisations.

As the Managing Director of the International Monetary Fund and the President of the World Bank Group have said, the governments of developing countries must be able to access emergency resources from the IFIs and DFIs to gain the fiscal space essential to respond.

The economic shocks that lie ahead will exceed those we have experienced to date, despite the massive capital infusions already provided to stave off social collapse. The IMF has projected contraction in global real GDP growth by -3 percent in 2020, followed by a recovery of 5.8 percent in 2021. 'In advanced economies, the real GDP growth will contract by -6.1% in 2020.

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The IMF also provided three alternative scenarios– lockdowns lasting 50 per cent longer than in the baseline; a second wave of the virus in 2021; or a combination of these elements. Any of these will have far more catastrophic consequences than the baseline.

Worse still, we confront this crisis while the great powers are divided. Even before the pandemic, macroeconomic imbalances, bio-digital disruption of the economy and society, weakening trust in our institutions, political fragmentation, protectionism, geostrategic tensions, and environmental stresses demanded multilateral cooperation and collective action. The pandemic amplifies that need.

As persons who have borne the responsibilities of government in the past, we know how challenging crises can be. We know that all of you recognise the need for an inclusive, cooperative, and stable international order, to respond to this shock.

The G20 governments and the leading international financial institutions are deploying a massive fiscal stimulus in response to the crisis. Governments have already acted to save lives and protect livelihoods. Further major efforts will still be needed to permit recovery.

We cannot allow the huge sums that must be provided to avoid a Depression, to shore up the pillars of a decaying structure, enabled with a harmful, carbon intensive economy. The world has already committed to transition to carbon-neutrality, and the IMF has estimated that this transition will require investment of \$2.3 trillion each year for a decade.

We must use the fiscal stimulus, which we are raising through debt and that we shall have to monetize, to craft an *equitable, secure and sustainable system*, fit for purpose in a digital age, in which over 7.8 billion increasingly urbanised humans, must enjoy personal security and equitable opportunities, and live within sustainable ecological boundaries.

A “Green Recovery” is the only possible path. The European Union has already prioritised a post-pandemic *Green Deal* to enable Europe to become a climate-neutral continent. As Dr Georgieva said at the Petersberg Climate Dialogue XI, we must use the fiscal stimulus to reduce emissions, phase out subsidies for hydrocarbons, and prioritize investment in clean transport, sustainable agriculture, and climate resilience. Likewise, public monies spent to reinvest in the global economy must address inequitable and unsustainable levels of social inequality and strengthen human security.

The purpose of our economies and polities is to advance the welfare of our societies. To do that as we grapple with this crisis, we must strengthen the institutions needed for effective international cooperation, to restore trust, contain conflict, and enable cooperation for the common good.

As democratic former Heads of State and Government from around the world, we encourage you to seize this moment to achieve those results. As you move towards the G20 Summit in November this year, we stand ready to assist you in any way we can, and assure you of our commitment and support in meeting this extraordinary challenge.

Yours sincerely,



Danilo Türk
President of the World Leadership Alliance – Club de Madrid
Former President of Slovenia (2007-2012)