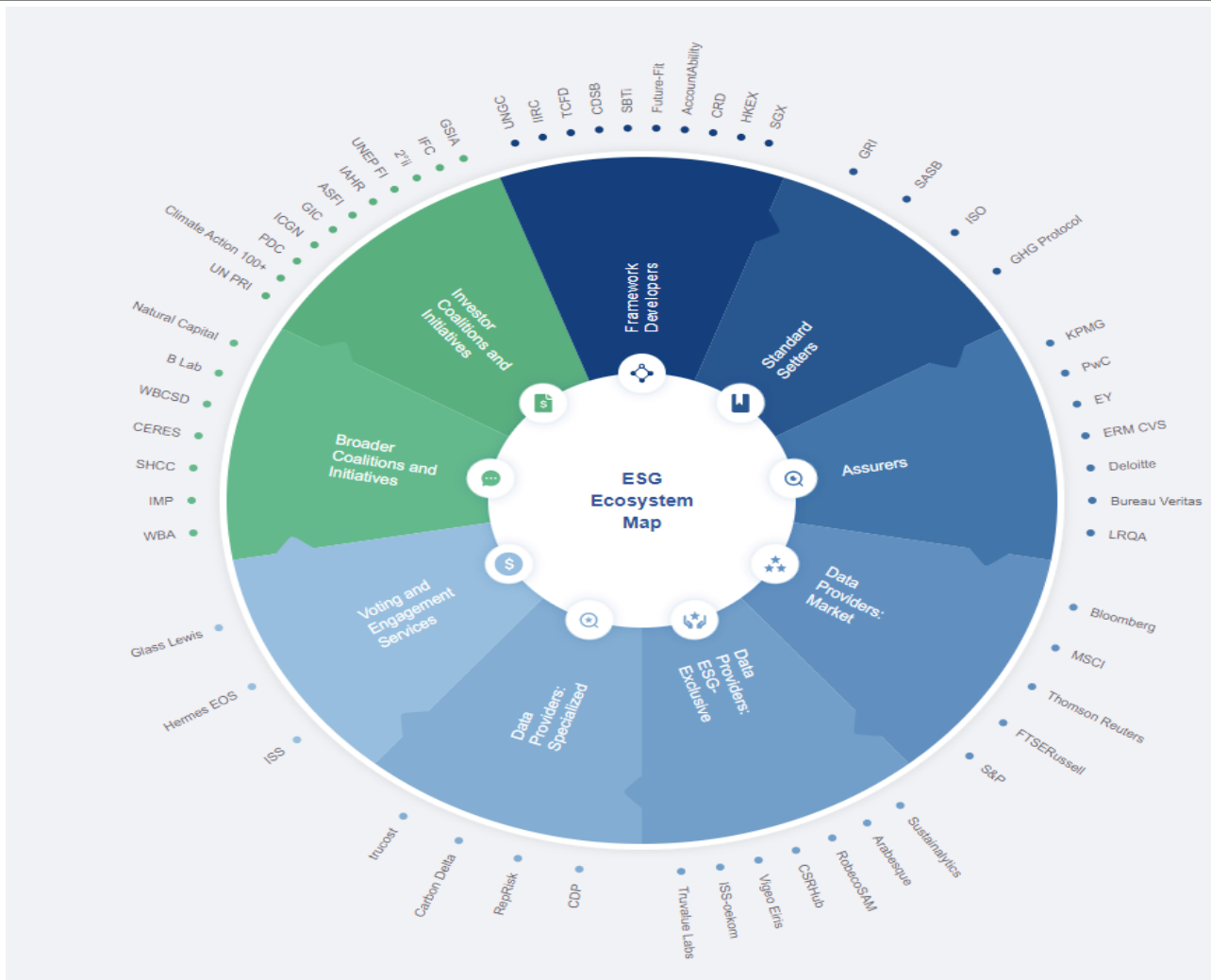


ESG Ecosystem Map



The four pillars



Principles of Governance

The definition of governance is evolving as organizations are increasingly expected to define and embed their purpose at the centre of their business. But the principles of agency, accountability and stewardship continue to be vital for truly “good governance”.



Planet

An ambition to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.



People

An ambition to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.



Prosperity

An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.

Regional Action Group for Latin America Task Force: Recommendations for public-private cooperation (1/2)

Context	Practice	Recommendation Post-Crisis
<p>Objective: Revamp private investment</p> <ul style="list-style-type: none"> Falls in investment average 40% after financial crises; this time it could be larger Low pre-crisis investment levels 	<p>Efforts to lower the costs of starting new activities have been scant in the region.</p>	<p>Regulatory: lower barriers to entry (OECD guidelines, and competitiveness agencies); financial: set up agile bankruptcy and credit information sharing laws, temporary relaxation of bank regulation for more lending; labour markets: reduce non-wage labour costs permanently, reducing discontinuity between formal and informal jobs.</p>
<p>Objective: Public-private partnerships in infrastructure</p> <ul style="list-style-type: none"> Governments with narrow fiscal space Low levels of infrastructure 	<p>Some public-private partnerships have been tried in the region, with varying degrees of success given inadequate management of contingent liabilities.</p>	<p>Set up of well-crafted PPPs in infrastructure areas, such as basic infrastructure, generation, transmission and distribution of energy; information and communications technology. (IDB: From Structures to Services)</p>
<p>Objective: Government digital transformation</p> <ul style="list-style-type: none"> Low levels of digitalization in government and judiciary 	<p>Some attempts at digitalization, but substantial upgrades needed.</p>	<p>True digital systems (e.g. Portugal) that accelerate digital transformation for transactions, procedures and digital payments to ensure digital service provision and reduction of red tape.</p>
<p>Objective: Harmonization of global supply chains</p> <ul style="list-style-type: none"> Large disparities in regulation at the country and sub-national level 	<p>Very few efforts in the region.</p>	<p>Regional harmonization for hemispheric and global supply chains, including at the sub-national level.</p>
<p>Objective: Testing, clinical trials and scientific research</p> <ul style="list-style-type: none"> Regulatory and incentive issues 	<p>Few cases of public-private collaboration.</p>	<p>Governments should collaborate with the private sector to support testing, scientific research and clinical trials in pursuit of effective vaccination and treatment alternatives and ensure appropriate intellectual property protection with adequate provision of vaccines; Partnerships for scientific research.</p>

Regional Action Group for Latin America Task Force: Recommendations for public-private cooperation (2/2)

Context	Practice	Recommendation Post-Crisis
<p>Objective: More fiscal space and equity with an efficient public sector</p> <ul style="list-style-type: none"> • Inefficiencies in spending of 4.4% of GDP (leakages in transfers and government purchases, wage overpayments) • Large pension systems with low dependency ratios • Low incidence of government intervention in reducing inequality (4.7% in LatAm, 38% in OECD) 	<p>Governments have done little in this respect</p> <p>Two-thirds of previous “counter-cyclical” policies to fight the 2008-2009 crisis were spent on wage and transfer increases that could never be reversed.</p>	<p>Civil service reform for new workers, with salaries comparable to private sector, particularly for low-skilled workers; Government purchase digital portals where all transactions are made electronically, no exemptions; Better transfer targeting, and better coverage, switch from VAT tax expenditures and subsidies through energy price policies to income policies; Incremental pension reform (for new entrants); Upgrade expenditure allocation decisions (expenditure quality agencies); Increase in direct tax collection (income, property) and less reliance on indirect taxes.</p>
<p>Objective: Better citizen coverage for resilience to shocks and human capital formation</p> <ul style="list-style-type: none"> • Large informality levels, fragmented social security and health systems • Little to no unemployment insurance • Bad quality health and education provision to low-income population 	<p>Decades-long coexistence of large informality levels, poor shock coverage, inequality in capital formation.</p>	<p>Gradual switch of social security financing from labour to universal taxes, so that health insurance, life insurance, pensions etc. do not depend on working status; Creation of unemployment insurance systems; Better provision of health and education to lower-income groups through financing guidelines that take into account vertical and horizontal equity; Universal health systems; Efficient transfer policies for the poor and vulnerable.</p>
<p>Objective: International trade as a source of growth</p> <ul style="list-style-type: none"> • Falls in international trade overtake the trade collapse of 2008-2009 • Recent measures pointing to less integration • Low regional integration 	<p>Governments have engaged in several bilateral trade agreements, but back-and-forth efforts in Mercosur-EU agreement.</p>	<p>Coordination of health-related tariffs and non-tariff barriers (Chile, Canada and four other countries’ initiative); Near-shoring policies through lower logistics costs, customs processing, tariff reduction for capital goods, preferential agreements with US and Canada; More access to Asia (only four agreements with China); Convergence of 33 preferential agreements in LatAm for more intraregional trade.</p>