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# Lessons from the financial crisis

*While global cooperation after the 2008 financial crisis avoided total economic meltdown, not all actions had the desired results. How can we build back better this time?*





◀ Installing solar panels in Wuhan, China. Green stimulus formed an admittedly small part of the recovery plans for most major economies following the 2008–2009 recession. There was a boost for clean energy among Asian economies

As such, it is not enough to simply build back from COVID-19. We must build back better, as well as greener. We need to do so in an inclusive, sustainable and resilient manner with the SDGs underpinning every step of this recovery.

I am of the view that the global financial crisis of 2008 can offer some important lessons in this regard. There are a variety of parallels to both of these global crises. Now, as then, uncertainty and volatility are the defining characteristics of the day.

GDPs have fallen. Unemployment has surged. Housing crises are being exacerbated. And food insecurity is growing exponentially, with the World Food Programme sounding the alarm that 270 million people will face food insecurity by the end of 2020. This ‘hunger pandemic’ may seriously undermine global progress on achieving both SDG 2 and the Zero Hunger Challenge initiative launched during the Rio Summit in 2012.

Both COVID-19 and the 2008 financial crisis also exemplify the interconnected nature of our globalised world. They demonstrate that global solutions are needed to persevere over the inherently global challenges that we face.

The financial crisis represented a true test during my first term as Secretary-General. At the international level, the financial crisis dangerously conjoined alongside the existing food and energy crises to form a triple global crisis.

The key actions in 2008 and 2009 that proved to be the difference between financial recovery and further collapse centred on strong global leadership and multilateral cooperation.

As global markets imploded, there was a robust international response to prevent further freefall and reinvigorate the world economy. The G20 Leaders’ Summit was established in response. Decisive action by heads of state of the world’s largest

By **Ban Ki-moon**, former UN Secretary-General

**T**he COVID-19 pandemic has upended our interconnected world, magnified existing inequalities and widened socio-economic divisions. This has the potential to stall, or even reverse, global progress on the UN Sustainable Development Goals (SDGs) with just 10 years left until their 2030 target date.

## Also in this section

Creating vaccines 52

The future we want 54

Fighting misinformation 57

Data sharing 60

COVID-19 and conflict 63

National interests 66

Unlocking aid 70

Trade’s role in recovery 72

economies, alongside the UN, was critical in paving the path towards recovery.

Timely top-level international cooperation played a decisive role in preventing further disaster. Countries largely heeded my calls to resist protectionism, not turn away from existing development commitments, and invest in resilience-building to combat the fragility of the most vulnerable.

This included the 2009 launch of the International Network on Conflict and Fragility (INCAF) under the auspices of the Organisation for Economic Co-operation and Development (OECD) to bring key stakeholders together in partnership and monitor international engagement with conflict-affected and fragile states.

### Coordinated response

During the COVID-19 crisis, however, we are lacking this type of cooperation and decisive global leadership. Countries are carrying out their own piecemeal approaches with varying degrees of success. Great power conflict is growing. Division and mistrust are sadly flourishing at a time when a coordinated international response is greatly needed.

In this regard, it is critical to recommit to multilateralism and international cooperation to simultaneously guide our recoveries from COVID-19 and fortify the resilience of our economies, societies and planet for the next major crisis that is certain to arise. This could be a future pandemic, cascading climate tipping points, or a major regional or global armed conflict.

To build back better, first we need to ensure that we protect the most vulnerable.

I am proud that in 2008 and 2009 we placed a special focus on scaling up timely protection for those most at risk. This included my 2008 appeal to the G20 leaders for \$1 trillion in financing packages earmarked for developing countries.

Countries must come together in a similar spirit today, as COVID-19 and its secondary economic and societal aftershocks will hit the most vulnerable particularly hard.

Beyond hindering efforts to achieve SDG 2 (zero hunger), vulnerable populations in both developing and developed states are being especially affected in the spheres of

poverty (SDG 1), health (SDG 3), education (SDG 4), gender equality (SDG 5), decent work (SDG 8) and inequality (SDG 10), among others.

Second, we must increase investment in public health resilience and global health security. This will also go a long way in combating growing inequality and enhancing social inclusion.

Austerity measures have only deepened inequality since the global financial crisis, and those that were left behind then have been hit especially hard by the COVID-19 pandemic in 2020. Policymakers must invest in people, rather than banks, this time.

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## *The bottom line is that our recovery from this pandemic must guide us to a more inclusive, sustainable and resilient future*

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To do so, it is essential to holistically integrate public health preparedness, universal health coverage, and healthy societies in a three-pronged approach to build back better. Policymakers must also scale up investment in public health services to help avoid and combat future pandemics. Protecting and bettering the health of all people everywhere should not be left solely to the health sector. Rather, this should become an all-government, all-hands-on-deck strategy led by heads of state and government.

Aligning COVID-19 recoveries to the SDGs is incredibly important in this connection. The approaches and indicators developed for SDG 3 (good health and well-being) can serve as a roadmap to do so.

Third, we should ensure that our COVID-19 recovery simultaneously tackles climate change and provides pathways to a more sustainable and resilient planet.

At the high-level segment of the UN Climate Change Conference in Poznan in 2008, I advocated for a 'Green New Deal' that would benefit all nations at all income

levels as a driving strategy to rebuild better from the financial crisis. More than 12 years later, as the international community is struggling to cope with the combination of COVID-19 and the accelerating climate crisis, it is imperative to reiterate this appeal to policymakers.

Indeed, by the end of 2020 unemployment could surge to 10 per cent in OECD countries, or even as high as 12 per cent if a second wave of COVID-19 spreads, with no jobs recovery coming until after 2021. In vulnerable and conflict-affected countries, the employment situation will be much worse.

As temperatures increase, sea levels rise, wildfires burn and historic numbers remain unemployed, providing green jobs in the renewable energy sector with a view towards decarbonising our economies and restricting global temperatures to 1.5°C is needed now more than ever. But climate change adaptation is equally important in a holistic response. The Global Commission on Adaptation, where I currently serve as Co-Chair, estimates that investing \$1.8 trillion globally in five key climate-resilience areas could release \$7.1 trillion worth of benefits from today until 2030.

### Road to recovery

The bottom line is that our recovery from this pandemic must guide us to a more inclusive, sustainable and resilient future.

It must be more inclusive to ensure that no one is left behind, including marginalised communities and the most vulnerable. It must be more sustainable so we can build our economies and societies back greener and simultaneously combat worrying air quality levels, biodiversity loss, CO<sub>2</sub> emissions, extreme temperatures and ecosystem damage. And it must be more resilient to give humanity and our planet the right tools to confront the next major pandemic, environmental calamity or security crisis.

As in 2008, international cooperation, partnership and global governance – including the strong leadership of the UN – is needed to underpin our recovery from COVID-19 and build back better, with the SDGs guiding our dynamic response each step of the way. ●