

Global Agenda Council Reports 2010



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Global Agenda Council Reports 2010

Summaries of
Global Agenda Council Discussions
from the Summit on the
Global Agenda 2009

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“ Bringing together the best minds and foremost experts, the Summit on the Global Agenda is the starting point for global efforts to redesign our international system according to the needs of the 21st Century. ”

Klaus Schwab

Founder and Executive Chairman, World Economic Forum

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Preface

Klaus Schwab

Founder and Executive Chairman

Rarely has there been a more critical time for us to come together, and the fact that we had a very high-level participation at this year's Summit on the Global Agenda is a remarkable testament of the international commitment to meet global challenges in a more inclusive and more sustainable way. This year, 700 Global Agenda Council Members from all disciplines and from over 90 countries, representing 76 Councils, met at the Summit in Dubai to address the most important challenges facing the world.

The work of the Councils, which was significantly advanced in Dubai and prepared in the virtual WELCOM meetings ahead of the Summit, catalysed ideas and proposals on how to improve global cooperation in a collaborative, integrated and actionable way. This work, integrated into a unique undertaking – the multistakeholder Global Redesign Initiative of the World Economic Forum – forms the basis for discussions at the 40th World Economic Forum Annual Meeting in 2010. The organizing theme for this year's Annual Meeting is a call to action, "Improve the State of the World: Rethink, Redesign and Rebuild". The Network of Global Agenda Councils will drive this rethink, and redesign discussions in Davos will leverage the ongoing work of the Forum's Global Redesign Initiative. The thematic pillars of the programme will focus on the following six areas of inquiry and their global, regional and industry dimensions:

1. How to Build Effective Institutions
2. How to Create a Values Framework
3. How to Enhance Security
4. How to Ensure Sustainability
5. How to Mitigate Global Risks and Address Systemic Failures
6. How to Strengthen Economic and Social Welfare

As we look ahead to a year of continued transformation, we must be both proactive and long-term oriented, combining the urgency of restoring growth in the global economy with the need to progress on long-standing global challenges. And I count on all Global Agenda Council Members, as well as the broader Forum community, to advance the current work of the Councils and help ensure that the world's leaders are best informed on the most pertinent actions at this very important time in our history.

It is important to acknowledge that the work we are doing is extremely ambitious, but in present circumstances, there is no point being anything but ambitious. The work of the Global Agenda Councils will continue to stimulate imaginative and sometimes controversial thinking – but the process also underscores the critical need to depoliticize international problems – to develop ideas that can more successfully deal with the challenges, opportunities and

risks of a more interdependent, complex and time-constrained world. To engage in a more fundamental debate on how global interdependence can be managed in a way that advances shared social, environmental and economic objectives and values. It is clear that a fundamental shift in values and political culture is vital if we are to foster the global cooperation necessary to confront contemporary challenges in an effective, inclusive and sustainable way.

This publication, *Global Agenda Council Reports 2010*, is a distillation of the highlights of the tremendously relevant discussions that transpired during the Summit in Dubai. It is designed to serve as a springboard for the deliberations that take place during the World Economic Forum Annual Meeting in Davos-Klosters and aims to enhance our shared understanding of the state of the world by increasing awareness of the complexity and interlinkages among global issues. It heightens our appreciation of the urgency and necessity to address global challenges and it also serves as a resource of recommendations to catalyse the discussions on how to improve the state of the world.

I would like to thank the Chairpersons and Members of the Network of Global Agenda Councils for the invaluable insights that made this publication possible. Special appreciation also goes to the Council Chairs and Members who helped facilitate the discussions and synthesize the findings from the Council deliberations, specifically the Cluster Facilitators: Tim Brown, Lord Mark Malloch-Brown, Victor Halberstadt, Ian Bremmer, Vijay Vaitheeswaran and Pratap Mehta; and to the Cluster Rapporteurs: John DeGioia, Josette Sheeran, John Gieve, Ashraf Ghani, Steve Howard and David Kennedy.

Special thanks also to the Forum teams involved in this great endeavour, particularly to Rick Samans and the Global Redesign Initiative Team; to Lee Howell, Martina Gmur and the Global Agenda Council Team; and to Andre Schneider and Lord Mark Malloch-Brown.

There is tremendous potential for what the Network of Global Agenda Councils can accomplish. The results published in this book, and the work that continues hereafter, are eagerly anticipated by the global community. I thank you all for your earnest commitment to improve the state of the world.

Introduction

Martina Gmür

Director, Head of the Network of Global Agenda Councils

Global Agenda Council Reports 2010 provides an overview of the Global Agenda Councils' discussions that took place during the second annual Summit on the Global Agenda, held in Dubai in November 2009. The Summit, which gathered over 700 members from 76 Global Agenda Councils, was uniquely designed to allow intense deliberations at the Council level, combined with opportunities for interactions across Councils and within the broader Network. The discussions also catalysed a significant amount of innovative content for the Global Redesign Initiative and other relevant activities of the World Economic Forum; ideas that emerged ranged from the expansion of the use of the International Monetary Fund's special drawing rights to the creation of global indices to measure ocean health, to the establishment of a global risk and vulnerability body to help leaders better identify, prioritize, mitigate and manage risks.

During the Summit, each Global Agenda Council was tasked to 1) explore the current governance gaps related to a particular issue, and 2) develop concrete proposals on how international cooperation could be improved, not just in terms of structures of decision-making, but also in terms of the effectiveness by which that cooperation manifests itself in results.

In order to explore systemic implications and synergies across various issue areas and recommendations, Councils were grouped within six clusters: Building Effective Institutions, Creating a Values Framework, Enhancing Security, Ensuring Sustainability, Mitigating Global Risks and Addressing Systemic Failures, and Strengthening Economic and Social Welfare. For the purpose of this publication, however, the Regional and Industry Councils have been grouped separately; they will be integrated in the appropriate clusters based on their specific merits and relevance going forward.

Summaries of the cluster discussions are featured in this publication, in addition to the summary report of each Council's deliberations, including a diagram of the most related issues, a list of Council Members and an overview of related sessions at the World Economic Forum Annual Meeting 2010 in Davos-Klosters. For both the cluster summaries and the individual Council reports, the opinions expressed and the data communicated do not necessarily reflect the views of the World Economic Forum or of all Council Members.

This publication reflects the collective intelligence of the multistakeholder, multidisciplinary Network of Global Agenda Councils, and we would like to express our gratitude to all Council Chairs and Members who contributed their thoughts and insights, both during the WELCOM virtual meetings as well as during the Summit.

The insights and deliberations of the Global Agenda Councils are integrated in the Forum's activities and events on an ongoing basis, to help shape global, regional and industry agendas. Following the Summit on the Global Agenda, many Councils are further elaborating the short briefing papers on new or improved international cooperative arrangements included in this publication into full proposals that will be published as part of the Forum's Global Redesign Initiative report to the intergovernmental community and public next Spring.

During the Annual Meeting 2010, the Councils will have an opportunity to showcase their ideas and further strengthen their proposals with the input of global decision-makers.

We would also like to thank the Managing Board of the World Economic Forum for their continued support and guidance, as well as the Executive Committee, Council Managers, Research Analysts and the core Global Agenda Council Team who were involved in this production. Special thanks to Fabienne Stassen Fleming who led the project, to Kamal Kimaoui for the graphic design and to Miguel Perez for visualizing and mapping the interlinkages.

We hope this publication will serve as a useful resource, stimulating further dialogue to elaborate and advance ideas on how to improve global cooperation.



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Summary Reports from the Summit on the Global Agenda 2009

Building Effective Institutions

Prepared by Katherine Milligan of the World Economic Forum

Global Agenda Council Members whose Councils were grouped under the “Building Effective Institutions” cluster at the Summit on the Global Agenda in Dubai in November 2009 agreed that the next decade will usher in such dramatic changes in both the political and economic landscape that global governance structures will inevitably be redesigned, whether or not they are restructured along the lines of what the Councils discussed and proposed within their deliberations in Dubai. Given that context, then, and the widely held belief that current government structures, which are still organized at the nation-state and regional levels, are simply “not up to the job” to manage global economic interdependencies in the post-crisis world, Council Members emphasized the importance of seizing this opportune moment to take a step back from the short-term focus on coping with the financial crisis and define the governance agenda for the 21st Century.

Several recurrent themes emerged from the cluster discussions – what one Council Member referred to as a “convergence of minds” – as Council Chairs summarized the outcomes of their deliberations, often strengthened by enlightening exchanges with related Councils in their cluster. An overarching theme focused on the structural inadequacies of existing government and legal arrangements for today’s circumstances, coupled with the disconcerting realization that there is little sense of urgency for reform. “The international legal system came of age at the beginning of last century,” said Philippe Sands, Chair of the Council on the International Legal System, “and there are serious doubts about whether it can deliver solutions for what the international community has become today. Yet there is no body or agency in the world that is thinking systematically about how to strengthen it.”

As a starting point, many Councils underwent a fundamental rethinking about what government really is – moving beyond service delivery and issue management – to the “real roots” of government defined as “a series of relationships between governance structures and the people that rely on them”. Thus a number of Council proposals aim to overhaul and reinvigorate these relationships, from local governance structures to international institutions. Certain proposals emerged to reframe existing institutions, energize the connection between citizens and governments, and redefine benchmarks and standards, yet all of them, in one way or another, tackled the fundamental question: “How can we encourage better information sharing and citizen engagement that are so essential for any government machinery?”

One part of the answer is harnessing technology to combat the increasing disconnect between the geographic scope of traditional government and the scope and speed of the international information society. Otherwise, as one

Member of the Future of Government Council said, “Governments risk drifting into irrelevance.” Several Councils proposed leveraging existing technologies to reformulate the functions of government to embrace the digital age, particularly through enhanced citizen engagement. “We have an unprecedented number of tools – tools that have not been fully mobilized and synergized for governance – that can bring governments back to relevance,” said Bruno Lanvin, Chair of the Future of Government Council, such as engaging citizens with information technology, social networks, policy wikis and the like.

A second part of the answer, and a theme across nearly all Council discussions, is the need to break open information asymmetries and inaccuracies, which distort markets and decision-making systems. “A theme in all of these presentations is the disclosure of information,” said one Council Member. “This is a call to action to governments: if they publish all types of data they’re sitting on today, it can help unlock much of the issues we’re discussing here.” For example, the Global Agenda Council on Benchmarking Progress in Society felt that without meaningful analysis and structure, too much information creates confusion about what is really being captured in measurements like GDP and can lead to misguided policy responses. Thus the Council aims to advance the global debate on creating more holistic measures of societal progress and well-being. Acknowledging that access to information can shift mindsets – and ultimately consumer behaviour – the Council on Design proposes a universal system of symbols backed by rigorous metrics to inform shoppers about the carbon footprint and water footprint of products on the shelves, much like nutritional labels are used today.

Yet a third example comes from the Council on the Intellectual Property System. Information asymmetry, lack of transparency and lack of access – in short, the dysfunctional structure of the patent system today – hamper companies’ ability to innovate, particularly in emerging economies. “The most disenfranchised part of our global economy is the public sector and the small and medium enterprise sector,” said Richard Jefferson, a Member of the Intellectual Property System Council. “The democratization of patent information is the first step towards a more fully participatory economy, and how well we do it should be our bellwether.”

In addition to these, other Global Agenda Council proposals will also stimulate dialogue and necessary action to build or reform global governance structures and improve international cooperation. Whatever form global governance assumes over the decade, there was consensus among Council Members in the cluster discussion that it will not be homogenous or unified, but rather disaggregated, and local governance structures will have a critical role to play. The cluster dialogue closed with a call to embrace governance structures that are more visible, communicative and transparent. As David Kennedy, Chair of the Council on Global Institutional Governance, summarized, “Our system for thinking strategically about our common future must be rooted in a more open mode of seeking information.”

Creating a Values Framework

Prepared by Saadia Zahidi of the World Economic Forum

The Global Agenda Councils grouped under the “Creating a Values Framework” cluster agreed that our present systems of international cooperation fail to meet their obligations to as many as 3 billion people in the world and that our civic, business and political cultures must be transformed. In an effort to address the current lack of an explicit, overarching, values system, both a secular and faith-based approach reached similar conclusions on some of the most fundamental values that must be part of any global redesign, including empathetic leadership, respect for human rights as codified in the Universal Declaration, dignity and human flourishing, common good of the global community and stewardship of the environment.

Several ideas for implementation of these elemental values emerged. A proposal from the Council on Values suggests integrating in any international negotiation a “checklist” of questions that would ensure adherence to core values in the process of decision-making. Another, put forward by the Council on Faith, focuses on the values needed for a moral economy and calls for a two-step process to influence the leaders and societies in G20 countries to make the structural changes necessary to put in place a global economy based on these values. The steps are 1) fostering dialogue with leaders through the World Economic Forum infrastructure and at the grass roots through a social movement catalysed by faith communities and 2) using these dialogues to inform and structure a discourse at G20 meetings in 2011 between government, business, civil society and faith leaders. Yet another proposal called for a new global institution that can advocate for and help implement a new values framework, focusing particularly on the resolution of values conflicts.

Issue-specific proposals were also put forward on such topics as the health of future generations, investing in children, improvements to education systems and equality of opportunity between women and men. Each of these areas was considered to be of dual importance to global redesign efforts: as matters of equity they are essential to incorporate into a new values framework, and as paths to gains in efficiency they are fundamental to any effort to redesign approaches to strengthening economies in the longer term.

With nearly half the world’s population under the age of 25, their health, education and empowerment are crucial to our common future. One proposal from the Welfare of Children Council suggested developing a mechanism to assess and reward businesses that invest appropriately in children through their employment policies, supply chain code of conduct and through broader outreach in their communities. Furthermore, it is understood that behaviours learned in childhood shape adult life, and adolescence – when children begin adopting new behaviours on their own – is a critical stage in the life course. To bring about a sea change in starting healthy and staying healthy, one proposal

focused on creating a social movement that engages youth themselves as active recipients along with relevant sectors and industries (sports, IT and mobile communications, new media, food and beverage, consumer goods, healthcare industries) to influence adolescents on their lifestyle choices. In addition, it was suggested that industries and governments can encourage healthy choices by agreeing on new regulations, such as adopting a ban on unhealthy foods and beverages in schools.

While access to education has improved globally, the issue of quality is often not addressed, with schools acting as mechanisms for the reproduction of social inequality and exclusion. A proposal from the Global Agenda Council on Education Systems calls for the creation of a multistakeholder “Commission” that would report directly to the G20, and recommends a new architecture for global education aimed at enabling effective reform at the national level in three key areas: improving the quality and relevance of education, closing the financing gap and closing gaps in educational opportunity for children belonging to different social groups.

No economy can reach its full competitive potential and no global redesign is feasible without the engagement of one half of the world’s available human capital. While there is now deep understanding of the magnitude of gender gaps globally, the implementation of corrective interventions remains weak because the knowledge on successful practices and policies remains isolated. A proposal from the Global Agenda Council on the Gender Gap to address this deficiency suggests accelerating the learning across sectors and countries and optimizing the diffusion of successful interventions by creating a new institution, a hub that consolidates the fragmented information of various success stories and aims to replicate and scale up the highest impact interventions.

Three ideas with appeal across the majority of the Councils in this cluster are the need for multistakeholder partnerships for optimal results, the use of the dominant language of business to better market values-based proposals and the use of story-telling to best capture the positive message and concept of values. This need matched with proposals from the marketing, entertainment, journalism and sports sectors, each of which called for reforms within their own sectors to become more oriented towards social good. The Marketing & Branding Council proposed the creation of an “educate and empower” marketing campaign to motivate consumers to ask questions that are critical to making informed purchases, through the formation of a global pro bono public service advertisement and communications partnership. In addition, the entertainment industry’s unique ability to tell stories that attract the attention of millions of individuals was seen by the Council on the Future of Entertainment as an opportunity to influence and shape societal values through an entertainment resource network that empowers social messages.

These and other novel ideas will be further discussed at the World Economic Forum Annual Meeting 2010 in Davos-Klosters, where Global Agenda Council proposals will be disseminated widely to continue discussions on creating a values framework, to improve global cooperation and to spark further suggestions in the context of a global redesign.

Enhancing Security

Prepared by Lena Hagelstein and Liana Melchenko
of the World Economic Forum

Council Members in the “Enhancing Security” cluster discussion largely agreed that the current 60-year old international security architecture is no longer adequate for 21st-Century global security challenges. Overall, the security cluster focused on international security issues that by definition involve cross-border and cross-regional aspects of coordination, collaboration and, most importantly, responsibility. The Councils emphasized a sense of urgency and of collective responsibility as they redefined security in terms of global, regional, local and individual or human security. The global community needs a more holistic view of what security means in different situations while remembering the various levels and changeable components to any security challenge.

The need to move from single actor decision-taking to arrangements that allow for more shared forms of decision-taking and increased accountability among all actors was highlighted. The decision-taking process matters as it can be central to increasing the sense of shared responsibility and improve the current situation regarding asymmetric information flows. Often the information needed to make quick, decisive and effective decisions is not available or is deemed to be biased. This must be a key focus when rethinking the design of effective processes to address 21st-Century security challenges.

Discussions also revealed a general consensus that current security institutions are not only no longer adequate, but also not necessarily well designed. New institutions or the restructuring of existing institutions should therefore focus more clearly on the purpose and challenges they are meant to address as opposed to the political environment in which they are constructed.

Issues addressed were both diverse and related as the security agenda was expanded to include global, regional, national and more human-focused elements. Importantly, the elements of human security were emphasized as essential to any holistic and forward-looking discussion on security threats and global risks.

The Global Agenda Council on Fragile States highlighted the lack of accountability regarding development programmes and funding in these states. Due to a lack of institutional capacity, fragile states are unable to be accountable to donors or citizens. Development aid often flows into these countries but cannot be administered or managed properly. International donors frequently offer a pre-designed institutional toolbox, which is not suitable for modelling in every state. A new state architecture and new mechanisms for shared responsibility over resource-related decisions and legal norms must be implemented. To remedy both the problem of the lack of institutional capacity and the lack of accountability, the creation of a dual-oversight structure to match local and national needs to the international level was proposed. As accountability increases at the local level, the ability for local and national actors

to build capacity at an institutional level is also strengthened as the actors involved at all levels gain confidence and create processes that are effective and bring responsibility closer to the state, away from the donor organizations.

Members of the Council on Human Rights & Protection recalled that in 2005 at the World Summit, global leaders reached consensus on the idea of the responsibility to protect (R2P) vulnerable populations in the event they are not adequately safeguarded by their own governments. This consensus requires agreement on the processes and procedures needed to create action in the event a situation is deemed R2P. To that end, Council Members discussed the concept of a rapidly deployable global police force composed of international civilian police forces, trained to a common standard, that would assist in peacekeeping and peacebuilding situations. This proposal would help build civilian capacity and increase the rule of law.

In the area of Humanitarian Assistance, Council Members focused on capacity and resilience building at the local level. Members proposed a locally driven, nationally coordinated and internationally supported model. The three sectors viewed as key to the success of humanitarian assistance situations, which must cooperate to ensure effective efforts – the public sector, the business community and civil society or the non-governmental sector – would be included in the proposed model to ensure collaboration not only before, but also during and after, a crisis situation. This model is not about a new institutional architecture but focuses on a more coordinated approach to existing practices. It would help address in a timely manner the world's quickly arising, far-reaching challenges, and prevent potential systemic failures.

In a direct response to the lack of an effective international security structure, the Council on International Security Cooperation suggests adding security issues to the G20 agenda. As a first step in revamping international institutions, this proposal recognizes the interlinkages between security and economic issues, for example between fragile states, corruption and illicit trade. The G20 could raise awareness and take action on these issues. A further element could include adding a gathering of national security advisors or their equivalent to G20 meetings.

The Global Agenda Council on Terrorism & Weapons of Mass Destruction suggests securing the global supply of nuclear weapons and materials to an optimal standard in order to thwart attempts by non-state actors to access these materials. Despite agreements such as the Non-Proliferation Treaty (NPT) and the Convention on the Physical Protection of Nuclear Materials, and the existence of the International Atomic Energy Agency (IAEA) itself, nuclear materials are still not secured to an adequate level. The proposal put forward builds on commitments agreed to under UNSC Resolution 1540 and based on Russian-American cooperation on nuclear matters to increase capacity for more effective nuclear forensics, create a nuclear materials database to be managed under the IAEA, and include Pakistan, Israel and India into cooperative structures regardless of their NPT status.

Such actionable proposals to address the gaps or weaknesses in these areas are being further elaborated in view of other opportunities to address 21st-Century security challenges on a wide scale at the World Economic Forum Annual Meeting 2010 and beyond with the intent to promote their implementation in a not-too-distant future.

Ensuring Sustainability

Prepared by Dominic Waughray and Randall Krantz
of the World Economic Forum

The collective pool of ideas and recommendations that emerged at the Summit on the Global Agenda from each individual Council in the “Ensuring Sustainability” cluster amount to much more than a redesign of environmental governance and policy issues; they also cover population growth, the future of healthcare and fundamental social transformation issues.

At the Summit in Dubai, the cluster coalesced around a series of themes, which include:

- New institutions and initiatives to promote progressive change in the *public health arena*, addressing the future of global healthcare, our ageing society and the underpinning issue of population growth
- Architectures for accelerating the transition to a *low-carbon economy*: this includes propelling the rapid and widespread growth of sectors such as sustainable transportation, sustainable energy and sustainable construction, and developing better policy frameworks for oceans, biodiversity and terrestrial ecosystems and for the new climate change regime itself
- Movements to shift our global society towards more *sustainable consumption* patterns
- An exploration of the political and economic context of three theatres that will likely be leaders in these trends, *Europe, China and South Korea*

Within and across these themes the Councils in this cluster found common ground in a number of their ideas, such as:

- Changing incentives to build better national, regional, local governance structures, involving both public and private players
- Building a new set of institutions within the lifetime of this generation, thereby creating a positive governance legacy on sustainability for tomorrow’s decision-makers
- Developing this redesign carefully so an institutional build phase is not rushed in response to the short-run problems of today, but is constructed to help mitigate the deeper structural problems of tomorrow
- Creating a vision of the world we want to be living in, in 20, 30 or 50 years’ time, to provide the north-star that the redesign process is aiming to reach

Against this context, the following six ideas emerged from the cluster discussions as examples of potent redesign suggestions that set out potential first steps in the journey toward sustainability:

1. A new multi-disciplinary global institution to foster accountability for addressing those substantive cross-cutting health risks, such as buildings, modern foods, road safety, indoor air pollution, etc., that no existing approach to public health focuses upon in a comprehensive manner, but which cumulatively create significant levels of morbidity and mortality especially in the developing world

2. A major international project to systematically explore the role of social capital in creating collective action and work with appropriate stakeholders to roll out pilot projects to create an unbranded movement with consistent messaging around sustainable consumption to create a market “pull” for policies, products and services
3. A substantive international public-private process to explore how to harness a universal suite of market forces to drive sustainability forward by setting prices right and eliminating harmful subsidies around the world (for example in forests, fisheries, fossil fuels) and through the establishment of metrics and aggressive positive standards against targets that measure full life cycle costs (for example in buildings, transport, consumption)

Due to the proximity of the Copenhagen conference on climate change, the final three recommendations all focus on the low-carbon economy issue:

4. A global effort to develop monitorable, verifiable low-carbon growth plans for all countries of the world before the end of 2012, with national ambition efforts to 2020, together with the establishment of an independent measurement, reporting and verification (MRV) institution to monitor and report on national progress against each plan. For developing countries, the growth plans will be able to trigger public finance for capacity building with immediate effect. Multilateral development banks, aid agencies or foundations can create a pooled fund to finance the development of the plans for poorer countries. This idea is notable as it came initially from the Global Agenda Council on the Future of China.
5. The creation of a series of sustainable energy (and product) free trade areas (SEFTAs) around the world, either regionally, nationally, provincially or at the city level. Within the SEFTA, tariffs and taxes on low-carbon technology and product choices would be removed and positive incentives would be established. These zones would quickly create scaled markets for low-carbon technologies, products and services and would serve as substantive public-private platforms to catalyse rapid and scaled changes in the low-carbon economy.
6. The establishment of a series of “quick-start” funds in 2010 for avoided deforestation, adaptation and low-carbon energy infrastructure to enable the rapid deployment of finance into the core areas of the economy requiring rapid and scalable low-carbon investment. The avoided deforestation (REDD+) and adaptation funds would be public financed (perhaps US\$ 2 billion and US\$ 3 billion respectively); the clean energy infrastructure fund could use a cornerstone endowment of public funding (perhaps US\$ 5 billion) as a risk reducing device for the fund, such as first loss equity, in order to leverage much more private capital in both further equity and debt. A pilot fund could first be developed for Asia before being replicated in other key regions of the world, and it could be anticipated that US\$ 5 billion could leverage a further US\$ 45 billion.

Other noteworthy ideas from Councils in the cluster included the adoption of full life cycle costs into construction planning; the launching of a process to facilitate multistakeholder agreements in the mining sector; the strengthening of capacity across existing international organizations to address population growth, which aggravates all other issues that scale with population size; and the creation of a sustainability, growth and social responsibility institute (to initiate green, responsible growth initiatives), which emanates from the Council on the Future of Korea.

A common thread across the cluster was the need to move quickly from ideas to action; there was a stated desire to set out the next, practical steps to turn these recommendations into realities. Thus a number of these ideas and suggestions are being developed into actionable proposals addressing some of the key challenges outlined in the area of sustainability, taking into consideration issues of complexity and the interlinkages within the cluster which were also discussed during the Summit.

Mitigating Global Risks and Addressing Systemic Failures

Prepared by Sheana Tambourgi and Stéphane Oertel
of the World Economic Forum

At first glance the issues covered by the nine Global Agenda Councils that constitute the “Mitigating Global Risks and Addressing Systemic Failures” cluster might not appear to have much in common aside from their systemic implications. However, through the Council discussions and exchanges, several common themes emerged at the Summit on the Global Agenda in Dubai. The themes included how global trends will shape and potentially amplify the Councils’ focus risks; the systemic nature of not just those risks themselves but of interconnections among them; and how a more integrated approach to governance, policies and action around these risks could vastly improve global resilience.

Global population growth is expected to peak at just over 9 billion by 2050 and concomitant consumption is set to continue on its current fossil fuel, water and food intensive trajectory. All of the Councils highlighted this as one of the key challenges for their issue area. Food, water and energy security are highly interlinked through their usage, production and environmental impact. Greenhouse gas emissions, water scarcity and pressures on land usage all contribute to, and are exacerbated by, climate change. The rising concentrations of populations in urban areas, while 75% of the world’s poor still live in rural areas, often dependent on agriculture for both their food and income, mean that large parts of the world are very exposed to the direct and indirect consequences of climate change. In recognition of how health and nutrition are at the nexus of these risks, the Council on Food Security and the Council on Nutrition jointly propose a “Food, Agriculture and Nutrition Redesign Initiative”. The proposal includes a task force on Risk Reduction Revolution for Poor Farmers and the Hungry and a commission to connect agricultural development to healthy nutrition to counter both hunger and the rise of chronic disease, even among the poor, related to poor nutrition.

The phrase “risk is the new normal” succinctly summed up the cluster consensus. If the interconnected nature of the world makes it a riskier place, what can be done to lessen vulnerability to global risks and to leverage governance to shift states and other stakeholders from a reactive mode to a proactive focus on prevention, adaptation and mitigation?

Firstly, across all Councils, and this also resonated from other clusters, information is key to address gaps in awareness and preparedness. For a risk to be properly understood and its impact considered in context, high quality data

must be available to all stakeholders. This is particularly true in the developing countries, which often lack the capacity to gather data. International cooperation and technology can facilitate data gathering and analysis to better identify and track risks and thus enable more enlightened decision-making. Several of the cluster proposals addressed the information gap. The Global Agenda Council on Water Security proposes creating an online repository for information on water, particularly on trans-boundary water pressures. "Google Water", as they named it, would provide decision-makers with real-time information and access to authoritative analysis.

Secondly, and in particular in light of the events of the financial crisis, there must be a recognition that all parts of a system need to be activated to counter systemic risk. Public, private and international bodies must be made aware of the risks, their role in mitigating them, and mobilized to address questions on the financing of risk prevention or mitigation, regulatory frameworks and creating incentives. Behaviour change is a crucial aspect if global growth is to be sustainable in all senses of the word. Technology and markets can be powerful tools to address some of the problems associated with behaviour change. However, innovative governance models will be key to creating the environment in which these can operate effectively and reach all stakeholders, in both the developed and developing world. The tensions between acting for the collective good over the long term and the legitimate desire of individuals, corporations and states to respond to their immediate needs will have to be addressed if global governance, policies and strategies are to be effective.

Finally, by their very nature, global risks transcend the boundaries of regions and organizations alike. Current global governance structures are not designed to tackle such systemic risks in a sufficiently integrated manner, nor indeed to take a long-term and independent view of how these risks might evolve. While many valuable proposals were presented by the Councils to address certain groupings of the risk, one idea was repeatedly raised. To address the need for information, analysis and exchange of insight and know-how around risk mitigation, a Global Risk and Vulnerability body, as proposed by the Global Agenda Council on Catastrophic Risks, could act as a federator of understanding and action around global risks. Such a body would be a unique way to channel existing knowledge, to address awareness gaps and to help leaders prioritize risks and thus better allocate resources to manage them and build resilience.

These ideas and others will continue to be discussed at the World Economic Forum Annual Meeting 2010 in Davos-Klosters and during other opportunities throughout the year in order to maintain efforts to mitigate global risks and address systemic failures.

Strengthening Economic and Social Welfare

Prepared by Margareta Drzeniek Hanouz and Jennifer Blanke
of the World Economic Forum

The Global Agenda Councils from the “Strengthening Economic and Social Welfare” cluster discussed a number of very distinct proposals, some of which share common features. A number of Councils identified shortages in high quality data as a major hindrance to improving policies and performance in their respective areas at the national and international levels. Councils also stressed the advantages of benchmarking and rankings at the country level, as they encourage peer pressure by other nations as well as bottom-up pressure by the public-at-large. Transparency and competition among countries can therefore help to overcome political inertia with higher quality and more extensive disclosure helping governments advance towards social goals. The Organisation for Economic Co-operation and Development (OECD) Programme for International Student Assessment (PISA) was highlighted as a good example in this respect: by making differences in the quality of educational systems more transparent, the PISA assessments are encouraging better policies in this area.

The related proposals ranged from a call for better and more extensive collection of data across many areas critical for economic and social welfare, to the construction of indexes that compare conditions across countries in areas such as social investing and the environment for real estate investment, suggested by the Councils on Philanthropy & Social Investing and on the Future of Real Estate, respectively. One in particular, put forward by the Council on the Future of Latin America, is a benchmarking project measuring the performance of the educational sector, where the establishment of an independent non-governmental body to assess educational system performance through reliable statistics is proposed.

Another theme emanating from the Councils is the extent to which the financial crisis has highlighted the interconnectedness among countries which, in turn, has heightened the recognition that international cooperation is necessary to solve the world’s most pressing issues related to economic and social welfare. In this context, it was suggested that the rise of the G20 as a new body in the global governance landscape may provide a good platform to move forward. The Global Investment Flows and Systemic Financial Risk Councils developed proposals for building a new institution or strengthening existing ones, e.g., the Financial Stability Board, as necessary to discourage the emergence of destabilizing systemic financial risks or unsustainable economic imbalances between economies, and ringing louder alarm bells and compelling action when they arise.

To address the important challenge of unemployment and economic insecurity, specific proposals were tabled by the Employment & Social Protection Council to place job creation at the centre of economic strategies coming out of the

crisis. Similarly, in light of the lack of capacity of many countries to implement social protection policies, it was suggested that the International Labour Organization could be empowered to provide assistance to countries that wish to establish such systems.

Some of the proposals also focused on the importance of harnessing technologies for enhancing economic and social welfare. One such proposal from the Council on the Future of Mobile Communications is the idea to expand mobile-telephone based solutions for health, financial services and other areas. Related to this is the idea of coordinating open partnerships of organizations that deal with data, to take advantage of the potential transformative power of mobile networks and devices across many industries.

A number of proposals deal directly with the movement over borders of individuals, goods and financial flows. With respect to international labour migration, the Councils on Migration, the Skills Gap and Talent & Diversity came together to offer the idea to create a set of bilateral principles and guidelines to govern labour migration, serving the interests of major stakeholders – governments, businesses and migrants. Greater talent mobility would contribute to enhancing innovation by facilitating the flow of ideas and harnessing diversity. In parallel, they stressed that business leaders could be better equipped to deal with the effects of heightened migration by including diversity into the standard business school curricula.

In terms of cross-border trade, the Council on Trade proposes strengthening the World Trade Organization by revamping its structure following the Doha Round by reinforcing its multilateral component, increasing discipline on regional agreements, assisting countries with liberalization and trade facilitation and deepening the relationship between the WTO and other governmental and non-governmental institutions.

With regard to financial flows, the Council on the Future of Long-term Investing proposes the development of a special international framework to reduce private investor risks in direct investments in developing countries. The Poverty & Development Finance Council recommends that the development finance architecture be simplified by creating a self-organized network of networks to effectively coordinate development assistance complemented by a Web-based platform to monitor development finance initiatives and results.

These ideas and proposals form the beginning of a wider discussion process. Many will be further developed for consideration during the World Economic Forum Annual Meeting 2010 in Davos-Klosters and certain will be presented at a meeting on the Global Redesign Initiative in Doha, Qatar, in Spring 2010, or at other Forum events.

Global Agenda Council Reports from the Summit on the Global Agenda 2009

Building Effective Institutions

Benchmarking Progress in Society

Issue Overview

Quantifying prosperity and the related progress in countries and societies is an essential step in helping governments and civil society prioritize actions, policies and strategies. Although economic growth and GDP-based measures are key elements in assessing societies' well-being, it is ever clearer that societal progress is much broader than economic performance and that it has social, environmental, cultural and intergenerational dimensions.

While there is no single universally accepted measure of well-being, economic growth can be measured in a comparable and fairly sound way across countries. Thus income measures of progress have tended to be adopted by the global community for lack of better tools.

However, and widely recognized also at the political level, being able to measure overall societal advances accurately is vital for monitoring progress towards enhanced well-being and prosperity. Sound indicators and measures represent an essential tool for decision-makers to design better evidence-based strategies.

Considering the importance of solid indicators and benchmarking practices for improved national and international governance, the Council on Benchmarking Progress in Society is focusing on identifying the main gaps in international cooperation in its field of expertise, and elaborating a number of clear and actionable recommendations to close them. Among the major gaps highlighted are the need for a definition of progress to also include non-economic components; improving benchmarking and data collection practices to generate sounder and comparable indicators; further fostering evidence-based decision-making, by designing quality-check mechanisms for official and non-official statistics among others.

The Council acknowledges the growing criticisms of GDP as the sole yardstick of societal progress. Measuring progress should go beyond economic indicators and should when possible include **wider measures of sustainable and equitable well-being**, taking into account social, environmental and governance dimensions, among others. These measures can usefully complement the more traditional GDP-based gauges, by providing insight into different and equally important dimensions of progress.

An important challenge for meaningful benchmarking and data-driven policy-making has to do with the actual **quality and availability** of the data. There are major flaws in data collected both by official and non-official sources, be they hard or soft. International organizations, national governments and other stakeholders should enhance efforts to improve data compilation methodologies and make official statistics sounder and free from political interferences.

The current economic crisis has further highlighted the importance of an **evidence-based** approach to decision-making, as a necessary condition for good governance and transparency. Reliable data are critical to ensure policy decisions are based on solid information and fully accountable to citizens. Therefore, a transparent and effective democracy must make salient data available to the general public and educate people to read and understand statistics.

Proposals¹

Benchmarking progress in all its dimensions has blossomed in recent years, particularly because of the growing awareness that recent crises (food, environment, financial, economic, etc.) require both a change in current paradigms and better decision-making at all levels. Data are fundamental for benchmarking but many other elements of the process must also be considered, such as analysing, ranking and communicating results. Unsound benchmarking could lead to mistaken decisions and policies, as well as misunderstandings.

People have long debated this issue, especially in the context of the “beyond GDP” discussion to identify a more holistic and comprehensive vision of well-being and progress. The Council takes note and welcomes efforts around the world to develop frameworks of societal well-being (Stiglitz Commission’s Report, OECD Global Project on Measuring Progress of Societies, European Commission’s Communication, among others). A number of recommendations have emerged from the Council’s discussions with respect to measuring progress, as follows:

- As many data capturing dimensions of well-being are already available, further effort to refine and publicize them, making them more widely known and relevant, is needed. Stronger cooperation should be established between data producers, experts in visualization techniques and media companies.
- As some areas related to well-being require further measurement work, official statisticians are encouraged to measure all dimensions of well-being (including the subjective ones) and to collaborate more closely with non-official data producers.
- As the actual quality and availability of data are preconditions for meaningful analyses, benchmarking, knowledge building and decision-making, the “Information Charter” developed by this Council should be applied by official and non-official data producers. Its use should be promoted by those institutions (foundations, governments, etc.) that fund statistical data collections and developments.
- As good quality data does not replace thoughtful analysis, the limitations of any data source should be openly acknowledged, including through disclosure of margins of error. Where possible analysts should triangulate, using multiple independent sources of data, as part of the good practices in developing benchmarking exercises.

Action points

The above stresses the importance of good quality data as one of the “commons” on which policies and individual decisions need to be built. In a globalized world, a global perspective must be taken to address this issue. Therefore, this Council recommends building a true global network of experts and practitioners to identify good practices, improve the quality control of data and benchmark exercises following a collective intelligence approach exploiting web 2.0 technologies and spirit. This applies both to the World Economic Forum’s Network of Global Agenda Councils and to the world at large.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Two actions are recommended:

- 1) The WELCOM platform should be used to foster collaboration among those Global Agenda Councils that intend to develop new measurement tools. This Council would facilitate their interaction, also pointing to good practices that exist both in other Councils and elsewhere. This would lead to the identification of the “measurement agenda” of the Network of Global Agenda Councils.
- 2) The World Economic Forum should contribute, together with other interested organizations, to the development of a global and open Web platform where data and metadata concerning different dimensions of progress produced by both official and non-official providers could be uploaded, validated, visualized and analysed.

Sessions in the Annual Meeting programme related to Benchmarking Progress in Society include:

- The Economics of Happiness
- IdeasLab on the Global Redesign Initiative (Institutions)
- Rethinking Economic Progress
- Do You Trust Your Data?

This Web platform should include user-friendly country scorecards as well as relevant information to ensure quality assessment according to the “Information Charter”. The Web platform could be guided in its development by experts from this Council and other relevant stakeholders, complementing IT and subject matter experts. It could include highly interactive tools for downloading and visualizing data, country comparisons and progress over time, and could also feature a wiki for experts and users worldwide discussing data quality and integrity issues.

The portal could build on existing initiatives, notably the OECD’s newly launched wikiprogress portal (www.wikiprogress.org).



Benchmarking Progress in Society

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Decision-making & Incentive Systems

Issue Overview

Doctors create a low-cost pill to treat HIV, but only half of patients in developing countries who receive the pill end up taking it. Governments in developed countries create financial incentives for people to save for retirement, but many fail to do so. Households could save significant amounts of money – and reduce their carbon emissions – by weatherizing their homes, but most do not.

In each of these cases, as in many others, policy-makers have relied on standard tools to influence behaviour, such as financial incentives, legal structures and new technologies. All too often policy-makers have ignored social factors that strongly influence behaviour. Decades of social-science research has shown that financial incentives, information and new technologies, while often powerful, do not always achieve their intended effect. Without the lessons of behavioural science, expensive policy interventions can fall far short of their goal.

This situation creates an enormous opportunity. By combining traditional policy levers with lessons from behavioural science, policy-makers have already been able to show excellent results, often at relatively little cost. The world's most pressing issues – poverty, health, climate, fiscal deficits and global economic imbalances – could all benefit greatly from more attention to behavioural findings.

Proposals¹

Policy-makers could greatly improve the efficacy of many programmes by taking greater account of decades of social-science research showing that powerful and counter-intuitive factors can often have dramatic effects on human behaviour. This research has shown that stronger incentives will not automatically change behaviour, that more information will not necessarily promote awareness, or that more choices do not always improve well-being. Each of these traditional tools – incentives, information and choice, among many others – has a crucial role to play. But they are also incomplete.

Behavioural science suggests that, at a relatively low cost, exciting opportunities for fighting poverty, promoting health, reducing energy consumption and rebalancing the global economy exist. These opportunities include:

Social norms can persuade people to make significant changes in their behaviour. Research has shown that simply informing homeowners of the energy saving efforts of their neighbours can produce more energy savings than many of the standard messages traditionally used to spur household energy conservation. Households will often cut their energy use once informed that they consume more energy than their neighbours, while simply exhorting households to reduce their energy consumption does not change their conduct. When a private sector energy-conservation company in the United States recently applied these findings, it produced energy savings comparable to those achieved by home-energy metering systems, at a fraction of the cost. Metering systems are now being installed around the world at significant cost. A policy approach based on social norms could also be applied to other areas. College students could be informed that most students do not in fact engage in binge drinking, for instance. Financial decision-making and voter turnout are other promising areas. Research suggests that highly localized norms tend to have greater influence than global, national or regional norms.

Defaults can have an enormous effect on human choices and behaviour. A 2001 study found that only 36% of people joined a retirement-savings plan when their employer required them to sign a form to participate, but 86% joined when they had to sign a form to not participate. This difference persisted for years. It led to a large gap in the amount the two groups saved, although the groups were composed of similar employees who faced the same financial incentives. The change in policy – switching from an opt-in programme to an opt-out programme – involved little cost. Defaults can have a similar effect in healthcare. When a hospital in Utah made sure that doctors were given a blank prescription for beta blockers before discharging heart-attack patients, the percentage prescribing beta blockers rose from 57% to 98% percent. Mortality and hospital-readmission rates subsequently fell. Organ donation is another area that offers opportunities for incorporating defaults into policy.

Channel factors refer to small but powerful interventions in the ways that programmes are described to people. The classic example in the health domain is a

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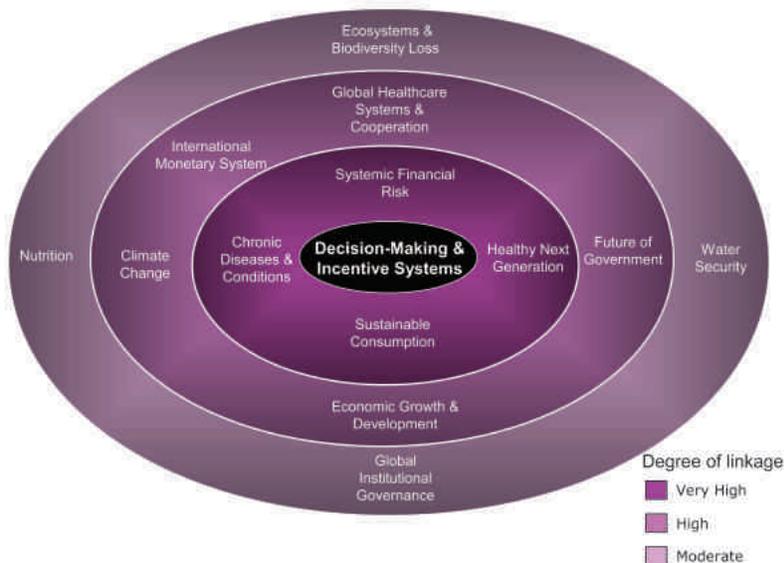
study of tetanus shots. Two groups of college students were each presented with frightening information about the risks and effects of tetanus infection. One group was simply told they could get an inoculation if they went to the health-services department at 11 AM on Tuesday. Only 3% went. The second group was told when and where to get the inoculation, but was also given a map and asked to draw the route they would follow to the health office. This map could appear to be of little value since all of the subjects knew where the health office was located, yet 29% of those in the second group got the inoculation – a nine-fold increase. Similar research has found that the distance to a healthcare facility affects how often people use the facility and the distance teenagers live from a college campus affects their likelihood of enrolment. The channel-factors research offers two lessons: policy-makers can increase participation in a programme by helping people envision their involvement in it and participation should be made as easy as possible.

Sessions in the Annual Meeting programme related to Decision-making & Incentive Systems include:

- Rebuilding Economics
- The Information Age and Human Behaviour I and II
- IdeasLab on the Global Redesign Initiative (Institutions)
- Better Food for Better Health
- Does an Algorithm Run Your Life?

Other such interventions include **commitment** (giving people a simple form in which they promise to take some future action); **group-carried change** (in which people discuss their intention to participate in a programme with friends or neighbours, increasing the likelihood they will do so); and **transparency** (informing investors and even internal executives of a financial firm’s leverage).

The Council on Decision-making & Incentive Systems thus proposes to identify and further highlight ways in which behavioural economics can be applied effectively by policy-makers to help them design regulations to address the world’s most urgent challenges.



Decision-making & Incentive Systems

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Issue Overview

Design is an agent of change that enables us to understand complex changes and problems, and to turn them into something useful. By bringing together the world's leading designers and design thinkers, the World Economic Forum's Global Agenda Council on Design serves as a unique source of interdisciplinary expertise for the wider network of Councils.

The Global Agenda Council on Design is committed to applying design thinking to analysing systemic problems, and to inventing and delivering creative solutions. Council Members have identified six design principles, which should help us – and our fellow Global Agenda Councils – to develop new ideas and strategies to address the problems facing us all.

- *Clarity*: Complex problems require simple, clear and honest solutions.
- *Inspiration*: Successful solutions will move people by satisfying their needs, giving meaning to their lives, and raising their hopes and expectations.
- *Transformation*: Exceptional problems demand exceptional solutions that may be radical and even disruptive.
- *Participation*: Effective solutions will be collaborative, inclusive and developed with the people who will use them.
- *Context*: No solution should be developed or delivered in isolation but should recognize its context in terms of time, place and culture.
- *Sustainability*: Every solution needs to be robust, responsible and designed with regard to its long-term impact on the environment and society.

Proposals¹

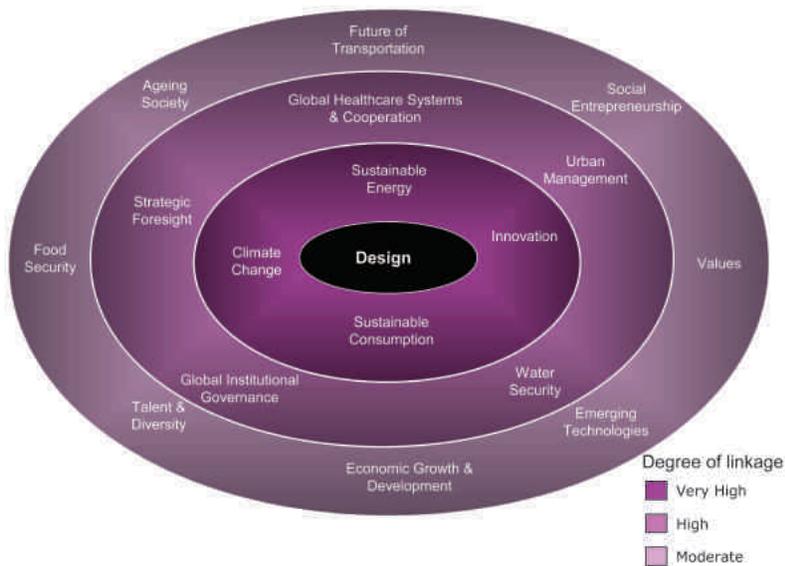
Based on discussions with fellow Councils, the Council on Design has developed three proposals for projects intended to fulfil the World Economic Forum's mission of improving the state of the world:

- *Universal symbols to encourage sustainable consumption* – Many consumers wish to behave more responsibly but are unsure as to how to do so. The Council proposes to develop an internationally-recognized set of symbols – one to indicate the water footprint of a product and its packaging; the other to indicate their combined carbon footprint. This simple system will also encourage more consumers to follow suit in future and companies to behave more responsibly.
- *Design thinking within education* – As design thinking is an invaluable tool to help us to think and act creatively, the Council proposes to introduce it as a core subject on the K-12 curriculum all over the world. By providing students with a methodology for understanding global challenges and giving them the means with which to conceive and develop solutions, this would be a simple yet effective way of nurturing a new generation of instinctive lateral thinkers and problem solvers.
- *Lifecycle-adjusted value system* – This looks at the cost of existence including utilization and decommissioning costs. Visualizing and revealing these costs to society offers a new way of measuring value. It strives to convert a debt-focused society into an asset-focused society by changing the valuation system. It is a paradigm shift so that one generation creates assets for the next generation instead of debts.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Sessions in the Annual Meeting programme related to Design include:

- A Future by Design
 - Next Generation Materials
 - IdeasLab with Harvard University
 - Design for Sustainability
 - Emerging Multinationals and Global Innovation
 - Arts, Culture and the Digital Age
 - Crisis and Culture
 - Redesigning Consumption Patterns
-



Design

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***Jens Martin Skibsted**, Creative Director, Skibsted Ideation, Denmark

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Future of Government

Issue Overview

Governments are in danger of becoming irrelevant. As we attempt to achieve new models of global cooperation, citizens of the world may feel one or more steps further removed from negotiations and decision mechanisms. Furthermore, massive opportunities may be missed to make full use of the imagination, dedication and determination that people are ready to invest in solving the world's problems. If this growing disconnect between governments and citizens is not fixed rapidly, there can be no legitimate, accountable and trusted global cooperation, problem solving or governance.

Four "inconvenient truths" about government:

- *The future of government is no longer what it used to be:* Basic "public functions" have already been redefined through the irrepressible growth of both private sector and civil society involvement in public affairs. Local governments (especially at the city level) grow in importance and relevance, not just to identify and address local issues but, more and more often, to mobilize local energies in the face of global challenges. Innovative government has ceased to be an oxymoron and government has ceased to be synonymous with "central government," as governance is increasingly understood as a continuum from local to global.
- *The future of government is about the joint creation of public value:* Around the world, governments are faced with new demands, new expectations and a fast growing array of new technologies and tools to address them. A historic possibility exists for governments, business and citizens to "seize the moment" and identify priorities and actions by which the world as a whole can benefit from the changes at play, and re-invent government as a tool for the joint creation of public value. This requires radically changed mindsets.
- *The future of government is less and less in the hands of governments alone:* Technology (Internet social networking in particular) has empowered ordinary citizens with new tools to challenge both leaders and wannabes about their ability and willingness to address public concerns. Such tools offer new possibilities to re-engage citizens in public affairs while contributing to higher degrees of inclusion, participation, transparency and accountability.
- *Better government should not be limited to one sub-set of the world.* At this point in time, democracy may not be the objective that all governments of the world would want to pursue. Yet, the opportunity to use all available tools to improve the quality and value of government should be within the reach of all countries. This will not be realized as long as discrepancies remain between the haves and the have-nots of modern communication tools and capabilities. A global effort for better government must hence be accompanied by a strong and coordinated effort to bridge the digital divide on a global scale.

Proposals¹

These issues will not be solved overnight. However, action is now urgent: if the disconnect between citizens and their government is allowed to grow any bigger, unique opportunities to attack global issues may be missed, and socio-political tensions may grow out of hand, as expectations about better, more transparent and more accountable governments will not be met.

The two proposals presented here are only a first step towards a fundamental revisiting and re-tooling of government action at the local, national and global levels. It must be underlined that a precondition to their successful implementation is a change in the current mindset of governments; from their traditional roles of administrators and manager, they have to accept new responsibilities as leaders and facilitators of societal transformation.

Two main actions need immediate global support from decision-makers, public and private.

1. Launching the Global Citizen Engagement Initiative

Why now?

Governments, in collaboration with other stakeholders, need to launch a new paradigm to engage the citizens of the world to co-innovate the 21st Century through mass collaboration. This is now possible, thanks to the emergence of a new medium of communications, appropriate for a new generation of young people who have shown that they want to be engaged in the world. This is now necessary to address the demands of the global economy and society.

The goal is not to replace existing institutions. This initiative will help them; it does not supplant representative governance, it enhances it. But it also enables existing institutions to unleash public value, catalysing initiatives and unleashing human capital in the world. However, the leaders of current institutions will need to change their whole operating model to interact with their citizens.

How?

Around the world there are lighthouse examples of the next generation of citizen engagement. Call it Democracy 2.0. The first wave of democracy established elected and accountable institutions of governance, but with a weak public mandate and an inert citizenry. The second wave is being characterized by strong representation and a new culture of public deliberation built on active citizenship. The future is now. The Global Citizen Engagement Initiative (GCEI) will include ideation tools like digital brainstorming and town hall meetings; decision-making initiatives like citizen juries and deliberative polling; execution tools like policy wikis and social networks within government; and evaluation programmes through mass collaboration monitoring systems to enable citizens to keep governments accountable and evaluate government performance. Governments can begin immediately to launch pilot citizen engagement initiatives, to experiment, learn and build momentum for the new model.

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The Goal: Redesigning the Operations of Government to Embrace the Digital Age

Governments need to move beyond service delivery (and e-government initiatives) to transform themselves into platforms, providing open information and data to enable networks of public, private, civil society organizations and citizens to self-organize to *create public value*. When governments become platforms they change the way they orchestrate capability to create and deliver services – ultimately changing the division of labour in society for economic and social development and social justice. Governments at the national and local levels as well as international bodies need to embrace concepts such as the “wiki-workplace” and crowd sourcing as ways to improve collaboration across silos, increase the metabolism of government and cut costs. Rather than fighting the tools of the 21st Century as many governments do, they should adopt these tools as standards to transform their operational performance. To that end, governments and intergovernmental institutions should lose no time to create appropriate internal mechanisms and relevant skills to use and manage these new tools.

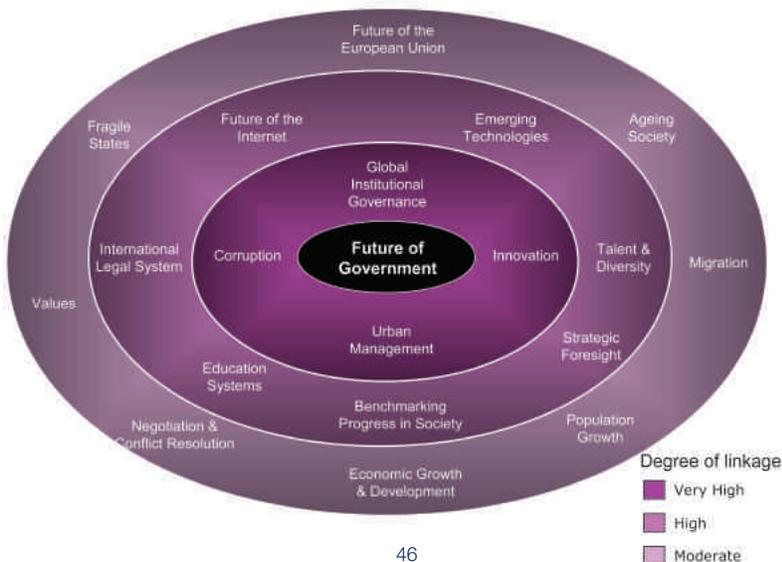
Sessions in the Annual Meeting programme related to the Future of Government include:

- The Growing Influence of Social Networks
- State Leadership: An Opportunity for Global Action
- Global Governance Redesigned
- Rethinking E-governance
- IdeasLab on the Global Redesign Initiative (Institutions)
- Public Service: Attracting the Best and the Brightest?

2. Launching a Digital Marshall Plan – Global Social Inclusion

The leadership has to facilitate the new playground and arena for growth, sustainable development and innovation across all sectors of society. In so doing, they must ensure that no country or group of citizens is left behind.

Because the biggest opportunities to improve performance, delivery and engagement rely on citizens and all institutions being connected to the Internet, governments in every country need to launch programmes to bridge the digital divide. World leaders should launch a global initiative to take broadband to every corner of the world – a Digital Marshall Plan. This infrastructure can enable the adoption of collaborative innovation and new business models required for economic growth and development. It is required for the new architecture of government and the new models of governance. It would help develop better warning systems for problems in the global economy. It would enable new forms of global cooperation and governance. The costs will pale in comparison to the benefits.



Future of Government

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Global Institutional Governance

Issue Overview

Recovering from the financial crisis, preventing nuclear proliferation, addressing climate change, preventing and resolving conflicts, protecting against new pandemics: such global challenges urgently call for new forms of global governance.

But instead of global governance “rebooting” around a Bretton-Woods-type architecture, 21st-Century governance mechanisms will be diverse and variegated. Many are already emerging in a lattice, reflecting an urgent demand for governance mechanisms adequate to the challenges.

Global governance innovations raise hope as they reflect growing competition between the power of states, institutional actors and an increasingly vocal and powerful civil and economic society. As economic activity becomes increasingly globalized, even though politics remains largely a local and national enterprise, the international institutional machinery of the 20th Century has not been able to change this dynamic. This need not be a signal of failure for global governance and international institutions like the UN: variegated forms of global governance can be expected, with the advantage of increased capacity for experimentation, diversity and flexibility. While there is a longing for better global governance, different actors are comfortable with their own local or regional innovations, including the EU, ASEAN or the African Union, as well as GAVI and APEC.

However, taken as a whole, the emerging institutions show profound limitations and deficits:

Legitimacy: In differentiated systems of global governance, various structures will seem legitimate to different participants. Moreover, the trade-off between broadening or deepening representation and increasing efficiency poses even greater problems for most international institutions. Achieving consensus will require greater debate over common values.

Linkages: The diversity of institutions performing global governance functions today – in terms of stakeholders represented, levels at which they operate and the instruments they apply – makes it difficult for them to interact effectively and create synergies and pathways for coordinated and effective action.

Transformative capacity: The disjuncture between the terms under which national politics are conducted and the demands for global governance remain cultural and political obstacles to global cooperation.

Engagement: The global economy has been far more successful than conventional political institutions in harnessing creative and productive energy across the planet. As a result, civil society with citizen engagement is highly mobilized, but insufficient political institutions and policy platforms exist to transform such energy into action.

Equity: A universal normative order can empower and protect the weak, enforcing the existing distribution of power. Just as 20th-Century international structures were unable to address persistent inequities; new structures will probably also fall short of achieving this goal.

Capacity: Many institutions, particularly inter-governmental institutions, are hampered by serious capacity constraints in terms of their human resources.

Proposals¹

Traditional international institutions will remain crucial players in this new global lattice of governance mechanisms. Existing institutions like the UN, WTO, IMF and World Bank must address these deficits in their own design and functions. They will need to speak to and engage a wider range of stakeholders at all levels, harnessing the power of the powerful where necessary, while including and engaging smaller states and other constituencies whenever possible.

Rather than proposing specific actions, the Council on Global Institutional Governance proposes highlighting the case of the G20 as illustrative of a new proposition in global governance that, while not underestimating the above deficits, nevertheless suggests potential political opportunities to help address them.

The G20 was a major institutional innovation made necessary due to perceived failures in the UN system and a G8 that no longer reflected the realities of power in the international system. Its greatest potential consists in its prospects at the political level to fire up other stalled institutions, as it has already done with the IMF and the Financial Stability Board. To do this effectively, the G20 needs to address certain challenges including:

- *Legitimacy*: To have greater legitimacy, the G20 must be seen as operating through other established institutions, such as the United Nations. Just as its deliberations energized and strengthened the IMF, it has the potential to be the forum through which more formally legitimate institutions like the UN are strengthened. A test of its legitimacy will be its impact on other more formal and inclusive institutions.
- *Effectiveness*: While the G20 has mitigated the risk of a financial meltdown, its capacity to bring about a long-term structural rebalancing of the global economy remains an open question. Can it transform from a fire-fighting mechanism to an institution that can pre-empt risks that are still accumulating? The G20's ability to produce "bottom-up convergence" on the challenge of climate change will be an early test of its effectiveness.
- *Transformative deficit*: As the G20 is likely to be effective as a new and varied peer group, will the experience of participating in this peer group over time transform the ways in which leaders set the agendas in their own domestic politics?
- *Equity*: Will the G20 in effect be another forum for the projection of several important nations' power, or will it ignite genuinely participatory global political arrangements and new rule-based international systems?
- *Capacity*: What will the source of effective leadership be within the G20? Might continuity of engagement be facilitated by an efficient secretariat?
- *Inclusiveness*: Will the G20 allow a variable geometry, permitting the participation of other stakeholders on certain key issues?

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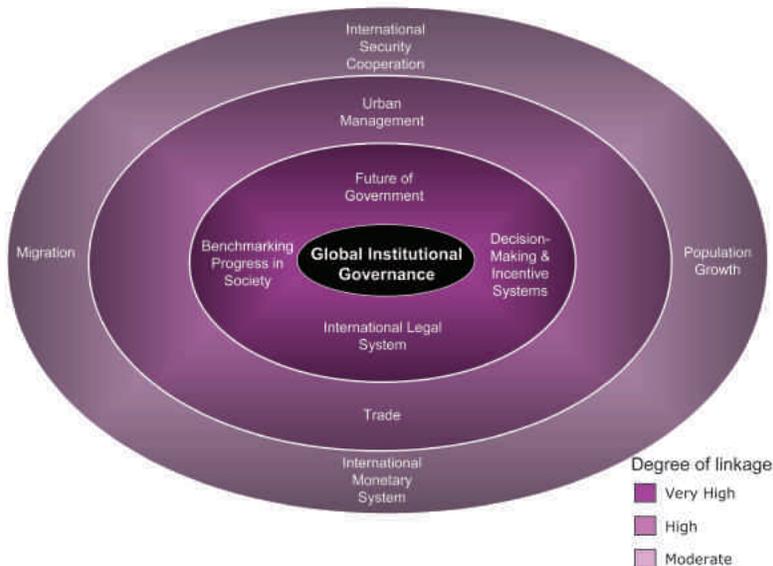
The Council on Global Institutional Governance highlights conclusions from two Councils as suggestive of the G20's influential role in setting the political agenda:

- Education.** Positioning a “Commission” on global education under the auspices of the G20 may prove more effective than earlier attempts to increase awareness and (political and financial) support for education. This Commission could help describe a renewed vision and architecture for global education in the key areas of quality/relevance of education, finance and equity. A Global Fund for Education would be auxiliary to existing institutions at the national and international levels and ensure adequate financial support for the main undertakings.
- Security.** Empowering the G20 provides opportunities to address new security issues and help reach consensus on principles, codes of conduct and guidelines. The G20's economic and financial expertise could prove effective drivers of responses on fragile states, an issue where economic development remains a priority, and could push other international institutions to reform. Transnational issues like cybersecurity and illicit trade, for which no accepted framework currently exists, are areas of potential impact for coordinated G20 action. A more empowered G20 on security issues should also include security expertise.

Session in the Annual Meeting programme related to Global Institutional Governance:

- Global Governance Redesigned

The G20's ability to address today's deficits may not result from its design but rather from the bargaining dynamics the group might produce. Indeed, without a single central architecture, the possibilities for mobilizing “coalitions of the relevant” may increase. But this will require proactive diplomacy at different levels that would engage democracies or other structures of domestic authorization more globally. In short, the challenge of global governance is to harness the dynamics of politics, not to assume that they can be bypassed.



Global Institutional Governance

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Intellectual Property System

Issue Overview

Intellectual property exists to provide an incentive to innovation and creativity, to establish order and certainty in the market through trademarks and brands and to provide a framework for trading technologies and cultural goods.

Fundamental change has occurred in the circumstances of technology and cultural expressions and in the markets in which they are developed and commercialized. Technology and creative content are at the heart of the knowledge economy. Intangibles have come to represent the greater part of the market capitalization of enterprises and more than a trillion dollars is invested in R&D worldwide each year. The geography of technological and cultural production is rapidly changing, with over one-quarter of the world's new technology being produced by Japan, the Republic of Korea and China and in the languages of those countries. Radical new enabling technologies, particularly digital technology, the Internet and biotechnology, have introduced or promise to introduce profound social and economic transformation. Music, film, print and most forms of creative content are migrating to the Internet.

These changes have caused much greater political attention to be focused on property rights in technology and cultural expressions. New technology underlies most social developments and solutions to social challenges. Consequently, competition between incentivizing the development of new technologies, on the one hand, and ensuring the social benefit of those technologies, on the other, has arisen in the fields of health, access to medicines, environmentally sensitive technologies and food and agriculture. A much wider range of actors from different branches of government and civil society is involved in the discussion. In the field of cultural expressions, the widespread availability of content on the Internet has polarized parts of society into supporting or opposing the various measures introduced or proposing to suppress the illegal downloading of creative content.

The supporting structures of markets for technology and digital products were developed for very different circumstances. The intellectual property system needs to respond to this context of changed circumstances and political tension in a balanced manner. It needs to create increased opportunities for global participation in innovation and creativity.

To this end, the Council believes that greater transparency is needed.

Proposal¹

The elements needed to introduce greater transparency should be mapped, developed and deployed.

The Council's proposal on transparency envisages the following elements:

- Global public goods

This would consist of global knowledge resources of technology and branding comprising:

- universally accessible data collection of the technology disclosed through the patent system
- a one-stop portal giving access to all trademarks registered worldwide

These global resources will increase opportunities for innovation, improving effectiveness, efficiency and equity in the innovation system.

- Tools to enable the establishment of open and collective maps of different areas of technology and the fields of economic application (e.g., vaccines, biofuels, renewable energies)

The establishment of open and collective maps will not only accelerate technology transfers but will also enhance public understanding of the IP system at a time when it is broadly under suspicion of benefiting a few at the expense of most.

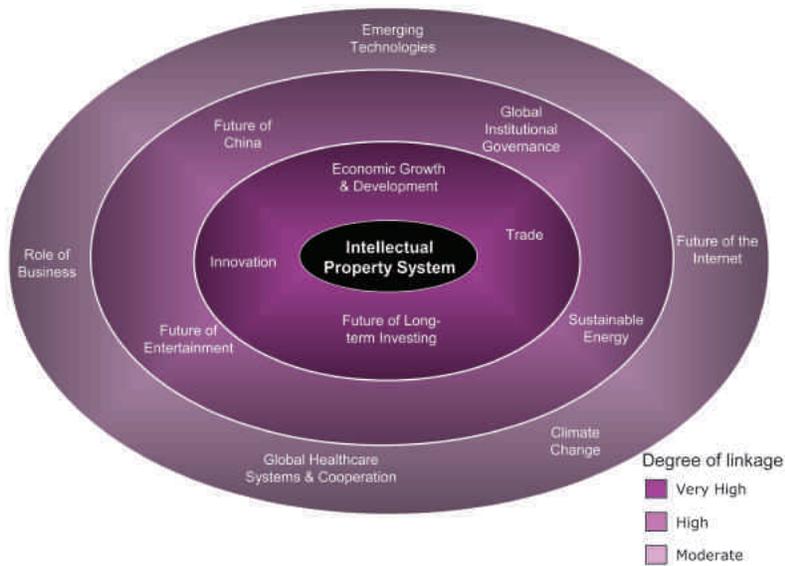
- A voluntary system for global licensing of digital cultural goods

In an ever-expanding digital environment, a voluntary system for global licensing will contribute to more transparent access to creative content.

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Sessions in the Annual Meeting programme related to the Intellectual Property System include:

- World Economic Brainstorming: Redefining the Global Commons
 - IdeasLab with Yale University
 - Managing the Global Commons
 - Redesigning with Technology Pioneers
 - Prepared for a Pandemic?
 - The Global Agenda 2010: The View from Davos
-



Intellectual Property System

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International Legal System

Issue Overview

An effective, relevant, trusted international legal system is essential in a complex, globalizing world. It provides the framework in which rules for the behaviour of nation states and other international actors, including individuals and corporations, are developed, implemented and enforced. These rules exist in various forms, including treaties, acts of international organizations and customary norms of international law. Without such a system of rules, international cooperation as experienced today would cease. For the most part, the rules in many areas of behaviour continue to attract widespread support and operate effectively.

Yet the system is not adequately addressing new challenges for which cooperation is required at or within the national, regional or global levels. These shortcomings include:

- insufficient support for the rule of law and for a rules-based international legal system
- perceived inadequacies of global multilateralism and deficiencies in rule-making (on issues pertaining to climate change, marine conservation, the Doha Round, etc.)
- the absence of effective enforcement mechanisms
- significant regulatory gaps
- reform initiatives that tend towards a “one-size-fits-all” approach
- unclear principles for determining the level – national, regional or global – at which rule-making should occur

Given that the current system is consent-based and decentralized, and results in limited or non-existent coordination between many areas that are interlinked (as illustrated by the financial crisis), a more integrated approach (e.g., between regional and global rules, across different sets of rules, etc.) is needed, focusing on areas of high substantive relevance to individuals (e.g., trade, foreign investment, environment, climate change, human rights, etc.).

The complexities that globalization brings to many issues – poverty, terrorism, financial instability, environmental degradation, human trafficking, corruption and money-laundering, to name several – necessitate that any redesign of the international legal system should seek to enhance its forums and mechanisms for anticipating serious challenges and addressing them in ways that are more rapid and effective, while being perceived as fair and worthy of support from diversely affected stakeholders.

In the face of crisis and lacunae in the decision-making process, developments such as the emergence of the G20 as a forum for addressing global financial issues are a function of perceived inadequacies. Whether the G20 is a harbinger of further changes remains to be seen. What is clear is the need for a thorough review of whether the existing international legal system is fit for purpose (for making, applying and enforcing rules), of the options for change and of the consequences of failure to act for change.

Proposal¹

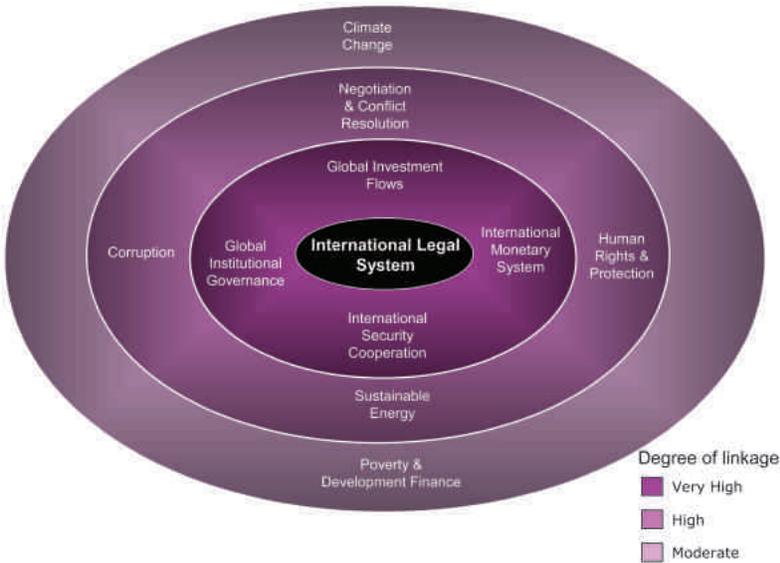
The upshot is a growing perception that the international legal system is unresponsive to new needs and that it is undemocratic, unrepresentative of stakeholder diversity and insufficiently accountable. This undermines the rule of law ethic. Thus there is an urgent need to review the system as a whole to rebalance it to promote 21st-Century relevance, empower the disenfranchised and address these shortcomings.

The Council on the International Legal System recommends that a **global rule of law commission** be established. The commission will be charged with reporting on the fitness for purpose of the existing international legal system and shall make recommendations to identify needed regulatory changes (including alternative approaches) to enhance the international law-making process and to improve the implementation and enforcement of rules, including at the national level. The commission shall report on its findings within three years and may make interim reports. It shall be comprised of independent persons appointed by each of the chief justices (or an equivalent top judicial officer) of the members of the G20. The membership of the commission shall take into account the need for the fair representation of female and male members and the representation of multistakeholders.

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Sessions in the Annual Meeting programme related to the International Legal System include:

- Rethinking the Global Commons: Fisheries
- State Leadership: An Opportunity for Global Action
- Global Governance Redesigned
- Rethinking the Global Commons: Space
- Rethinking the Responsibility to Protect
- IdeasLab on the Global Redesign Initiative (Institutions)
- Redesigning Financial Regulation
- Facing A Sea Change
- Rethinking the Global Commons: Biodiversity
- Rethinking Trade and Climate Change



International Legal System

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Strategic Foresight

Issue Overview

Rapid and accelerating change has made the job of global leadership more difficult than ever before, increasing the number of competing perspectives on any given problem while shrinking the amount of time in which decisions must be made. The failed promises of the “information age” have compounded the problem; while leaders are awash in the latest news and data, the current global crises are demonstrating that the information available today is insufficient to protect or create a better tomorrow.

Designing the future in such a hothouse environment requires imagination, inspired leadership and the kind of disciplined thinking that strategic foresight has provided for decades, in virtually every type of institution around the world.

Strategic foresight is an approach to leadership that provides the ability to develop, test and rehearse alternative futures, as well as to challenge and test established wisdom. While it is most often heralded for its ability to provide decision-makers with tools to anticipate potential hazards, it has also proven to be a powerful method for proactively creating opportunity — in the form of new businesses, new markets and the forging of new connections — without being constrained by the past.

There have been a number of issue-based efforts over the years to exercise strategic foresight on a global level, including the Club of Rome, the Intergovernmental Panel on Climate Change, the Millennium Ecosystem Assessment, and World Economic Forum Scenarios. But in today’s complex and interconnected environment, leaders must extend their effectiveness.

Foresight gives them the thought tools to uncover the connections between disparate issues and to break down the boundaries between experts and stakeholders, so that their knowledge can be shared more usefully, their assumptions more easily revealed and examined, and the future more effectively anticipated. Successful foresight has been clearly linked to the ability to mitigate risk and address systemic failures, strengthen economies, enhance security, ensure sustainability and build effective institutions. It is the best and perhaps the only way to create a credible new model for global leadership and influence.

The ambition of the World Economic Forum to improve the state of the world thus demands the kind of anticipatory governance that strategic foresight provides, and the Global Redesign Initiative represents an unprecedented opportunity to apply its principles to today’s urgent global problems.

Proposals¹

The Global Redesign Initiative (GRI) is implicitly engaged in foresight, but the process for how it will achieve its goals does not explicitly apply the methods used in the practice of strategic foresight.

The Global Agenda Council on Strategic Foresight believes that the explicit practice of strategic foresight would improve the effectiveness of the GRI process and greatly increase its potential for success.

Unlike other Councils that work with a specific subject area or issue, our expertise is method-based, an approach to decision-making that provides the ability to develop, test and rehearse alternative outcomes, as well as to test established wisdom and the assumptions upon which decisions are based.

The following three proposals are based on our knowledge of strategic foresight as a powerful tool for integrating precisely the kinds of complex, interconnected issues that are at the core of the Global Redesign Initiative.

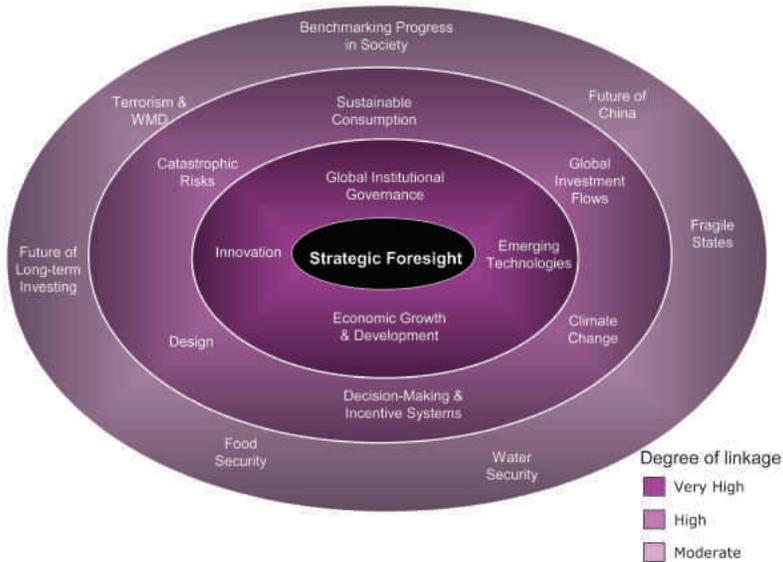
- That the GRI require that strategic foresight methods be applied to the systemic recommendations gathered through its various multistakeholder dialogues, as a way to test the assumptions upon which recommendations are made
- That the GRI add a strategic foresight position to its planning or advisory council to oversee and ensure the rigour of the aforementioned foresight practice
- That the GRI publish the results of its foresight exercises, as a way to educate and encourage other organizations and institutions to adopt these methods

Beyond that, the Global Agenda Council on Strategic Foresight aims to propose tangible ways in which strategic foresight can be applied by other Global Agenda Councils. This can be done through such initiatives as active Council Ambassadorships of the like currently existing with the Global Agenda Council on Systemic Financial Risk.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Sessions in the Annual Meeting programme related to Strategic Foresight include:

- IdeasLab on the Global Redesign Initiative (Risks)
- IdeasLab on the Global Redesign Initiative (Institutions)
- Groundbreaking Discoveries in Science and Technology
- Rethinking Population Growth
- The Next Global Crisis
- Redesigning Consumption Patterns
- A Future by Design?
- After the Financial Crisis: Consequences and Lessons Learned



Strategic Foresight

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Urban Management

Issue Overview

Cities are the drivers of metropolitan, national and global economies. While accounting for just 0.44% of the world's land surface, they produce 70% of global GDP. By 2050, 75% of world population will be living in cities, against 50% in 2010: a growth from 3.5 billion to 6.4 billion urban inhabitants. This means building almost as much infrastructure within the next 40 years as mankind has built since the start of civilization. The great city-wards migration will be driven partly by opportunity but also by need: climate change refugees will contribute to an accelerated rate of urbanization. In turn, cities are the major drivers of climate change, accounting for 70% of world energy consumption and generating 80% of greenhouse gases. *Cities are at the heart of all the concerns being addressed by the World Economic Forum's Global Agenda Councils.*

Cities are the sources of all major innovation given the concentration of diverse human capital, specialisms, expertise and opportunities for knowledge transfer. They are also the basis for all major agglomeration economies. They provide a unique arena for smart technology to transform lives through the management of services, smart infrastructure and connecting communities. Cities offer the potential for greening the economy and improvements in resource efficiency due to density and infrastructure sharing. Large dense populations moreover allow for the provision of all kinds of services: educational, cultural, health, etc. A billion (33%) of the world's city dwellers live in slum settlements which, although they often present severe social challenges, can serve as concentrations of extraordinary creativity and entrepreneurship, providing migrants with bridges to the next stages of their social and economic development.

The way in which large cities are urbanizing is highly problematic in social and environmental terms. Sprawl, car-dependency and increased ghettoization of rich and poor communities are the norm in Africa, Asia and South America. Major investments in urban infrastructure from international and national agencies seldom take into account innovations in sustainable urban transport and urban design. Despite the pace of urbanization in the 21st Century, as most people will continue to live in buildings and cities that already exist, attention must be focused on how to retrofit existing cities as well as how to plan for new ones.

Cities depend on increasingly constrained natural resources and are exposed to the impact of climate change: droughts, storms, floods and rising sea levels. Resource efficiency through density might be offset by resource-consumptive urban lifestyles. The potential of urban communities may well remain untapped due to the lack of services, empowerment or economic access; shortages of water and food supplies; and widening inequality and unrest. Global warming supports the urban spread of infectious diseases and epidemics. The tipping point is near.

Proposals¹

Our Task: Putting Cities on the Map

Ensuring effective governance is critical for addressing the challenges and opportunities that cities present. However, few large metropolitan regions have formal governance structures with the power to address their own challenges through policy interventions and public-private partnerships: typically, those powers are fragmented or have been taken on by the nation-state. Informal governance arrangements, stemming from community activism, can be more important in practice than formal authority, but communities can go unrecognized and be disempowered, creating a cycle of conflict. Weak, fragmented or conflicted urban governance means that key measures of city well-being may go unreported; principles for effective development remain unlearned and thus lead to the poor use of existing and new infrastructure. Urban governance failure stems from the fact that the importance of cities – as against nation-states – is quite new. For most of human history, urban areas housed no more than 1-3% of the population. The planet was only 13% urban in 1900, and 30% urban in 1950, when many of the world’s major international institutions were created. A major task is ensuring the recognition of cities and their communities as the key players shaping the future of the world. We must adapt or craft cities that are resource efficient, compact, mixed-use, vibrant and socially-cohesive – cities that are sustainable and ensure well-being.

Putting cities on the map entails matching governance structures to city challenges much better across the world; creating an index of city well-being against which to demonstrate deficits and progress; and defining and demonstrating a manifesto of core principles for (not only physical) infrastructure projects that can add value to urban communities.

The Council therefore proposes three initiatives that can be launched under World Economic Forum auspices.

1. Urban Governance Forum

- Bringing key actors (public sector, private sector and community leaders) together at all levels
- Identifying the shortcomings of existing governance structures for advancing urban eco-efficiency and resiliency in metropolitan regions
- Looking for best approaches to subsidiarity and participatory governance in metropolitan regions with a focus on the governance and integrated planning and management of urban infrastructures

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

2. Urban Health and Happiness Index

- Providing systematic and global accounting for urban well-being factors based on a Health and Happiness index
- Applying the index in a number of urban regions on all continents (demonstration projects)
- Closely aligning the index with other World Economic Forum benchmarking initiatives

3. Global Manifesto for Sustainable Infrastructure Development

- Identifying the critical urban contexts within which infrastructure could add value
- Defining the key principles that will shape the development of cities that are resource efficient, compact, mixed-use, vibrant and socially-cohesive
- Creating an evaluative framework of sustainable urban development criteria to be adopted by major funding bodies

Sessions in the Annual Meeting programme related to Urban Management include:

- 2010 World Economic Brainstorming: Redefining the Global Commons
 - Rethinking Population Growth
 - Next Generation Materials
 - Revolutionary Architecture
 - Financing Low-Carbon Growth
 - Rebuilding Critical Infrastructure
 - Rebuilding the Grid
 - IdeasLab on the Global Redesign Initiative (Institutions)
 - Towards Low-Carbon Prosperity
 - Rethink, Redesign, Rebuild with Architects
 - Rebuilding Water Management
 - Global Industry Outlook 1
 - Global Industry Outlook 2
 - Global Industry Outlook 3
 - The Global Agenda 2010: The View from Davos
-



Urban Management

Members

Chair: ***Dominic Houlder**, Adjunct Professor of Strategic and International Management, London Business School, United Kingdom

Rob Adams, Professor, Architect and Urban Designer, City of Melbourne, Australia

Taffy Adler, Chief Executive Officer, Housing Development Agency (HDA), South Africa

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Lawrence Bloom, Deputy Chairman, Noble Cities, United Kingdom

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***Steve Dobbs**, Senior Group President, Fluor Corporation, USA

Nicky Gavron, Member, London Assembly, Greater London Authority, United Kingdom

***Ajit Gulabchand**, Chairman and Managing Director, Hindustan Construction Company, India; Vice-Chair of the Global Agenda Council on Urban Management

Terry Hill, Chairman, Global Transport Market, Arup Group, United Kingdom

Gavin Newsom, Mayor of the City and County of San Francisco, USA

Konrad Otto-Zimmermann, Secretary-General, ICLEI, Local Governments for Sustainability, Canada

***Sheela Patel**, Director, Society for the Promotion of Area Resource Centres (SPARC), India

Carlo Ratti, Associate Professor of the Practice and Director, SENSEable City Laboratory, MIT - Department of Urban Studies and Planning, USA

Elliott Sclar, Director, Center for Sustainable Urban Development, The Earth Institute at Columbia University, USA

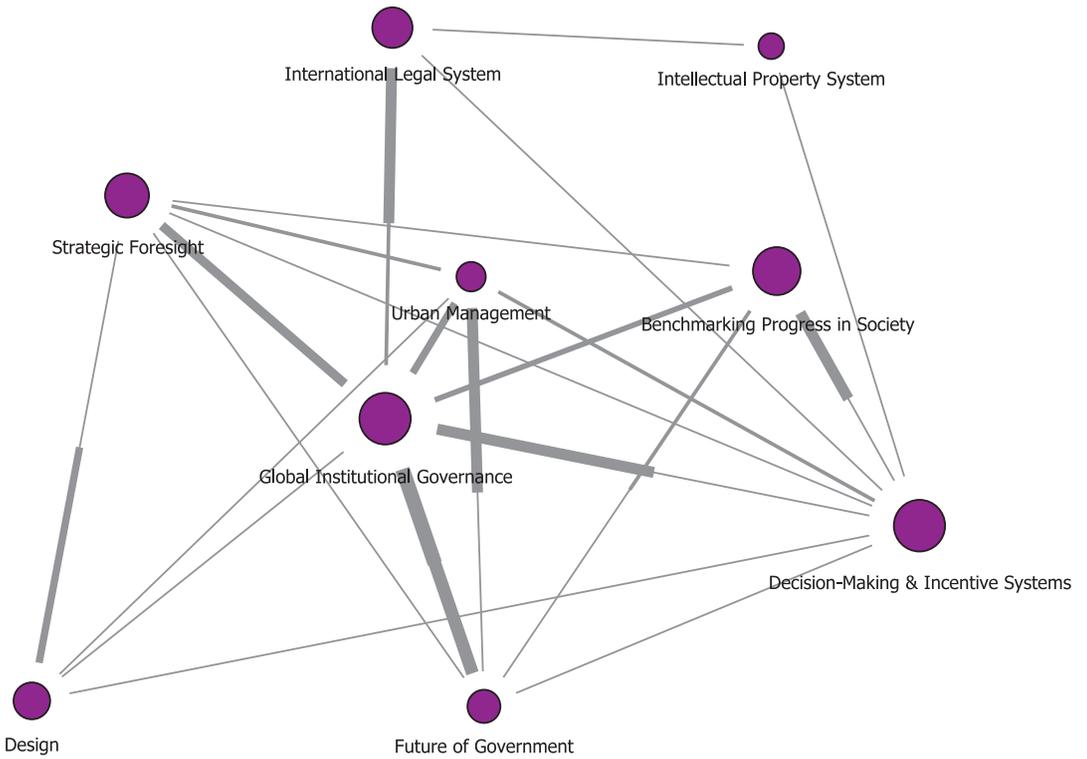
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Interlinkages within Global Agenda Council Clusters

Node size: Denotes significance of the issue to other Global Agenda Councils: the more significant the issue to other Councils, the bigger the bubble.

Line thickness: Denotes the strength of the interlinkage. Lines split into two halves illustrate the strength of the link as assessed by the Global Agenda Councils at the extremities. Differences of thickness between the two halves indicate that the two Councils do not assign the same value to the link.

Proximity: The closer the issue to another, the more tightly they are interlinked.

Data: The data is based on a survey of Global Agenda Council Members.

Threshold: Only the strongest links are shown on this map.

Creating a Values Framework

Education Systems

Faith

Future of Journalism

Gender Gap

Healthy Next Generation

Role of Sports in Society

Values

Welfare of Children

Education Systems

Issue Overview

Education is the foundation of civic engagement and political participation. It is also the engine fuelling innovation and economic growth, a critical driver in national competitiveness and the most powerful mechanism to reduce world poverty and inequality.

Despite significant progress achieved in access, the issue of quality remains critical, with schools often acting as mechanisms for the reproduction of social inequality and exclusion. The world needs to develop stronger, higher quality and more relevant education systems supported by sustainable funding and delivered by integrated cooperation between multiple stakeholders. Current approaches, including the multilateral architecture for education, are inadequate. Delaying rethinking the current global architecture in education will translate into a dearth of leaders and socially responsible individuals capable of addressing the complex challenges of the 21st Century.

Quality and Relevance: Too often, access to education has been promoted at the expense of quality, with one's progress being seen as a trade-off for the other's abandonment. Students learn very little in schools and education is no longer relevant to them because curricula have a narrow focus on basic skills like numeracy and literacy, teachers are inadequately prepared and leadership at schools lacks an effective instructional focus.

Access and Progression: Over the past decade significant progress has been made in achieving universal access for primary education. The world has witnessed narrowing gender disparities and the rate of Sub-Saharan Africa's enrolments has increased six-fold in recent years. However, 72 million children remain out of school, (although most of them begin school but drop out before completing primary education) and 50 million will still be out of school by 2015.

Financing and Global Cooperation: Ultimately, progress in education depends on adequate national policies and effective governance. There is a pressing need for leadership – and for partnerships that hold governments accountable. The current education crisis is a direct result of a leadership gap on the part of national governance, national and international businesses and university leaders. There have also been serious failures in international cooperation as current arrangements have failed to mobilize sufficient resources, address the quality and relevance challenge, or strengthen institutions. Current arrangements have also failed to provide incentives that could mobilize and support the essential national leadership to advance education.

The fallout of the financial crisis will have substantial impact on prospects for achieving the Education For All goals, and the education agenda overall. International responses to political pressures emerging in lower income countries have so far been inadequate. Yet great opportunity in global coordination and multilateralism exists for developing a framework and architecture commensurate with the scale of the problem that can deliver resources of the order, scale and pace required.

Proposal¹

Within the spirit of the Forum's Global Redesign Initiative, and with the ambition of mobilizing political leadership to significantly advance global education, the Global Agenda Council on Education Systems proposes the creation of a "Commission" built on the basis of a multistakeholder approach that includes top leaders from business, government, civil society and academia, and that will report directly to the G20 group.

This Commission will be established at the World Economic Forum Annual Meeting 2010 in Davos-Klosters during an event organized by the Forum's Global Education Initiative. It will be expected to produce a report for presentation at the G20 November meeting in Korea.

The Commission's main objectives² are to:

- Develop a proposal for restructuring the existing High Level Group for Education
- Look at mechanisms to increase international funding for education, including a possible Global Fund
- Redesign the current global architecture in education by streamlining processes, and by supporting the effective division of labour and cooperation among the institutions currently involved in education and development
- Create an "observatory" (oversight mechanism) tasked with monitoring the existence and effectiveness of national leadership on behalf of education from the political, business, civil society and university communities
- Assess a proposal to develop the standards required for global competencies that defines the skills and attitudes graduates need to possess to be productive and engaged workers, employers and citizens of the 21st Century
- Direct all these efforts towards an expanded vision of education, which encompasses the development of ethical and civic competencies as well as the development of 21st-Century skills
- Establish a mechanism to assess and stimulate innovation in education aimed at the achievement of this expanded vision

The Commission's work, in particular as it develops a new architecture for global education,³ will enable and sustain effective reform at the national level in three key areas:

1. Improving the Quality and Relevance of Education

- Make available to the public the information needed to assess the quality of education, including not only basic skills in literacy and numeracy, but also in science and engineering, and civic and ethic competencies
- Support institutional strengthening to produce high quality teachers and schools for translating the expanded educational aspirations into real educational opportunities

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² These preliminary objectives will be further reviewed and developed by the Council in the coming months, as will the Commission's composition, scope, deliverables, focus areas, governance structure, linkage with ongoing processes, as well as other issues that remain open at the time of writing.

³ Coordination with existing ongoing initiatives reviewing the current global education architecture will be important.

- Strengthen institutional capacity at public school systems, allowing the inclusion of monitoring and evaluation practices for education policies and programmes
- Stimulate and support innovative approaches in the delivery of education, particularly oriented towards the development of advanced competencies such as civics, ethics, global citizenship, problem-solving, entrepreneurship, innovation, science and engineering, good health and long living
- Redesign education systems to give students more agency in their learning process, and incorporate engaging experiences that give students opportunities to make decisions, apply learnings to solve problems, integrate learnings across disciplines, collaborate and develop a sense of others valuing diversity and pluralism

Sessions in the Annual Meeting programme related to Education Systems include:

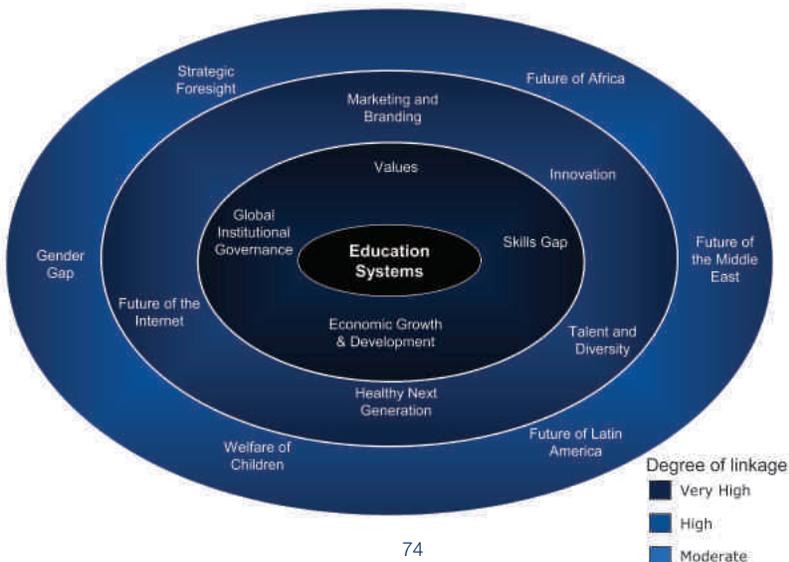
- Rebuilding Education for the 21st Century
- Skills Creation: The Future of Employment
- Meeting the Millennium Development Goals
- Rethinking Values in the Post-Crisis World
- IdeasLab on the Global Redesign Initiative (Values)
- From Brain Drain to Brain Circulation?

2. Closing the Financing Gap

- Ensure sufficient resources are destined to support high quality education
- Support mobilization of additional resources to close gaps in education
- Establish innovative financing mechanisms for education
- Encourage competition for the delivery of education services, stimulating innovation through social entrepreneurs, universities, NGOs and multiple international providers

3. Granting Equity

- Close gaps in educational opportunity for children and youth belonging to different social groups and abilities so education does not contribute to the reproduction and widening of social inequality
- Identify specific target groups of children and youth who are educationally disadvantaged and the causes of their educational exclusion
- Develop innovative approaches that offer out of school students a second chance, including flexible modalities for allowing education to coexist with daily work or life demands. These innovative approaches may include hybrid models involving technology and community learning, which are appealing to youth by including the development of life and job related skills, as well as competencies for social and political engagement



Education Systems

Members

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Hoda Baraka, First Deputy to the Minister of Communications and Information Technology of Egypt

David Barth, Director, Office of Education, USAID - US Government Agency for International Development, Egypt

Desmond Bermingham, Visiting Fellow, Center for Global Development, USA

Jo Bourne, Acting Head of Profession, Education, Department for International Development (DFID), United Kingdom

Nicholas Burnett, Assistant Director-General for Education, United Nations Educational, Scientific and Cultural Organization (UNESCO), Paris

Vicky Colbert, Founder and Executive Director, Fundación Escuela Nueva Volvamos a la Gente (Escuela Nueva Foundation), Colombia

Astrid Dufborg, Lead Specialist, Knowledge Society, Swedish International Development Cooperation Agency (Sida), Sweden

***Anoop Gupta**, Corporate Vice-President, Microsoft Corporation, USA

Robert Harris, Chair, TUAC Working Group on Education, Training and Employment Policy, Education International, Belgium

Robin Horn, Acting Education Director, World Bank, Washington DC

Gloria Maaka-Tlokana, Director, Development Support, Department of Education of South Africa, South Africa

Bram Van Ojik, Director, Department for Social Development, Ministry of Foreign Affairs, Netherlands

***Rafael Rangel**, President, Monterrey Institute of Technology and Higher Education (ITESM), Mexico

Fernando Reimers, Ford Foundation Professor of International Education and Director of International Education Policy Program, Harvard Graduate School of Education, USA

Martina A. Roth, Director, Education, Europe, Middle East and Africa, Intel, Germany

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Issue Overview

Three billion people on this planet live on less than 2 dollars a day. These people do not have a stake or a voice in the global economic system – not before nor after the current global economic crisis. It is primarily among this half of humanity that the lack of the most basic resources and rights leads to untold suffering. Every month, 30,000 children die of hunger or disease. Half a million women die every year during childbirth due to a lack of skilled healthcare.

Before the crisis, the global economic system was failing half of humanity. In addition, many people living on much more than 2 dollars a day faced poverty and insecurity even in “rich” countries. After the crisis, many more people are at risk of joining these groups.

The world is already living well beyond our planet’s capacity to regenerate itself and faces the real prospect of catastrophic climate change. Not only is global inequality in income and wealth untenable – the richest 1% of people earns as much as the poorest 57% – but trying to grow the world out of poverty by raising everybody’s incomes is ecologically impossible. The Earth just can’t provide the resources that intensity of growth would need. Our economic system is highly unstable as last year’s banking collapse has shown all too clearly. And for many people on earth, “more” and “better” have parted company and more wealth is not translating into greater well-being.

In addition to the massive poverty gap in the world, this Council identified a second major gap, a moral gap. This gap includes the failure to articulate and make explicit the values that currently drive our economic systems and that therefore lie behind the set of systemic problems we have identified. We therefore need an articulation of the values that underpin the current economic system and to engender a moral discourse about them.

It is time for a new, moral economy. The current economic crisis – a crisis of values – presents an opportunity to realign our collective moral compass, in part by tapping into faith traditions, which serve as sources of identity and ethical orientation for individuals, families, communities and societies. To do so, the Council on Faith is proposing principles for a moral economy. The faith groups are well placed to trigger and lead the dialogue around these principles. With over 80% of the world’s population adhering to a religion, faith leaders and communities have a massive potential for impact in creating the shifts in mindset needed to create a moral economy. When there is no moral values framework, the market ends up devouring everything including itself.

Proposals¹

- The faith community has two critical and unique contributions to make. Firstly, it is a depository and promoter of values in society and, secondly, it has the potential to convene a large proportion of humanity.
 - To create a more moral economy requires three key steps:
 - To articulate the values that will underlie such a moral economy
 - To foster dialogue on two tracks: a) with leaders in government, business and civil society using the World Economic Forum infrastructure, and b) at the grass roots in our faith communities within G20 countries. Faith traditions can stimulate conversations at the deepest level
 - To use the above dialogues to inform and help structure a dialogue at the G20 meeting 2011 with senior government, business, civil society and faith leaders
1. Values for a moral economy: we believe our faith traditions are carriers of widely held basic human values, which if implemented would close the moral gap. Three such values are:
 - a. Dignity and human flourishing
 - b. Common good of the global community
 - c. Stewardship of the environment
 2. Two track dialogue: building on our convening capacity and informed by our values, through dialogue the key structural changes needed to strengthen our economy can be explored:
 - a. Track one: use the World Economic Forum Regional and Annual Meetings to conduct dialogues between faith leaders and leaders from government, business and civil society. These dialogues will focus on what each of the constituent groups plans to do to bring about a moral economy and to promote the values listed above. This would include the necessary structural changes and the metrics for assessing whether a shift towards a new moral economy has been achieved.

With business the dialogue will focus on how the role of business needs to change in light of these values; what each business leader plans to do to help make them a reality and what help they might need from the faith groups. Also explored is how business and faith groups could work together to persuade governments of the necessary changes.

With government leaders the focus would be on what structural changes are needed in the “rules of the game”.

With civil society leaders the focus would be on how faith groups and civil society can work together.

In all cases the approach will be one of genuine dialogue and enquiry, not one of “preaching values” from a supposed moral high ground.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- b. Track two: we bring convening capacity at a grass roots level for deepened reflection and mobilization on these issues. Within each of the G20 countries we would seek to trigger such engagement within the faith communities with a view to these communities coming together to participate in dialogue with business and government in their countries and to press them to bring about the necessary structural changes to transform the economy.

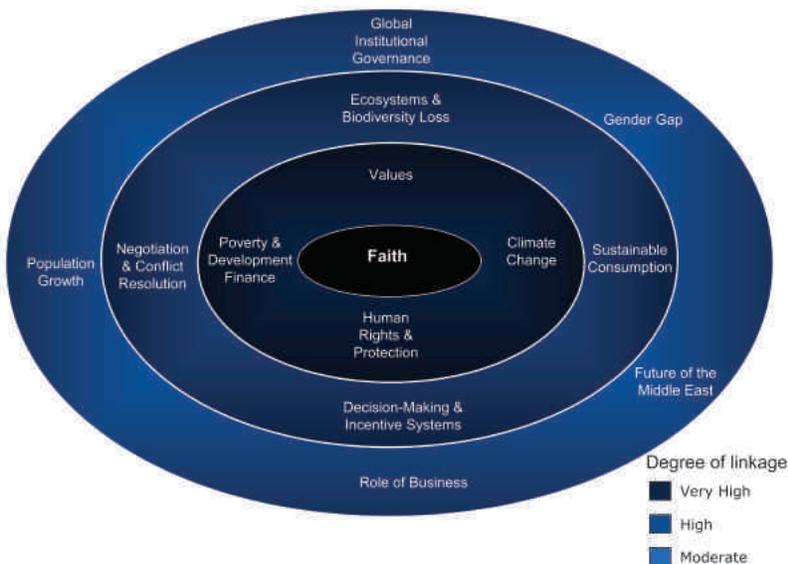
Such changes could include, for example, concerted pressure for a financial transaction tax, which would redistribute resources both within home countries and to developing countries. An alternative could be a levy on carbon quotas or carbon market trading. In some countries the faith group should be able to mobilize to put significant pressure on their governments and should be able to work across countries in a coordinated way; over time this process could lead to a major worldwide social movement for change.

3. G20 in 2011: The aim of these two track dialogues would be to ensure that at the G20 meeting in 2011, there is a highly informed dialogue between global faith leaders and global leaders of business, civil society and G20 governments. The aim is that the G20 then makes the structural changes necessary to put in place a global economy based on this fundamental set of values, leading to a transformation in the future prospects for both humanity and the planet.

Sessions in the Annual Meeting programme related to Faith include:

- Does Religion's Claim to Truth Lead to Violence?
- Restoring Faith in Economics
- Rethinking Values in the Post-Crisis World
- 2010 World Economic Brainstorming: Redefining the Global Commons
- IdeasLab on the Global Redesign Initiative (Values)
- Rebuilding Peace and Stability in Afghanistan
- Rebuilding Trust in Business Leadership
- Crisis and the Human Condition
- After the Financial Crisis: Consequences and Lessons Learned

This Council sees the above processes as a starting not a finishing point, and we seek to widen the engagement and mobilization of faith groups beyond the G20 countries and focus on an ongoing process of change and transformation of the economy.



Faith

Members

Chair: ***John J. DeGioia**, President, Georgetown University, USA

Hussam Bin Saud Bin Abdulaziz Al Saud, Chairman, Zain Saudi Arabia, Saudi Arabia

***Wilmot Allen**, Founder and Chief Executive Officer, 1 World Enterprises, USA

Karen A. Armstrong, Writer, United Kingdom

Thomas Banchoff, Director, Berkley Center for Religion, Peace and World Affairs, Georgetown University, USA

***Peter Bisanz**, Director, Entropy Films, USA

***Tony Blair** UN Middle East Quartet Envoy, United Nations

Joan Campbell, Director, Department of Religion, Chautauqua Institution, USA

***Eduardo S. Elsztain** Chairman, IRSA Inversiones y Representaciones, Argentina

John L. Esposito, Professor of Religion and International Affairs; Founding Director, Prince Alwaleed Bin Talal Center for Muslim-Christian Understanding, Georgetown University, USA

Pierre Gentin, Managing Director, Credit Suisse, USA

David Little, Professor of Religion, Ethnicity and International Conflict (2001 - 2009), Harvard Divinity School, USA

***Diarmuid Martin**, Archbishop of Dublin, Ireland

David Rosen, Director, American Jewish Committee (AJC), USA

***Zainab Salbi**, Founder and Chief Executive Officer, Women for Women International, USA

Mona Siddiqui, Director, Centre for the Study of Islam and Professor of Islamic Studies and Public Understanding, University of Glasgow, United Kingdom

Miroslav Volf, Director, Yale University, Yale Center for Faith and Culture, USA

Yenny Zannuba A. C. Wahid, Director, Wahid Institute, Indonesia

***Jim Wallis**, Editor-in-Chief and Chief Executive Officer, Sojourners, USA; Vice-Chair of the Global Agenda Council on Faith

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Future of Journalism

Issue Overview

There is a need to reconstruct journalism and its relationship with the citizen and society. Public engagement is transforming journalism, offering an historic opportunity to create unprecedented increased value.

The media industry in general, and journalism in particular, has been experiencing drastic changes that call into question its role in mediating information to the benefit of its audience and disrupt traditional business models. Yet in an age when information is more important than ever, journalism is vital for building societies. It is a systemic part of the social environment. A new technical, political and financial ecosystem needs to be built to support it.

Journalism's basic principles must be reinforced: freedom of expression, holding power to account, providing information and a forum for debate, empowering citizens to make decisions about their lives. But mainstream journalism must also recognize its past failings and take advantage of new technologies and new social forces to reframe its practice, role and purpose. Journalism has a responsibility to not only mediate today's realities, which go beyond national borders, are complex and interconnected, but also to engage local and global audiences and societies.

This poses an unprecedented set of professional challenges. Even in regions where conventional journalism is still growing, it is also subject to the impact of the same kinds of technological and social changes. Likewise, the opportunities identified are available in diverse ways to all news media markets.

Existing gaps:

- A global concept and practice for independent professional journalism is lacking, although the question remains open whether one should be encouraged in countries or environments where a different set of values exists and censorship still prevails.
- Journalists are inadequately appreciated and protected. If journalism hopes to reinforce its role of watchdog for abuses of power and democracy, accountable journalists must be valued and safeguarded.
- To continue to exist and fulfil its commitment to global society, in its new business models journalism needs innovation and new partnerships, a new and improved system of journalism education, increased transparency and accountability.
- News organizations need to understand and leverage the new dynamics of the social media revolution. Traditional models of journalism are in danger of being marginalized as public discourse shifts to direct and networked media platforms. Both citizen and professional journalism need to be fostered in these new spaces.
- Journalism needs to integrate the two new principal characteristics of digital media: public participation and connectivity.
- Internet and social media permit engagement between the audience and professional journalists as never before. New media interactivity promises a more dynamic business and society, but there will be a period of creative reordering that presents a challenge for all stakeholders.

Proposal¹

The Council believes it is necessary to redesign the organizations and identify the business models that ensure the sustainability of professional networked journalism, as digital and mobile media have disrupted traditional distribution models and revenue streams. In response, news organizations must ensure the constant refining of their talent pool's professional skills set and equip them with innovative tool kits. At the same time, to ensure sustainability and relevance, organizations with journalism and journalists at their core must likely develop joint networks and forge strategic partnerships by pooling resources and sharing revenues.

Simultaneously, journalism itself is changing such that its business model must also be reinvented. The opportunity afforded by networked media to develop more constructive journalism must be supported. This is based on such traditional values as the right to know and familiar kinds of editorial work such as investigative reporting. But new technologies enable a different functionality. Internet and digital journalism allows fuller, more expansive story-telling. It affords the opportunity for much greater connectivity between experts, journalists and the public. But, most importantly, it allows the public to participate at all stages. Journalism can now tap into the boundless resources of knowledge and opinion within the audience. The role of the journalist changes from gatekeeper to networker. The best obtainable version of the truth remains the goal, but trust is not a given, it is a mutual relationship between the public and journalist. The authority of journalism will be built by the value it offers working with the citizen, not by its professional code alone.

This Council believes there are common values across diverse news media market places as well as a global interconnectedness. Journalism has a global role as well as local or national functions. This Council believes that when it is networked, journalism becomes a more sustainable business and offers a more socially useful way to inform and communicate about our world. Journalism at its best will continue to inform and inspire public debate and action. But this will not happen automatically, requiring investment and strategic thinking, primarily from the journalism industry itself, but also from government and civil society.

The Council believes a mind-shift is already emerging in the way that journalism operates. Journalism is no longer the sole preserve of the news professional; it now operates in a networked information ecosystem based on public participation and connectivity. This new paradigm recognizes new principles that build on traditional journalistic values such as holding power to account and striving for objectivity. Journalism that embraces the power of networking promotes principles of collaboration, constructive debate and public engagement. We believe this is good for the business of journalism and vital for improving the state of the world.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

The Council also sees as a priority the establishment and (self) enforcement of global guiding principles for professional independent journalism.

We propose to leverage the Council's network to promote this change and its public purpose.

The Council will take the Dubai Journalism Council Statement on Networked Journalism to a series of news media conferences around the world: Bonn, Abu Dhabi, Beijing, Yaounde, Palo Alto, Washington DC, Almaty. These sessions will look at the range of gaps that need to be addressed:

- education: news literacy, skills, training
- finance: business models, support for innovation
- legislation: regulation and protection

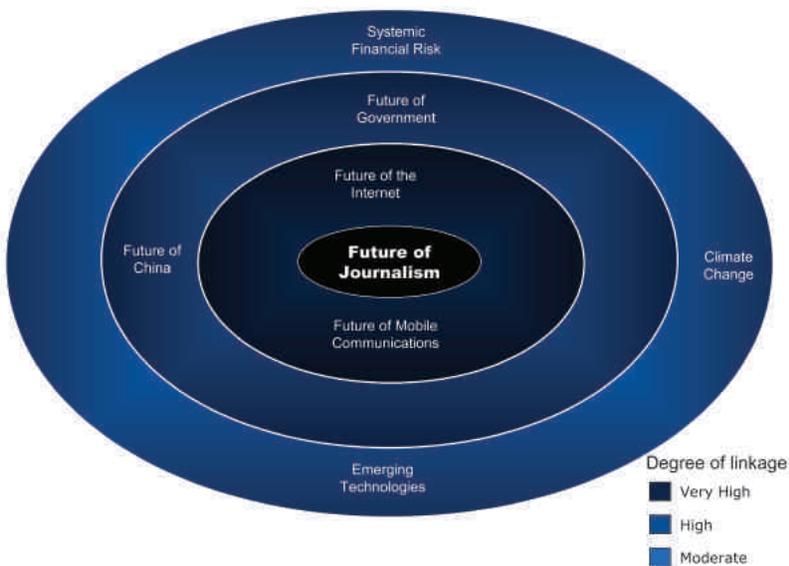
Each session will seek to:

- inspire creative applied thinking among professional journalists
- encourage new ways of interacting with the public
- recognize new independent sources of networked news in the civil society, government and business sectors

Sessions in the Annual Meeting programme related to the Future of Journalism include:

- The Growing Influence of Social Networks
- The Future of Journalism
- Arts, Culture and the Digital Age
- The Information Age and Human Behaviour I
- The Information Age and Human Behaviour II

Each session will include citizen and professional media innovators. We will record the discussions, including case studies, models, themes and issues that are raised. This will be presented and reported back to the Summit on the Global Agenda in Dubai in 2010 with an award to a traditional or citizen journalist in recognition of outstanding examples of how networked journalism can have positive impacts both on the news media and on the society it serves.



Future of Journalism

Members

Chair: ***Susan King**, Vice-President, Director, Journalism Initiative, Special Initiatives and Strategy, Carnegie Corporation of New York, USA

Amadou Mahtar Ba, President, AllAfrica Global Media, USA

Guido Baumhauer, Managing Director, Strategy Marketing and Distribution, Deutsche Welle, Germany

Charlie Beckett, Director, POLIS, London School of Economics and Political Science, United Kingdom

Yoichi Funabashi, Editor-in-Chief, Asahi Shimbun, Japan

***Shekhar Gupta**, Editor-in-Chief, The Indian Express, India

Ulrik Haagerup, Head, News, National Danish Broadcast, Denmark

Sulaiman Al Hattlan, Chief Executive Officer, Arab Strategy Forum, Mohammed Bin Rashid Al Maktoum Foundation, United Arab Emirates

Alex S Jones, Director, Joan Shorenstein Center on the Press, Politics and Public Policy, John F. Kennedy School of Government, Harvard University, USA

John Lavine, Dean, Medill School of Journalism, Northwestern University, USA

Nicholas Lemann, Dean, School of Journalism, Columbia University, USA

Betsy Morgan, Chief Executive Officer, Huffington Post, USA

David Nordfors, Founding Executive Director, Innovation Journalism and Senior Research Scholar, Stanford Center for Innovations in Learning, Stanford University, USA

Monroe E. Price, Director, Centre for Global Communications Studies (CGCS), Annenberg School for Communication, University of Pennsylvania, USA

Qu Yingpu, Editor-in-Chief, Hong Kong Edition, China Daily Newspaper Group, People's Republic of China; Vice-Chair of the Global Agenda Council on the Future of Journalism

***Rui Chenggang**, Director and Anchor, China Central Television, People's Republic of China

Wilfried Rütten, Director, The European Journalism Centre, Netherlands

Geoffrey K. Sands, Director, Global Media, Entertainment and Information Practice, McKinsey & Company, USA

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Gender Gap

Issue Overview

Gender gaps are a challenge and an opportunity because they are gaps of equity and gaps of efficiency. On any global challenge, if women are not considered, half the world is missed (inequity) and opportunities for optimal solutions are missed (inefficiency).

Gender inequality is a market failure. Just as markets do not produce stability or sustainability by themselves, they also do not produce equality between women and men. Two types of market failures are associated with gender inequality:

- Failures to invest in women – i.e. failure to provide the basics (health, safety, education, micro-businesses)
- Failures to reap the returns on investment – i.e. failure to utilize the full potential of qualified women throughout the lifespan

How can we overcome the challenge and capitalize on the opportunity? We need to rely on the kind of interventions typically used in markets (through regulation, incentives, information, education and overcoming psychological biases). Fortunately, we already know what many of these interventions that decrease the gender gap and increase efficiency are. Often the crucial missing element is **implementation**. One major reason for this lack is that there is very little international, cross-sector cooperation on this issue. No institution exists at a global level for the following:

- Knowledge collection, creation and dissemination of interventions that have helped close gender gaps in health, education, economic participation and political opportunity
- Sharing of best practices
- Advocacy and “marketing” around the benefits of closing gender gaps, i.e. the business case for gender equality

Over the last year, the world has seen the biggest recession in almost a century. It is clear that recovery will require, among other things, the best talent, ideas and innovation. Therefore it is more important now than ever before for countries and companies to pay heed to one of the fundamental cornerstones of economic growth available to them – the skills and talent of their female human resource pool. As consumers, voters, employees and employers, women will be integral to global economic recovery. However, it is not only the financial and economic system that is in need of rethinking, redesigning and rebuilding. Global challenges such as climate change, food security, conflict, education and health require our immediate, collective efforts to find solutions and will, in fact, be intimately linked to our long-term global economic recovery. Girls and women make up one half of the world’s population – without their engagement, empowerment and contribution, we cannot hope to effectively meet these challenges or achieve rapid economic recovery.

The Global Agenda Council on the Gender Gap proposes engaging multiple stakeholders to articulate a new agenda for designing and implementing specific policies at a global level through a new entity for international cooperation on this issue.

Proposal¹

Closing the Implementation Gap

Given the vastly increased awareness of the magnitude of gender gaps and the increased agreement that there are equity and efficiency arguments for tapping into one half of the world's human capital, there is now a growing demand for mechanisms and models to close gender gaps. While certain proven policies and practices work, this information is fragmented. Countries and companies want to change but don't know how. The Global Agenda Council on the Gender Gap thus proposes creating an institution that accelerates change by bringing together the fragmented information on successful practices and policies and consolidates these learnings so they can be more easily available for replicating and scaling up.

- Very successful experiments in target-setting and use of reservations have been executed in Norway and India.
- Similarly, some countries have successfully implemented cash transfer programmes to get more girls into school, e.g. Mexico.
- In Zambia, it has been found that, contrary to popular belief, family planning policies work better when only women are addressed rather than including men in the conversation.
- The introduction of separate savings accounts for women and men in Indonesia has vastly increased families' savings rates.
- In the corporate world, Baxter International has successfully achieved 50% women in their senior ranks across 14 countries in three years in their Asia-Pacific division.

Many more examples of success stories and interventions exist. However this information is often isolated. We propose the creation of an institution that has as its purpose the optimal cross sector, cross country diffusion of what works in clear, accessible ways and the expansion of the highest impact interventions. The institution intends to show the measurable impact that these interventions have had and speed the rate of change.

Phase 1: Data Collection

The institution will collect information on what works, how success was accomplished and what was the impact. The institution will be organized around the existing framework of the World Economic Forum's *Global Gender Gap Report*, the Network of Global Agenda Councils and the Global and Regional Gender Parity Groups to collect information on effective gender gap closure examples. Using this data, the institution will also identify the countries, sectors and organizations that can most quickly benefit from the adoption of these strategies.

Phase 2: Showcase Role Models

The institution will develop a user-friendly website displaying clear categories, specific policies, key successful examples and their experiences during implementation. The aim is to provide achievable guidelines and solutions for those who may seek them and elaborate on what others need to do to replicate the successful practices.

Phase 3: Communication and Visibility

The institution will reach out to the large established market of stakeholders seeking to close gender gaps. This is the institution's quick win phase, the time to gain high

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

visibility for the institution through the use of digital 2.0 methods, viral marketing, presence at important conferences, media attention and ongoing marketing.

Phase 4: Scenarios for Growth

Three possibilities for growth exist: 1) The institution becomes a network of ideas, bringing together the information created by the institution with other viable networks relevant to gender; 2) The institution adopts the role of consultant to corporations or governments, helping them implement successful efforts to reduce and eliminate gender gaps. This is demand-driven based on companies' and governments' exposure to the institution and their desire to improve their rate of change and spread innovative practices; 3) The institution becomes an honest broker of ideas (policies as well as the mechanisms to implement these policies), possibly charging a small fee to pair or twin companies and/or governments with identified successful practices globally.

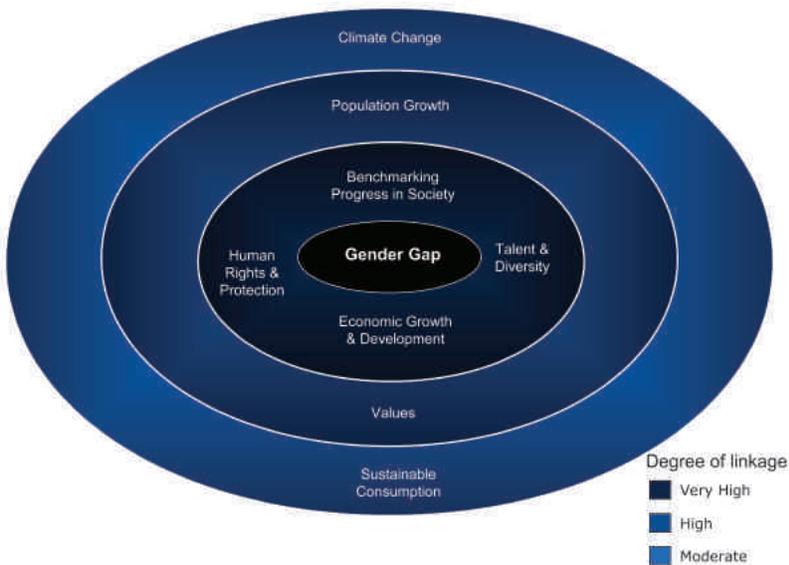
Sessions in the Annual Meeting programme related to the Gender Gap include:

- The Gender Agenda: Putting Parity into Practice (CNBC debate)
- The Power of Women Consumers
- Setting the Stage for the Girl Effect
- IdeasLab on the Global Redesign Initiative (Values)
- The Nature of Intelligence
- Rebuilding Education for the 21st Century

The first two phases have low barriers to entry; the institution can capitalize on existing resources such as World Economic Forum Members who have already expressed strong interest and concern about gender gaps, academic programmes and research centres. In later phases, pools of possible funding sources include the governments best-placed to achieve rapid change, gender-focused foundations and corporations. Fee-based sources of revenue may also be considered to cover operating expenses.

Finally, the institution will be based on five guiding principles:

- Gender balance (the institution itself will be gender-balanced at every level)
- Evidence, based on facts and real experiences that have been successful
- Appreciative inquiry, building on strengths and what works
- Idea spreading, capitalizing on contagion mechanisms and viral networks to disseminate ideas
- Fairness, appealing to human values of equity as well as the economic incentive inherent in the win-win approach



Gender Gap

Members

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Esther Duflo, Professor of Economics, Massachusetts Institute of Technology, USA

Helen Fisher, Research Professor, Department of Anthropology, Rutgers University, USA

Sylvia Ann Hewlett, President, Center for Work Life Policy, USA

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Lauren Resnick, Director, LRDC, University of Pittsburgh, USA

Wu Qing, Member of the Board, Beijing Cultural Development Center for Rural Women, People's Republic of China

JoAnne Yates, Deputy Dean and Sloan Distinguished Professor of Management, MIT - Sloan School of Management, USA

Gisele Yitamben, Founder and President, Association pour le Soutien et l'Appui à la Femme Entrepreneur (ASAFE), Cameroon

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Healthy Next Generation

Issue Overview

Young people will create our common future, and half the world's population is under the age of 25. They live in a fast-paced world, are linked globally and face an unprecedented convergence of social and economic pressures. Harnessing their collective energy, motivating and empowering them to contribute to positive causes, is a tremendous force for social change.

Behaviours learned in childhood shape adult life. Adolescence – when children begin adopting new behaviours – is a critical, yet often overlooked stage in life. This Council is identifying ways to strengthen the international cooperation necessary to improve the physical and mental health of the next generation. By starting healthy and staying healthy, youth can avoid many behaviours that factor into chronic ill health later in life, with remarkable social, economic and individual benefits. Ensuring a healthy next generation should be a common goal for all.

One main gap identified is the need to focus more on the unique challenges and opportunities of adolescence. Adolescents learn many essential life skills and have new experiences between the ages of 10-18 (e.g., health and risk behaviours such as smoking, alcohol and drug use, sexual and reproductive health, diet and exercise habits). They are exposed to environmental risks (e.g., injuries from road traffic accidents or violence) and often develop fully disorders that may have begun earlier in childhood (e.g., HIV/AIDS and other sexually transmitted infections, cardiovascular and other chronic diseases, obesity and malnutrition, mental health conditions). These events affect the rest of the person's life. Understanding the motivation for choosing certain risk behaviours, addressing the physical and social environments in which these choices are made, and responding to the challenges and risks that confront adolescents in the different parts of the world are critical actions to achieve a healthy next generation.

These challenges are an invisible pandemic that threatens to run out of control. A global movement is needed to encourage everyone to start healthy and stay healthy; to show youth the behaviours they undertake today affect their lives and the lives of their peers; to harness the potential of many industries – consumer products, food, beverages, entertainment and new media, sports, IT and mobile communications – to reinforce healthy behaviours and provide incentives to avoid unhealthy ones; to engage youth through social networks and with their new media tools; to promote health literacy; and to work with schools, communities and governments to use both regulations and incentives. The costs of inaction are too great – and solutions that work exist. The Council is exploring the possibility of convening a meeting of these key stakeholders at the World Economic Forum Annual Meeting in Davos in January 2010 to kick-start the global movement to improve the health and well-being of adolescents.

Proposals¹

Fixing the future of health now

The challenges facing us in ensuring a healthy next generation – growing rates of obesity coupled with hunger and malnutrition in other settings, HIV infection, smoking, alcohol and drug abuse, etc. – are not insurmountable. These health conditions result largely from behavioural choices that can be influenced in positive ways. But achieving a healthy next generation requires innovation in several areas – in information, interventions, resources and mindset. The fundamental change required is a new mindset – that young people themselves should be leaders in developing the strategies and solutions required and should be at the table whenever policies and interventions directed at youth are designed. The current crisis, which provides a chance to rethink and reshape certain rules and governance models, represents a golden opportunity to address adolescent health.

Better research and information on the risk behaviours and patterns of illness involved are needed, how they vary across societies and socio-economic strata, and the knowledge, behaviour and health-seeking (or avoiding) practices of youth. We need to work with young people to design appropriate interventions (using new media and peer-to-peer networking tools). We should redesign the structures and resources devoted to health to focus more clearly on adolescence. We should enlist parents and peer role models to encourage changes in health behaviours. By taking these actions, we can decisively move towards a healthy next generation – and the payoffs for economies and social cohesion will be enormous.

Starting healthy and staying healthy: a social movement for change

To create a sea change in starting healthy and staying healthy, a social movement is needed – with a common agenda, a strategy for achieving it, a coalition of like-minded partners and a set of relevant targets and benchmarks to measure progress.

To start generating that movement, the Council recommends convening a series of consultations on healthy youth at Davos to engage key sectors (IT and mobile communications, new media, food and beverage industries, consumer products and healthcare industries, sports) in developing a framework to explore adolescent health issues in a comprehensive way – based on youth insights and taking advantage of the particular competencies of different business sectors. We will also include government officials and educators, non-governmental organizations and relevant youth and women's networks.

Different companies will have data on many of these questions, as well as deep expertise in how to understand and influence behaviours. Working with industry will also provide new solutions, through healthier options in products and services directed at youth. In addition to changing individual behaviours, industries and governments can also change the environment for health at national and global levels by agreeing, for example, on healthy new regulations (for instance, adopting a ban on certain unhealthy foods and beverages in schools), or adopting scorecards that rank progress towards a healthy next generation on the part of companies and communities.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

One place to start would be with girls and related health issues (e.g., reproductive health, risk factors for adolescent pregnancy, etc.), as they represent a critical segment. As Miriam Temin and Ruth Levine argue in *Start With a Girl: A New Agenda for Global Health*, focusing on the health and education needs of adolescent girls has tremendous leverage, particularly in connection with maternal health, the MDG on which there has been the least progress since 1990.

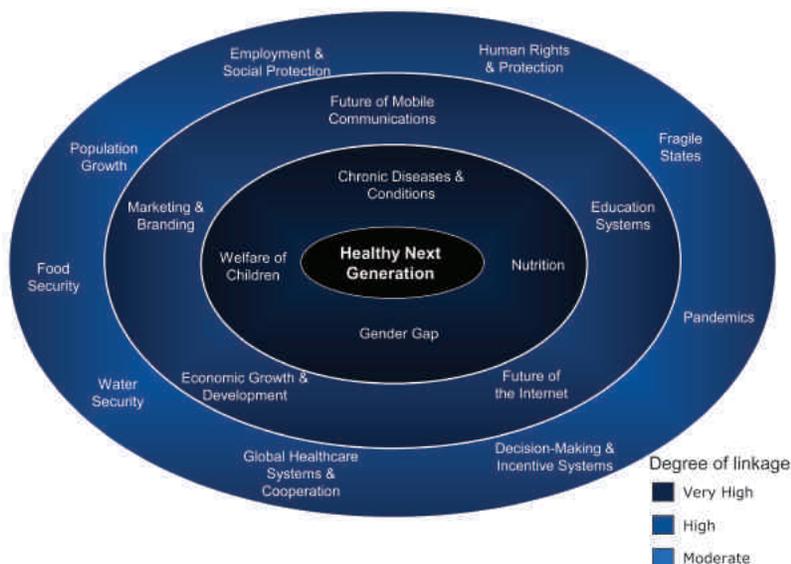
Leading the way to a healthy next generation

Because “today’s teens have never known a world without computers”, a unique opportunity exists to harness their technological savvy to create active participation in health literacy, health promotion and health improvement initiatives. The Council will develop a youth advisory group to help us think about how to use these tools to focus on one or more critical issues in adolescent health (e.g., obesity and malnutrition, alcohol, tobacco and drug abuse, stigma and discrimination about HIV infection), how to make these interventions “cool” and how to provide appropriate incentives to drive healthy behaviour. We can also enter into partnerships with mobile technology providers, search engines and social networking sites on the Web to turn our ideas into reality.

Sessions in the Annual Meeting programme related to a Healthy Next Generation include:

- Chronic Diseases: A Global Challenge
- IdeasLab on the Global Redesign Initiative (Values)
- The Long Shadow of Alzheimer’s Disease
- Better Food for Better Health
- Diary of a Wimpy Kid: Lessons on Reconnecting with Children
- Setting the Stage for the Girl Effect
- IdeasLab on the Global Redesign Initiative (Economics)
- The Information Age of Human Behaviour
- Redesigning a Healthy Start

We will work with emerging youth leadership within Parliaments, and can use platforms like the World Youth Conference in Mexico (24-27 August 2010) to build support for this approach to a healthy next generation. Global health donors should prioritize not just youth-focused, but also youth-led, initiatives. These investments will result in new and innovative approaches, cost-effective solutions and will catalyse the change needed to achieve a healthy next generation.



Healthy Next Generation

Members

Chair: * **Peter Piot**, Director, Institute of Global Health, Imperial College London, United Kingdom

Ashok Alexander, Director, Avahan-India AIDS Initiative, Bill & Melinda Gates Foundation, India

Jed Beitler, Chairman and Chief Executive Officer, Worldwide, Sudler & Hennessey, USA

***Serge Dumont**, Senior Vice-President and President, Asia Pacific, India, Middle East and Africa, and Chairman, Asia Pacific, Omnicom Group, People's Republic of China

Mark R. Dybul, Co-Director, O'Neill Institute for National and Global Health Law, Georgetown University, USA

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Alex Govender, Manager, Corporate Health Services, Volkswagen, South Africa

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Andrew Jack, Pharmaceutical Correspondent, The Financial Times, United Kingdom

Prasada Rao Jonnalagadda, Director, Regional Support Team, Asia Pacific, Joint United Nations Programme on HIV/AIDS (UNAIDS), Bangkok

Michel Kazatchkine, Executive Director, Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), Geneva

Michael Merson, Director, Duke Global Health Institute, Duke University, USA

H.R.H. Crown Princess Mette-Marit, Crown Princess of Norway

Elizabeth Nabel, Director, National Heart, Lung and Blood Institute, National Institutes of Health, USA

Pekka Puska, Director-General, National Institute for Health and Welfare (THL), Finland

William H. Roedy, Chairman and Chief Executive, MTV Networks International, United Kingdom

Jeffrey L. Sturchio, Chairman, Corporate Council on Africa, USA

Didier Trono, Professor and Dean, School of Life Sciences, Ecole Polytechnique Fédérale de Lausanne (EPFL), Switzerland

Mechai Viravaidya, Founder and Board Chairman, Population and Community Development Association (PDA), Thailand; Vice-Chair of the Global Agenda Council on a Healthy Next Generation

*Registered to the World Economic Forum Annual Meeting 2010

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Research Analyst: Nikolai Khlystov

Forum Lead: Olivier Raynaud

Role of Sports in Society

Issue Overview

Physical activity and sport provide multiple solutions to improving the state of the world. They make both under-recognized and under-utilized contributions to the challenges highlighted by many Global Agenda Councils in regards to the Forum's Global Redesign Initiative.

This Council has identified as a main gap on this issue the fact that key decision-makers in the public and private sectors do not fully recognize the potential value of sports to society. This gap is especially marked at the broad-based participatory level, less so at the elite professional sports level.

Many of the Global Agenda Councils are addressing global challenges of profound importance. The Global Agenda Council on the Role of Sports in Society has received much support and affirmation from rich dialogue with other Councils. This was based on compelling evidence and their better appreciation of how physical activity and sport can be an important solution, a catalyst to their challenges.

The Council has identified five areas of priority that need to be addressed as soon as possible. The five areas are ageing, health and youth, chronic diseases, urban management and social entrepreneurship. The examples noted in our proposals are meant to give ideas for replication elsewhere.

Physical activity and sport can be powerful agents for change, which can be leveraged by individuals, businesses, governments, organizations and athletes to drive significant positive development and progress in social, economic and political contexts.

Proposals¹

The Council proposes action steps to build a strong network within the Forum and the Global Agenda Councils. The five immediate areas of priority include:

- **Ensuring sustainability and the perception of ageing.** This Council encourages a positive attitude to ageing. Much evidence reveals that physical activity and sports promote enhanced physical and mental health. The benefits – both direct (more contributions to society by the aged) and indirect (including reduced medical expenditures) – enhance society as well as the individual person. With the help of the Council on Ageing Society, new ways of looking at senior citizens in our society and attempts to promote happy and beneficial ageing are being investigated.
- **Creating a values network on the topic of health and youth.** Physical activity and sports already play a key role in promoting the health of our youth. Successful initiatives worldwide use sport as a platform to engage young people to help counter HIV/AIDS, prevent crime and reduce absenteeism from school. The *Moving the Goalposts* initiative is one example.² Values underlying sports, such as respect for the rules of the game, the power of teamwork or the value of developing capabilities and extending aspirations, can form an important foundation for children to better exploit opportunities and handle temptations. By connecting with the Councils on a Healthy Next Generation and the Welfare of Children, our Council can highlight the importance of youth.
- **Mitigating global risks and addressing systemic failures by tackling the issue of chronic diseases and conditions.** Physical activity and sport has been documented to reduce the severity of chronic diseases. Stronger bodies and more resilient minds mean individuals can make many more contributions to society and fewer resources are consumed combating disease. This Council aims to work closely with the Council on Chronic Diseases & Conditions to find new innovative solutions using physical activity and sport.
- **Building effective institutions by looking at the problem of urban management.** Facilities that enable physical activity and widespread participation in sports result in better urban environments and promote a better society. When looking at building cities or areas within them, it is useful to bring in the physical activity component so the city maintains parks and playing fields. To obtain even greater benefits from the design of cities, this Council is looking to actively engage with the Council on Urban Management.

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² The *Moving the Goalposts* initiative in Kenya engages in various football teams made up of girls between the ages of 10 and 25 who are often marginalized by social, economic or academic factors. These teams' activities are then paired with health education and training sessions.

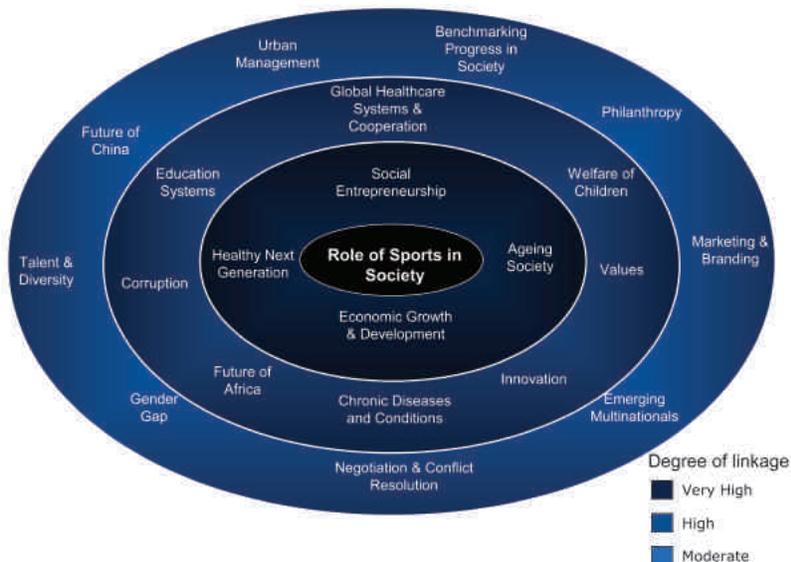
- **Promoting social entrepreneurship.** Many social entrepreneurial initiatives focus on leveraging better business models to promote social goals. A symbiotic relationship often exists between the values of sports in society and those underlying social entrepreneurship – such as the power of teamwork. One clear example is the *Homeless World Cup*.³ Together we can leverage best business practices and learn from each other. To achieve this goal our Council expects to interact actively with the Council on Social Entrepreneurship.

To make these connections and promote joint work and initiatives, the Council on the Role of Sports in Society proposes sending ambassadors to the Councils that have expressed strong interest in further collaboration. The five areas above are an immediate and important starting point. One fruitful area of interaction is the use of video conferences; another is creating partnerships with Councils to explore the possibility of individual sessions at World Economic Forum events to focus on the promotion of the value of physical activity and sport as a solution to increasing the welfare of society.

Sessions in the Annual Meeting programme related to the Role of Sports in Society include:

- The Ageing Society – Still Young at 65?
- Redesigning a Healthy Start
- Chronic Diseases: A Global Challenge
- Rebuilding Education for the 21st Century

³ The *Homeless World Cup* is an annual, international football tournament, uniting teams of homeless and excluded people who are given a unique opportunity to represent their country and thus change their lives forever. It has triggered and supports grass roots football projects in over 70 nations, working with over 40,000 homeless and excluded people throughout the year.



Role of Sports in Society

Members

Chair: ***Wilfried Lemke**, Special Adviser and Undersecretary-General, Sport for Peace and Development, United Nations Geneva (UNOG), Geneva

Sean Collins, Partner and Chairman, KPMG Global Telecommunications and Media Practice, KPMG, Singapore

***Jeremy Darroch**, Chief Executive Officer, British Sky Broadcasting Group, United Kingdom

Dong Jinxia, Professor, Department of Physical Education, Peking University, People's Republic of China

Marianne Engle, Assistant Clinical Professor, Clinical and Sport Psychology, NYU Child Study Center, USA

George Foster, Paul L. and Phyllis Wattis Professor in Business, Stanford Graduate School of Business, USA

Tanni Grey-Thompson, Vice-Chairman, Laureus World Sports Academy, United Kingdom

Philippe Huber, Co-Chief Executive Officer, Kentaro, Switzerland

Sean Jefferson, Leader, Invention, MindShare, United Kingdom

Tessa Jowell, Minister of the Cabinet Office, the Olympics and Paymaster General of the United Kingdom

Nick Keller, Founder, Beyond Sport, United Kingdom

Pierre Lanfranchi, Professor, De Montfort University, United Kingdom; Vice-Chair of the Global Agenda Council on the Role of Sports in Society

Tegla Loroupe, Long-distance Running Champion and President, Tegla Loroupe Peace Foundation, Kenya

Rosi Prescott, Chief Executive, Central YMCA, United Kingdom

Timothy P. Shriver, Chairman of the Board and Chief Executive Officer, Special Olympics, USA

Malcolm Speed, Adjunct Professor, Business and Law, School of Marketing and Management, Deakin University, Australia

***David J. Stern**, Commissioner, National Basketball Association (NBA), USA

Jérôme Valcke, Secretary-General, Fédération Internationale de Football Association (FIFA), Switzerland

Mel Young, President and Chief Executive Officer, Homeless World Cup, United Kingdom

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Issue Overview

Treaties and understandings that have a global reference often represent conflicting ethical, political and social values. This is complicated by the fact that global institutions are also mediated by national interests and concerns and due to far-reaching distributive inequities in the global system that often translate into conflicting interests in structural change.

In such circumstances it is difficult to arrive at a universal set of values that are consistently interpreted. Thus a conflict of values ensues in the area of international cooperation, often leading to a failure of an otherwise aspirational and effective set of proposals. This situation would greatly benefit from a regulatory body that would mediate such value conflicts and help bring the main actors and their institutions around the conference table in ways that address background disequilibriums to facilitate a more equal and wide-ranging conversation.

Such negotiations would provide important foundations for further opportunities in international cooperation. A major contemporary complication in the area of values and international cooperation is the increased attention to matters of security. The emphasis on security in the post-9/11 period has negatively influenced the representation of cultures seen as foreign or threatening. This often results in unfortunate stereotypes that provide obstacles to international conversation and cooperation. Another major complication inheres in the inequities between the global North and global South and the lack of responsible behaviour on the part of high income groups. This often results in fundamental conflicts of interests in relation to major global issues, from trade to climate change.

One way of ensuring fair and equitable representation in any international negotiation is to have a “checklist” of questions that ensure the consideration of fundamental, core values in the process of decision-making. They could also be applied on other levels of decision-making. The questions address universal values and issues of dignity, sustainability, inclusion, peaceful coexistence and emotional interconnectedness:

- Does this decision help stakeholders achieve their potential?
- What are the implications of this decision for climate and the environment?
- How does this decision serve the equitable distribution of resources, global inequalities and the common good?
- How does this decision affect tensions between groups?
- Is this decision consistent with the fundamental rights of all those affected?

These questions are not intended to cover all important values. Instead they are intended as a starting point for a value guide for decision-making. The Council recognizes the importance of integrating a company’s or organization’s values into its decision-making process.

Proposal¹

The Council's discussions explored values that would inform good practices for global institutional design. The conversations moved relentlessly between the enunciation of universal values and assessments of their potential uses for policy discussions and decisions.

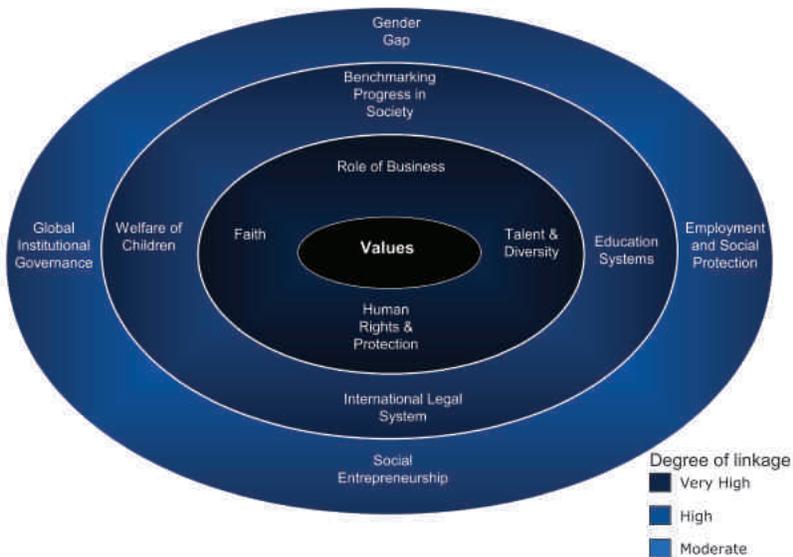
- *The equitable distribution of agency.* In any institution there has to be a way of effecting and assessing the distribution of power and the recognition of stakeholders in order to encourage responsible decision-making based on opportunities for free and fair dialogue across the social fabric of the institution. To *empower and give voice* to those who are marginalized helps create a greater sense of commitment to the institution, and greater responsibility for its success.
- *Empathetic leadership.* A crucial element in successful leadership is the capacity to engage emotionally and empathetically with all levels of stakeholders. Leaders who function at a distance are apt to become isolated from their constituencies and do not command the *trust* that is crucial to good leadership. An emotional link helps the leadership comprehend and sympathize with the range of public and private values that are part of any institutional body. It also helps the leadership determine equitable reward structures.
- *Value conflicts.* Every institution must have a mechanism for negotiating value conflicts in a way that allows all stakeholders to be fairly represented in complex and potentially conflictual discussions. Value conflicts occur more frequently in areas of cultural diversity and it is important that each party feel properly respected and represented in the process of negotiation.
- *The social and ethical obligation to human equality and freedom.* It is important to more assertively respect and promote the leading ideas and codified values of the Human Rights Declaration and the human rights covenants, including the interdependence of civil and political rights and economic and social rights. It is difficult to think of global institutional design without acknowledging the global framework of values articulated in this foundational document, which should be used as a benchmark for global cooperation.
- *Our social footprint.* Sustainability and environmental ethics are prime players in any framework of global values that looks beyond our own lives and times to the generations of the future.
- Council Members are all resolved that with the best framework of values in hand, and the best will in the world, global institutional design requires a *regulatory body* that monitors compliance.

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In developing this proposed protocol of values, this Council's Members are all acutely aware that we are walking a tight rope between universal aspirations and practical applications. Daunting also is the fact that while we strive to delineate our "highest common denominators" and achieve shared global horizons, humankind lives on a smaller scale in nations and communities that tenaciously hold on to their local beliefs and customs. These are difficult and trying truths to confront, but in making life difficult for us they also convince us of the need to seriously commit ourselves to social and ethical values that have a global mandate.

Sessions in the Annual Meeting programme related to Values include:

- Meeting the Millennium Development Goals
- Rethinking Values in the Post-Crisis World
- IdeasLab on the Global Redesign Initiative (Values)
- Restoring Faith in Economics
- The Economics of Happiness
- Rebuilding Trust in Business Leadership
- Rethinking Market Capitalism
- Rethinking the Responsibility to Protect
- The Gender Agenda: Putting Parity into Practice
- Does Religion's Claim to Truth Lead to Violence?
- Rebuilding Education for the 21st Century



Values

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Jacques Attali, President, PlaNet Finance, France

Homi K. Bhabha, Anne F. Rothenberg Professor of the Humanities, Department of English and American Literature, Harvard University, USA; Vice-Chair of the Global Agenda Council on Values

***Paulo Coelho**, Author, Sant Jordi Asociados, Spain

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Dru C. Gladney, President, Pacific Basin Institute, Pomona College, USA

Pumla Gobodo-Madikizela, Associate Professor of Psychology, University of Cape Town, South Africa

***Amy Gutmann**, President, University of Pennsylvania, USA

***H.R.H. Haakon of Norway**, Crown Prince of Norway

Amin Maalouf, Author, Éditions Grasset, France

Richard Meier, Architect, Richard Meier & Partners, USA

Vasuki Nesiah, Director, Office of International Affairs, Brown University, USA

Ben Okri, Author, United Kingdom

Thomas Pogge, Leitner Professor, Philosophy and International Affairs, Yale University, USA

David Rodin, Senior Research Fellow and Co-Director, Oxford Institute for Ethics, Law and Armed Conflict, Oxford University, United Kingdom

***Anant Singh**, Film Producer, Videovision Entertainment, South Africa

Tukufu Zuberi, Professor and Chair, Department of Sociology and Associate Faculty Director, Center for Africana Studies, University of Pennsylvania, USA

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Forum Lead: Martina Gmur

Welfare of Children

Issue Overview

Defined by the Convention on the Rights of the Child as all humans under the age of 18, children are the world's most precious resource. They account for 2.2 billion (or 32%) of the globe's 6.8 billion population (2009) and are the largest cohort of adolescents ever. Yet this population does not have a political voice. Partly due to this fact, the current economic crisis has hit the poorest children hardest, putting even more children's lives at risk. A particularly vulnerable group are girls who constitute half the relevant population.¹

In 2008, 8.8 million children aged under five died worldwide. The importance of ensuring children everywhere have access to essential services and to a voice in matters concerning them was recognized 20 years ago when the Convention on the Rights of the Child (CRC) was signed. This Convention remains the most highly ratified of all international human rights treaties. And yet, meeting children's best interests 20 years on still poses a significant challenge to global governance. Inadequate attention and the lack of resources are part of the problem. Now required is a shift from a perspective of children as mere recipients of welfare (necessary though that is) to a dynamic approach that places the direct participation of and investment in children at the centre of the global agenda.

To reflect this shift in emphasis, the Council on the Welfare of Children has identified as a key gap in international cooperation the widespread tendency to consider children's issues as soft agenda items not integrated with other global agendas.

Many states and some private actors focus on problems of children and youth only when there is a fear factor (juvenile delinquency, recruitment to armed groups, drug abuse). But an opportunity for more positive engagement exists by acknowledging the central relevance of children's issues to the development of sustainable and socially responsible business models.

¹ Investing in adolescent girls is important to break the cycle of poverty. Only 0.5% of overseas direct investment is invested in adolescent girls. If girls and women earn an income, they spend up to 90% on their families, versus men who spend only 30-40%.

Proposals¹

Investing in Children and the Business Community

Businesses need to recognize that educational achievements (including early childhood development) and reduction in the gender gap are crucial tools for achieving sustainable growth. They are also outcomes that, with careful international deliberation and cooperation, can and should be measured. As an additional urgent improvement, children need to participate much more fully in these processes.

The World Economic Forum is singularly well placed to stimulate innovation in the corporate sector. This Council considers investing in children to be an overarching goal for a new alliance between the business sector, governments and NGOs in this 20th anniversary year of the CRC. Given the unprecedented number of adolescents coming onto the job market (and the untapped potential they represent), failure to invest in children would be a missed opportunity.

Children's Champions

The following is a concrete and specific device for ensuring that the World Economic Forum takes this issue on board in an effective way.

Our suggestion is that each company nominate a Children's Champion. The Champion might be an individual, or a group within the company. The Children's Champion will provide a focus for innovation and corporate social responsibility towards the next generation. This will give the corporate sector the opportunity to both shape and gain credit from significant improvement in the life prospects of children.

The Council proposes a three-pronged strategy to include an assessment of policies and practices over which the company can have complete control, indirect influence and a wider engagement with children in the local community. For example:

Actions over which the company has complete control:

- Employment policies
- Family-friendly practices

Actions over which it has indirect but significant influence:

- Supply chain code of conduct
- Development of professional expertise in the sector

Company engagement with relevant children's issues in society at large:

- Supplying talent (conducting seminars in schools, providing equipment to community groups, sponsoring innovative projects and competitions in schools) incentives for girls' educational advancement
- Promoting skills transfers
- Building coalitions with the community, e.g. education and sports facilities

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

To track a company's progress in investing in children, the Council proposes developing an assessment tool and a reward scheme that has the potential to enhance a company's brand and acknowledge significant corporate achievement in this field.

The reward scheme could involve the award of a kitemark (seal of approval) that would enable the company to project its achievements in investing in children. This is an example of how companies can meet the challenge of supplying radical thinking, creative solutions and collaborative action in support of children in the context of the Global Redesign Initiative. The Council is particularly supportive of the suggestion that strategies adopted need to be transparent, inspiring, transformational and participatory.

Implementation

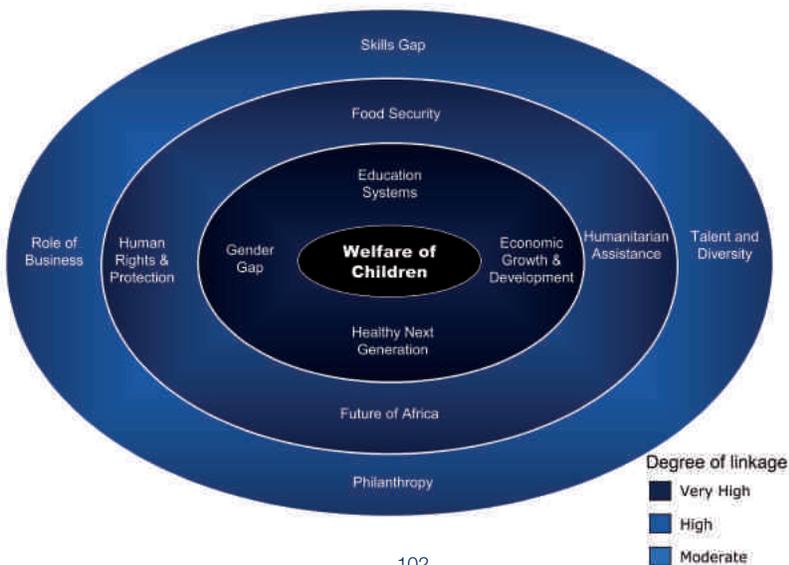
Over the next few months the Council proposes to translate these goals into specific criteria for achieving the Children's Champion Kitemark.

Sessions in the Annual Meeting programme related to the Welfare of Children include:

- Meeting the Millennium Development Goals
- Rethinking Values in the Post-Crisis World
- IdeasLab on the Global Redesign Initiative (Values)
- Diary of a Wimpy Kid: Lessons on Reconnecting with Children
- Setting the Stage for the Girl Effect
- The Gender Agenda: Putting Parity into Practice
- Rebuilding Education for the 21st Century

The Council on the Welfare of Children proposes a process to:

- Develop a pilot assessment system
The Council aims to engage international audit companies and other organizations experienced in reviewing company performance to develop criteria and a review structure on a pro bono basis.
- Encourage a small group of companies to volunteer to take part in the pilot process at the World Economic Forum Annual Meeting 2010 in Davos-Klosters
- Attract further momentum and support at the Global Redesign Initiative Summit in Qatar, 2010
- Report back on progress to the Global Agenda Councils in Autumn 2010 and plan for a comprehensive launch of this initiative at the Forum's Annual Meeting 2011
- Announce the top performing companies in the assessments who thus qualify for the Global Bronze, Silver and Gold awards at the Forum's Annual Meeting 2012



Welfare of Children

Members

Chair: ***Charlotte Petri Gornitzka**, Secretary-General, International Save the Children Alliance, United Kingdom

Anu Aga, Member of the Board of Directors, Thermax, India

Ishmael Beah, Author, USA

Carol Bellamy, Adjunct Assistant Professor of Public Administration, New York University, USA; Vice-Chair of the Global Agenda Council on the Welfare of Children

Jacqueline Bhabha, Director, University Committee on Human Rights Studies, John F. Kennedy School of Government, Harvard University, USA

***Nigel Chapman**, Chief Executive Officer, Plan International, United Kingdom

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Rifat Odeh Kassis, President, Defence for Children International, Switzerland

Andy Knight, Chair, Department of Political Science, and Professor of International Relations, University of Alberta, Canada

Stanley Litow, Vice-President, Corporate Citizenship and Corporate Affairs, IBM Corporation, USA

Elizabeth Mason, Director, Department of Child and Adolescent Health and Development, World Health Organization (WHO), Geneva

Furio Camillo Rosati, Professor of Public Finance, University of Rome Tor Vergata, Italy

***Kim Samuel-Johnson**, Director, Samuel Group of Companies, Canada

Geraldine Van Bueren, Professor of International Human Rights Law, Queen Mary University of London, United Kingdom

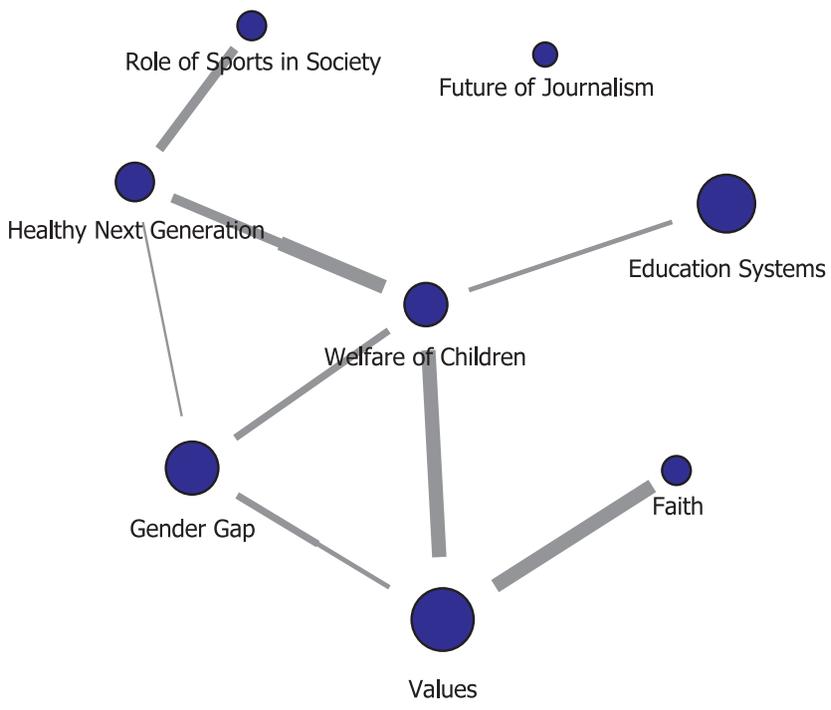
***Ann M. Veneman**, Executive Director, United Nations Children's Fund (UNICEF), New York

Kimmie Weeks, Founder and Executive Director, Youth Action International, USA

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Interlinkages within Global Agenda Council Clusters

Node size: Denotes significance of the issue to other Global Agenda Councils: the more significant the issue to other Councils, the bigger the bubble.

Line thickness: Denotes the strength of the interlinkage. Lines split into two halves illustrate the strength of the link as assessed by the Global Agenda Councils at the extremities. Differences of thickness between the two halves indicate that the two Councils do not assign the same value to the link.

Proximity: The closer the issue to another, the more tightly they are interlinked.

Data: The data is based on a survey of Global Agenda Council Members.

Threshold: Only the strongest links are shown on this map.

Enhancing Security

Fragile States

Issue Overview

Fragility occurs when trust and mutual obligations between the state and its citizens have become weak. The national public authority is not providing basic public goods or reinforcing a national identity that allows society to live in peace and improve future prospects. Fragile states do not provide 1) accountable and effective security or social protection; 2) predictable justice generally accepted as legitimate; 3) revenue collection and management of external aid to ensure the delivery of basic social and economic services to society; 4) mechanisms of accountability of state authorities to society.

As fragile states are vulnerable to both internal and external shocks, their populations are likely to suffer the most from climate change and the impact of droughts and flooding, regional insecurity, and regional and international economic crises. They are marked by low food security, high crime rates and high youth unemployment and are susceptible to the mobilization efforts of entrepreneurs of violence of all sorts. Thus they represent the weakest links in the global community.

The causes of state fragility are varied and historically and context specific, so action by the international community must be based on an understanding of the particularities of each fragile situation. While not all states marked by poverty and underdevelopment are fragile, almost all fragile states are poor and underdeveloped, so international action should focus on poverty reduction and wealth creation in these societies.

The past half century of experience underscores that reforming the state institutions and organizations in fragile states is a decadal, even generational challenge. The international community must consider what needs to be done today or tomorrow to create the stability and breathing space that will allow these longer-term efforts to take root and flourish.

In recent years the international community has increasingly recognized that fragility in one country can lead to conflict, crime, human displacement and illicit trade in the immediate region and beyond. To ensure a prosperous and secure global community, the way the international community organizes itself to support processes of state-building must be rethought. The Council follows the OECD in recognizing that state-building is “an endogenous process to enhance capacity, institutions and legitimacy of the state driven by state-society relations”. Given the increasing global recognition of fragile states’ importance to our collective security, an open moment now exists to find new solutions and resolve to tackle the challenge.

Important analytical work on understanding the conditions of fragility and the requirements of external assistance to state-building is being undertaken by the OECD, the World Bank, individual bilateral development agencies, universities and think tanks. The Council wishes to build on these initiatives, avoid duplication and draw awareness to areas that have not received enough attention.

Proposal¹

A new system of mutual responsibility in delivering basic economic and social services

In fragile states, often heavily dependent on external sources of finance, one challenge is to meet the urgent needs of the population through the delivery of essential social and economic services, while building sustainable and accountable systems of public authority. Donors in a hurry to see their money spent effectively and wary of blank cheques often channel funds outside state systems, which can undermine or pre-empt the consolidation of viable and accountable state organizations.

The existing tools of development assistance, however appropriate for delivering aid to poor but stable and relatively well functioning states, are not adequate to confront the conditions of state fragility where:

- people have a deep distrust of states
- states are often weak and repressive
- societies nonetheless have considerable resilience

The costs of donor mistakes in delivering aid are high everywhere, but in fragile states those costs can be catastrophic, leading to state collapse, violence and even regional instability and war. The existence of fragile states compels us to look for imaginative solutions. The opportunity exists to learn from a range of disciplines, including design and innovation (reflected across a range of Global Agenda Councils), to craft a new approach to addressing challenges in fragile states.

The Council's innovative approach would ensure:

- *shared responsibility* between donors and states, as well as states and citizens, in spending public resources
- *accountability to citizens and local communities* in how public resources are spent
- *building upon existing local capacities and drawing on capacities* at the regional and national levels
- *delivering resources in ways perceived as equitable and just*
- *the long-term commitment by donors* matches the long-term task of overcoming fragility

Objectives of a New Partnership Mechanism

The new system would:

- allow for domestic resources to be collected and donor moneys channelled according to a set of accountability mechanisms that would be transparently measured and reported on
- apply key policies and services executed through “National Programmes” that would implement specific functions at the appropriate level of governance through an implementation scheme within state systems, thereby avoiding the creation of parallel organizations outside the state while contributing instead to developing state systems that can eventually replace external aid with domestic revenue
- ensure that representative organizations in society have the opportunity and means to participate in, monitor and supervise the exercise of power and dispensation of public resources

Means:

- A set of *Accountability Standards* across key state functions should be agreed upon, with the state required to report on and make transparent all revenues, procurement

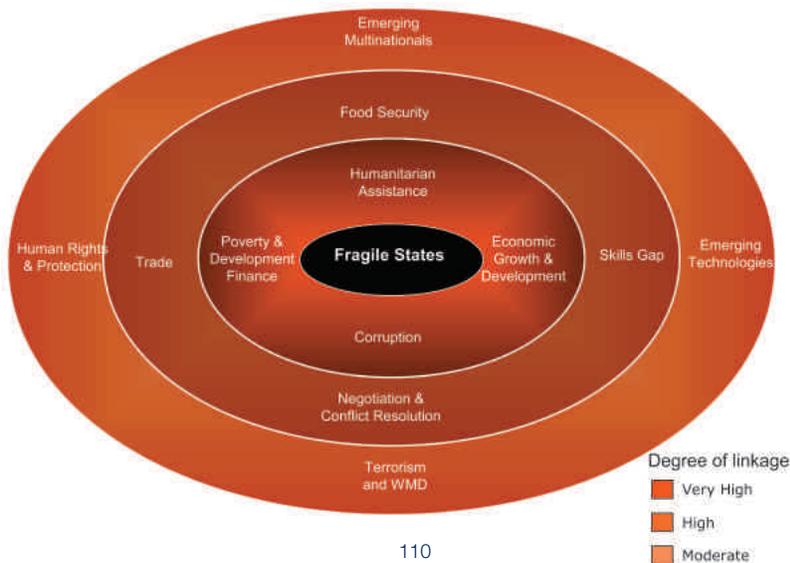
¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

and licensing decisions, asset disposal and acquisition, budgets, expenditures, accounts and audits.

- The integrity of spending would be guaranteed through a *dual-oversight agency* where responsibility is shared between state authorities and external funders. A range of instruments could be deployed, including monitoring by the IMF/World Bank, trust funds pooling donor resources against these standards, and linking the use of the sovereign guarantee to the government's attainment of those standards. GEMAP in Liberia and the ARTF in Afghanistan are examples.
- A set of National Programmes should be designed and launched through a government, civil society and international oversight partnership, whereby the policy framework is provided by the ministry; the funding flow is provided by the trust fund and/or domestic revenue; monitoring and oversight is provided by civil service in partnership with international representatives, civil society organizations or contracted out to third parties; and implementation is provided by a combination of the communities, private sector, NGOs and civil service appropriate to the context and available capacities. The National Solidarity Programme and other programmes such as MSFA, NEEP and the National Health Programme in Afghanistan provide examples of such mechanisms.
- Regular reporting on activities should be initiated to representative organizations however constituted, through domestic political processes (inclusive of all regions and social groups), as well as to citizens and partners from the international community.
- A consortium of private businesses could be established to link investment to the achievement of accountability standards.
- Incentives should be deepened for governments to raise domestic revenues through transparent, predictable, multiyear aid flows linked to a realistic plan to strengthen revenue collection institutions.
- As a country develops capacity to raise revenues to replace external aid, the shared responsibility with donors can pass to shared responsibility between the state and its citizens (through parliamentary committees and the like), while states developed also share responsibility in their regions.

Sessions in the Annual Meeting programme related to Fragile States include:

- Rethinking Security in the 21st Century
- Who is the New Consumer?
- Meeting the Millennium Development Goals
- Business Solutions to Rural Poverty
- Rebuilding Humanitarian Assistance
- Rebuilding Fragile States
- 2010 World Economic Brainstorming: Redefining the Global Commons
- IdeasLab on the Global Redesign Initiative (Security)
- Rethinking the Responsibility to Protect
- Rethinking Economic Progress
- Rethinking Africa's Growth Strategy
- Rebuilding Peace and Stability in Afghanistan



Fragile States

Members

Chair: ***Paul Collier**, Professor of Economics, St Antony's College, United Kingdom

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Future of the Internet

Issue Overview

The Internet is not only a universal platform that drives innovation and creativity, it is also a major disruptive force in human affairs. It is therefore central to any successful process of global redesign. Over the next five years, the following can be expected:

- fast-paced change
- rapid growth in the number of users online
- rapid growth in application diversity
- new usage patterns and mindsets among young people who continue to drive innovation
- explosive growth in the online world (despite any recession)

The Internet's scope is expanding rapidly, not just due to 1.3 billion computer users but also via its 2 billion users on mobile phones. Within 10 years, most connections to the Internet will not be made from phones or PCs but from other devices including home appliances, control system sensors and actuators. In addition, the "Internet policy" issue will affect an increasing number of policy questions: not just privacy but competition (because of network effects) and resilience (as replacing manual systems with socio-technical structures can give rise to new systemic risks).

A topical issue for consideration is cloud computing. This involves massive data aggregation and disintermediation, raising questions of ownership, individual control, privacy, censorship, industrial organization and critical national infrastructure. Unsurprisingly, it is difficult for traditional public policy to cope with such a wide bundle of issues. Little wonder that policy-makers ask what should be done about the Internet.

The challenges arise simply because the Internet increasingly reflects the world. Thus when people talk about "Internet policy" they may mean any from among hundreds of policy issues, from the governance of the Internet's infrastructure, or the many complex socio-technical systems it supports, including e-mail, Facebook and smart grids, to the industries it has disrupted, such as the music industry, or to cross-cutting issues such as privacy and online crime.

A fundamental tension is that, while social policy problems have typically been tackled by national governments, the Internet is global and has a history of self-governance on technical matters. The pace of technical change is simply too rapid for legislation to keep up. Also, many sources of fragmentation exist, such as access, law and censorship, many of which stem from attempts at control, whether political, corporate or cultural.

Proposal¹

What global collective-action problems does the Internet face today? The principal challenges concern access (both to connectivity and to ideas), privacy, copyright, crime and dispute resolution. Each of these contains a number of sub-problems; privacy laws, for example, must deal with tussles that pit the primary uses of data (e.g., medical records) against its secondary uses (e.g., research).

Once this scope is understood, it becomes clear that as Internet life increasingly touches on socio-technical issues, multiple, issue-specific governance structures must be created. But regulation without an adequate understanding of the underlying principles is dangerous; one example is legislating to protect old business models based on copyright, without understanding the new technical possibilities, let alone the usage practices and social setting of digital natives.

One area where fresh collective action would be helpful is in ensuring openness and access to the Internet. Billions of (mostly poor) people do not have broadband but rely on mobile phones to get online; while this is a great step forward for many, the goal should be broadband – for access to the full richness of the Internet. Regulation must support a market for fixed and mobile network service provision that is competitive, has low barriers to entry and can sustain growth.

Governments must also be careful not to overreact, despite the fact that a disruptive technology like the Internet can create losers as well as winners. If policy is driven by the losers, society will also lose. Governments can mitigate the effects of disruption, but should not try to regulate to prevent it. Above all, collective commitment is needed to keeping the Internet open as the world's forum, its social innovation platform and marketplace – universal, unfettered and end-to-end. Free trade in bits is just as critical for economic recovery, growth and progress as free trade in goods and services.

What is different about the Internet age is the magnitude of network effects; these can lead not just to rapid innovation on shared infrastructure, but to the dominance of large firms and to significantly increased complexity. When these factors operate on a global scale, unintended consequences become even more likely and can lead to serious systemic risks.

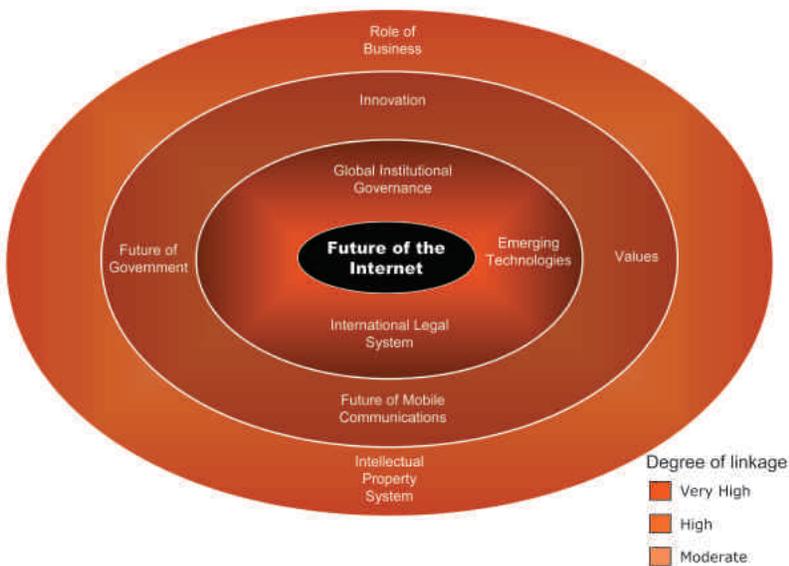
The experience of the Internet community demonstrates that everybody must be involved in managing these risks. The Internet has developed into its current size by the adoption of an open and participatory approach with strong technical involvement and the participation of industry, civil society and government. Openness is essential for flexibility; the online world changes extremely quickly so new stakeholders must be able to join the conversation quickly when they realize they have a stake.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

The challenge is finding a way to meld this approach with other governance mechanisms. This means designing multistakeholder structures for the institutions that deal with global problems with an online dimension. Thus the establishment of a multistakeholder institution to address such issues as Internet privacy, copyright, crime and dispute resolution is necessary. The government voice would be one among many, without always being the final arbiter. And as ever more problems come to acquire an online dimension, the multistakeholder institution would become the default in international cooperation. To conclude, the Internet's systemic risk is best tackled by openness and collaboration, not central management and control.

Sessions in the Annual Meeting programme related to the Future of the Internet include:

- Rethinking Security in the 21st Century
- The Growing Influence of Social Networks
- Who Is the New Consumer?
- Global Governance Redesigned
- Groundbreaking Discoveries in Science and Technology
- The Information Age and Human Behaviour
- Does an Algorithm Run Your Life?
- Arts, Culture and the Digital Age
- Rethinking E-governance
- Do You Trust Your Data?



Future of the Internet

Members

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Ross Anderson, Professor of Security Engineering, University of Cambridge, United Kingdom

Dorothy Attwood, Senior Vice-President, Public Policy, and Chief Privacy Officer, AT&T, USA

Mitchell Baker, Chairman of the Board, Mozilla, USA

***Tim Berners-Lee**, Director, World Wide Web Consortium and Professor of Engineering, Massachusetts Institute of Technology, USA

Jonathan Hsu, Chief Executive Officer, 24/7 Real Media, USA

Hessa Al Jaber, Secretary-General, Supreme Council for Information and Communication Technology (ictQATAR), Qatar

Ajit Jaokar, Founder, Futuretext, United Kingdom

***Jeff Jarvis**, Blogger and Professor, Buzzmachine.com, USA

***Jun Murai**, Dean and Professor, Faculty of Environment and Information Studies, Keio University, Japan; Vice-Chair of the Global Agenda Council on the Future of the Internet

***Pamela S. Passman**, Corporate Vice-President, Global Corporate Affairs, Microsoft Corporation, USA

Bruce Schneier, Chief Security Technology Officer, BT, USA

David L. Sifry, Founder and Chairman of the Board, Technorati, USA

Paul Twomey, Senior President, Internet Corporation for Assigned Names and Numbers (ICANN), USA

***Yossi Vardi**, Chairman, International Technologies Ventures, Israel

Werner Vogels, Vice-President and Chief Technology Officer, Amazon.com, USA

Jimmy Wales, Founder, Wikipedia.org, USA

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Humanitarian Assistance

Issue Overview

Investing in Local Resilience: A Global Partnership for the New Humanitarian Business Model

This year again, the world has witnessed millions of fellow-humans affected by crises: in Pakistan, Sri Lanka, Gaza and other longstanding conflict areas; in Vietnam, Indonesia, the Philippines and the Pacific, as a result of weather extremes and earthquakes; and in many other countries affected by the global food crisis and the fall-out from the global recession. More than 200 million people are affected each year, and many more live at risk of destitution.

In the future, the risks will increase, not diminish. Beyond conflict, climate change is the single biggest threat. It could undermine the livelihoods of millions, lead to migration on an unprecedented scale and undermine good governance in the most fragile countries. The effects of climate change are already visible. Estimates predict that the humanitarian caseload could rise by 25% by as early as 2015. Population increase will compound the risks.

Last year, the Council issued a challenge and a call to action on humanitarian assistance, laying out the principles of humanitarian action, enshrined in international law. It also called for a new “business model” for humanitarian action, with six components:

- Building a comprehensive risk framework
- Re-balancing spending between response, prevention and recovery
- Investing in national and local recovery
- Engaging with the private sector
- Linking the humanitarian to broader social and economic development issues
- Working regionally across national boundaries to address cross-border issues.

This year, the Council repeats its call to place humanitarian action at the heart of global thinking. It calls for accelerating and scaling up the effort to build a new business model.

There is evidence that governments, NGOs and business can work together in a synergistic way to build resilience at the local level, linking local efforts together at national and regional levels. The Council identifies an urgent need for investment in the capabilities needed to generate synergy on a larger scale, locally driven and globally supported.

The Council’s vision is that humanitarian assistance become increasingly embedded in locally owned and managed programmes. These will identify and manage risk, allow prompt reaction to emergencies of whatever kind, and make an effective link to recovery, rehabilitation and further risk reduction. This virtuous spiral can only be constructed if all actors work together. A special role exists for business, both international and local, working in new partnerships. But a global initiative is needed to support all actors, sharing knowledge and resources, and putting the finance and technology in place. The humanitarian need will inevitably remain. But we can mobilize to make it less of a burden for the people involved and for our collective conscience.

Proposal¹

Businesses working together with government and community organizations, social energy mobilized for the common good, combining the talents, skills and experience of the different sectors: this is a model that will engender the flexibility and capacity to innovate that communities, governments and international institutions require to face the unfolding humanitarian challenges of the years to come.

- **High-performing Tri-sector Partnerships**

The key words are resilience, partnership and investment. Local resilience is the foundation stone of the new humanitarian business model, the essential underpinning of sustainability. Resilience is generated by diminishing the human impact of disasters through adequate preparation. Measures can be taken to prevent natural events from having a disastrous effect, or to mitigate the impact. Steps can also be taken to ensure swift response and, for that part of the risk that cannot be eliminated, speedy recovery.

This resilience is not only a product of technical preparations but of mobilizing social energy and participation for the community's benefit. For this reason, enhancing resilience is an important contribution to social and economic development as a whole.

The Council's approach is to invest in a partnership to build local resilience. It brings together the three key groups of actors – business, the government sector including inter-governmental organizations, and the not-for-profit sector of NGOs and community organizations. This tri-sector partnership holds the key to successful investment in building local resilience to both natural and man-made disasters.

Each point of this triangle – each group of actors – brings different strengths to the table. The business sector brings expertise, service delivery, efficiency and entrepreneurial drive. Business is increasingly “development-minded”, bringing new ways of working into the heart of the business. Brokers like THW in Germany have helped to facilitate involvement.

The government/inter-government sector brings decision-making power, legitimacy, visibility, policy frameworks and enforcement, together with unparalleled funds. Investment in disaster preparedness and recovery has fallen behind, however. We call for greater commitment of donor funds to these areas.

The not-for-profit, civil society sector, embedded in local communities, brings local knowledge and networks, participation and passion, direct contact with need and its own capacity for effective mobilization and delivery.

- **Performance at All Levels: Locally Driven, Nationally Coordinated and Globally Supported**

There are examples of successful humanitarian, peacebuilding and development actions that show this triangular relationship can be replicated from the local level to the global. The World Economic Forum has been working with actors in such diverse sectors as logistics, engineering and construction, and health.

This model works best when all the different levels are communicating and working together, using local, national and international platforms, cooperating in the analysis of needs, capacities and gaps.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

The local level is fundamental. If people in their communities do not build resilience, none will be built. Tri-sector partnerships work well when trust can develop over time, for example between local Chambers of Commerce, provincial authorities and local NGOs. The new model must therefore be driven locally.

Yet the local level alone is not enough, as the kinds of events that cause humanitarian crises often cross jurisdictions. Local action, to be effective, needs to be coordinated by national policy, and receive support from regional and international organizations: new technology, operating at scale, for example communications; finance, mobilized internationally to support local efforts; early warning, operating at the regional scale; knowledge, an international public good.

• **Implementation: New Responsibilities, New Roles**

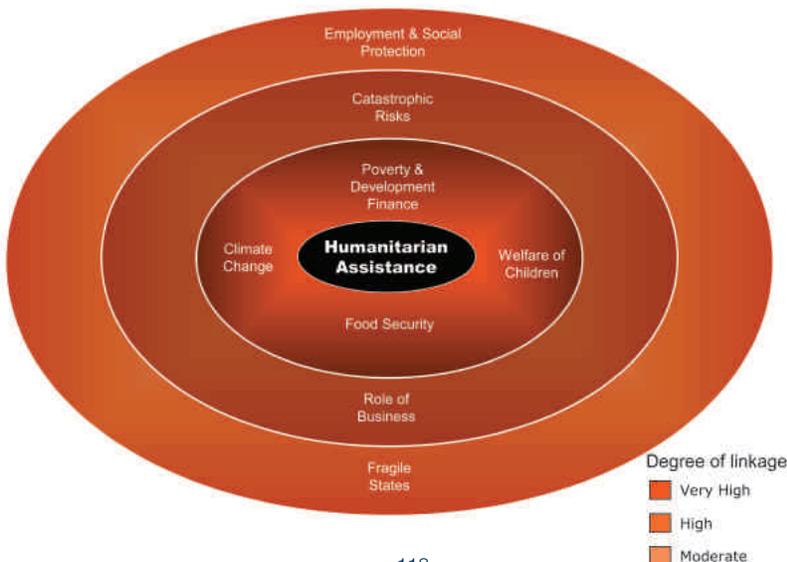
The first step is to convene the actors and gain agreement on this approach. Not least because of its unique role in releasing the capacity of business to contribute to the common good, the Forum could play this convening role. While this approach is applicable with appropriate flexibility in all regions and whether the major risks are man-made or natural disasters, the Council sees merit in identifying one place in which to pilot the approach, test and refine it as necessary. Thus the second step is to identify an appropriate location that combines pressing vulnerabilities, the active contribution in social life of all three sectors and a suitable regional framework.

The South-East Asia region meets these criteria. The regional organization, ASEAN, is capable of developing an initial capacity to support this approach. The region itself faces some entrenched conflict problems along with growing pressures from climate change that are altering the pattern of typhoons there. The Council would like the Forum to convene the parties at the summer Davos in China, helping to broker a new initiative.

Other regions should follow as there is high potential in Southern Africa, the Andes and South Asia.

Sessions in the Annual Meeting programme related to Humanitarian Assistance include:

- Meeting the Millennium Development Goals
- 2010 World Economic Brainstorming: Redefining the Global Commons
- Rethinking Population Growth
- Rethinking Philanthropy
- Groundbreaking Discoveries in Science and Technology
- Rebuilding Humanitarian Assistance
- Rebuilding Fragile States
- IdeasLab on the Global Redesign Initiative (Risks)
- Managing the Global Commons
- IdeasLab on the Global Redesign Initiative (Security)
- Rethinking the Responsibility to Protect
- Replicating the GAVI Success Story
- Redesigning Food Production
- Rebuilding Water Management
- The Global Agenda 2010: The View from Davos



Humanitarian Assistance

Members

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Jo da Silva, Director, Arup Group, United Kingdom

N'Deye Bineta Diop, Executive Director, Femmes Africa Solidarité, Switzerland

Walter Fust, Chief Executive Officer, Global Humanitarian Forum, Switzerland

***Helene D. Gayle**, President and Chief Executive Officer, CARE USA, USA

Angelo Gnaedinger, Director-General, ICRC (International Committee of the Red Cross), Geneva

***Sir John Holmes**, Undersecretary-General for Humanitarian Affairs and Emergency Relief Coordinator, UN Office for the Coordination of Humanitarian Affairs (OCHA), New York

***Sadako Ogata**, President, Japan International Cooperation Agency (JICA), Japan

Niyati Sareen, General Manager, Corporate Social Responsibility, Hindustan Construction Company, India

Dan Smith, Secretary-General, International Alert, United Kingdom

Luk Van Wassenhove, Professor of Operations Management, INSEAD, France

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*Registered to the World Economic Forum Annual Meeting 2010

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Forum Lead: Alex Wong

Human Rights & Protection

Issue Overview

This Council focuses on just one of the many human rights and human security issues within its potential mandate, but one where failures of international will and cooperation have produced catastrophic consequences in the past, and may well again in the future if recently agreed new principles are not effectively implemented in practice. The issue is the responsibility of states, and if they fail the wider international community, to protect peoples against mass atrocity crimes – genocide, ethnic cleansing, and other large-scale crimes against humanity and war crimes: how to ensure, in short, that the world never again endures a Holocaust, Cambodia, Rwanda, Bosnia, Darfur or Sri Lanka.

Until very recently, there was no agreed normative foundation for dealing with these cases, with a fundamental division evident between states supporting robust military “humanitarian intervention” in these situations, and those giving overriding weight to state sovereignty and the centuries-old practice of non-intervention. But the UN General Assembly in 2005 unanimously embraced the new norm of “the responsibility to protect”, and this has been subsequently endorsed by the Security Council, and reaffirmed overwhelmingly in General Assembly debate in July 2009. Its key principles are that every sovereign state has the responsibility to protect its own people from the defined mass atrocity crimes (“Pillar 1”), that others have the responsibility to assist it to do so (“Pillar 2”), and that when it fails, through incapacity or ill-will, the wider international community has the responsibility to step in with an appropriate policy response including, in the most extreme cases and with Security Council approval, coercive military force (“Pillar 3”).

The critical need now is to consistently put these agreed principles into operational practice. That means addressing at least five particular problems which, to a greater or lesser extent, remain apparent:

- **agreeing on cases where the new norm applies:** ensuring that there is general consensus as to what specific situations justify a responsibility-to-protect label and response (as distinct from conflict or human rights concern more generally)
- **initiating action:** having sufficient early warning, authoritative fact-finding and decision-making capability within the international system, to ensure that situations that deserve international attention get it
- **ensuring civilian capability:** building sufficient diplomatic and civilian capability in the international system to meet needs as they arise for both assistance (Pillar 2) and intervention (Pillar 3)
- **ensuring military capability:** building sufficient military capability in the international system to meet needs as they arise for both assistance (Pillar 2) and intervention (Pillar 3), and obtaining agreement on the proper criteria for the use of coercive military force
- **mobilizing political will:** ensuring that the political will necessary for effective action by all relevant decision-makers is mobilized and sustained

Proposals¹

• Agreeing on Cases Where the New Norm Applies

The power of the responsibility-to-protect norm to energize effective action in practice depends on it being confined to situations where *mass atrocity crimes* are occurring or feared in the relatively near future. These will always be a small subset of the many more situations where violent conflict or human rights violations are occurring or feared, or human security is in some other way at risk.

The best way to develop understanding and maintain focus is for a watch-list to be regularly published (desirably by a UN body, but at least until then by a respected NGO like the Global Centre for the Responsibility to Protect) of “states of responsibility-to-protect concern”, defined for this purpose as states where mass atrocity crimes are 1) actually occurring, 2) feared imminently likely to occur or recur, or 3) feared likely to occur in the readily foreseeable future if preventive strategies are not adopted.

• Initiating Action

There is a need for effective mechanisms to provide early warning, conduct any necessary fact-finding, and stimulate decision-makers to take action, at four levels:

- within the UN: the Office of the Special Adviser on the Prevention of Genocide should have “and Other Mass Atrocity Crimes” added to its title to make clear the scope of its mandate, and be given the necessary staffing and budgetary resources necessary to make it effective and dynamic, especially in energizing the Security Council
- within regional organizations: the EU, AU (and the latter’s sub-regional organizations like ECOWAS) and UNASUR within Latin America should further develop existing capacity, and new regional capacity should be developed where presently lacking elsewhere
- within national governments: focal points should be established for the collection and dissemination of relevant information, and the development and implementation of prevention and reaction strategies as required
- informally: non-governmental organizations like the Global Centre on the Responsibility to Protect, the Global Coalition for the Responsibility to Protect and the International Crisis Group have played crucial alarm-bell ringing and energizing roles, and they and similar organizations operating at regional and national levels should be further supported. Panels of expert, experienced and respected statesmen and -women (including Advisory Boards of these and other organizations, and The Elders group) can be a critical norm-reinforcing voice

• Ensuring Civilian Capability

Effective and rapidly deployable civilian capability is needed, both by way of Pillar 2 assistance and in the context of Pillar 3 intervention, in:

- diplomatic mediation: further strengthening is needed of the mediation support unit and training programmes within the UN system, coordinated with regional intergovernmental organizations and national governments
- policing: given the recurring need both for traditional criminal law enforcement and riot control, serious consideration should be given to establishing a standing, rapid-response capable Global Police Force

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- other civilian support: this is needed in the areas of emergency needs assessment, rule of law protection and civil administration generally – with resources organized (in practice, not just on paper) on a coordinated standby basis by the UN, regional organizations and national governments
- fact-finding and monitoring missions: the coordinated standby availability of the necessary forensic, investigative and analytical skills should be included in their preparation

• **Ensuring Military Capability**

Coercive military force may be required in extreme situations, either by way of Pillar 2 assistance on request (by way of preventive deployment, or to suppress occurring violence) or Pillar 3 intervention in conformity with the UN Charter. For the latter, it is important that the Security Council endorse a set of guidelines for the use of coercive military force.

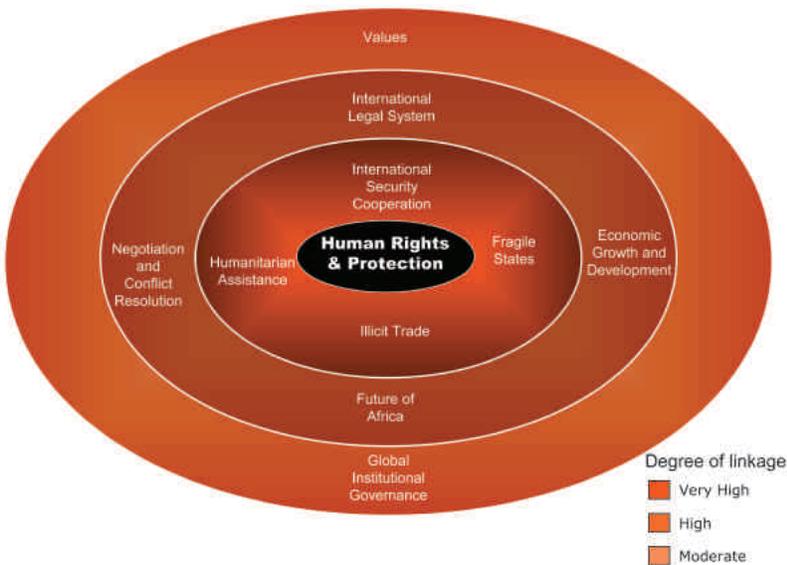
The necessary rapid reaction capability must be developed and sustained (in practice, not just on paper). A standing rapid reaction force under UN command and composed of volunteers and/or contributed troops will probably remain unrealistic, but the necessary capability must be available on a standby basis: the EU and African Union should further develop their existing planned capacity, and new regional capacity should be developed where presently lacking in Asia, the Middle East and Latin America.

• **Mobilizing Political Will**

The political will to take the necessary preventive or reactive action has to be created by effective peer group pressure from like-minded governments and by bottom-up civil society action, with the media playing a crucial role. Mobilizing and sustaining it requires, as always, leadership, knowledge, strategy and process. Focal points are needed to generate the necessary research and advocacy support, and in this context support should be given for the further development of the Global Centre on the Responsibility to Protect, and associated regional centres worldwide.

Sessions in the Annual Meeting programme related to Human Rights & Protection include:

- Rethinking the Responsibility to Protect
- Rethinking Security in the 21st Century
- Rebuilding Humanitarian Assistance
- Rebuilding Fragile States
- 2010 World Economic Brainstorming: Redefining the Global Commons
- IdeasLab on the Global Redesign Initiative (Security)



Human Rights & Protection

Members

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International Security Cooperation

Issue Overview

The end of the post-1945 order. Twenty years after the Cold War, the achievements that followed the establishment of the UN and the EU after World War II should not lead to complacency. At the global level, numerous inter-state conflicts launched outside the UN legal framework and deadlock in Security Council reform raise questions on the framework's pertinence. The EU remains a weak actor in terms of exporting security beyond its borders, and the US's capacity to serve as a benevolent stabilizer of last resort is fading.

The risk of inter-state conflict is still present, as indicated by various arms races among such powers as China and India, fuelling a significant increase in global arms trade, from US\$ 45,103 million in 2000 to US\$ 59,960 million in 2007. Risks may be exacerbated by competition for increasingly scarce resources. Old conflicts, such as India-Pakistan or Israel-Palestine, remain unresolved, while new potential battlefields such as cyberspace, the Arctic Ocean, the high seas, outer space and the violent separation of Sudan are appearing. Doubts on the non-proliferation treaty's future and Iran's intentions are growing.

Connected, but unequal, divided and losing control. Containerization, air transport, global finance, telecommunications and the Internet facilitate the circulation of goods, people and ideas, creating unprecedented global connectivity. New technologies and challenges are shrinking the world and exposing the limits of state-based responses. Extreme poverty, climate change, pandemics, financial instability, runaway urbanization, organized crime and corruption become global issues not only because of the solutions they require, but increasingly because of the global security threats they create. An international order based on the sovereignty of states cannot survive for long if some states lose control over their own territory. Not only are states unequal, but the relative power of many is diminishing, while that of non-state actors is growing. The lack of response to extreme cases of mass atrocities is further confirmation of the limits of state effectiveness and of the weakness of the international community and its institutions.

Globalization does not lead to uniformity of perceptions. On the contrary, the global and instant circulation of information reinforces the perception of a growing gap between those who are marginalized and those who are in control and benefit from globalization. At worst, such an asymmetrical world may produce asymmetrical threats, as a widespread sense of injustice leads to violent radicalism and terrorism. At a minimum, the existing imbalance in distribution of power and wealth results in different and often clashing priorities, making it more difficult for the international community to agree on the priorities of a global security agenda. The cost of inaction is very high and would reinforce these trends.

Proposals¹

Requiring a new consensus on global responsibility. Achieving consensus on contentious issues may not be possible unless weaker states and emerging powers agree on a new set of norms and institutions that reflect a more egalitarian world order. While there is reasonably broad agreement on some international norms related to such issues as territorial aggression, genocide or weapons proliferation, there is less agreement on norms of relevant mitigation, aside from the “responsibility to protect” that became globally accepted, though unevenly implemented. Perhaps more crucially, there is even less agreement on the norms that should govern emerging threats and means of aggression in international affairs (for example, a comprehensive cyber-attack).

Establishing a toolkit for new threats. Conventional and nuclear arms control regimes were developed during the Cold War to address the agreed threats to security that uncontrolled arms races posed, yet in the post-Cold War era there has been limited diplomatic innovation in addressing coordinated restraints on other dangerously competitive activity in all dimensions. Identifying the new areas where formalized treaty-based regimes or codes of conduct are necessary, for example in space and cyberspace, is a priority.

Coalitions of the relevant: building legitimacy on results? For international security cooperation to be effective, it need not take place with the involvement of all powers. Coalitions of the relevant, key countries, benign non-state actors and international agencies, can in theory effectively address and mitigate a problem. Formerly, such coalitions did not always enjoy international legitimacy, corroding their effectiveness. Normally, recognized regional security organizations are seen as having their own regional legitimacy, but when coalitions of the relevant combine regional and extra-regional powers, international legitimacy is harder to obtain. Only the UN has unambiguous authority, and yet its own legitimacy is questioned because the composition of UNSC permanent members is seen as antiquated. Assuming a wider range of norms for international action can be agreed, coalitions of the relevant could be seen as operating legitimately.

Empowering the G20 to address the new security agenda. As the security implications of economic and financial issues have grown, G20 expertise in financial and development questions should be mobilized to shape effective global responses to specific security challenges. G20 involvement in certain security questions would also help to prepare the ground for indispensable UNSC reform.

Two areas stand out for early action. First, the problems of fragile states in various regions can only be mitigated by integrating economic and security strategies. Securing development is an acknowledged priority for the international community, well represented by the G20. Second, cross-cutting transnational issues having a financial element could also be addressed by coordinated G20 action. These might include developing responses to certain security issues for which there is at present no accepted framework, such as cyberspace and illicit trade.

Future G20 meetings should include appropriate participation from national security advisers or their equivalents enjoying the confidence of the head of government and the ability to draw on the resources of relevant ministerial departments and agencies.

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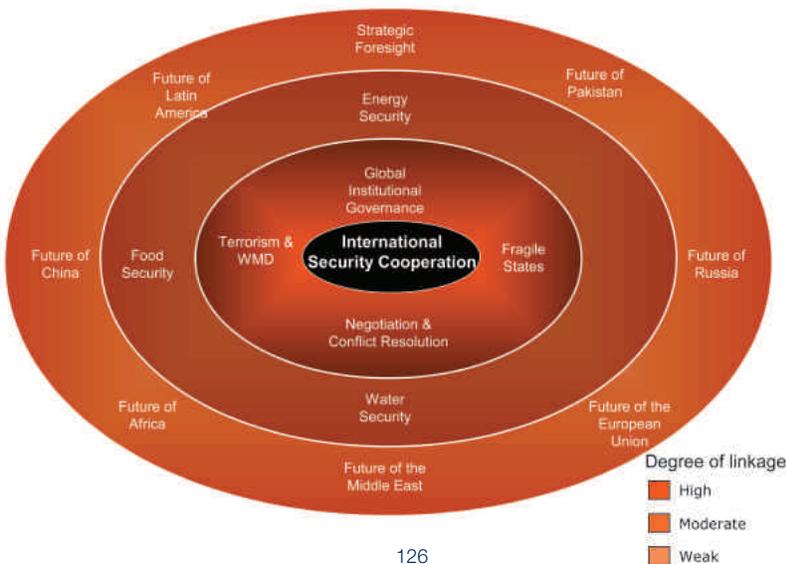
They would identify priority issues that G20 leaders would endorse for coordinated implementation through the relevant international institutions and national governments. Such efforts could also help develop a global consensus on principles, codes of conduct and guidelines applicable to new areas of security.

Redesigning national security systems. National security systems tend to be “stove-piped” with foreign ministries, ministries of defence, interior ministries, development and aid offices and others acting independently. These problems are only multiplied when international action is sought, and the lack of coordination between national and international agencies having their own criteria for success is a famous impediment to effective international security cooperation in multinational operations for peace stabilization. In the case of fragile states, the economic dimension to security is widely recognized and yet the means for “securing development” need deeper international agreement.

Sharing responsibility with private actors. While the privatization of violence is a recognized international phenomenon, international cooperation in defeating these threats has been hampered by disputes over applicable international law and feckless discussions on the definition of terrorism. Private actors have sometimes been crucially imaginative when dealing with malicious, destabilizing economic activity, as were the leading elements of the diamond industry in developing the Kimberley process that curtailed the ability to sell “conflict diamonds”. Inspiring more coordinated activity against malign private actors and more effective incorporation of the private sector in legitimate contributions to international security cooperation would be an effective contribution to the redesign of global security management.

Sessions in the Annual Meeting Programme related to International Security Cooperation include:

- Rethinking Security in the 21st Century
- Germs and Globalization
- 2010 World Economic Brainstorming: Redefining the Global Commons
- Piracy and Pandemic: From Past to Present Dangers
- Rebuilding Humanitarian Assistance
- Rebuilding Fragile States
- Rethinking the Global Commons: Space
- IdeasLab on the Global Redesign Initiative (Security)
- Nuclear Non-Proliferation: Getting to Zero
- Rethinking the Responsibility to Protect
- A Global Solution to Illicit Trade?
- Rebuilding Peace and Stability in Afghanistan
- Managing the Proliferation of Nuclear Power
- Securing Cyberspace
- A World without Nuclear Weapons: Utopia?
- The Great Shift East in the Global Agenda



International Security Cooperation

Members

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Jean-Marie Guéhenno, Senior Non-resident Fellow, Brookings Institution, USA

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Tomas Ries, Director, Swedish Institute of International Affairs (UI), Sweden

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Dmitri Trenin, Director, Carnegie Moscow Center, Russian Federation

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*Registered to the World Economic Forum Annual Meeting 2010

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Forum Lead: Martina Gmur

Negotiation & Conflict Resolution

Issue Overview

Global priorities for conflict resolution. This Council's mandate is to develop global priorities for dealing with conflict and to propose actionable ideas on how the world can deal more effectively with conflict.

Destructive conflict remains a disturbing reality. As the global economic crisis continues, the level of violent conflict is projected to increase, especially in poor countries that face the realities of increased conditions of impoverishment. The consequences of such violent conflict are devastating. In 2008-09, the world's deadliest conflicts were in Sudan, Iraq and Afghanistan. According to the International Crisis Committee, over the last decade the Democratic Republic of Congo (DRC) has suffered 5.4 million deaths, the highest death toll in the world since WW II as a result of violent conflict and humanitarian crisis. And despite the DRC's 2003 peace treaty, 45,000 people continue to die each month due to hunger and disease.

In terms of economic damage, one report indicates that armed conflict costs Africa approximately US\$ 18 billion per year and has totalled at least US\$ 284 billion since 1990. Another report suggests that conflict in the Middle East has cost the region US\$ 12 trillion over the last 20 years. Additionally, international organizations continue to grapple with the challenge of destructive conflict. For example, the United Nations' peacekeeping budget and manpower have reached historic highs for 2009-10 – US\$ 7.75 billion and 95,731 uniformed personnel. Nevertheless, violent conflict continues to afflict millions of people and major economies.

Prevention and education. The Council has identified two major gaps in international conflict management. First, there is a prevailing focus on *reacting* to conflict after it erupts rather than preventing it from happening in the first place. Second, there exists no commonly understood set of frameworks and tools to deal with conflict constructively.

The Global Curriculum on Conflict Management. To close these longstanding gaps, the Council is developing an innovative *Global Curriculum on Conflict Management*. This curriculum combines global peacemakers' first-hand accounts with the latest conceptual thinking on conflict management. It will provide a "toolbox" of skills, principles and processes for key decision-makers from business, politics and civil society. To maximize impact, the curriculum will involve a high degree of personal engagement.

Proposal¹

- The Council is developing the **Global Curriculum on Conflict Management** through the following:

A global educational platform. Drawing upon Council Members' direct involvement in serious negotiations around the world, the Council will generate new case simulations and capture first-hand narratives. The Curriculum will include a *Facilitator's Handbook* with background materials and a step-by-step approach to implementing activities, *video clips* from global leaders, including our Council Members, discussing their specific conflict dilemmas for analysis, as well as case *simulations* based upon contemporary conflict dynamics.

Innovative theoretical frameworks. The Council will incorporate cutting-edge knowledge from international centres of negotiation excellence. It aims to build innovative theoretical frameworks to deal with the substantive, emotional and identity-based dimensions of conflict. These frameworks will be applicable across the following domains: politics and governance, business and economy, and identity and culture.

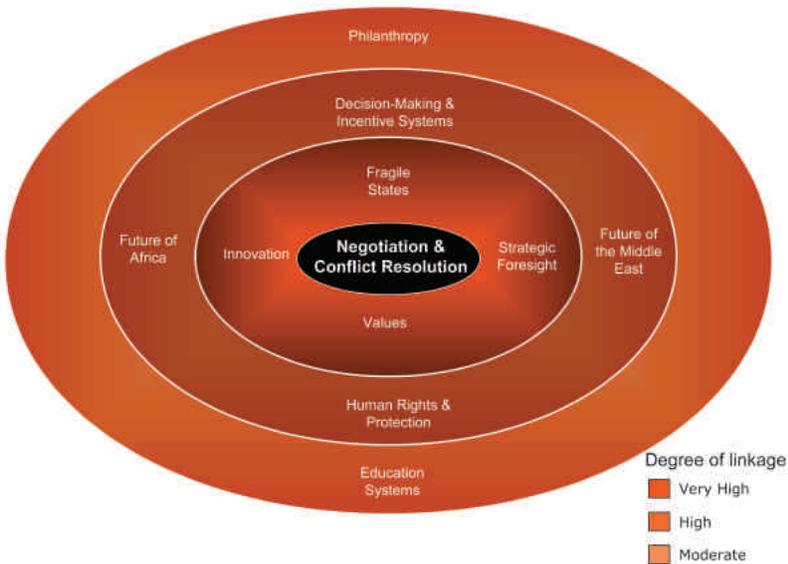
High-impact outreach. To maximize impact on key decision-makers, the Council will engage global business leaders and strategic institutions such as the United Nations and the Organization for Security and Cooperation in Europe (OSCE).

Wide-ranging partnerships. The *Harvard International Negotiation Program* will serve as the institutional base, ensuring stability and coherence as well as overseeing operations. Additionally, the World Economic Forum's broader community, including members of the *Young Global Leaders*, will provide key input and case examples. The project will involve strategic partnerships with academic institutions (such as Keio University, Tsinghua University and others), whose roles will include advising, cultural adaptation and dissemination.

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Sessions in the Annual Meeting programme related to Negotiation & Conflict Resolution include:

- Rethinking Security in the 21st Century
- 2010 World Economic Brainstorming: Redefining the Global Commons
- Rebuilding Fragile States
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- Nuclear Non-Proliferation: Getting to Zero
- Rethinking the Responsibility to Protect
- Rebuilding Peace and Stability in Afghanistan
- Managing the Proliferation of Nuclear Power
- A World without Nuclear Weapons: Utopia?



Negotiation & Conflict Resolution

Members

Chair: ***Daniel Shapiro**, Founder and Director, Harvard International Negotiation Program, Harvard Law School, USA

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Louise Arbour, President and Chief Executive Officer, International Crisis Group (ICG), Belgium

Betty Bigombe, Distinguished African Scholar, Africa Program, The Woodrow Wilson International Center for Scholars, USA

Kjell Magne Bondevik, President, Oslo Center for Peace and Human Rights, Norway

Lakhdar Brahimi, Special Adviser to the UN Secretary-General (2004-2005), United Nations, Paris

Andrew L. Cohen, Managing Director, JP Morgan Private Bank, JPMorgan Chase, USA

***Raghida Dergham**, Senior Diplomatic Correspondent and Columnist, Al Hayat, USA

James Gilligan, Collegiate Professor, School of Arts and Science, New York University, USA

Shamil Idriss, Chief Executive Officer, Soliya, USA

Steven Killelea, Founder, Global Peace Index, Australia

Geir Lundestad, Director, Norwegian Nobel Institute, Norway

Jehan Perera, Executive Director, National Peace Council of Sri Lanka, Sri Lanka

Jonathan Powell, Senior Managing Director, Investment Banking Division, Morgan Stanley, United Kingdom

Mary Robinson, President, Realizing Rights: The Ethical Globalization Initiative, USA

Herbert Salber, Director, Conflict Prevention Centre, OSCE, Vienna

Jiro Tamura, Professor of Law, Keio University, Japan

***Yan Xuetong**, Director, Institute of International Studies, Tsinghua University, People's Republic of China; Vice-Chair of the Global Agenda Council on Negotiation & Conflict Resolution

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Forum Lead: Martina Gmur

Terrorism & Weapons of Mass Destruction

Issue Overview

Terrorism and the proliferation of weapons of mass destruction are two important security issues that have commanded high profile international attention in recent years. Al Qaeda attacks in the US, UK, Spain, Bali and elsewhere make clear that the terrorist organization and its followers remain a security concern that requires intense international cooperation. The intersection of these two issues creates what Mohamed ElBaradei, former Director-General of the International Atomic Energy Agency (IAEA) and Nobel Peace Prize Laureate, calls “the most serious danger the world is facing: nuclear terrorism.”

Recent statements by US President Obama, the unanimous UNSC Resolution of last September on non-proliferation and disarmament and the upcoming Nuclear Non-Proliferation Treaty (NPT) review conference create a rising tide of political will to act. While complicated by unresolved issues with Iran, North Korea and the Indian sub-continent, the international momentum to seriously discuss decisive steps towards a world without nuclear weapons and to expand the peaceful uses of nuclear energy is a rare development in modern history. One of the biggest problems in the field of nuclear proliferation is not the absence of new ideas, but the absence of implementing ideas that have been around for decades. Yet technological innovation and renewed political will can bring about the long-needed synergy for eliminating nuclear security threats.

Nuclear threats and terrorism have no borders and no expiration dates. Terrorism, especially that of Al Qaeda and its scions, is carried out by groups, networks and cells that are scattered, polymorphous and mutating. They have a high capacity to spread out on a large scale, often in a random way, without any pre-established plan. Their access to nuclear weapons may trigger a worst-case scenario. Governments often conclude that once they have won a military victory, they have solved the problem of terrorism. Yet the manner in which military defeat occurs may lead to the re-emergence of terrorism. Counter-terrorism and counter-insurgency strategies require revision on a global scale, to avoid perpetuating the genesis of myths about religious groups and nationalities involved in terrorist activities. Addressing terrorism’s breeding grounds and its political and socio-economic elements are critical to a holistic security strategy.

A coordinated approach is needed to address these two challenges in a systemic way. State actors, international institutions, technology innovators – all stakeholders should be engaged in developing effective strategies to contain nuclear and terrorist threats.

Proposals¹

Non-proliferation

Preventing nuclear terrorism by securing nuclear materials: The international community can prevent nuclear terrorism by securing all nuclear weapons and weapons-grade materials to an optimal standard – beyond the reach of terrorists or thieves. Nuclear terrorism can successfully be prevented by denying terrorists the means to achieve their deadliest aspirations. The concept is to operationalize states' obligations accepted in the Convention on the Physical Protection of Nuclear Materials and UNSC Resolution 1540 by adopting technologies and best practices developed in US-Russian Cooperative Threat Reduction programmes. Commitments must be institutionalized by embedding in them the principles of:

- “assured nuclear security” (gold-standard levels plus transparency)
- nuclear forensics (using an IAEA-based library of nuclear material examples to facilitate attribution)
- nuclear accountability for weapons-usable materials manufactured by each state
- adaptation of insurance rates to risks of nuclear material loss or theft in order to mobilize private sector support for maximum security. Pakistan, India and Israel should be invited to subscribe to these principles to “bring them in from the nuclear cold”.

Strengthening the Non-Proliferation Treaty: The Council supports three key next steps:

- universal acceptance of the Additional Protocol
- compliance and enforcement of strong measures for member states that disregard the NPT and act against its norms and standards
- additional authority and funding for the IAEA. The US-Russian leadership's agreement to cut nuclear arsenals by 90% by 2025 should energize other states to accept additional constraints.

Without the vision of moving towards total de-legalization and the complete disarmament of nuclear weapons, the global cooperation required for full-fledged strengthening of the NPT will not materialize.

Terrorism

Act-based terrorism definition: A major impediment to the adoption of successful international initiatives against terrorism has been the reluctance to label a group “terrorist” by those who consider their grievances legitimate and their goals just. The Council advocates separating the consideration of ends from means and restricting the term “terrorism” to those actions that deliberately target non-combatants for political purposes. Those who target civilians must be labelled terrorist irrespective of the legitimacy of their goals. This will serve as a first step in de-legitimizing the adoption of terrorism tactics.

Assessment of the financial costs of terrorism: The direct relationship between the attacks of 11 September 2001 and the resulting financial costs are widely estimated to be in the billions of dollars in the US alone. However, the broader financial risks and the burden of terrorism for the global economy are less well known. Focus is usually on the attacked state, but this approach is too narrow if the real risks of economic instability are to be understood. The direct and indirect global

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costs of terrorism/counter-terrorism must be considered in evaluations of the recent financial crisis' roots. The connection between the two is underappreciated but real, and should be studied thoroughly.

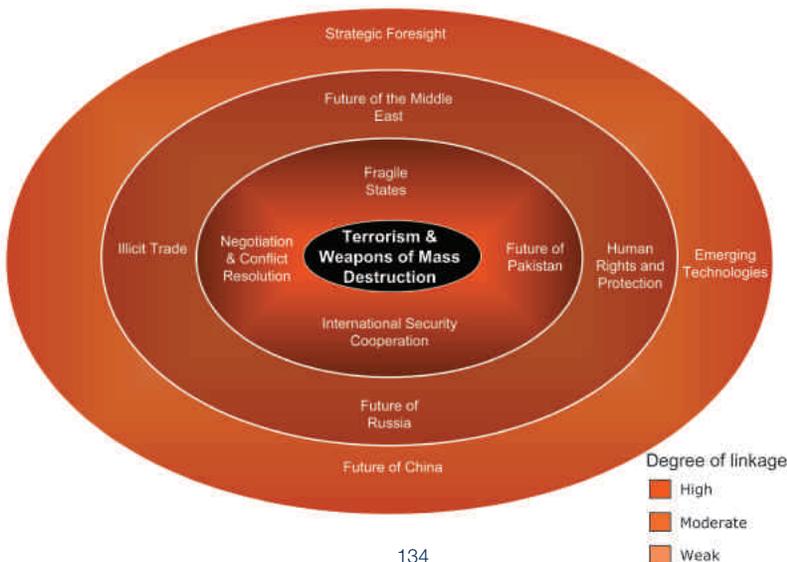
Counter-recruitment initiative: Current counter-terror strategies focus mainly on preventing and prosecuting perpetrators, and on dealing with terrorism's "root causes". Practical action is required to distinguish perpetrators from the constituencies they pretend to stand for. Strategies that isolate terrorists from social constituencies are essential to dry out the long-term potential for new recruitment-related activities. The Council proposes to adopt a counter-recruitment initiative to eliminate the breeding ground for sympathy with terrorism. This initiative should concentrate on practical activities that foster cross-cultural experiences of constructive interaction, especially in the areas of education, community service and other project-learning.

Disengagement programmes: After terrorist attacks, governments usually assume that the perpetrating group must be militarily crushed if violence is to end. While this approach can work, the costs are high to the group, the local community, the state and arguably the world. Likewise, it is difficult for governments to "negotiate with terrorists", because such talks undermine their own domestic support and rarely achieve rapid results. Fortunately, individual state governments are beginning to adopt innovative and productive ways to end terrorist campaigns. The Council proposes a clearing house of information-sharing about innovative disengagement programmes to widen the scope of ideas for dealing with terrorism.

Sessions in the Annual Meeting programme related to Terrorism & WMD include:

- Rethinking Security in the 21st Century
- Rebuilding Fragile States
- IdeasLab on the Global Redesign Initiative (Security)
- Nuclear Non-Proliferation: Getting to Zero
- Rethinking the Responsibility to Protect
- Rebuilding Peace and Stability in Afghanistan
- 2010 World Economic Brainstorming: Redefining the Global Commons
- A World without Nuclear Weapons: Utopia?
- Rebuilding Humanitarian Assistance

Global security analysis room: A world class "24/7 Global Security Analysis Room" (GSAR), acting as an objective clearinghouse, would make real-time information on terrorist incidents available to security professionals, governments and members of the platform. The aim is collection, collation and dissemination of intelligence, and coordination for national and global responses to security situations that fit the level of risk involved. Real-time information sprinkled with objective analysis by subject experts would give decision-makers reliable and independent information.



Terrorism & Weapons of Mass Destruction

Members

Chair: ***Graham Allison**, Director, Belfer Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University, USA

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Mustafa Alani, Senior Adviser and Program Director, Security and Terrorism Studies, Gulf Research Center, United Arab Emirates

Jean-Louis Bruguière, Representative of the EU to the US, Terrorist Finance Tracking Programme (TFTP), European Commission (JAI), Brussels

Albert Carnesale, Chancellor Emeritus, University of California, Los Angeles (UCLA), USA

***Audrey Kurth Cronin**, Professor, US National War College, USA

Jayantha Dhanapala, President, Pugwash Conferences on Science and World Affairs, Nugegoda; Vice-Chair of the Global Agenda Council on Terrorism & Weapons of Mass Destruction

***Gareth Evans**, Co-Chair, International Commission on Nuclear Non-proliferation and Disarmament, Australia

Robert L. Gallucci, President, MacArthur Foundation, USA

Hans-Joachim Giessmann, Director and Senior Researcher, Berghof Research Center for Constructive Conflict Management, Germany

***Shirley Ann Jackson**, President, Rensselaer Polytechnic Institute (RPI), USA

***Yoriko Kawaguchi**, Member of the House of Councillors, Japan; Minister for Foreign Affairs of Japan (2002-2004)

Makio Miyagawa, Deputy Director-General, Ministry of Foreign Affairs, Japan

Louise Richardson, Principal and Vice-Chancellor, University of St Andrews, United Kingdom

***Ikram ul-Majeed Sehgal**, Chairman, Pathfinder G4S, Pakistan

Jamie Shea, Director, Policy Planning, Private Office of the Secretary-General, North Atlantic Treaty Organization (NATO), Brussels

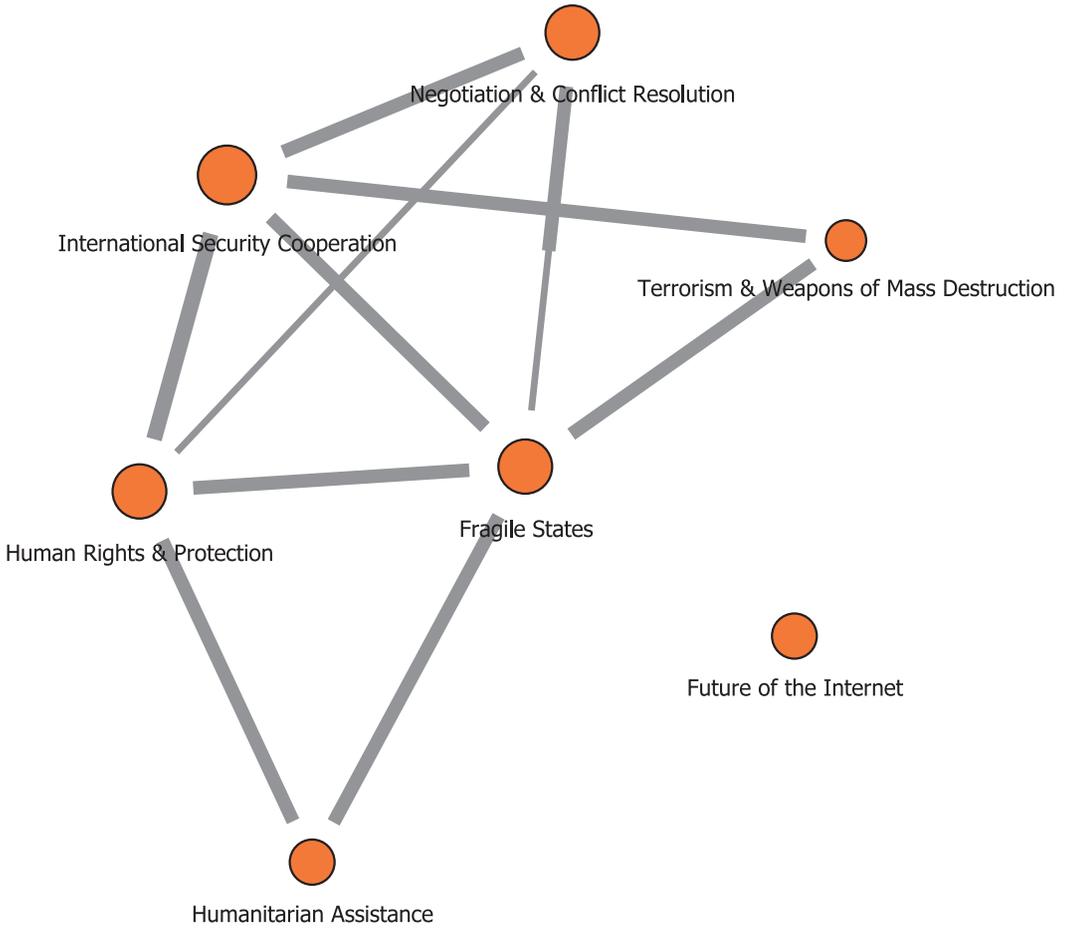
Oliver Thränert, Senior Fellow, Stiftung Wissenschaft und Politik (SWP), Germany

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Interlinkages within Global Agenda Council Clusters

Node size: Denotes significance of the issue to other Global Agenda Councils: the more significant the issue to other Councils, the bigger the bubble.

Line thickness: Denotes the strength of the interlinkage. Lines split into two halves illustrate the strength of the link as assessed by the Global Agenda Councils at the extremities. Differences of thickness between the two halves indicate that the two Councils do not assign the same value to the link.

Proximity: The closer the issue to another, the more tightly they are interlinked.

Data: The data is based on a survey of Global Agenda Council Members.

Threshold: Only the strongest links are shown on this map.

Issue Overview

Population ageing is occurring in both developed and developing societies. From 2000 to 2050 global population will increase by 50%, from 6 to roughly 9 billion. The number of persons aged 60 and older will grow from 600 million to 2 billion, an increase of 330%. The rate of population ageing will be especially rapid in the developing world where a 425% increase in the number of people aged 60 and older is projected. Issues of immediate concern in the developed world are how to retain pensions, health and social programmes established in better economic times. The challenge in the developing world is to establish sustainable services in the absence of resources because the reality is that while developed nations grew wealthy before they grew old, developing nations will grow old before they grow wealthy.

To meet these challenges, the Council on Ageing Society believes that the emphasis needs to be placed on improving and increasing human capital by fostering healthy ageing at both the individual and the population levels.

In particular, the Council draws attention to the following priorities:

- Ensuring the health and fostering the productivity of older workers
Healthier older workers make economic sense. They will cost societies less in terms of healthcare and will generate wealth through their continued participation in the paid labour force. They represent a large and growing reservoir of unrealized human capital.
- Redesigning institutions and communities
Whether in rural or urban settings, barriers that prevent older people from remaining actively engaged in their communities need to be removed.
- Improving intergenerational relations
- Changing stereotypes and ageist beliefs and attitudes
- Addressing discriminatory policies and practices
- Fostering social inclusion
Bridges must be built between the public sector, NGOs and the business community.

Proposals¹

The main challenges of population ageing do not rest exclusively with the biological changes that occur in people with the passage of time. It is important to recognize and countermand the great myth of ageing – that living a long life is associated only with decline, loss and decrepitude. In fact, more and more people are surviving into extreme old age with their minds and bodies operating efficiently, and many older people today experience high levels of life satisfaction in old age.

It is also important to recognize that ageing takes place at both the individual and societal levels. In the developed world, the main challenges associated with population ageing involve devising ways of sustaining public policies and programmes that were fashioned at a time when people did not live as long as they do today and/or that were established when the economy was more robust. Classic examples include national pension systems, healthcare and social welfare systems and public housing schemes. In the developing world the challenge is different – it is to develop policies and programmes in these areas in the absence of the type and extent of resources that were available to developed countries and to do so on a tight time schedule. For example, while in France an expansion of the population aged 60 and over from 7% to 14% took place over a period of 127 years, in countries such as China and India, this transition will occur in under 30 years.

Another important fact to note is that population ageing is not taking place in a vacuum. Rather, it is occurring simultaneously with other major social trends such as migration and urbanization, economic turbulence on a global scale that has not been seen before and against a background of climate change.

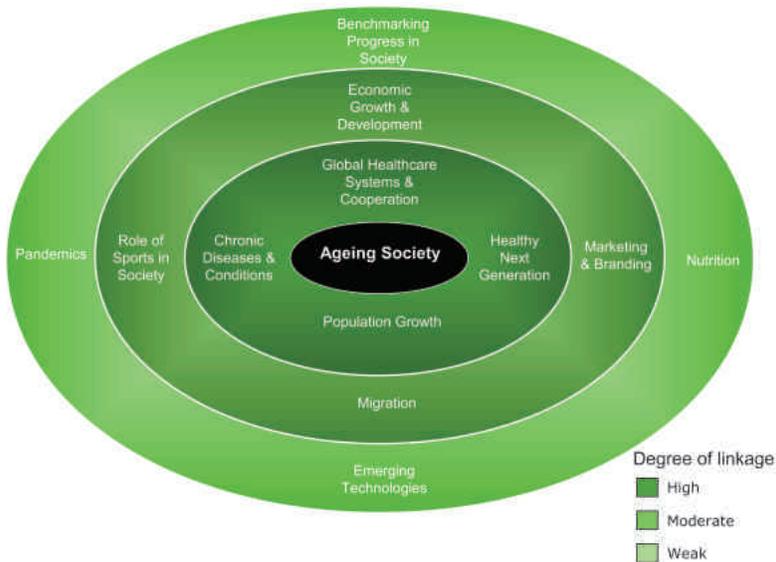
The World Economic Forum has a unique opportunity to influence the course of history by bringing subsets of its Councils together to address issues of mutual concern. This needs to take place on an ongoing (not just a one-off in-Dubai) basis. For example, Councils concerned with the welfare of children and youth need to come together with the Council on Ageing Society because what people are like when they are old, and the resources they will consume and those they will be in a position to contribute, are a product of what they were like when they were young and the experiences they encountered over their life course. In both the developed and developing world, health and economic improvements throughout the life course are necessary – investment in all of a society's age strata is critical to building capacity and maximizing social capital. Climate change is another example – while seldom heard in the rhetoric of global warming, the fact is that population ageing will have a moderating effect on carbon emissions – a good news scenario!

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

The Forum should also consider taking a more active role in utilizing the intellectual resources available from its various Councils in service of its Members, i.e. playing a broker role in identifying and bringing together experts from different countries and across disciplines to address Members' concerns. We cannot continue doing business as usual – the silo mentality does not work. Unilateral perspectives are also counter-productive.

Sessions in the Annual Meeting programme related to Ageing Society include:

- The Long Shadow of Alzheimer's Disease
- Chronic Diseases: A Global Challenge
- Rethinking Population Growth
- The Ageing Society -- Still Young at 65?



Ageing Society

Members

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Gerald C. Davison, Dean and Executive Director, USC School of Gerontology and Andrus Gerontology Center, USA

***Jack Ehnes**, Chief Executive Officer, California State Teachers' Retirement System (CalSTRS), USA

Alvaro Fernández Ibáñez, Co-Founder and Chief Executive Officer, SharpBrains, USA

Linda P. Fried, Dean and DeLamar Professor of Public Health, Mailman School of Public Health, Columbia University, USA

Gloria Gutman, Professor Emerita, Gerontology Department, Simon Fraser University, Canada

Sarah Harper, Director, The Oxford Institute of Ageing, University of Oxford, United Kingdom

Kuniko Inoguchi, Minister of Gender Equity and Social Affairs (2005-2006); Member of the House of Representatives (2006-2009), Japan

Alexandre Kalache, Senior Advisor on Global Ageing, New York Academy of Sciences, USA

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Colin Milner, Founder, International Council on Active Ageing (ICAA), Canada

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Climate Change

Issue Overview

Climate change remains a serious and urgent challenge for all. The role of processes outside of the formal institutional structures – including international financial institutions, the UN and other international organizations, the private sector and civil society – in helping to develop thinking and increase trust on the low-carbon economy are just as important as the formal negotiation processes in dealing with the climate challenge.

Within this context therefore, the Council on Climate Change's discussions are framed by the question: What is the role of complementary strategies for public and private cooperation that can bridge top-down national commitments to a more direct, bottom-up strategy to speed green innovation, investment and the application of the best available technology in the private sector?

The Global Agenda Council on Climate Change proposes a **Quick-Start Programme**, envisaged to get the low-carbon economy in gear. To mitigate and adapt to the impacts of climate change, nations must come together and reach a global deal. But even on the fastest track, such a deal will not enter into force before 2013.

The global climate deal would need to deliver on several cornerstone issues: clear individual emission reduction targets for rich nations; clarity on what developing countries will do to limit the growth of their emissions; clarity on the financial architecture underpinning a long-term agreement and an agreement on a governance structure under the UNFCCC. In essence, a negotiated outcome should give clarity on key political issues and put the bare bones of a climate regime in place.

Proposals¹

Proposals for Immediate, Concrete Action

With or without agreement on a global deal, commitments are required from all countries – developed and developing alike – to develop low-carbon growth plans subjected to international registry and measurement, reporting and verification (MRV).

To help encourage momentum in the Copenhagen process after the December meeting, it is critical to find new ways to galvanize multilateral collaborations.

Towards this end, the Council proposes three quick-start bold actions:

- *The immediate establishment of a basket of three “Quick-Start” funds for developing countries*
One would use an initial round of public finance mechanisms to leverage private investment, thereby relieving the policy risks that would otherwise inhibit projects in the area of low-carbon energy and infrastructure in the developing world from being funded. (We anticipate that every euro of public investment would be able to leverage 3-5 euros of equity and 7-10 euros in debt.) The Council also proposes the establishment of two other “Quick-Start” funds, one to finance adaptation projects and the other to finance forest-based mitigation projects, including REDD+.
- *A range of iconic projects in three transformational technology areas to kick-start the global decarbonization of the power sector*
These projects will focus on the rapid demonstration and deployment of concentrated solar power (CSP), carbon capture and storage (CCS) as well as technologies to transform the transmission of energy including storage, batteries and smart grids.
- *The immediate roll-out of key quick-start policies setting globally accepted energy efficiency standards on a limited but critical range of energy intensive industrial and consumer goods*

The virtues of such a Quick-Start programme would not only be the rapid funding of important green energy projects that would otherwise languish, but its powerful demonstration effect.

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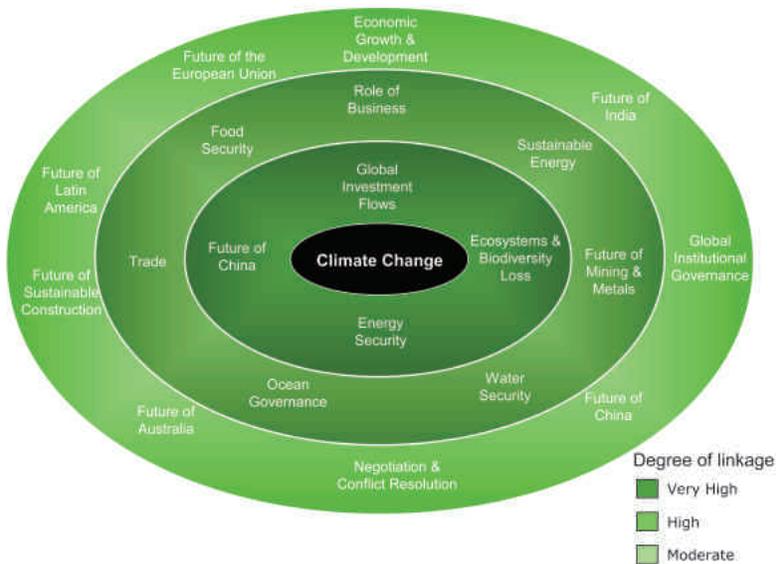
Considerations Underlying the Quick-Start Actions

In getting these quick-start actions going, the following considerations should apply:

- Be maximalist: lift the climate change agenda into the broader economic and development space – and look beyond the Copenhagen process to involve a wide range of dimensions across the world economy
- Map out the required actors, sequencing (prioritize steps) and timeline to enable the quick-start actions to roll-out over the next 6-12 months
- Explore quick-start transformative action at the level of interaction among the public and the private sectors, to demonstrate the potential of public-private collaboration to leap the climate agenda further
- Look for opportunities to bridge top-down political or issue-specific approaches with bottom-up, collaborative approaches
- Promote actor-centred transformation, to devise reliable transformative strategies; show how all parties can benefit and can contribute to the process of low-carbon economy transformation
- Devise and deploy effective communication, influence and change behaviours, involve consumers

Sessions in the Annual Meeting programme related to Climate Change include:

- Making Cap and Trade Work
- After Copenhagen: What's Next?
- Rethinking Energy Security
- Connecting a Carbon- and Time-constrained World
- Engineering a Cooler Planet
- Towards Low-Carbon Prosperity
- IdeasLab on the Global Redesign Initiative (Sustainability)
- Managing the Global Commons
- Climate Change: Financing Urgent Adaptation
- Rethinking Trade and Climate Change



Climate Change

Members

Chair: ***Steve Howard**, Chief Executive Officer, Climate Group, United Kingdom

Atul Arya, Chief Adviser, Climate and Energy Policy, BP, United Kingdom

***Tony Blair**, UN Middle East Quartet Representative, United Nations

James Cameron, Vice-Chairman, Climate Change Capital, United Kingdom

***Yvo De Boer**, Executive Secretary, United Nations Framework Convention on Climate Change (UNFCCC), Bonn

***Luiz Fernando Furlan**, Chairman of the Board, GALF Empreendimentos, Brazil

Al Gore, Chairman and Founder, Alliance for Climate Protection, USA; Nobel Laureate 2007

Connie Hedegaard, Minister of Climate and Energy of Denmark

Rachad Itani, Executive Partner and Chief Executive Officer, Xenel-Balderrie, Saudi Arabia

***Caio Koch-Weser**, Vice-Chairman, Deutsche Bank Group, United Kingdom

Kevin S. Leahy, Managing Director, Climate Policy, Duke Energy Corporation, USA

***James Leape**, Director-General, WWF International, World Wide Fund for Nature, Switzerland

Bernice Lee, Research Director, Energy, Environment and Resource Governance, The Royal Institute of International Affairs, Chatham House, United Kingdom

Gerd Leipold, International Executive Director, Greenpeace International, Netherlands

David MacKay, Professor of Natural Philosophy, Department of Physics, University of Cambridge, United Kingdom

***Teruaki Masumoto**, Executive Adviser, Tokyo Electric Power Company (TEPCO), Japan

***Rajendra K. Pachauri**, Chairman, Intergovernmental Panel on Climate Change (IPCC), Geneva

Shyam Saran, Special Envoy of the Prime Minister of India on Climate Change, Ministry of External Affairs, India

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Hans Joachim Schellnhuber, Director, Potsdam Institute for Climate Impact Research (PIK), Germany

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Ecosystems & Biodiversity Loss

Issue Overview

Earth is our only home. **Ecosystems and biodiversity** – nature and its living fabric – **underpin every aspect of our existence**. Ultimately, every value pyramid and therefore all Global Agenda Councils are included. **Without biodiversity and ecosystems, national security**, underpinned by freshwater, food/nutrition and energy security, **is not possible**. Climate change, natural disasters and pandemics are likewise closely linked to biodiversity loss, as is mass migration.

Our current economic paradigm and its compass of progress, **GDP growth, does not adequately reflect the loss of natural capital**. This loss has been estimated at between US\$ 2.0-4.5 trillion per year (just for forests),¹ most of it unaccounted in GDP. **Future development needs to be based on a minimum standard of “no net loss of biodiversity”**, with scope to rebuild what has already been degraded and ultimately achieve “net positive impact” on biodiversity.

Current mainstream proposals for global climate negotiations fall far short of protecting biodiversity. Moreover, the consensus target of 450 ppm CO₂ actually implies that society is willing to accept **the virtual destruction of tropical coral reefs**² and the economies that depend upon them.

A value needs to be attributed to biodiversity and ecosystem services that can make conservation competitive with conversion and disturbance. The immediate financial need, only for forests, is estimated at US\$ 15-25 billion (set-up), followed by annual investments in the range of US\$ 30-100 billion. **Private capital must be part of the solution**, supported by public policy reforms and public investment to ensure that biodiversity conservation and restoration is more profitable.

At the same time, we must not lose sight of the special needs and vulnerabilities of the rural poor, who are the main stewards of biological resources and providers of ecosystem services.

Three Focus Areas

Reducing Emissions from Deforestation and forest Degradation and related terrestrial carbon initiatives (“REDD+”) represent a great opportunity to support the conservation and sustainable management of forests. This Council strongly supports efforts to recognize and reward so-called “green” carbon values under the UNFCCC. Moreover, this Council believes that carbon finance could serve as a significant “lever” to secure other biodiversity and ecosystem values.

A second concern is how to raise the profile and economic benefits of biodiversity and ecosystem services in their own right. We believe that the concept of “net positive impact on biodiversity” can reinforce the business and economic case for both producers and consumers, while also supporting the development of effective local organizations for ecosystem management.

A third priority is to support immediate action, through the establishment of an international public-private fund to accelerate REDD+, ecosystem-based adaptation to climate change and green energy initiatives in developing countries.

¹ TEEB interim report (2008).

² The Royal Society signals that atmospheric concentrations of CO₂ above 350 ppm will irretrievably degrade most tropical coral reefs.

Proposals¹

- **“Ensure that REDD+ and ecosystem-based adaptation are included in a future climate agreement and in international carbon markets”**

REDD+: 25% of terrestrial carbon is bound up in tropical forests, almost all of them in developing countries. These forests currently capture an estimated 4.8 Gt CO₂ equivalent annually (about 15% of global GHG emissions). However, this significant mitigation benefit is threatened by ongoing deforestation and degradation. For effective emissions control, it is essential to establish a global mechanism to stop forest losses. Efforts to conserve existing forests, reduce deforestation and degradation, promote afforestation, reforestation and sustainable management (REDD+) must all be accelerated. Effective REDD+ will require a bottom-up approach, involving local stakeholders as well as private entities, local and national governments. Establishing a REDD+ financing mechanism will also open an avenue to reward other benefits of tropical forests, including biodiversity conservation and watershed services.

Ecosystem-based adaptation: Climate change poses the greatest threat to poor nations and communities, due to reduced freshwater availability, reduced food security, and higher risks to life and property from increasingly frequent and intense storms, floods and droughts. Ecosystem maintenance and restoration are among the most cost-effective measures to adapt to these risks. For example, mangrove restoration increases the availability of fish for coastal communities, while also defending against storm surges. Wetland restoration and conservation can help to defend communities from floods and droughts. Such adaptation benefits are long term and have many positive externalities, including biodiversity conservation and support for sustainable livelihoods. “Ecosystem-based adaptation” is a priority for urgent action in developing countries, supported by both national and international funding, including the growing carbon market.

- **Establish “net positive impact on ecosystems and biodiversity” as a global standard through the Convention on Biological Diversity (CBD), national policy and legislation, and voluntary actions**

Discussions of climate change focus on defining maximum GHG concentrations and emissions, and implementing systems to achieve them. No such clarity exists for biodiversity and other (non-carbon-related) ecosystem services. While broad goals for biodiversity have been set at a global level, through the Convention on Biological Diversity (CBD) and other international agreements, specific, measurable targets, indicators and implementation mechanisms are sorely lacking.

The key ambition must be a policy of **net positive impact** on biodiversity, enshrined in the CBD and implemented through regulations at national, regional and local levels, and in business supply chains. This policy should be launched in 2010, during the International Year of Biodiversity, culminating in a Decision by the 10th Conference of the Parties to the CBD, in Nagoya, Japan, in October 2010.

Under a policy of net positive impact, any commodity production, development of built environment or infrastructure would be required to purchase or sponsor compensatory biodiversity conservation and restoration. Instruments such as “bio-banks” could be established to protect, rehabilitate and restore conservation assets

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and produce quantified environmental benefits, such as biodiversity certificates or shares. Such bio-banking initiatives can be linked with and complement emerging REDD+ mechanisms, to further enhance the value of conservation management.

Systems of habitat compensation or markets have been established at regional or national levels in many countries (e.g., Australia, Brazil, Canada, France, Germany, USA, etc.).

As a precursor to regulated biodiversity markets, voluntary measures can be implemented through industry-wide initiatives. Existing commodity “roundtables” that promote and certify the adoption of sustainable production systems (e.g., for palm oil, soy, beef, sugar, etc.) can provide a basis for accrediting and regulating bio-banking initiatives. In principle, such an approach would not only strengthen economic incentives for the conservation of biodiversity in marine and terrestrial ecosystems worldwide but also enhance incentives to invest in improved productivity on all other land and waters. The ultimate aim is to enable regions that conserve biodiversity to develop economically and socially as well or better than those regions that convert their ecosystems to conventional production systems.

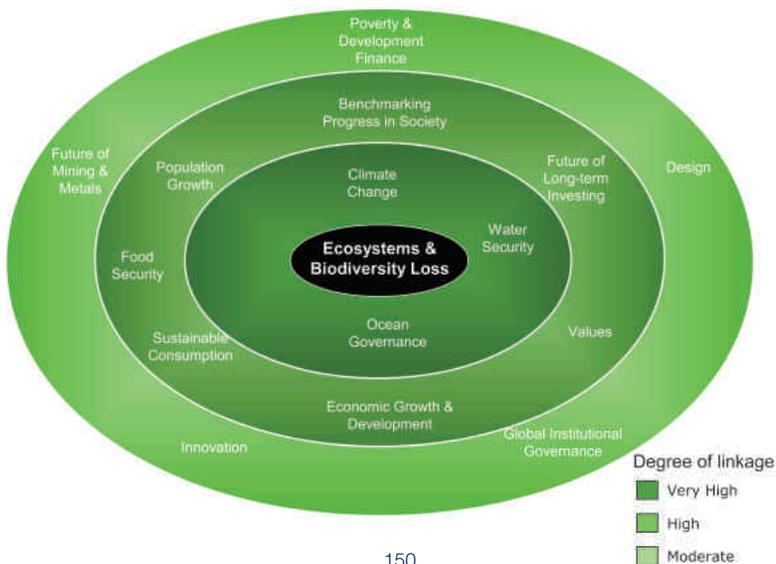
Sessions in the Annual Meeting programme related to Ecosystems & Biodiversity Loss include:

- Managing Global Commons
- Rethinking the Global Commons: Biodiversity
- Rethinking the Global Commons: Fisheries
- After Copenhagen: What's Next?

To achieve these changes at a local level, issues of environmental governance, participation in decision-making, equitable distribution of rights/benefits and enhancing awareness among the public and government officials are all essential ingredients for sustainable internalization of ecosystem values. As a general rule, environmental governance should be based on free, prior and informed consent, formalized in agreements between the local population, civil society, governments and business, and adapted to local contexts and capacity.

• Immediately establish a basket of three “Quick-Start” funds for developing countries for REDD+, ecosystem-based adaptation and green energy initiatives in those countries

These would use an initial round of public finance mechanisms to leverage private investment, detailed in the Global Agenda Council on Climate Change proposal.



Ecosystems & Biodiversity Loss

Members

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Carlos Eduardo de Souza Braga, Governor of Amazonas, Brazil

David Brand, Managing Director, New Forests, Australia

Kevin M. Conrad, Executive Director, Coalition for Rainforest Nations, USA

Roxanne J. Decyk, Executive Vice-President, Global Government Relations, Shell, USA

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***Rainer Ohler**, Senior Vice-President, Public Affairs and Communications, Airbus, France

Glenn T. Prickett, Senior Vice-President and Executive Director, Center for Environmental Leadership in Business, Conservation International, USA

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Future of Sustainable Construction

Issue Overview

Construction is the most impactful sector in areas of concern on the global agenda because it is responsible for 30% of global CO₂, is the largest industrial employer in the world and the largest consumer of materials and natural resources.

This sector's transformation is key to addressing climate change, human and ecological health, economic recovery and innovation. Existing urban models are "broken" and the old ways of doing things are no longer viable as they are increasingly detrimental to the planet and people.

The definition of sustainable construction must go beyond the narrow boundary of the building site to embrace a closed loop of activities including planning, design, construction, operation, reuse and maintenance in order to include the social, environmental and economic consequences of the development cycle.

Of particular concern are the materials that are part of human and industry infrastructure, which must be safely incorporated into continuous cycles where waste is not minimized, but eliminated. Currently, no robust logistics system to support such a closed loop for materials to eliminate waste exists. Further, it is necessary to move beyond the notions of "minimizing our carbon footprint" or "releasing less toxic water" from our infrastructure and ensure that it is designed to make a positive contribution to the natural world. Lastly, a level playing field should be ensured across the globe when it comes to ethics, labour and social standards concerning infrastructure development.

Many of the current system's deficiencies could be addressed with appropriate technologies available throughout the world. Most importantly, significant value would result where owners of human and industrial infrastructure consider and evaluate proposals against the guiding positive principles of sustainable construction.

To promote action towards adopting this needed positive change, stakeholders throughout the closed loop need to focus on delivering positive infrastructure, defined as that which delivers a net positive top line impact on all aspects of our lives throughout its entire life cycle.

To adopt a positive approach to the design of new or existing infrastructure, working with existing suboptimal systems and simply making them "less bad" through minimization strategies is not suitable because a better result would not ensue. Therefore, simply starting at the bottom with existing metrics may lead to tactics and strategies for efficiency, but the basic principles of production and operation that have yielded today's global problems are not changed, they are simply partially mitigated. Highly aspirational, creative and sustainable initiatives need to be encouraged and fostered to meet new positive goals that provide the framework for the citizens and industries of this world to live well and within the means of our planet.

Proposals¹

Based on this highly principled activity, beginning with positive goals, strategies, tactics and metrics can then be developed. New benchmarks for human industry are thus created that are regenerative and productive rather than degenerative and destructive. The Council's proposals will help shatter the inertia to generate cumulative change among sustainable construction stakeholders and instead will create positive infrastructure that will provide the framework for improved well-being:

- Optimizing supply and demand to ensure four positive goals: that materials are safe, healthy and reusable; energy is 100% renewable; water is 100% clean; social, economic and ecological fairness is achieved
- Ensuring from an economic perspective that life cycle costs are an essential basis for value creation, procurement and innovation
- Helping government, business, cities and communities develop and implement their own specific incentives, rewards and policies at every level in society

Positive Goals

Materials are safe, healthy and reusable

Materials can be considered short- or long-term, biological or technical “nutrients” in cradle-to-cradle flows. “Biological nutrients” are designed to be returned to the soil and the biosphere safely and productively while “technical nutrients” are designed to regenerate industrial products that are recycled in the technosphere. In effect, waste is eliminated. To achieve this, infrastructure that harvests materials at the end of their current use and returns them to productive value streams in closed loops is needed.

Sample incentives, rewards and policies include owners forcing their supply chains to innovate, carbon reducing incentives, designing products that are 100% recyclable.

Energy is 100% renewable with demand/supply optimization

Natural systems are typically energized by current solar income; human systems can be too. While this is an aspirational principle given current technologies and economics, it creates a design goal to move beyond simply minimizing negative carbon footprints to the concept of positive infrastructure that contributes, like a tree, to humanity and nature's benefit. Infrastructure can be made very “efficient” and also include active plans for renewable power, thereby anticipating and accelerating its cost-effective integration.

Sample incentives, rewards and policies include the need to focus on demand minimization while shifting to renewable energy, the use of smart technology from power production to consumption and the implementation of feed-in tariffs which encourage the adoption of renewable energy sources.

Water is 100% clean with demand/ supply optimization

Positive infrastructure includes the principle that human designs can release clean water at appropriate scales.

Sample incentives, rewards and policies include considering both water consumption and its quality leaving the system to ensure the use of less water as well as the disposal of less black water into the environment, implementing a modular plan for water systems and encouraging cascading systems that optimize the use of water within an

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entire system as suggested by the Council on Water Security, considering the full system, where for example a brewery sends its waste water to farmers, farmers grow barley to supply the brewery.

100% social, economic and ecological fairness is achieved

The concept of sustainable development relies on the principle that positive social, economic and ecological considerations are integrated into human activity at all levels. Positive infrastructure allows nature to support diverse human development and humans to support diverse nature.

Sample incentives, rewards and policies include enforcing minimum environmental and social requirements for bidding, such as enforcing FIDIC recommendations through the World Bank and multilateral organizations.

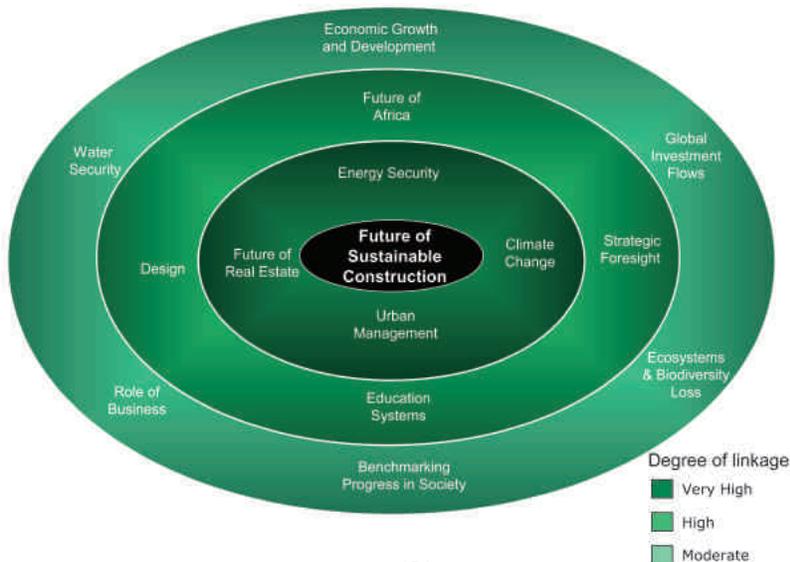
Other overlapping sample incentives, rewards and policies across multiple goals include:

- Implementing green certificates for organizations and assets
- Evaluating proposals based on their economics, social and environmental life cycle
- Expediting permit approval processes
- Providing tax incentives
- Lowering costs of capital for projects
- Incentivizing knowledge and technology transfers, increasing reporting between nations
- Adopting a long-term focus rather than only meeting quarterly or term requirements
- Optimizing the use of assets (i.e. combining work/home spaces)

Sessions in the Annual Meeting programme related to the Future of Sustainable Construction include:

- 2010 World Economic Brainstorming: Redefining the Global Commons
- Rebuilding Economics
- Making Cap and Trade Work
- Redesigning Consumption Patterns
- Next Generation Materials
- Revolutionary Architecture
- Rebuilding Critical Infrastructure
- Towards Low-Carbon Prosperity
- Rebuilding the Grid
- Global Industry Outlook 1, 2, 3
- The Global Agenda 2010: The View from Davos

This revolutionary approach is urgent; it needs to be implemented now, within our lifetime. It cannot be passed along to the next generation. Therefore this Council is developing a clause and bid evaluation that owners of infrastructure can use in their "Request for Proposals" for materials and services, which determines and evaluates the essentials for considering life cycle costs. This will ultimately drive the stakeholders of sustainable construction to adopt the four positive goals and lead to the development of positive infrastructure.



Future of Sustainable Construction

Members

Chair: ***William McDonough**, Chairman, William McDonough and Partners
Architecture and Community Design/MDBC, USA

Norman Anderson, President and Chief Executive Officer, CG/LA Infrastructure,
USA

Maria Atkinson, Global Head, Sustainability, Lend Lease Corporation, Australia;
Vice-Chair of the Global Agenda Council on the Future of Sustainable Construction

Khaled Awad, Director, Masdar, United Arab Emirates

Guy Battle, Originator and Founder, Dcarbon8, United Kingdom

Mark Ginsberg, Senior Executive, US Department of Energy, USA

Karan Grover, Architect, Karan Grover & Associates, India

Alistair Guthrie, Director, Arup Group, United Kingdom

Manfred Hegger, Professor, Technical University Darmstadt, Germany

Bernhard Hofmann, President, Construction Chemicals Division, BASF, Germany

Anita Normark, General-Secretary, International Federation of Building and Wood
Workers (IFBWW), Switzerland

Joe Osae-Addo, Chief Executive Officer, Constructs, Ghana

Juan Quirós, President and Chief Executive Officer, Grupo Advento, Brazil

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Innovations, USA

***Peter Steiner**, Chairman of the Board, Karl Steiner, Switzerland

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Future of Transportation

Issue Overview

The state of transportation is not sustainable if current trends continue. Two conflicting challenges exist: the need for all of the world's population to benefit from the effective movement of people and goods, and the need to dramatically reduce negative transport-related impacts such as greenhouse gas (GHG) emissions.

The movement of people and goods provides vital economic and social benefits. Connecting communities and providing access to products and markets generates opportunities and economic wealth. Transport systems have become faster, more productive, cleaner, quieter, safer and cheaper over the last few decades. However, with growing global population, environmental concerns and the need for global economic growth, significant challenges exist. Urbanization presents both opportunities and challenges. In addition to the lack of access for many, and growing greenhouse gas emissions, other concerns include energy supply and security; safety; noise, air and water pollution; traffic congestion; and health externalities. The full costs of transport are not visible to users, nor are the full benefits, leading to decisions about consumption patterns and travel behaviour that are not fully informed. Finally, there is little clarity on how resources for transportation are or should be allocated.

Transforming the transport sector to meet economic and sustainability challenges involves transitioning to more efficient, low-carbon transportation systems. Driving this transition requires priority setting and targeted investment and policy-making. *Although significant financing is allocated to research and infrastructure construction for transport, current investment flows and policy incentives are not well aligned to take up the challenges and do not adequately support new business models, innovative practices or the international collaboration needed to achieve the transformation of the sector.* Better risk management, speeding innovation and incentivizing sustainable end-user behaviour are key considerations in shaping policy and investment decisions with a sustainability foresight.

Important opportunities for improving transportation efficiency and hence improving mobility while reducing negative impacts exist, through regulatory, technological and behavioural changes. A serious commitment by international bodies and national governments to set and achieve goals and targets must lead the way in delivering solutions. Innovations in system efficiency improvement and vehicle technology are becoming available and now need to be commercialized. Investments in public surface transport alternatives will help as long as they are targeted to improve transportation system performance. Appropriate pricing strategies and incentives are a step in the right direction to prompt more sustainable behaviours. At the centre of these challenges is the need to achieve progressive policy and resource allocation decisions.

Developing actionable roadmaps to achieve these goals must be a priority for international decision-makers, given the critical importance of transport for people's economic, social and environmental well-being.

Proposals¹

- **Set objectives and targets for sustainable transport:** Sustainable transport is a critical global public good. Societies must provide adequate mobility and access (people and goods) for all; ensure more sustainable transport by formulating short-, medium- and long-term objectives and targets at the national and international levels; and better incorporate transport into an integrated planning approach.

Recommendations:

- a. Sustainability objectives should include: reduce oil dependency, GHG and pollutant emissions; improve safety and urban livability; and achieve overall economic sustainability.
 - b. Set targets at the global and regional/national level for each objective: for example, apply a GHG target for transport in 2050 consistent with a broader 450 ppm CO₂ atmospheric concentration target.
 - c. Tools and criteria: apply a systematic cost/benefit analysis based on a long-term, life cycle, societal perspective and create frameworks for tracking and monitoring progress against targets.
 - d. International cooperation and decision-making: develop international agreements via better coordination and alignment of existing international structures, with inputs from national/local governments and stakeholders.
 - e. Apply a cascading approach to target setting from international to national/local levels, to ensure cohesion and consistency.
- **Fill the information and knowledge gap:** Information and data in the transport sector globally is deficient, hampering baseline setting, well-informed decision-making, outcome monitoring and knowledge dissemination.

Recommendations:

- a. Develop and fund global data collaboration and standards: mobilize existing global trust funds (e.g., climate change trust funds) to create and sustain a commonly shared data platform for socio-economic and environmental indicators for passenger and freight transportation. Data from individual countries and cities should be monitorable, testable and verifiable.
 - b. Support documentation and dissemination of transportation lessons learned: the role of multilateral and bilateral international agencies and funding sources should be expanded to better support objective and peer-reviewed evaluations, site visits and peer-exchanges, training and conferences, development of best practice centres, and city networks (e.g., sister cities).
- **Harvest the low-hanging fruits:** Many low-cost solutions exist but are not exploited or adopted, especially in developing countries. This is often due to lack of access to knowledge, poor marketing of available solutions and fragmentation in responsibilities in government duties or weak institutional capacity.

Recommendations:

- a. Enhance road and vehicle maintenance and safety programmes as a priority to improve transport efficiency and CO₂ reduction.
- b. Liberalize the transport market by removing barriers (i.e. localized regulations, operational constraints) to increase economic efficiency (e.g., minimize empty haul, Cabotage).
- c. Use subsidies where justified to stimulate “sustainable transport” (e.g., modal shift, fuel-saving devices).
- d. Build cost-effective walking, cycling and public transport infrastructure.
- e. Initiate promotional campaigns to encourage the use of existing solutions proven in other countries.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- f. Encourage modern access to information about best practice (e.g., “solution-wiki”).

- **Implement more effective use of the price mechanism in transport:** The current pricing of transport does not adequately reflect its “true” costs, as it generally excludes many of the related social and environmental costs and, in some countries, is distorted by fuel subsidies.

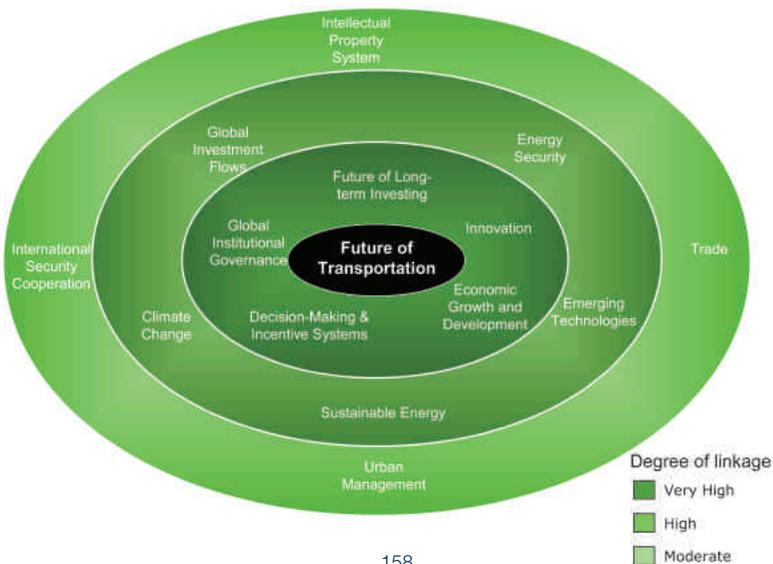
Recommendations:

- a. Internalize all the social costs of transport.
- b. Improve the accuracy with which transport externalities are measured and priced.
- c. Eliminate any subsidies that induce unsustainable transport behaviour by individuals and businesses, such as fossil fuel subsidies.
- d. Permit only subsidies that yield large positive externalities.
- e. Employ a combination of taxes (vehicle excise duty, infrastructure user charges and fuel taxes) in recognition of the fact that external costs vary with vehicle type, distance travelled, time, location and energy consumption.
- f. Develop cost-effective, easily enforceable and user-friendly revenue collection systems.
- g. When internalization policies harm the poor, reintroduce simultaneously redistributive policies.
- h. Hypothecate a proportion of the additional tax revenue to environmental improvement measures.

- **Accelerate affordable innovation:** Accelerate affordable innovation for infrastructure, products and services to expand the range and scope of ideas from non-traditional sources, enable more pilots to iterate and prove-out concepts, and speed adoption and increase scale through new business models.

Recommendations:

- a. Allow access to non-critical data/devices in a standardized format to facilitate new features and business opportunities.
- b. Provide funding by government/development banks for self-selected regions or cities that want to serve as pilots for transportation innovation that can only be implemented on a large scale (e.g., new fuels, “vehicles”, ITS).
- c. Develop new business models to facilitate the transfer of capital expenditure to operating expense (e.g. car sharing, pay-as-you-drive insurance and battery financing).
- d. Foster public-private partnerships by adopting sound legal structures to mitigate risk propensity for the private sector and adopt performance-based contracts to meet government objectives.



Future of Transportation

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Global Healthcare Systems & Cooperation

Issue Overview

Many factors influence population health. Indeed, the healthcare system's impact on health is generally considered to be secondary to social and behavioural influences. These broader influences are manifest through an array of factors, including obesity, malnutrition, high blood pressure, tobacco, poor water supply and sanitation, alcohol or physical activity, which affect infectious diseases, non communicable diseases and injuries. The risk factors act as powerful predictors of future life expectancy, quality of life and healthcare expenditure, and can ultimately have important economic consequences.

Traditional global health governance arrangements focus primarily on the healthcare system. Through a multiplicity of actors, including the World Health Organization, UNICEF, FAO, the World Bank, new funds such as GFATM and GAVI, and a range of public-private partnerships, global dialogue and coordination on infectious diseases is reasonably effective. Although gaps exist globally in helping health systems to build capacity for effective stewardship, especially in low resource settings, initiatives have been proposed to strengthen this area, including the IHP plus, the health system platform from GAVI, GFATM and the World Bank and the Innovative Task Force on Health Financing. However, current governance arrangements are generally unable to mobilize the cross-sectoral involvement needed to address social, economic and behavioural risk factors, which arise mainly from forces outside the health system.

Thus a fundamental gap in the current governance of the global health system exists, in the form of a lack of accountability for addressing these health risks. This weakness gives rise to many important non-health system actors' and institutions' lack of engagement, such as employers, schools or local community planners. Yet these actors' actions can have significant effects on health risks. They also often have a major interest in reducing the levels of risk. For example, employers' productivity may be adversely affected by high levels of health risk in their workforce. In a world where health expenditure continues to grow but the payoff of this increased expenditure is unclear, the need to accelerate the reduction of risk and cost becomes ever more critical.

In bringing together stakeholders from many perspectives, the World Economic Forum is uniquely placed to address this lacuna in global health governance. The Council proposes that the Forum put in place a process to create an institutional architecture, tools and practical implementation to address the lack of global accountability for health risks. The intention is to track the most important risks and the interventions to address them, in a science-based, transparent and participatory manner, with a view to promoting accountability across all sectors for the improvement of health outcomes. This will be accomplished by inviting all sectors to contribute to global health, and improving their awareness of health risks through their participation.

Proposal¹

- This proposal is based on the premise that global health is a shared responsibility that is everybody's business. The intention is to effect fundamental system change by creating a broad-based partnership for health risk accountability, which will:
 - promote shared understanding and objectives relating to health risks
 - improve the scientific knowledge-base relating to health risks
 - allow citizens, agents and institutions to identify the major sources of health risks
 - improve the attainment of global health outcomes

- This will be achieved by inviting a broad range of stakeholders from the corporate, not-for-profit and public sectors, representatives of civil society and other relevant parties to join a Partnership for Health Risk Accountability, under the auspices of the World Economic Forum.

- In the first instance, the Partnership will be asked to oversee an 18-month work programme, undertaken by a contractor, that aims to:
 - scope the status of existing knowledge on the distribution and importance of major health risks
 - select the 10 most important risk factors, ranked by impact on health and amenability to action
 - assemble a global database of the current levels of these risk factors by country, to the extent that current data allow
 - assemble scientific knowledge relating to the costs and effectiveness of interventions designed to address the risk factors, both within the health system and beyond
 - identify what incentives for individuals, employers, schools, communities, governments and other actors at various levels are needed to take effective action to address health risks
 - prepare and widely disseminate a report on the global state of health risks, and how stakeholders of all sorts, including individuals, the private sector and states, might address them
 - assess and report on the next steps for taking the initiative forward

- The preliminary 18-month phase is intended to demonstrate the importance of bringing together diverse stakeholders to address health risks. It is expected to lead to widespread acceptance that a new approach to global health governance is needed, in which the nature and extent of health risks is exposed to public scrutiny, and practical actions to address them can be developed.

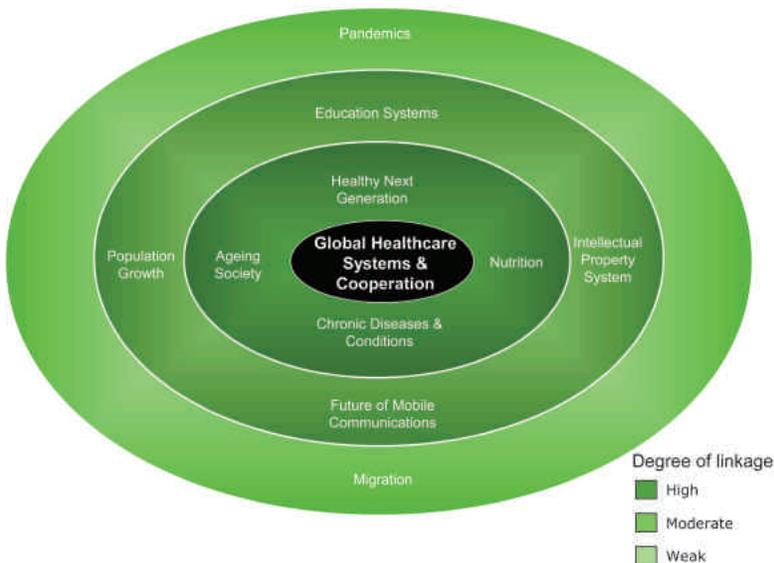
- In setting up and running the Partnership, the principles to be pursued are:
 - ensuring independence – accountability for health risks requires that the metrics of progress be sheltered from vested interests or political interference
 - inclusively involving multiple stakeholders because progress requires the active and enthusiastic engagement of a broad set of groups outside the health sector
 - grounding the choices of risks and actions to reduce risk in sound scientific evidence

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- keeping the health risk compass in mind, the big picture of the largest risks and the progress over time on these risks
 - promoting clarity and good communications, especially to the public, as individuals and their choices are critical to progress and sustaining political commitment to tackling risks
 - using metrics of both health risks and the actionable steps that can be taken to reduce risks
 - promoting comparability across countries and consistency across time so progress can be benchmarked and a process of shared learning can evolve
 - maintaining political and scientific credibility at all stages
- Once the concept is established, the Council believes there will be strong calls to place the initiative on a secure footing by securing sustainable funding from a range of sources. The prime role of the more established arrangements will be to:
 - maintain and enhance a database of levels of health risk factors
 - put in place arrangements to collect new or improved data where they are currently inadequate
 - keep scientific knowledge of interventions under surveillance
 - assist stakeholders of all types to understand the actions that they and others can take to mitigate health risks

Sessions in the Annual Meeting programme related to Global Healthcare Systems & Cooperation include:

- Global Governance Redesigned
- Rethinking Population Growth
- Ideas Lab on GRI (Economics and Social Welfare)
- Rethinking the Ageing Population
- Rebuilding Long-term Economic Growth?
- Rebuilding Critical Infrastructure
- Meeting the Millennium Development Goals
- Rethinking Government Assistance
- Rebuilding Education for the 21st Century
- Rebuilding Water Management



Global Healthcare Systems & Cooperation

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Issue Overview

A more innovative society is needed.

In these times of massive challenge and systemic change, the world not only requires more innovation to make the necessary redesign a success, it demands innovation to be rooted within our societies, policies and economies.

The present crisis as well as the global challenges ahead can only be tackled if the world embraces a systemic, holistic, multidisciplinary and an equally bottom-up as top-down approach to innovation. In the 21st Century, therefore, a “culture of innovation” rather than a “simple” policy is needed.

However, no silver bullet to promote innovation in a company or a society exists. And the manner in which innovation can be catalysed in different industries or global agenda areas will naturally differ.

A culture of innovation rests on two approaches:

- a systemic approach whereby innovation is addressed across all the functions of the life cycle of a product or service – from mind to market
- a holistic approach, encompassing four categories of enablers – rewards, capabilities, attitudes and access – which taken together offer a systemic view of innovation

Combining this with the systemic approach creates a framework (even a checklist) for determining the sequencing and priorities of the actions and policies that should be universally adopted.

Rewards – Innovation needs to be encouraged through a competitive reward system that promotes risk. Open markets are therefore essential but constitute only one of the potential rewards. For example, as part of its approach to spur alternative energy investment, the US Department of Energy has created ARPA-E modelled after DARPA to fund high-risk, high-return research. Innovation can also be encouraged through fiscal incentives, for example a carbon tax. Reducing the rhythm of profit reporting (from quarterly to yearly) will also enable the reintroduction of more long-term planning in the business cycle.

Capabilities – Building an innovative culture means developing new skills across the population, including: 1) systemic, multidisciplinary thinking; 2) science literacy that emphasizes understanding the scientific method; 3) design and a propensity to prototype; and 4) a capacity to work with and understand data.

Attitudes – Individuals must become comfortable with change and we must increase our overall appetite for risk (for example, by increasing opportunities for small-scale innovation, thereby reducing the cost of failure). Leaders from across society – from media to faith to government – must play a role in encouraging this attitudinal shift.

Access – Innovation requires access to knowledge. A culture of innovation requires the number of tinkerers and creators in society to grow, which will be encouraged if knowledge is made more widely available.

Proposals¹

Proposals to kick-start a new culture of innovation:

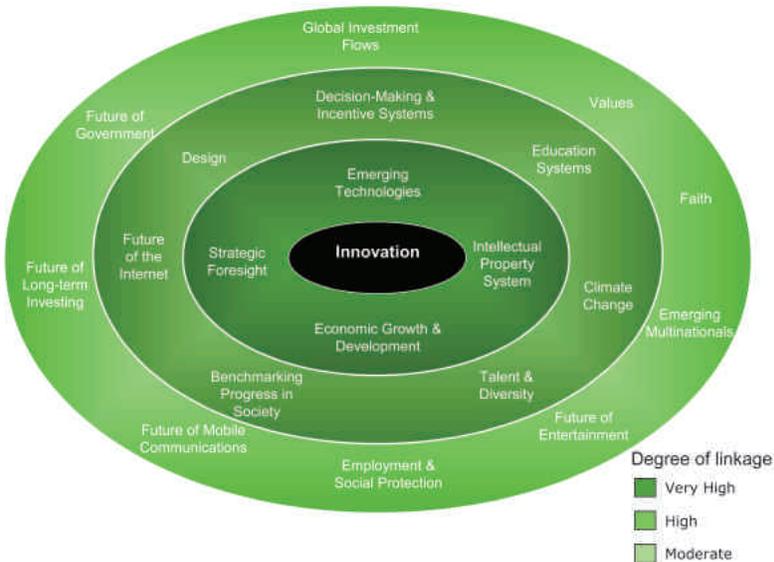
- A Worldwide Platform for Open Knowledge – Systemic thinking and truly international research collaboration will only be possible when the world’s scientific knowledge is open and free. **Beginning in 2010, all non-military publicly-funded scientific research should be free and open to the world online.** A non-governmental organization should subsidize the cost of peer review (instead of information companies).
- A World Bank of Experiments – Experimentation is fundamental to acquiring new knowledge. Performing small experiments, making small innovations and engaging the end-users of potential new products and services should be encouraged as a general approach across all areas of the global agenda. But how can the knowledge created by these small experiments be shared, in climate policy, for example, with other stakeholders outside one’s discipline? There is value to knowing what works as well as what doesn’t. **The Council recommends creating a global online platform for sharing the results of small experimentation.**
- A Pedagogy of Innovation – Fostering a robust global culture of innovation requires that education systems be rebooted to incorporate:
 - new skills: systemic thinking, science literacy that emphasizes understanding the scientific method, and design and a propensity to prototype
 - a new language of innovation: the world now creates more data each year than the combined sum of all prior human history. With this immense amount of data, the potential for new innovation is great (for example in healthcare through personal genomics) with increased opportunity to foster a new common language for multidisciplinary dialogue and innovation. The Council supports the Obama administration’s efforts **to make federal data available online** through Data.gov **and encourage other governments to follow suit. We recommend fostering a new type of information and visual literacy through education** to ensure that society has the skills to work with and understand data.

With data openness and literacy, and the rise of distributed computing and simulation capability, we envision a future that invites and supports universal participation in innovation.

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Sessions in the Annual Meeting programme related to Innovation include:

- The Growing Influence of Social Networks
- Business Solutions to Rural Poverty
- Groundbreaking Discoveries in Science and Technology
- The Information Age and Human Behaviour I
- The Information Age and Human Behaviour II
- Rebuilding Long-term Economic Growth
- Rethinking Economic Progress
- Redesigning with Technology Pioneers
- IdeasLab with Technology Pioneers: Betting on Green
- Emerging Multinationals and Global Innovation
- Rethinking E-governance
- Entrepreneurial Science
- Crisis and the Human Condition
- Do You Trust Your Data?



Innovation

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Ocean Governance

Issue Overview

Covering 71% of the planet's surface, oceans provide many millions of jobs and contribute US\$ 100-200 billion to the world economy, in addition to invaluable and irreplaceable services, including biomass and oxygen production, climate regulation, heat storage and food security (about 20% of the world's population depends on fish for its principal source of protein).

The oceans are in serious trouble, however. Two-thirds of the world's capture fisheries are now fully exploited or depleted, and although some may recover to sustainable levels, many will face still greater pressure from increases in human population and affluence. Twenty percent of coral reefs have been lost through careless human activity, with another 20% degraded. The remainder face losses of a similar scale over the next several decades. Many species of marine mammals and six of seven species of sea turtles are threatened. Climate change and ocean acidification – caused primarily by human emissions of carbon dioxide – will create further stress on marine systems, as changes in ocean temperatures, chemistry, sea level and currents cause major shifts in the range, distribution and reproductive capacity of commercially important species, as well as the disruption of important marine ecosystems.

Although many would argue that the legal foundation for managing biological resources on the High Seas is reasonably robust, the inability to manage ocean resources in a sustainable and environmentally responsible manner stands as one of the single greatest failures of international governance and cooperation. A classic “tragedy of the commons”, the situation is further exacerbated through misguided subsidies that cause overcapacity and overfishing and, until recently, an almost total neglect of ecosystem-based principles in the management of wild capture fisheries. There is also a significant amount of illegal, unreported and unregulated fishing activity; many such practices are carried out with little fear of sanctions or punishment. Moreover, the policy negotiations conducted under UNFCCC auspices and most national climate change planning to date have neither recognized the central role of the oceans nor given sufficient emphasis to the need for building greater resilience to climate change in marine ecosystems and the societies that depend on them.

Some positive trends, such as the creation of marine protected areas and various efforts to utilize market mechanisms to direct seafood procurement towards well-managed fisheries provide some grounds to be optimistic about the future. But these have mostly been small scale efforts focused primarily on waters within national Exclusive Economic Zones (EEZs). And, although scientific research on the challenges facing the oceans is substantial, it has not yet been harnessed in a way that would provide decision-makers with the key information they need to set prudent policy.

Proposals¹

- **Create Large Ocean Reserves on the High Seas**

The Council calls for the creation of fully-protected high seas Large Ocean Reserves (LORs) to conserve marine biodiversity and ecosystem functions, and help prevent further degradation of fish stocks. These LORs would be big enough (>100,000 km²) to maintain vital ecological processes, even if their value as centres of biodiversity is still unknown. At least one new LOR should be created in each major ocean basin, towards a global total of 1 million km² within the next five years. Establishment and management of reserves could draw, initially, on sovereign nations' legal authority to govern the activities of their flag vessels and citizens as well as commercial activities in adjacent EEZs and ports (i.e. Nauru agreement). Ultimately, however, stronger mechanisms may be required, which could be designed through the UN Convention on the Law of the Sea (UNCLOS) review noted below.

- **Use Market Mechanisms to Drive Better Management of Fishery Resources**

Significant gains have been achieved through certification programmes (i.e. Marine Stewardship Council) and cooperative arrangements between NGOs and major suppliers of fish. The effort to shift fish procurement to well-managed fisheries should be expanded substantially, focusing on the participation of major buyers (processors and retailers) who can leverage large segments of market share internationally. The Council also recommends coordinated efforts to move procurement towards fisheries where good management is in place. To facilitate this effort, international management bodies should be assessed and ranked regularly, with results disseminated as widely and transparently as possible.

- **Reform Fishery Subsidies**

The opportunity exists to set significant precedents for incorporating sustainability criteria in international trade decisions through reform of the US\$ 10-34 billion spent annually in fishery subsidies. The WTO Doha Round has recently made significant progress in formulating a negotiated text for ending subsidies that create excess fleet capacity and/or cause overfishing, while simultaneously allowing subsidies by developing coastal states to support the fisheries sector in ways that do not contribute to overfishing. The Council calls upon the international business community to lend its support for inclusion of a final agreement to reform fisheries subsidies in the Doha Round. We also ask the World Economic Forum to help raise the profile and facilitate dialogue on this issue among relevant constituencies.

- **Create Global Indices to Measure Ocean Health**

Timely, transparent indices are urgently needed to show trends over time in ocean health. Results should be published in a simple, readily accessible format on an annual or biannual basis, maximizing their utility to stakeholders. Trends in value of an ocean health index will stimulate deliberate, performance-based ocean improvement by helping managers and the public to: 1) identify unfavourable trends; 2) select the most strategic goals and actions to reverse them; 3) evaluate the success of remedial actions through data-driven outcomes assessment. Several NGOs, working with the scientific community, stand ready to launch this initiative.

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• **Update and Strengthen Implementation and Enforcement of the Law of the Sea and Fish Stocks Agreement**

The UN General Assembly should commission a high level, independent review of the two major UN agreements governing the ocean beyond national jurisdiction (the High Seas): the Law of the Sea Convention and the Fish Stocks Agreement.

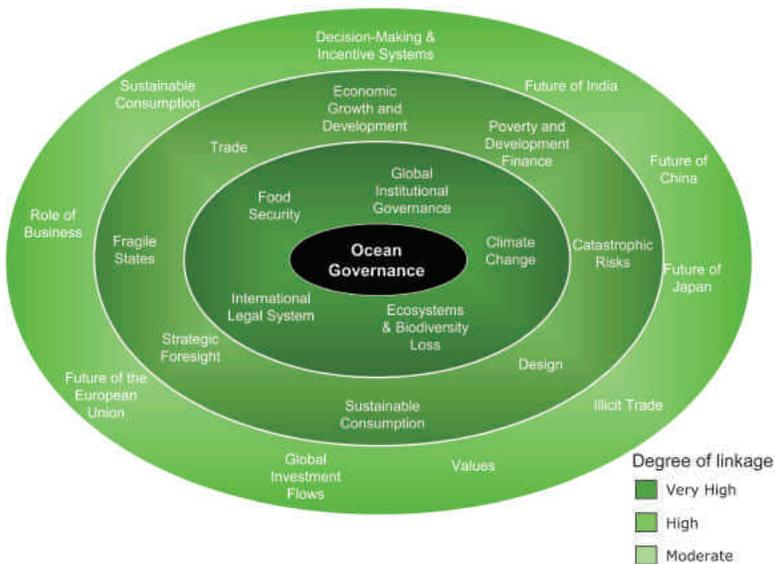
The context for these agreements has changed markedly since their creation, placing increased stress on ocean ecosystems and imperilling many major fisheries worldwide. Emphasizing accountability, transparency and effective management to the standard of sustainability, the review should create a political mandate to address weaknesses and gaps in the ocean governance system. Special focus should be placed on reform of international fisheries' management organizations. The review should also push for new legal instruments that would strengthen the ability of nations to create and manage LORs and other protected areas in the High Seas. To enable their enforcement, the Council calls for new global cooperative mechanisms for monitoring and enforcement. These include: 1) expanded support for the existing International Monitoring, Control and Surveillance Network to fight IUU fishing; 2) establishment of a new "Ocean Interpol" to connect and pool resources of the global, regional and national intelligence, enforcement and search and rescue communities to stop unsafe, inhumane, illegal and polluting activities at sea.

Sessions in the Annual Meeting programme related to Ocean Governance include:

- Facing a Sea Change
- Rethinking the Global Commons: Biodiversity
- Rethinking the Global Commons: Fisheries
- After Copenhagen: What's Next?

• **Set Appropriate Emission Limits for Carbon Dioxide**

Emission targets set via the UNFCCC should fully consider the capacity of oceans to absorb carbon and the risks of elevating ocean temperatures and acidity above acceptable levels. The potential for major degradation of marine life over the next several decades must not be ignored.



Ocean Governance

Members

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Population Growth

Issue Overview

Recent UN projections suggest that world population, currently 6.8 billion, will reach 9.2 billion by 2050; alternative UN scenarios envision a range from 8.0 to 10.5 billion. Since 1950, population has increased in virtually every country. However, population is projected to decrease in nearly one-fifth of the world's countries – most of them wealthy industrial countries – between now and 2050.

The Global Agenda Council on Population Growth will begin its work by focusing on these points:

- Rapid population growth is a long-neglected subject. There is a lack of awareness of the potential consequences of such growth, and many governments have not focused on the challenges that population growth may bring.
- Although rapid population growth is only occurring in a limited number of countries, everyone is affected by it, as it has political, social, economic, environmental and humanitarian consequences.
- Slowing population growth – by addressing unmet needs for contraception in culturally acceptable ways and enabling voluntary fertility decline – may be crucial to enhancing the world's ability to reduce poverty, spur economic growth, ease environmental strains, protect vulnerable groups such as women and children and reduce uncertainty about future developments.
- The issue of population growth spans local and global concerns, and both must receive appropriate attention. Climate change will affect populations differently depending on an array of geographical and ecological factors. Local ecosystems face different limits on their sustainable use (e.g., some lack water, while others face deforestation), so population issues need to be addressed with great sensitivity to local contexts.
- Some countries may benefit from an increase in the pace of population growth, which could be achieved via population policy, reproductive health programmes, further health investment and policies regarding immigration.
- It will be useful to examine the global institutions that deal with this issue to see whether there is duplication of effort and whether potentially useful initiatives have fallen through the cracks. Although currently international cooperation exists on this issue, the potential value in making reproductive health programmes more accessible to more people suggests that greater coordination may be called for.
- This Council will look at specific issues related to technology, migration, ageing, family planning, education and funding. With the aim of improving information sharing and policy coordination, the Council will explore whether a new architecture that strengthens certain organizations and integrates them more cohesively with others could promote more effective, evidence-based policy-making.
- Human rights must be respected unequivocally, and it is within this context that the Council approaches this issue.
- The work of this Council will raise awareness concerning the benefits of moderating population growth and suggest mechanisms of global cooperation that will help the world realize these benefits.

Proposal¹

World population is projected to increase by 2.4 billion people between 2010 and 2050. This 35% increase poses issues for every Global Agenda Council whose problems are scaled by population. These issues relate to the risk that population growth will 1) slow the pace of economic growth and poverty reduction; 2) increase social and political instability; and 3) exacerbate environmental degradation, both locally and globally.

Fortunately, options exist to manage these risks. They are mitigation and adaptation. Mitigation, which is where this Council's attention is most naturally focused, mainly involves reducing the size of the population problem through fertility decline. This may be achieved by interventions such as:

- Investing in health to reduce infant and child mortality
- Addressing the considerable unmet need for contraception
- Investing in primary and secondary education, especially for girls

Fertility declines are also expected to increase income and lead couples to further moderate their fertility.

Virtually the entire projected increase in global population is expected to occur in developing countries, most of which are not currently able to address the challenge of population growth on their own. This implies an important role for international organizations, for two reasons:

- Knowledge of the determinants and consequences of population growth is a global public good
- Many of the consequences of population growth are transnational by nature.

But population issues are suffering from years of neglect because the relevant organizations have been severely underfunded and marginalized.

Accordingly, this Council proposes strengthening the capacity of international organizations to gather and analyse data, disseminate results and provide technical assistance about the design, implementation and evaluation of population-related interventions.

In particular, the Council proposes to focus on the following organizations:

- United Nations Population Division: The lead office in the UN responsible for the analysis of levels and trends of population and the production of the official UN population estimates and projections to support the work of other UN organizations, national governments and the research community. The Division also conducts policy-relevant research related to the determinants and consequences of demographic change, including population growth. Its work could be strengthened by ensuring that it is able to attract and retain the technical personnel it requires and by generating additional resources to support specific studies.
- United Nations Population Fund (UNFPA): The most prominent global institution with a population agenda. It originally focused on building up the knowledge and the capacity to respond to needs in the population and family planning fields, to promote awareness of the consequences of population growth and the human rights aspects of family planning, and to assist developing countries dealing with population issues. Since the International Conference on Population and Development in 1994, its work has focused mainly on improving reproductive

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health. However its influence has diminished, with adverse implications for global awareness of issues surrounding the scale, determinants and consequences of population growth.

- The World Bank and regional development banks, such as the Asian Development Bank, the African Development Bank, and the Inter-American Development Bank, provide loans for population, health, education, income generation and projects involving cross-cutting development issues.

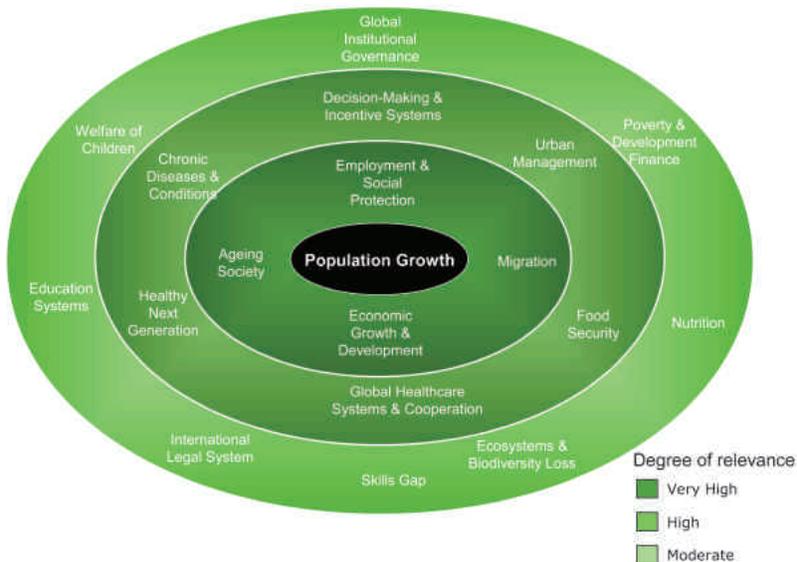
With respect to the functions of these organizations, the Council proposes:

- to articulate the need for new funds to collect more and better-quality population data, to conduct further analysis of the causes and implications of demographic change (including technical and cost-effectiveness studies of alternative interventions in different contexts), to disseminate those data and analyses more widely, and to build capacity to undertake all these activities at a uniformly high level of quality worldwide. The Council will promote the idea that access to these new funds should be competitive.
- to undertake systematic evaluation of UNFPA's and the UN Population Division's missions, organizational structures, leadership, staffing, funding and programmatic strategies. This evaluation will provide the foundation for a set of recommendations aimed at enhancing the future role and capacity of UNFPA and the Population Division with respect to addressing population growth.
- to conduct similar reviews of the population (and related) programmes of the development banks.

Sessions in the Annual Meeting programme related to Population Growth include:

- Germs and Globalization
- Rethinking Population Growth
- Redesigning Food Production
- Rebuilding Water Management
- IdeasLab with EPFL-ETH

The Population Growth Council thus plans to reconsider the roles of relevant global institutions and propose changes that could diminish the challenge posed by population growth by exploring ways to hasten fertility decline. This Council thus hopes to propose measures that would ultimately enhance the capacity of the world to cope with problems that are driven by population growth such as climate change, migration, ageing, economic development and the delivery of education and health services.



Population Growth

Members

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Sustainable Consumption

Issue Overview

Individuals consume goods and services to be well-fed, warm, sheltered, healthy, mobile, informed and connected. While most people living in industrialized countries enjoy a lifestyle where basic needs are satisfied, the majority of people in developing countries suffer severe shortcomings on many of these dimensions. It has become clear in recent years that efficiency improvements and innovations at the level of production alone cannot bring about necessary changes for reaching a more sustainable society.

Achieving the goal of sustainable consumption requires a redefinition of business strategies, products and services, new actions by consumers and supporting policy frameworks. Thus it is essential to keep the systems view on the change process, while examining the potential of each factor to affect consumption patterns. Specifically, there is a need to reinforce sustainability as an innovation platform that will reinvigorate the global economy, and make required improvement in living standards with less reliance on the consumption of natural resources.

The Global Agenda Council on Sustainable Consumption is looking to catalyse new, practical actions, building on existing initiatives, which will accelerate action by business, consumers and policy-makers to realize this vision. Our work aims to promote a new, more comprehensive vision of sustainability that creates business opportunities, inspires global well-being and sustains the environment. Collaboration and creativity are central to this effort.

Deficiencies that present immediate and significant opportunities across the value chain include:

1. Consumers as citizens: Engaging consumers to improve their lives through products and services while reducing their footprint will involve more than just selling “green” products. It involves catalysing consumers to think about needs and values, rather than more resource intensive “stuff”, using new technologies and processes to get consumers involved through choice architecture.
2. Business opportunities: Companies that embrace innovative ways to meet new needs and new markets will be the winners as the economy undergoes fundamental changes. We envision an evolution from the current focus on resource efficiencies towards a focus on innovation in products, business models and market frameworks.
3. Policy innovation: By exploring prices on externalities, market rules promoting long-term thinking, tax regimes that promote value rather than consumption, and incentives for more efficient production systems, a virtuous circle promoting both sustainable consumption and rising levels of prosperity is likely.

The UN agenda of sustainable consumption was initiated in 2002, but the journey is just beginning. So far the business sector’s engagement in policy processes has been limited, but as the future agenda is still being set, the situation can be amended. More cooperation and partnerships between business and policy-makers are needed in defining what the key issues on sustainable consumption are for the coming years. The first step is overcoming gaps between consumers, business and policy-makers.

Proposals¹

Among many, three practical ideas were highlighted as opportunities for the Council to engage with business and policy-makers over the coming year.

1. Create a framework to mobilize, inspire and engage the citizen of the future on sustainable consumption

Proposal

Create a project to systematically explore the role of social capital in creating collective action and work with appropriate stakeholders to roll out pilot projects to create an unbranded movement with consistent messaging around sustainable consumption to create a market “pull” for policies, products and services.

Background and rationale

It is clear that consumer behaviour and consumption patterns and levels are affected by existing regulatory, normative and cognitive frameworks and by different stakeholders. Specific gaps must be bridged to bring on changes in consumer behaviour, including patterns and levels of consumption. Policy and business can only push the societal issue of sustainable consumption so far without a strong pull from individuals as consumers and citizens. Choices made as voters and citizens can provide enormous legitimacy to both companies and governments to engage deeper.

Questions to be considered

- How can a framework unify global messages to magnify their effect?
- What is the role of social networking via all media to reach 7 billion citizens?

Stakeholders

- Business community including global brand companies, media and communications companies
- Various experts: the Global Agenda Councils on Decision-making & Incentive Systems, Marketing & Branding
- Civil society and less traditional influencers such as labour and religious leaders
- Governments, in particular the four governments sponsoring the World Economic Forum’s Global Redesign Initiative

2. Create a platform or a “safe place to fail” with business, governments and universities to explore and prototype new business models through sharing and collaboration of experience and intellectual property

Proposal

Create a regional platform for a “safe space to fail”, built upon the development of shared spaces for open collaboration. This can have specific focus areas, for example closed-loop issues, to propose and prototype solutions to specific closed-loop system challenges, potentially built around prototyping shared solutions to spur cross-company collaboration.

Background and rationale

A number of large corporations and small enterprises have already proven that businesses can develop business models that support sustainable consumption by individuals and institutional consumers. These cases show that this can be done in a financially viable way, but also that this might require a longer period of experimentation than in classic markets. Exploring them can reveal where and how businesses have set up successful models, and provide inspiration for businesses’ own strategies.

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Questions to be considered

- How might collective intellectual property be shared and built upon within a landscape that still encourages competition?
- What initiatives could further foster the uptake of sustainable business models?

Stakeholders

- Interested project board companies
- Venture capitalists
- National and regional governments
- Universities, research laboratories and institutions

3. Embrace new measures of benchmarking progress, which include sustainability as a core metric

Proposal

Leverage World Economic Forum events through 2010 to host a multistakeholder dialogue series on new macroeconomic models of growth, building on welcome efforts made to develop frameworks of societal well-being (Stiglitz Commission's Report, OECD Global Project on Measuring Progress of Societies, European Commission's Communication, among others).

Background and rationale

Benchmarking progress in all its dimensions has blossomed in recent years, particularly because of the growing awareness that recent crises (food, environment, financial, economic, etc.) require both a change in current paradigms and better decision-making at all levels. People have long debated this issue, especially in the context of the "beyond GDP" discussion to identify a more holistic and comprehensive vision of well-being and progress. Personal consumption and expenditure is currently a key driver, contributing to 65-70% of GDP growth in OECD countries, and is often the solution of first resort for leaders faced with economic or even social challenges.

Questions to be considered

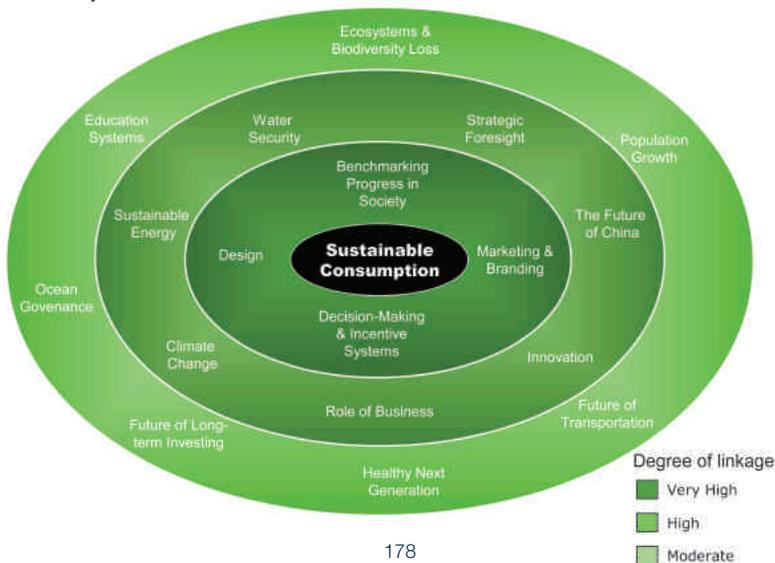
- What does a redefinition of progress or a shift beyond GDP mean for business?
- How might such an effort build on previous initiatives, notably the OECD's newly launched wikiprogress portal (www.wikiprogress.org)?

Stakeholders

- Specific dedicated companies looking to shape the global macroeconomic landscape
- International organizations, the OECD
- The Global Agenda Councils on Sustainable Consumption, Benchmarking Progress in Society

Sessions in the Annual Meeting programme related to Sustainable Consumption include:

- Redesigning Consumption Patterns
- Who Is the New Consumer?
- The Economics of Happiness



Sustainable Consumption

Members

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David Cook, Chief Executive, Natural Step, Sweden

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Liz Goodwin, Chief Executive Officer, WRAP, United Kingdom

Ted Howes, Head, Sustainable Business, IDEO, USA

Joichi Ito, Chief Executive Officer, Creative Commons, United Arab Emirates

***Hannah Jones**, Vice-President, Sustainable Business and Innovation, Government Public Affairs, Nike, USA

Michael Kuhndt, Head, UNEP/Wuppertal Institute Collaborating Centre on Sustainable Consumption and Production (CSCP), Germany

***Mindy S. Lubber**, President, Ceres, USA

Helio Mattar, President and Director, AKATU Institute for Conscious Consumption, Brazil

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Sustainable Energy

Issue Overview

Energy is the building block of a functioning society and economy. If the world is to tackle the great challenges arising from climate change, energy poverty, security and related resource constraints, governments must urgently pursue the fundamental transformation to sustainable energy systems. This Council defines sustainable energy as safer, cleaner and cheaper energy for all. The coming energy revolution must encompass ambitious policy reforms and the speedy deployment of disruptive technologies and business models.

Thanks to dramatic technological advancements, sustainable energy is now increasingly reliable and regarded as the mainstream energy form. Meeting the ambitious goals of tackling climate change and advancing development simultaneously will require a dramatic decarbonization of the energy system. Failing to do so will expose society to increasing energy costs, carbon liabilities, growing social inequities and rising insecurity, coupled with climate change consequences. In contrast, if governments pursue bold policy reforms to realign incentives in favour of clean energy, a dramatically cleaner energy system should emerge in the next decade.

In view of its overall goal of promoting concrete solutions for the spread of sustainable energy worldwide, the Council has chosen to focus on:

Policy reform for mature markets: transforming energy systems in mature markets into a sustainable energy framework

The new energy paradigm for the 21st Century must be based on remedying the failure to fully reflect true costs in the price of fossil energy use, and the regulatory frameworks that direct capital into infrastructure (especially platform technologies like smart grids and energy storage, which enable all viable energy technologies), cleaner supply and wiser end-use. However, measures must be taken to assure that no country is put at a significant economic disadvantage during this transformation.

Energy access for the poor: providing access to clean energy for poorer and/or more rural populations in emerging countries

Providing clean energy to the underserved reduces social inequality and tensions and increases participation in society (especially by women); it is a powerful catalyst for income generation and a precondition to eradicating poverty. As with mobile telephony, developing countries have a golden opportunity to leapfrog conventional energy pathways to more efficient and decentralized technologies and business models.

Governments must resist the temptation of green protectionism and localized standard-setting, and instead pursue international cooperation and global flows of technology, finance and policy innovations. The best evidence available suggests that a speedy transition to a clean energy economy is not only feasible but desirable. This Council believes that sustainable energy will be safer, cleaner and cheaper than the trajectory resulting from today's policies and practices.

Proposals¹

• **Policy Reform for Mature Markets**

To attract scaled up capital to sustainable energy, governments must overhaul energy policy at the national and international levels.

National governments must create clear, predictable and long-term policies to promote investor confidence. Governments must:

- provide a clear ambition level, e.g., targets for sustainable energy uptake in national and regional markets
- modify existing utility and market regulations to ensure that industry structures and incentives are consistent with these ambition levels
- provide support mechanisms to improve the commercial case for investment to overcome existing market distortions
- install necessary infrastructure to ensure flexible distribution and transmission networks and other required delivery mechanisms are in place
- provide policy support for the dissemination of renewable energy technology until volume is sufficient to drive unassisted consumption
- reward end-use efficiency and allow for market based mechanisms to deliver energy efficiency to consumers

Furthermore, international cooperation among governments is required to foster the growth of sustainable energy.

The Council proposes **creating a Sustainable Energy Free-Trade Area (SEFTA) through the G20.**

This would require G20 leaders to agree and commit to ending all subsidies for fossil fuels – coal, oil and gas – which according to the International Energy Agency (IEA) amount to US\$ 310 billion annually. By comparison, all investment worldwide in clean energy in 2008 amounted to US\$ 155 billion, of which around US\$ 60 billion took the form of subsidies.

Membership to SEFTA would require four additional commitments to:

- agree on national removal of all fossil fuel subsidies and report potential phase out arrangements in an international register
- remove all tariffs and taxes on clean energy products, services and feedstocks
- agree on common standards for clean energy technologies, to ensure larger markets and interoperability
- take action collectively to quantify and price-in all externality costs for fossil and nuclear power, including greenhouse gas and other environmental costs, and public health and security costs

Optimally SEFTA would eventually grow beyond G20 membership, as other countries feel able to make the same commitments.

To make SEFTA a reality:

- The G20 leaders' commitment is required.
- The establishment of a Secretariat for coordination, communication and (crucially) verification is needed. The Secretariat could monitor and verify progress towards the existing pledge to remove fossil fuel subsidies.
- A steering committee consisting of finance, trade, industry and environment ministers would need to collaborate with other international energy agencies and lending institutions.

International public financing institutions can play a crucial role in reducing risk and leveraging private finance. Governments should direct major international and national public financing institutions to:

- streamline their investment strategies in support of new generation and technology transfer to emerging economies. Revenues from carbon cap and trade mechanism should be specifically allocated to the financing of clean energy investments.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- provide financial means for “front loading” new clean energy investments. Project financing has been hit hard by the credit crisis, delaying or hindering clean energy investments.

In addition to providing the conditions for increasing the deployment of more mature sustainable energy technology, governments must create environmentally friendly and financially appropriate conditions that:

- enable R&D sufficient to drive innovations and disruptive technologies towards cost reduction
- adopt standards that enable the interoperability of energy components and sub-systems from global suppliers to local consumers, required to enable market expansion beyond national boundaries, and economies of scale
- adopt tax incentives dedicated to innovation in sustainable energy

• **Energy Access for the Poor**

Access to sustainable energy is a critical link between poverty eradication and climate change, resulting in social and economic development. It is a cheaper, cleaner and safer way for the poor to increase quality of life. To address energy poverty, the Council proposes:

• **Profiling small and medium-sized enterprises** (SME) as the key to delivering clean energy

An enabling environment needs to be created to foster small and medium enterprises and appropriate financing mechanisms so sustainable energies reach poor households. These can be financed by redeploying subsidies, e.g., on kerosene, and creating guaranteed mechanisms to leverage local funds.

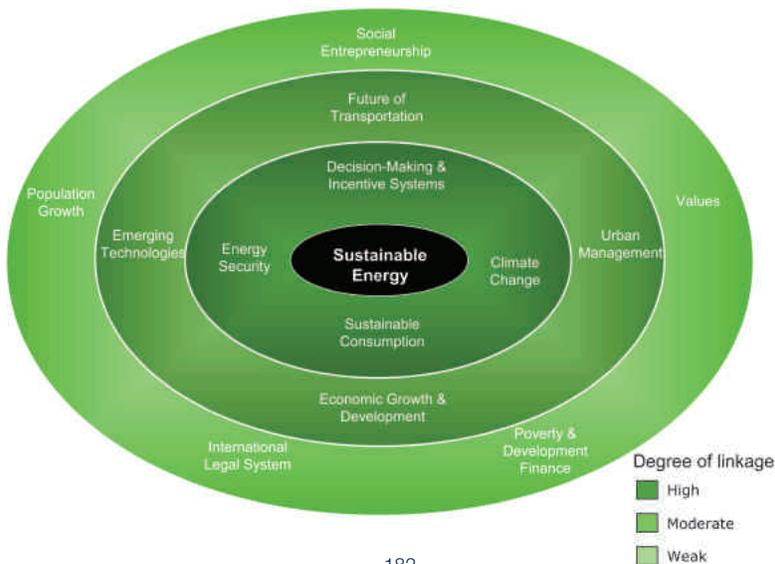
- **Promoting consumer lending and microfinance** to finance energy services to increase consumers’ purchasing power
Unlocking access to loans for consumers is essential in engaging the private sector and improving the investment climate for rural energy services.

• **Promoting energy efficiency as a critical link to poverty eradication and climate change**

This should include the use of market-based mechanism to deliver energy efficiency to poor households to ensure direct and long-term savings.

Sessions in the Annual Meeting programme related to Sustainable Energy include:

- Copenhagen: What’s Next?
- Business Solutions to Rural Poverty
- Financing Low-Carbon Growth
- Climate Change: Financing Urgent Adaptation
- Making Cap and Trade Work
- Rebuilding Critical Infrastructure
- Towards Low-Carbon Prosperity
- IdeasLab on the Global Redesign Initiative (Sustainability)
- Rebuilding the Grid
- IdeasLab with Technology Pioneers: Betting on Green
- Design for Sustainability



Sustainable Energy

Members

Chair: ***Vijay Vaitheeswaran**, Correspondent, The Economist, USA

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Kamel Bennaceur, Vice-President, International Energy Agency, Paris

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***Peter L. Corsell**, Chief Executive Officer, GridPoint, USA

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Kirsty Hamilton, International Policy Consultant, Business Council for Sustainable Energy - UK, United Kingdom

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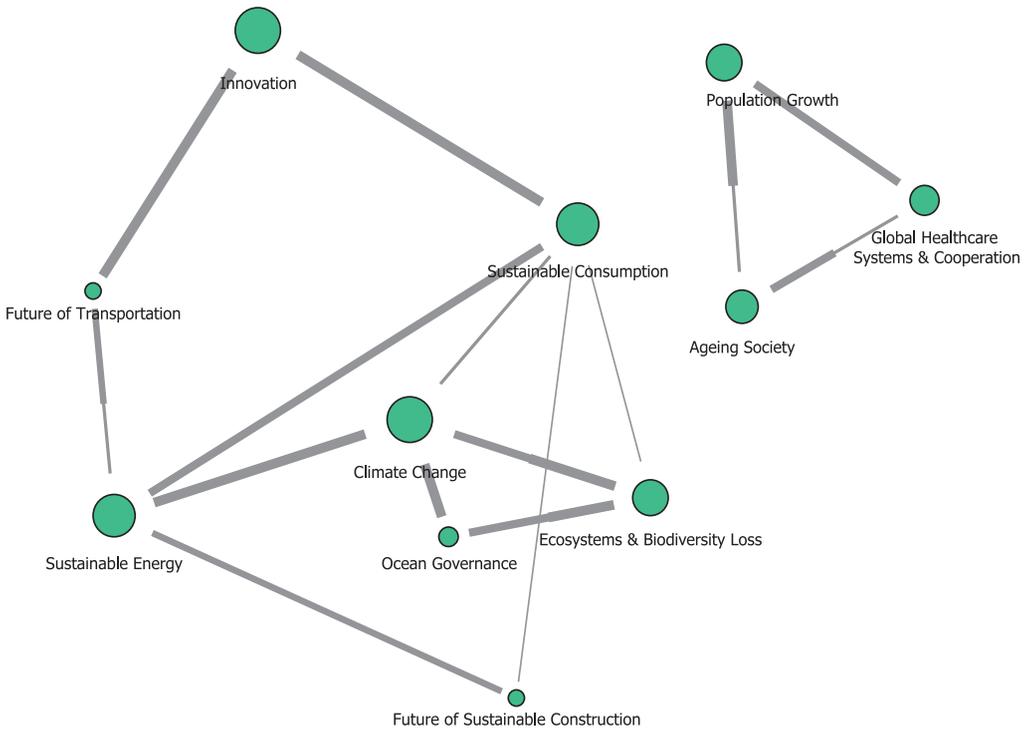
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Research Analyst: Andrew Bishop

Forum Lead: Roberto Bocca



Interlinkages within Global Agenda Council Clusters

Node size: Denotes significance of the issue to other Global Agenda Councils: the more significant the issue to other Councils, the bigger the bubble.

Line thickness: Denotes the strength of the interlinkage. Lines split into two halves illustrate the strength of the link as assessed by the Global Agenda Councils at the extremities. Differences of thickness between the two halves indicate that the two Councils do not assign the same value to the link.

Proximity: The closer the issue to another, the more tightly they are interlinked.

Data: The data is based on a survey of Global Agenda Council Members.

Threshold: Only the strongest links are shown on this map.

Mitigating Global Risks and Addressing Systemic Failures

Catastrophic Risks

Issue Overview

The Global Agenda Council on Catastrophic Risks is focused on low-probability but high-consequence events that have a severe impact on many aspects of populations and businesses on a local, regional or global scale. It is concerned with identifying common principles to prevent, mitigate, respond to and recover from the wide range of catastrophic incidents that may strike at any time – some with a sudden impact, such as hurricanes, others as “slow burners,” such as financial crises and global warming. It is focused on identifying potential high-impact incidents and trends that could lead to catastrophic consequences in the long term.

Much work on disaster reduction has already been achieved, ranging from the United Nations’ International Decade for Natural Disaster Reduction in the 1990s – leading to the adoption of the Hyogo Framework for Action in 2005 – to the World Economic Forum’s 2008-2009 Global Agenda Council on the Mitigation of Natural Disasters. Nevertheless, dangerous gaps remain in the world’s approach to catastrophic risks, starting with unclear responsibility for addressing them and sub-optimal private sector and local community engagement. Hence, one of the Council’s priorities is to assist companies, business associations and communities in identifying and recognizing risks more accurately in order to help them gain a greater understanding of the diverse and often heavy costs they may incur through inaction or disinterest.

Similarly, more could be done to integrate innovation into the mitigation of catastrophic risks. Indeed, while many catastrophic events can be mitigated through the application of research-based knowledge and proven technologies, the preventive value and even commercial worth of such applications are often under-appreciated.

Finally, there is often a misunderstanding of what catastrophic risks really are. These risks differ from their “moderate” counterparts in qualitative terms – not only in quantitative ones – and they are constantly evolving. All this requires us to be more imaginative and creative about risks. Tomorrow’s large-scale disaster is unlikely to fully resemble today’s.

With these failures in mind, it is essential for the general public as well as for key business leaders to understand that catastrophes impact not only those proximate to a disaster but also increasingly those removed from it, through the far-reaching global interdependencies that permeate contemporary travel, trade and finance.

While the likelihood of a particular catastrophe in a specific region in a given year is low, the aggregate global ramifications over several years can be large. Indirect costs, often hard to measure, are also particularly insidious. The private sector, government agencies and non-governmental organizations thus share a common interest in addressing these issues.

Proposals¹

The Council believes that more can be done to understand the nature and sources of extreme risks, and to prepare populations, communities, business leaders, policy-makers and international bodies to reduce the consequences of such risks through prevention and increased readiness when these disasters strike.

Catastrophic risks are characterized by high severity, often along multiple dimensions, including vulnerabilities of those exposed to hazards and threats, physical losses, and social, political and economic consequences. And they are generally characterized by an inability or failure to mitigate and/or adapt successfully in the relevant time frame to evolving events.

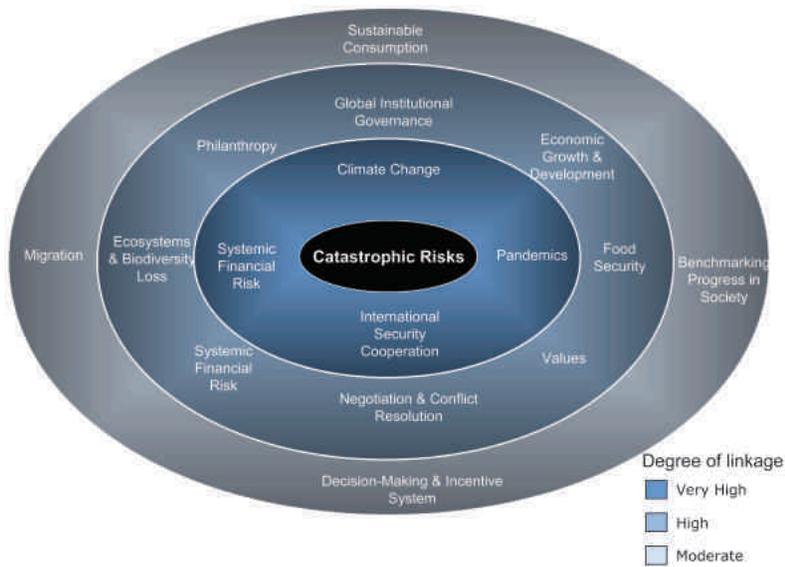
- This Council proposes a transnational and trans-sectoral mechanism that can identify and work to prevent, anticipate and prepare for catastrophic risks. It would seek to centrally identify the strategy and mission but work with and rely upon local and grass-root initiatives. It could fall under the auspices of the UN, the World Economic Forum or other institutional home. The mechanism would assess and scan for low probability, high-consequence events, and it could monitor real-time catastrophic risks across a range of areas (e.g., drawing upon a wide range of sources, including UN agencies, business institutions and other established sources).
- This mechanism will be tasked with 1) developing methods for improving imagination about catastrophic risks and creativity in facing their consequences; 2) building better appreciation for the metrics of indirect long-term consequences and losses to general social welfare; 3) developing more simplified and effective risk communication strategies based on scientific knowledge about how to convey risk information; 4) working to decrease the knowledge gap both within and among countries; 5) developing a better understanding of the antecedents, co-factors and underlying causes of catastrophic risks; 6) establishing the appropriate distribution of risk “ownership,” responsibility and accountability” across sectors and organizations; 7) developing a dynamic catalogue of best practices and risk assessment methods; 8) building scenarios for both specific types of catastrophes and more generic complexes of consequences; 9) strengthening a host of measures for assessing catastrophic risks and encouraging a set of actions to minimize and manage the adverse effects of such risks.
- Overall, this mechanism will bring greater attention to the long-term indirect and unexpected consequences of catastrophic risks, their root causes and the best practices for preventing and responding to them. We need to develop a global platform and have a better dynamic characterization of best practices and a stronger capacity for conveying the practices to agencies and organizations that could make use of them.

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- As one of its initiatives, the new mechanism will ask major UN agencies and international organizations, national governments and multinational companies to collaboratively conduct a risk and vulnerability analysis of their own organization as well as other concerned institutions and societies in facing a set of canonical catastrophic risks identified by the organization.
- The new mechanism will also be tasked with devoting greater attention to building resilience as well as learning and adaptive capacities in organizations responsible for addressing catastrophic risks in cities and communities faced by such risks, and better informing decision-makers who must confront and respond to the risks.

Sessions in the Annual Meeting programme related to Catastrophic Risks include:

- Germs and Globalization
- Piracy and Pandemics: From Past to Present Dangers
- IdeasLab on the Global Redesign Initiative (Risks)
- Rebuilding Critical Infrastructure
- The Year of the Flood: Speculative Fiction or the Edge of Reality?
- Prepared for a Pandemic?
- Securing Cyberspace



Catastrophic Risks

Members

Chair: ***Herman Leonard**, Professor of Public Management, John F. Kennedy School of Government, Harvard University, USA

Nick Bostrom, Director, Future of Humanity Institute, Faculty of Philosophy, University of Oxford, United Kingdom

***Lawrence B. Brilliant**, President, Skoll Urgent Threats Fund, USA

Christopher Bunting, Secretary-General, International Risk Governance Council (IRGC), Switzerland

Brian Cox, Royal Society University Research Fellow, University of Manchester, United Kingdom

Michael Havbro Faber, Professor and Chair, Risk and Safety, Swiss Federal Institute of Technology - ETH Zurich, Switzerland

Anwarul Hasan, Vice-President, Risk Management, Swiss Re, Switzerland

Bridget M. Hutter, Director, Centre for Analysis of Risk and Regulation, London School of Economics and Political Science, United Kingdom

Thomas E. Lovejoy, Biodiversity Chair, Heinz Center for Science, Economics and the Environment, USA

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Chronic Diseases & Conditions

Issue Overview

Promoting health and well-being through the prevention of chronic diseases and poor mental health is vital for sustainable global development. As illustrated in the figure, chronic diseases are at the top of the global risk landscape. They are here and now, affect us all and are worsening quickly. Globally, 60% of all deaths are due to chronic diseases, with 80% of such deaths occurring in middle- and low-income countries. Similarly, poor mental health accounts for one-third of all ill-health and disability, costing societies some 2-3% of GDP.

Chronic diseases present a high and increasing threat and likely risk of severe global economic loss, threatening global well-being and dampening world development. Among the three most populous countries in the world, it is estimated that (in international dollars) China will forego \$558 billion, the Russian Federation \$303 billion and India \$237 billion in national income between 2005-2015 as a result of premature deaths caused by heart disease, stroke and diabetes alone. Chronic diseases and poor mental health reduce resilience and the capacity to cope with stress, and their financial burden crowds out essential monies to deal with other global risks and systemic failures.

However, chronic diseases can be prevented through effective and quickly implemented actions, unlocking enormous tied-up value. Four factors that can be effectively targeted contribute to nearly three-quarters of the risk for chronic disease: inactivity and poor nutrition, which lead to obesity, and alcohol and tobacco use.

Although we know what to do, globally three governance gaps have failed to translate knowledge into action:

1. International cooperation gaps: no clear architecture exists for diverse sectors and public and private partners to work together at the global level for improved health and well-being.
2. Awareness gaps: health and well-being are grossly undervalued as central and crucial to human, business and social capital development.
3. Delivery gaps: incentives and stimuli to realign the actions of government sectors, international organizations and the private sector towards healthy outcomes are underutilized.

Proposals¹

- An **“Action Coalition” for transforming health and well-being** will be created as an added-value mechanism to stimulate joint action and to promote policy coherence across sectors and businesses. The Coalition will enable dialogue beyond one-sector centred meetings and facilitate trust building between the business community, the public sector and civil society for sustained action. Through multistakeholder engagement it will recommend the creation of a Health and Well-being Footprint (modelled on the carbon footprint) and incentives for change as outlined below, enabling efforts to be in line with, rather than in tension with, health and well-being. The Coalition will be closely linked with the World Health Organization’s Global NCD Network (NCDnet), supporting the implementation of the WHO NCD Action Plan.
- A **“Health and Well-being Footprint”** is proposed to help measure the contribution of the public and private sectors and individual behaviours to health and well-being, to help identify opportunities to manage the causes of chronic diseases at the key levels of impact, and to serve as a yardstick of progress in delivering change. An economic value could be assigned to the Footprint to help align market outputs with well-being over time. The Footprint’s measurements and public display would act as incentives for countries, municipalities, businesses, producers and service providers, as well as individuals to create new ways of working. It will be flexible and developed in partnership with all stakeholders to ensure relevance and endorsement, and will include process as well as outcome factors. It will be relevant across a range of sectors, levels and sizes, including large businesses and small and medium enterprises.

Whenever possible, existing tools and measures will be used to develop the Health and Well-being Footprint. For example, the recent Stiglitz-Sen-Fitoussi benchmarking report on the measurement of economic performance and social progress includes health as a pillar to promote equitable and sustainable well-being. It notes that commonly used statistics may not capture certain phenomena that have an increasing impact on citizens’ health and well-being (e.g., traffic jams may increase GDP as a result of increased gasoline usage but not health and quality of life). The report’s proposed health metrics provide the means to calculate the Health and Well-being Footprint that can be linked to chronic disease measures as part of the World Economic Forum’s *Competitiveness Report*.

- **“Incentives and stimuli”** would be matched to the Footprint to help align the actions of the private sector, international organizations and government towards healthy outcomes. Building on many of the recognized incentives across sectors, the work will document the stimuli for change needed to support intersectoral governmental policy reformulation and action. Stimuli will support the business environment in saving costs, in attracting ethical investments and in producing new products and services that promote health and well-being, thus creating revenue-streams and improving the business footprint. Stimuli will also incentivize businesses and governments to utilize new technologies and social entrepreneurship to improve health literacy and develop metres and gauges for

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

individual use that give real-time feedback on purchasing decisions and daily actions that promote health and well-being. For example, an intelligent shopping basket that monitors the health impact of shopping purchases could be designed to increase an individual's footprint.

Roadmap for Implementation

Throughout the year the Council and the Action Coalition will use the WELCOM platform. The Abu Dhabi Health Authority has agreed to pilot the Footprint and host a meeting in partnership with other countries in September 2010.

Dialogue and multisectoral stakeholder engagement will continue at the Annual Meeting 2010 in Davos, stimulating the creation of the Action Coalition.

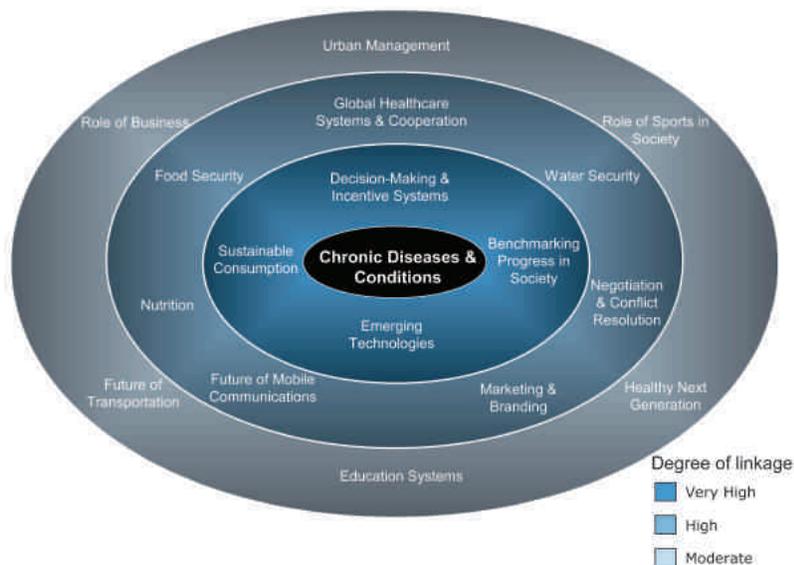
Development of the Footprint will begin immediately, by building on recent work and piloting a first version. Preliminary results will be available by the World Economic Forum meeting in Qatar in 2010.

Simultaneously, work on the incentives will be developed for sharing with other stakeholders. A meeting at the World Health Organization in March 2010 will support the identification of data sources and evidence based stimuli shown to prevent chronic diseases. World Economic Forum Regional Meetings will engage the Action Coalition in further dialogue with relevant stakeholders to refine the menu of incentives.

The "Quantum Leap" Abu Dhabi meeting in September 2010 will bring together the three key strands of work, giving high level visibility to the Action Coalition and offering an opportunity to present and discuss the first year's outcomes. The meeting will launch the Call for Action to ensure further engagement and to continue bridging the governance gaps in global health and well-being.

Sessions in the Annual Meeting programme related to Chronic Diseases & Conditions include:

- Chronic Diseases: A Global Challenge
- The Long Shadow of Alzheimer's Disease
- IdeasLab on the Global Redesign Initiative (Risks)
- Breast Cancer
- Redesigning a Healthy Start
- Germs and Globalization



Chronic Diseases & Conditions

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Gustavo Averbuj, Chief Executive Officer, Ketchum, Argentina

Oliver Harrison, Director, Public Health and Health Policy, Government of Abu Dhabi, United Arab Emirates

Helen Herrman, Secretary for Publications, World Psychiatric Association, Australia

Martin RJ Knapp, Director, Personal Social Services Research Unit, London School of Economics and Political Science, United Kingdom

Paul Litchfield, Chief Medical Officer and Head, Health and Safety, BT Group, United Kingdom

Michael Marmot, Professor of Epidemiology and Public Health, University College Medical School, United Kingdom

Sania Nishtar, Founder and President, Heartfile, Pakistan

Rachel Nugent, Deputy Director, Global Health, Center for Global Development, USA

Michael P. O'Donnell, Editor-in-Chief, American Journal of Health Promotion, USA

Vikram Patel, Professor of International Mental Health, Sangath, India

Scott Ratzan, Vice-President, Global Health, Government Affairs and Policy, Johnson & Johnson, USA

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Emerging Technologies

Issue Overview

Emerging technologies are critical to long-term global prosperity. They represent the innovation that adds necessary economic and social value to materials, products and processes. They provide potential solutions to pressing global challenges, including energy generation and storage, healthcare, climate change, food security and access to clean water. Yet without better global cooperation on technology innovation, many emerging technologies will not mature to the point at which they can be used effectively.

Innovative technologies do not conform to conventional technology development paradigms; to grow and mature they require innovative approaches. Presently, effective policies for nurturing and employing emerging technologies are largely absent or poorly formed in government, industry and other stakeholder organizations. *This deficiency presents a substantial barrier to realizing the full potential of new scientific and technological breakthroughs.*

Emerging technologies are diverse and constantly developing. They range from nanotechnology-enabled materials to synthetic biology, and new ways of handling data through information technology to using geoengineering to modify global climate. Yet the barriers to their safe, sustainable and successful development are often similar. These include raising early stage financing to support initial development, insufficient technology transfer, limitations in current intellectual property rights, lack of awareness of emerging technologies and the underlying science among decision-makers, limited understanding of potential risks and liabilities, and ensuring an appropriately educated and equipped workforce.

These barriers' impact on the social and economic potential of new technologies is profound. Established approaches to government and corporate policy-making founder in the new social order, and are limited in their ability to anticipate and guide new developments effectively. They lack the responsiveness, adaptability and foresight to anticipate hurdles to progress, or to work through partnership with non-traditional but increasingly influential stakeholder groups – including consumers.

Yet this disconnect between established policy mechanisms and new approaches to implementing emerging technologies is occurring when future global prosperity is more dependent than ever on new science-based solutions to pressing problems. Providing people with access to healthy food and clean water, managing climate change and its impacts, treating disease, generating and using energy wisely, coping with pollution – over the next 50 years, these global challenges will reach an unprecedented level. Without rapid and targeted advances in science and technology, humanity will not be able to face them without paying a large price. Perhaps more than ever, we need the tools that science and technology provide to face an uncertain future. And just as the challenges are global in scope, so the solutions must be global in reach.

Only by systematically addressing these issues globally, through international cooperation, will it be possible to support long-term science-based decision-making that ensures the greatest social and economic benefits of emerging technologies, while minimizing adverse impacts.

Proposals¹

• A New Global Centre for Emerging Technology Policy

Mission: To ensure that governments, businesses and other stakeholder organizations are equipped to make the most effective use of science and technology innovation in addressing the global challenges of the 21st Century

Location: The Centre will be located at a physical site with good transport infrastructure, including access to major air routes, and the ability to attract staff of the highest calibre.

Funding: An indicative budget for the first three years is US\$ 20 million, covering international salaries and benefits, anticipated travel and infrastructure requirements. Funding will be sought from government and industry.

Scope: The Centre will address global challenges being faced by citizens and decision-makers at the government and corporate level. Its activities will cut across traditional organizational, geographical and discipline-based boundaries to explore innovative solutions to developing and using emerging technologies. These will adhere to a core set of guiding principles that include enabling science-based decision-making, remaining independent of political, social, national or corporate bias, and developing technology-based solutions to challenges, maximizing benefits to society while minimizing adverse impacts.

Three challenges in particular will be addressed by the Centre: working effectively across traditional boundaries (including scientific organizational and national boundaries); developing effective technology and technology transfer; and predicting, assessing and avoiding the adverse consequences of emerging technologies.

Impact: The Centre's impact will include early and informed policy decisions on emerging technologies, faster and more effective technology transfer, increased use of evidence-based and socially responsible decision-making, better informed investors and the growth of new investment models, economically successful emerging technology-based solutions and, ultimately, increased quality of life around the world.

Actions: The first year of the Centre will focus on establishing and implementing the governance structure, establishing a communications and engagement framework, and developing a two-year rolling action plan. Subsequent years will focus on implementing, reviewing and further developing the action plan. An annual Emerging Technologies Policy retreat will be held, bringing together a small number of high-level decision-makers and thought leaders from government, industry, academia and civil society. The outcome of the retreat will be used to develop a two-year action plan consisting of targeted, relevant and measurable goals.

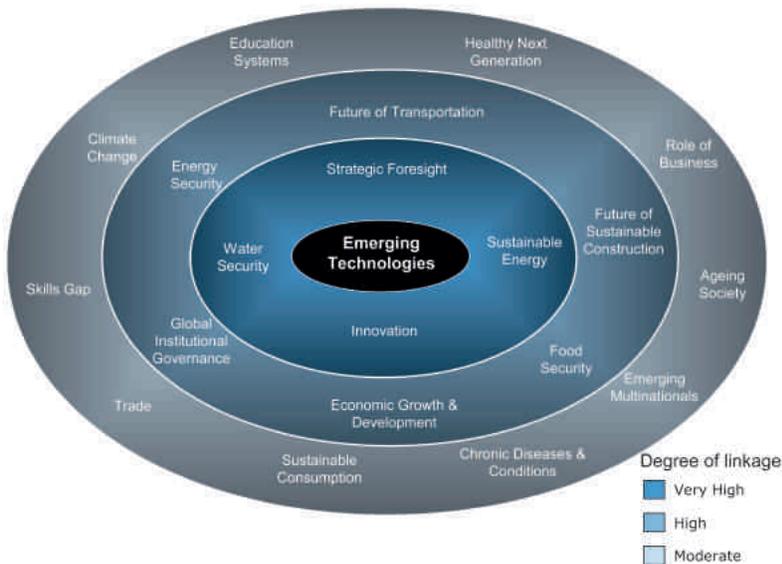
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In emerging areas such as nanotechnology, synthetic biology and geoengineering, there is growing awareness that a new paradigm is needed if the technologies are to be developed effectively – one that predicts and avoids potential hurdles, develops and implements new technologies in partnership with multiple stakeholders, identifies and addresses possible health and environmental impacts before they occur, responds rapidly to new developments and is built on global cooperation. Yet there is a gaping chasm between the knowledge that a different approach to policy-making is needed and an understanding of what this new approach should look like.

This is the gap that the Global Centre for Emerging Technology Policy will fill. Working with decision-makers at the highest level in industry, government and other organizations, it will aim to assure that decision-makers have the best possible tools at their disposal to ensure the successful and sustainable development and implementation of new technologies.

Sessions in the Annual Meeting programme related to Emerging Technologies include:

- Meeting the Millennium Development Goals
- Rethinking Energy Security
- Viruses – The Alien among Us
- Next Generation Materials
- Rebuilding Long-term Economic Growth
- Towards Low-Carbon Prosperity
- Emerging Multinationals and Global Innovation
- A Global Solution to Illicit Trade?
- Prepared for a Pandemic?
- Redesigning Food Production
- Engineering a Cooler Planet
- Breast Cancer
- Rebuilding Education for the 21st Century
- Rebuilding Water Management
- Connecting a Carbon- and Time-constrained World



Emerging Technologies

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Energy Security

Issue Overview

“Energy security” is the reliable, stable and sustainable supply of energy at affordable prices and social cost. All nations and groups should be taken into account in the discussion on energy security – rich and poor, developed and developing, producing and consuming.

Confusion between energy security and energy independence is common. These are two different issues. Energy security can only be efficiently achieved through global cooperation.

Energy security is a dynamic optimization process between the market and (regulatory) institutions and is a function of space (region) and time (as it changes). This necessitates continued dialogue between consuming and producing countries aiming to improve energy security.

A link between energy security and a wide range of other social, environmental, economic and political issues exists, including food, water and health security, as well as such classic security issues as violent conflicts and the protection of human rights. There is no single solution to energy security challenges. Promoting energy efficiency and conservation, new fossil energy systems (e.g., carbon storage) and renewable energy is required.

Like no time since the 1970's oil crisis, governments and major industrial customers in nearly all the major consuming nations are besieged by doubts about their long-term energy security. After a long era of excess capacity, since 2001 oil prices have risen sharply and become more volatile. Worries about insecure supplies extend not just to oil but also in many parts of the world, such as Europe, to gas supplies that are considered unreliable. Additionally, some countries are now struggling with unreliable supplies of coal, turning to imports to help satisfy demand. Yet the largest suppliers of oil and other energy commodities are questioning whether there is enough surety in the markets where they sell their products to justify the big investments needed to establish and develop new capacity. Suppliers and users often see their interests quite differently, and so far have not been able to find common ground on how best to finance and manage a more secure global energy system.

No forum or body brings the players working on these disparate but critically related issues together, a glaring gap in the governance of global energy. Therefore, of the myriad important issues, the Council has identified governance as an urgent, pragmatic area of focus; it is in the interest of key stakeholders to come together to establish global norms with which to begin addressing energy security issues, including the future of R&D and investment in infrastructure.

The Council is also focusing on the resurgence of interest in nuclear power caused, in part, by the need to address climate change.

Proposals¹

Global Governance

- The Council proposes the establishment of a new (permanent) biannual World Energy Forum that acts as the venue where key stakeholders and players, including the international organizations dealing with various aspects of energy issues (such as the IAEA, IEA, IEF, IRENA, etc.) and industry and professional associations representing the industry, can highlight issues of energy security across the spectrum of energy sources. Engagement by pivotal governments and international organizations would be crucial to provide leadership on strategies for achieving energy security with the vision of eventually establishing a new global energy organization to provide norms-based governance of global energy markets. The World Energy Forum should be issue-driven with participation determined by the issues under discussion.
- The Energy Forum would debate and where possible provide recommendations or guidelines, norms and principles to resolve issues relating to energy security, for resolution against a set of World Energy Forum Energy Security Principles.
- In parallel, the Energy Forum would support the process of continually strengthening the existing global institutions (IAEA, IEA, IEF, IRENA, etc.) that should act as technical or operational authorities in such sectors as oil, gas, coal, renewables or nuclear energy.

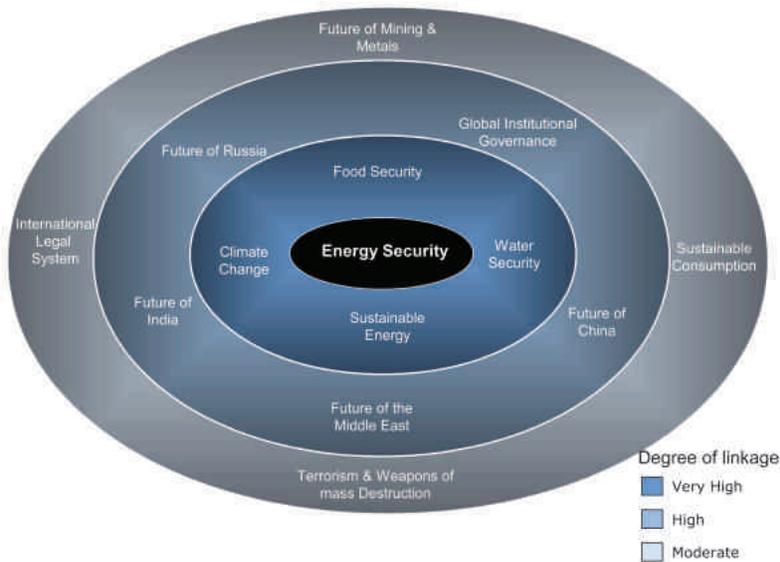
Nuclear Fuel Cycle

- Nuclear energy involves risks for governments, the public and the industry and the sector faces numerous challenges related to safety, security, proliferation and proper management of the nuclear fuel cycle.
- The Council advocates establishing a body via an international public-private partnership (PPP) that can act throughout the entire nuclear fuel cycle providing full services including safe and secure fuel, transportation, reprocessing and disposal/storage in a commercial but regulated manner. Such a PPP would not change existing national rights but would promote the safe development of a global nuclear power sector. The PPP proposed would operate within the current international framework of non-proliferation according to the Non-Proliferation Treaty (NPT) and IAEA safeguards, not requiring additional obligations from benefiting states to those required under the NPT and applicable IAEA safeguards. The partnership would be open to participation from any interested parties.

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Sessions in the Annual Meeting programme related to Energy Security include:

- Rethinking Energy Security
- Global Energy Outlook
- After Copenhagen: What's Next?
- Global Governance Redesigned
- Managing the Proliferation of Nuclear Power
- Global Industry Outlook: Heavy Industries



Energy Security

Members

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Adnan Shihab-Eldin, Member, Kuwait Nuclear Energy Committee, Kuwait

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Food Security

Issue Overview

The global food and economic crises have driven tens of millions of additional people into hunger, so that today, over a billion people do not have enough to eat. Over 17,000 children die each day from hunger-related causes. Hundreds of millions of people suffer from reduced mental capacity, weakened immunity, and lower productivity and earnings as a result of malnourishment and chronic hunger. Societal impacts include reduced economic productivity and greater risks of political instability.

The Council believes that in the foreseeable future, food insecurity is likely to increase and another food crisis is likely to occur. Shortfalls and volatility in the availability and prices of global food supplies are likely to intensify in the future, driven by rising demand for food and energy, increased costs of production and the intensification of environmental constraints including climate change and water scarcity. Effective solutions require improved risk-assessment capability and preventive action to strengthen resilience in vulnerable areas, together with integrated approaches that address the interlinked issues affecting food security.

Current efforts to address food security are often fragmented and lack sufficient investment and coordination. The lack of accurate and accessible data to help target action, together with the poor coordination of activities across stakeholder groups and within regions, significantly constrains effective action.

Addressing these challenges effectively requires bold and innovative action, often through coordination of a wide array of stakeholders, including much stronger private sector engagement along the whole value chain to enact effective and efficient solutions. Areas that should be prioritized for action are:

Accelerate investment in agricultural productivity

Investment in innovation systems is needed to improve technology development, distribution and access, particularly for small farmers. Improving water use efficiency and initiating planning and action for climate change adaptation are key to maintaining and increasing productivity in the face of environmental challenges.

Promote market development

Market-driven growth in the agriculture sector can be achieved through policy reform to stimulate domestic and international trade; improving key infrastructure and institutions; and investing in farmer organizations. Emerging carbon markets also present an important potential opportunity for farmers in food-insecure regions.

Implement social protections and early-childhood nutrition solutions

A major scaling of nutritional interventions for children under two years of age is needed. Expanding private-sector involvement and addressing gender issues are key to achieving large-scale nutritional improvements. Cash transfer programmes (both conditional and unconditional) and other safety nets can stimulate consumer demand while reducing hunger and malnutrition, as seen in Brazil and Mexico.

Throughout these and other interventions, leaders need to take an integrated approach to achieve sustainable results. Addressing food, environmental and nutritional security simultaneously at the community level can reduce hunger and strengthen resilience in food insecure regions.

Proposals¹

To achieve the needed improvements in agricultural productivity, market development and nutrition, the Council recommends an effort in three major areas:

Create a “risk-reduction revolution” for farmers and consumers

The agriculture sector is plagued by increasingly high levels of risk, due to intensifying climate change impacts, financial and price shocks. In most food-insecure regions, producers bear the majority of the risk and have little or no access to risk-mitigation tools. Broader application of risk-mitigation instruments and insurance across the supply chain will spur major increases in investment, productivity and food security in vulnerable regions. The Council recommends a three-track approach:

- At the local level, rapidly advance the development, availability and utilization of risk-mitigation instruments for small farmers
Lending institutions, companies involved in the agricultural supply chain, governments, NGOs and the media all play important roles in making such instruments both affordable and accessible to small farmers.
- At the regional level, protect against food price shocks by developing regional food reserves combined with policies to counter price volatility and maintain open trade. If properly designed, such reserves can moderate price fluctuations, protecting both producers and consumers, while also ensuring adequate food supplies for emergency humanitarian needs.
- At the global level, strengthen risk assessment capacity and data-sharing to better assess the vulnerability of specific regions to food system shocks. In particular, the capacity to effectively track multiple indicators of food security – such as climatic changes, productivity levels, food reserves, policy and other factors – is needed. A Global Risk and Vulnerability Forum, proposed by several Councils, could be convened to further develop such capacity. Action for open trade and grain reserves should also be considered at the global level.

Consolidate and improve mapping, tracking and data-sharing systems

Information and data is sorely needed to better assess issues, target and align efforts in the food security arena. In cases where data is available but held separately by different actors, a major effort should be made to share and centralize information.

- The Council proposes consolidation and expansion of electronic platforms for data-sharing and stakeholder coordination, particularly aimed at strengthening country-level action. Such platforms would enable stakeholders to discover potential new partners, identify gaps and overlapping initiatives, highlight and share successful models, and compare results within and between countries. It would strengthen transparency, coherence and mutual accountability and help measure progress towards longer-term goals. By tracking public and private sector investment flows, policies and other issues, it could also serve as a powerful tool for ongoing global advocacy. Lastly, such platforms can provide a strong basis for improved risk assessment.

The OECD, World Bank, FAO, WFP and IFPRI in particular have strong data capacities which could be combined with the considerable wealth of private-sector data and analysis to substantially improve data availability and assessment.

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Strengthen governance of global food security

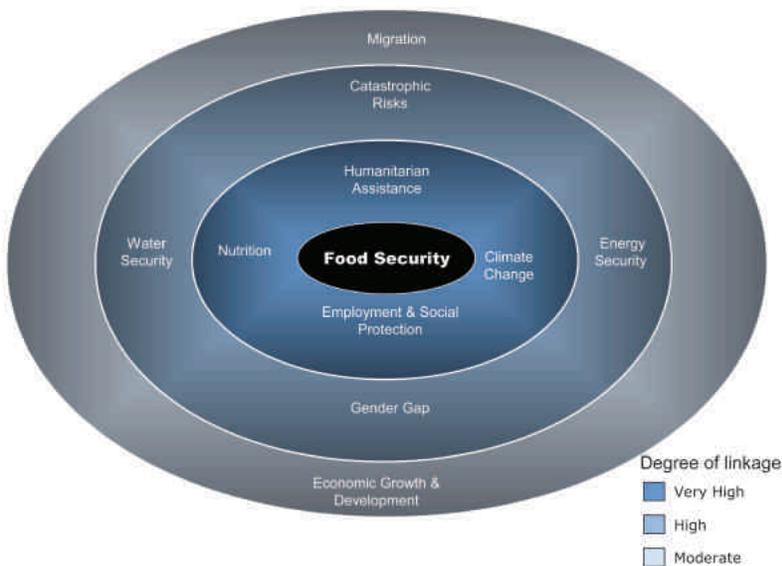
The global food system must be improved by strengthening institutional structures and deepening collaboration among stakeholders on several fronts:

- Developing innovative government-to-government networks to coordinate evidence-based decision-making and share best practices, with support from regional and international organizations
- Continuing advocacy around the issue of food security to help ensure increased stakeholder engagement and alignment, ensure delivery on financial commitments (such as the L'Aquila food security initiative), and encourage targeting of public-sector finance to enable and catalyse private-sector investment
- Developing a *Global Food, Agriculture and Nutrition Redesign Initiative*, as proposed by several Councils, initiated by a high-level task force with a goal of developing an integrated strategy to meet global nutritional needs in an environmentally sustainable manner
Such a task force should be independent and multistakeholder, leveraging championship for actionable strategies.

Finally, the Council recognizes the need for a “quantum leap” in global leadership and in the level of collaboration between stakeholders operating in the food security arena. By sharing information, aligning and targeting efforts, stakeholders can achieve the impact and acceleration of efforts that is urgently needed to ensure food security for the world going forward.

Sessions in the Annual Meeting programme related to Food Security include:

- Redesigning Food Production
- Meeting the Millennium Development Goals
- Rethinking Population Growth
- Groundbreaking Discoveries in Science and Technology
- Rebuilding Humanitarian Assistance
- IdeasLab on the Global Redesign Initiative (Risks)
- IdeasLab on the Global Redesign Initiative (Values)
- Rethinking the Global Commons: Fisheries
- Redesigning a Healthy Start



Food Security

Members

Chair: ***Josette Sheeran**, Executive Director, United Nations World Food Programme (WFP), Rome

John Barrett, Head, Food Group, Department for International Development (DFID), United Kingdom

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***Joachim von Braun**, Director-General, International Food Policy Research Institute, USA

***Carl Hausmann**, Chief Executive Officer, Bunge North America, USA

Huang Jikun, Director, Center for Chinese Agricultural Policy (CCAP), People's Republic of China

David Nabarro, Assistant Secretary-General, United Nations; Coordination for Avian and Pandemic Influenza and the Global Food Crisis, United Nations, Geneva

Namanga Ngongi, President, Alliance for a Green Revolution in Africa (AGRA), Kenya; Vice-Chair of the Global Agenda Council on Food Security

***Ngozi Okonjo-Iweala**, Managing Director, World Bank, Washington DC

Kendall J. Powell, Chairman and Chief Executive Officer, General Mills, USA

Geeta Rao Gupta, President, International Center for Research on Women, USA

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Roberto Rodrigues, Coordinator, Getulio Vargas Agribusiness Center, Brazil

Rajiv J. Shah, US Undersecretary for Research, Education and Economics

Monkombu S. Swaminathan, Chairman, M.S. Swaminathan Research Foundation, India

***Michael Treschow**, Chairman, Unilever, Netherlands

Carlo G. Trojan, Chairman, International Food & Agriculture Trade Policy Council, USA

Florence M. Wambugu, Chief Executive Officer, Africa Harvest Biotech Foundation International (AHBFI), Kenya

Arthur C. Yap, Secretary of Agriculture of the Philippines

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Illicit Trade

Issue Overview

Illicit trade, which accounts for 7-10% of the world economy, encompasses trade which is illegal but also trade which may be legal but causes direct human, social, political or environmental harm. It is a major contributor to discrepancies in wealth between the developing and developed world, fuels devastating conflicts and has become the principal economic activity of several fragile states, severely undermining their legitimacy. It is well known that terrorist groups have engaged widely in illicit trade for financing their activities. Despite being relatively well documented and a priority on the political agenda, illicit drug trade, trade in small arms and human trafficking are further developing and have a tremendous human toll. Human trafficking and forced labour have widely penetrated the legitimate economy, and by several accounts more people are in slave-like situations than at any other time in human history. Debt bondage has become a routine aspect of transnational labour migration. In several industries, counterfeiting undermines legitimate competition and hampers innovation. Counterfeit medication is out of control in many developing and transitional countries and kills hundreds of thousands each year. Trade in wildlife is endangering our environment and illegal logging is an important contributor to global warming. Money laundering and illicit financial transactions undermine the global financial system.

Illicit trade is intimately intertwined with legitimate trade and has enormous negative costs for the business sector and states through loss of tax income and excise duties.

A world that is both flat and unflat. The idealized vision of a “Flat World”¹ brought forward by globalization that creates infinite economic opportunities is now a reality enjoyed especially by criminals. Transnational criminal networks take full advantage of the protection and opportunities offered by failed and corrupted states, off-shore tax havens, reduction in trade barriers and the development of free trade zones. These illicit “opportunities” are supported by modern communication, production and transportation technologies, allowing criminals to capitalize on the differences in legal systems, living standards, income inequalities, banking regulations, and fiscal and taxation systems.

Addressing these deficiencies/gaps must be a top priority in the coming year.

- The international community is addressing the global financial crisis. Part of this crisis was precipitated by corruption, absence of transparency and tolerance of illicit financial flows and activities. Addressing these deficiencies is essential to economic growth and stability.
- The role of illicit timber trade and other environmental crimes exacerbate the problem of global warming and environmental disasters. Global warming, in turn, contributes to the precariousness of human life in many low lying regions.
- Absence of respect for intellectual property rights undermines the economy, investment, innovation and competition. Its consequences are far-reaching in the trade arena.

¹ Thomas L Friedman. *The World Is Flat: A Brief History of the Twenty-First Century*. New York: Farrar, Straus and Giroux, 2005.

Proposal¹

- **Multistakeholder certification to address illicit trade and its associated human, social, environmental and financial costs**

The Illicit Trade Council proposes the development of the Trust Through Transparency initiative (T3) to mitigate illicit behaviour in the supply chain including the use of child or forced labour; illicit natural resources; conflict resources; misuse of carbon credits; counterfeiting; and other areas of illicit trade. T3 certification would be given to those producers, transporters, importers, exporters, distributors, traders and financial corporations that can provide evidence of compliance and transparency, and would be enforced through a multistakeholder governance structure with monitoring capacity at the grass roots, private and public sector levels.

Transparency requires a broad and long-term commitment on the part of governments, civil society, multilateral institutions, the corporate sector and consumers. Stronger and more enforceable regulatory frameworks, self-regulation by corporations and the education of consumers are needed. While law enforcement is one mechanism to enforce transparency, market forces can be more effectively utilized earlier in the trading “cycle” to provide incentives for transparency, for example, in the form of secure global labelling and/or certification of products that demonstrate a new standard for corporate best practices and availability of information to the public. Effective delivery of such a transparent oversight mechanism will provide enormous benefits of direct relevance to almost all Council sectors, including health, the global environment, sustainability, economic and social welfare, security and legitimate international trade.

Other areas of action requiring involvement of and cooperation between government, business, civil society and multilateral organizations:

Integrating global policies and regulatory frameworks. Criminals will exploit diverse opportunities for profit, adjusting rapidly to variations in supply and demand, evading the current focus of law enforcement, and increasingly favouring low risk, but equivalently profitable, commodities. It also implies taking advantage of weaknesses in international regulatory frameworks and maximizing profits by moving from one business to another whether trade, finance or the migration “business”, and whether licit or illicit, the one often seamlessly slipping into the other. While law enforcement agencies monitor flows of many illicit commodities and activities, these efforts are often divided among entities that do not coordinate effectively, leaving a large gap in collective efforts to fight illicit trade. Instead of the compartmentalized approach that currently prevails, combating illicit trade calls for a stronger global focus on the provenance, trading routes, facilitators and means of distribution to end customers. This means further integrating global policies and regulations governing the movement of capital, goods, services and people within a framework that takes into account the social and human cost through respect of environmental, labour and human rights standards.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Providing incentives to the corporate world. Studies show that every form of illicit trade is linked to the legitimate economy. Corporations should reinvent themselves to tackle what has now become their number one competition, and should take care of as well as educate their customers. Through their increasingly complex supply chains and distribution networks, corporations are often victims of counterfeiting and stolen intellectual property or may have unwittingly entered into a business relationship. There is widespread tolerance and acceptance of fuzzy boundaries between illicit and licit trade by business and customers alike. While corporations are increasingly signing on to ethical principles, they need to take responsibility for actions occurring throughout their supply chains. This could be complemented by fiscal incentives to produce goods in accordance with international standards governing, for example, the origin of natural resources.

Empowering civil society through new technology. The emergence of a supranational civil society and NGOs, empowered by the Internet and social media, is helping to track and publicize illicit trade. Such efforts increase the pressure on governments, international organizations and corporations to combat these trades that were previously undetected or simply ignored. Consumers are increasingly aware of their considerable powers and responsibility and can make or break a brand by buying in a responsible manner. Civil society can have a key role if it can access accurate information with ease. For consumers this means having the possibility to know what is behind the products they buy. For citizens of a fragile state this means knowing what is happening to the natural resources that belong to them. Corporations and NGOs, using increasingly widespread communication technologies can provide this information.

Sessions in the Annual Meeting programme related to Illicit Trade include:

- A Global Solution to Illicit Trade?
- 2010 World Economic Brainstorming: Redefining the Global Commons
- Piracy and Pandemics: From Past to Present Dangers
- IdeasLab on the Global Redesign Initiative (Risks)
- Securing Cyberspace
- Zero Option for Corruption



Illicit Trade

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Dener J. Giovanini, Founder and General Coordinator, Renctas, Brazil

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Nutrition

Issue Overview

Malnutrition, which includes under-nutrition, over-nutrition and micronutrient deficiencies, has devastating effects on health and the environment. Over 1 billion people are considered to be hungry and this figure increases to over 2 billion people when those who suffer from vitamin and mineral deficiencies are added. Today 195 million children under the age of five are stunted and 129 million are underweight; 90% of the world's stunted children live in Africa and Asia. At the same time, rich and poor countries are facing a dramatic increase in the number of overweight and obese children and adults, currently estimated at 1 billion, leading to a significant increase in chronic diseases, the major causes of death, disease and disability globally. The multiple burden of malnutrition is most evident in emerging economies.

Malnutrition has profound impacts on the global economy. It reduces competitiveness, increases healthcare costs, reduces productivity and robs nations of their most vital asset – the intellectual capabilities of its citizens. Yet effective, low cost solutions to prevent and address most aspects of malnutrition exist, many of which have been successfully implemented even in the poorest countries, producing substantial benefits to the long-term health of citizens and sustainable economic growth.

The most important priority identified by the Global Agenda Council on Nutrition is to mandate as international policy that children under two years of age receive adequate and nutritious food. Achieving the goal of adequately nourishing all children is the world's most cost-effective investment to realizing economic growth and human health. There is a brief window of opportunity during early childhood development to provide the right nutrition which, if missed, helps cause irreversible damage to physical, cognitive and intellectual development. Investing in early nutrition, including breastfeeding, ensures young children a healthy start in life and the opportunity to fulfil their potential, be productive and be healthy throughout their lives.

Optimal nutrition for children under two has one of the highest returns on investment of any development intervention as it has significant impact on reducing stunting, micronutrient deficiencies, obesity and the later occurrence of chronic diseases. It thus contributes to every nation's greatest asset, the intellectual productivity of its citizens.

Proposals¹

Malnutrition will increase globally over the next 20 years, compounded by profound environmental and demographic changes, unless sufficient supply and access to food meets the nutritional needs of children and adults. Agricultural policies and the major players involved in farming have not established a sufficiently close relationship with those committed to addressing the world's nutrition needs and those involved in addressing pressing environmental concerns intimately linked to agricultural practices, and human consumption patterns of foods and water. The nutrition needs of children under two over the long term will be influenced by environmental changes, agricultural production and people's food consumption choices. Together, these factors will determine the future nutritional status of the world's population.

The Council proposes the following specific actions:

- With the Council on Food Security, this Council proposes the establishment of a **Global Food, Agriculture and Nutrition Redesign Initiative (GFANRI)** to guide the development of agriculture policy and supportive institutional arrangements that will address future food and nutrition requirements within the realm of sustainable development through a multistakeholder vision of required actions. GFANRI will engage public and private sector leadership involved in agriculture, nutrition and sustainable development and provide an action-oriented strategy. The test of its success will be determined by several indicators, including the extent to which the world can improve the nutritional status of children under two.
- Malnutrition is poorly understood and has not benefited from expertise in communications and advocacy. **This Council proposes to build an alliance of marketing and advertising agencies to support demand creation among mothers for nutritional support and the expansion of nutrition programmes.** Breastfeeding is the most important nutrition intervention with the worst marketing, leading to suboptimal levels of exclusive breastfeeding. The Council proposes making the promotion of optimal breastfeeding practices globally the new alliance's highest priority, and a key component of programmes to feed children under two. It will also aim to address maternal nutrition during pregnancy and lactation, and optimal feeding for children 6-24 months old when complementary foods are introduced.
- **New frameworks and platforms to bring the skills, expertise and capacities of the public and private sectors together** are urgently needed. To provide optimal nutrition for children under two, the Council proposes that **incentives** be created to improve the quality of agriculture and the food supply for these children, including the engagement of the public and private sectors in the production and distribution of adequate food products, especially complementary foods and supplements for children 6-24 months of age and for pregnant and lactating women; to ensure that mothers understand how to use them correctly; and to establish adequate social support measures that could guarantee universal access to adequate food. Special attention should be given to private support to humanitarian agencies involved in food supply and distribution.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

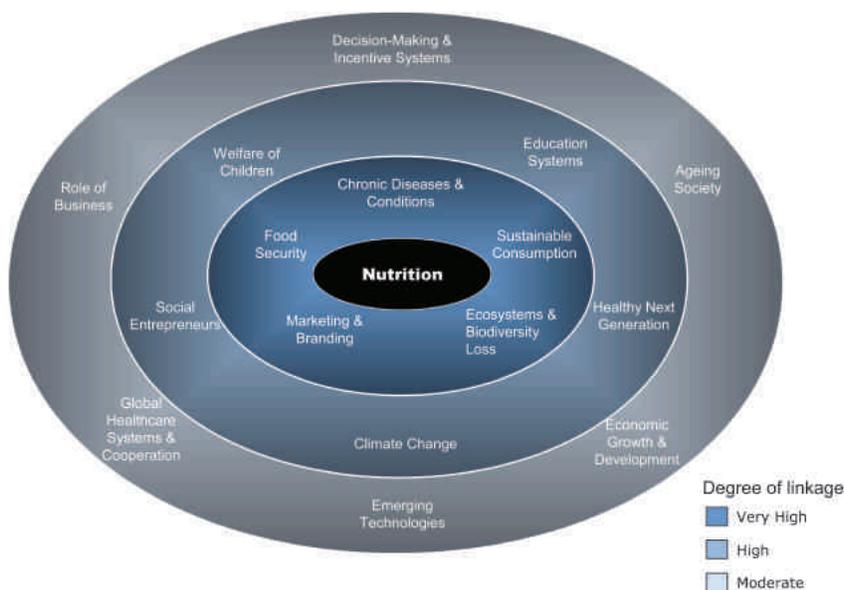
- The Council proposes to **commission case studies to better understand and document the long-term economic consequences of childhood malnutrition as well as the potential nutritional interventions and distribution channels to reach malnourished children.** By identifying the return on investment (ROI) of nutritional interventions, a stronger business case can be made for the development of adequate programmes to tackle malnutrition. Mexico has been identified as the first country for a case study that will draw upon Rey Martorell’s work in Guatemala.

Finally the Council has identified many cross-cutting linkages with other Councils; it found the most common purpose with the Councils on **Food Security** and **Water Security**, which identified nutrition as a key area of action with major opportunities to combine approaches to food and **nutrition security** in the future.

Other Councils under consideration to start a dialogue on further synergies include the Councils on Values, the Gender Gap, a Healthy Next Generation, the Role of Sports in Society, the Role of Business, the Welfare of Children, Ecosystems & Biodiversity Loss, Sustainable Consumption, Chronic Diseases & Conditions, the Skills Gap, and Marketing & Branding.

Sessions in the Annual Meeting programme related to Nutrition include:

- IdeasLab on the Global Redesign Initiative (Risks)
- IdeasLab on the Global Redesign Initiative (Values)
- Better Food for Better Health
- Redesigning a Healthy Start
- Redesigning Food Production
- Rethinking Population Growth
- Chronic Diseases: A Global Challenge
- The Long Shadow of Alzheimer’s Disease
- IdeasLab with Harvard University



Nutrition

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Pandemics

Issue Overview

A pandemic is a global outbreak of an infectious disease, which can disrupt all aspects of society, including the public and private sectors. Humankind is at risk from pandemics due to influenza and other diseases caused by emerging pathogens and drug-resistant forms of established pathogens.

Pandemic awareness is a cyclical phenomenon. After a period of heightened concern following the H5N1 influenza (the avian flu) outbreak, the fear of a pandemic waned and so did pandemic preparedness activity, only to resurface earlier this year when an H1N1 pandemic occurred. Moreover, currently considered to be mild, this pandemic has showcased a wealth of structural deficiencies in preparedness planning on the part of governments, the private sector and society at large. Yet the appearance of this pandemic does not rule out the possibility of others in the next decade.

Over the last five years the spectre of a pandemic has prompted governments to ask international bodies to take the lead on pandemic preparedness and to coordinate preparations for responding to its challenges. Yet pandemic preparedness requires a multistakeholder effort, including government, public and private healthcare institutions, business, the media and civil society at all levels. While in many places the health sector has improved preparedness planning, like many other stakeholders it is not yet adequately prepared to deal with the effects of a moderate to severe pandemic.

The Members of the Global Agenda Council on Pandemics believe these gaps can be addressed by improving risk assessment, international cooperation and business preparedness. To this effect, the Council aims to focus on these priorities:

- *Risk assessment:* Governments must improve global surveillance to understand what is happening in real time and enable systemic information/data gathering and sharing. The capacity of epidemiologists to assess data reliability, identify outbreaks, track transmission pathways and speed, and disseminate accurate information must also be enhanced.
- *International cooperation:* Government, business, the media and relevant international bodies need to work together to ensure prevention and an effective response to a pandemic outbreak. Governments and the pharmaceutical industry must assure the adequate production, procurement and distribution of vaccines and antivirals in order to ensure timely availability on a global basis.
- *Business preparedness:* Most countries do not have preparedness plans in place to avoid economic disruption. A few businesses in some countries are engaged in preparedness planning, but a serious pandemic outbreak would trigger an economic collapse far beyond the effects of the current economic crisis. Businesses must be able to rely on viable sources of information, be able to understand the implications of pandemic threat levels and be equipped to take appropriate action.

Proposals¹

Influenza pandemics are a recurring cause of substantial widespread morbidity and mortality in humans. They occur when a predictable set of factors coincide; a new influenza A virus that is antigenically unique is readily transmitted to and by humans.

On 11 June 2009, the World Health Organization (WHO) raised the pandemic alert level from 5 to 6, signifying the existence a worldwide pandemic of novel influenza A H1N1. While the number of deaths associated with this pandemic to date has not exceeded that expected in a severe seasonal influenza year, the redistribution of deaths from the frail and elderly to children and young adults has been remarkable. The burden placed on intensive care units to care for critically ill novel H1N1-infected patients has severely stressed even the world's most modern healthcare facilities.

The global response to this pandemic has been limited by the lack of a timely and widely available vaccine in sufficient quantities, the deficiency of antiviral drugs, and incomplete information about disease incidence, severity and number of deaths. Had this novel H1N1 influenza pandemic been similar in severity to the 1918-19 pandemic, the world's health, social, political and financial conditions would be seriously compromised. To reduce the potential occurrence of this future scenario, the global community must immediately address today's antiquated influenza vaccine technology (i.e. 1950s technology requiring the growth of the virus strain in inoculated chicken eggs over six or more months) and begin to develop, produce and be capable of distributing effective vaccines to the world's populations prior to substantial morbidity and mortality during the next pandemic. In addition, global comprehensive disease surveillance activities must be established and maintained in order to rapidly document the occurrence of an emerging influenza pandemic and to accurately determine estimates of disease occurrence or prevalence, the rate of spread and viral genetic mutation or reassortment.

Vaccine Development, Production and Distribution

The manufacturing capacity for chicken-egg produced influenza vaccines is driven by seasonal vaccine usage, currently heavily concentrated in developed countries. Population vaccination coverage there ranges from 20-30%, but in developing countries is typically less than 5%. The international public and private sectors must fully support the development and regulatory approval of "intermediate-technology influenza vaccines" including cell culture and recombinant vaccines. They must also set the development of a universal influenza vaccine as a long-term goal and assure adequate global vaccine manufacturing capacity to provide sufficient quantities during the earliest days of an emerging pandemic to protect every individual worldwide.

Antiviral Drug Availability

The situation is similar regarding antiviral drugs. Their use against seasonal flu has been reduced (except in Japan), thus limiting manufacturing capacity in case of a pandemic. While manufacturers have rapidly scaled up their own production with the advent of novel H1N1 and concluded license agreements, the availability of antivirals has been restricted in many countries globally.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Influenza Surveillance

In an influenza pandemic, decisions on the urgency, extent and aggressiveness of public health containment measures are often based on estimates of such key parameters as the virus' severity, prevalence and rate of spread. However, the current H1N1 pandemic has shown that these estimates are very difficult to calculate with existing data collection approaches. In particular, data on the total number of cases are poor and biased towards the more severe cases, while asymptomatic cases are not measured at all. Hence estimates of case-fatality rates and the proportion of instances requiring hospitalization and intensive care treatment cannot be made reliably. Accurate estimates of prevalence, rate of spread and viral genetic mutation are also difficult. The paucity of reliable data negatively impacts the ability to make decisions on major public health interventions, healthcare system planning and public communications. To accomplish these critical data needs, a common sampling approach to surveillance, consistent with WHO recommendations and begun at an early phase of the epidemic, must be adopted by a number of sites preferably in different countries.

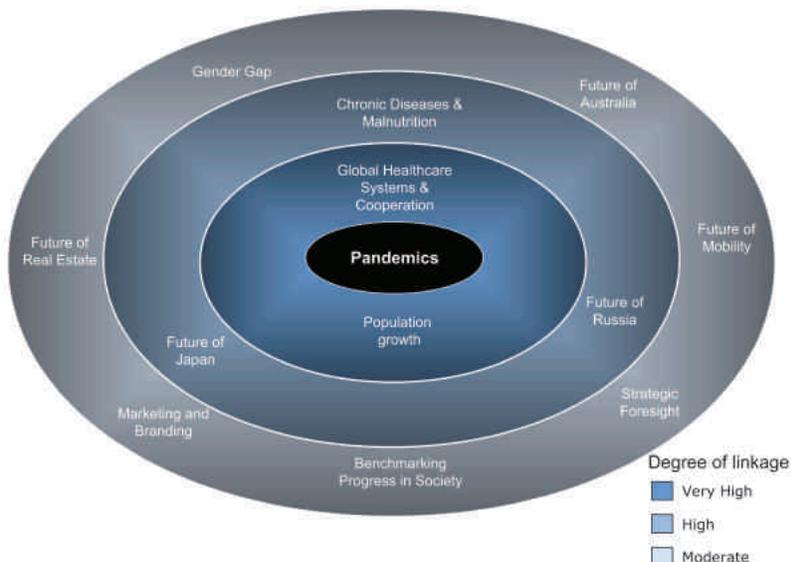
Sessions in the Annual Meeting programme related to Pandemics include:

- Piracy and Pandemics: From Past to Present Dangers
- Germs and Globalization
- Viruses – The Alien among Us
- Prepared for a Pandemic?

To effectively determine if the pandemic influenza strain has changed due to mutation or reassortment, routine viral testing and isolation in pre-agreed sentinel populations must be established and supported in all regions of the world.

Conclusion

Another influenza pandemic will occur in the future. It may be as severe, or more so, than the 1918-19 pandemic. Lessons learned from our response to the novel H1N1 pandemic must serve as the basis for our future influenza pandemic preparedness priorities.



Pandemics

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***Angela McLean**, Director, Institute for Emerging Infections, Zoology Department, University of Oxford, United Kingdom

Victor Meyer, Global Head, Business Continuity Management, Deutsche Bank, United Kingdom

David Nabarro, Assistant Secretary-General, United Nations; Coordination for Avian and Pandemic Influenza and the Global Food Crisis, United Nations, Geneva

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Issue Overview

Economies have futures “beyond petroleum”. There is no future “beyond water”.

Economic growth fundamentally and irrevocably depends on water. The path to achieving national economic goals and to worldwide recovery and sustainability must include more effective use and management of water. There will not be enough water if we continue to manage it as we do today. Crises of availability and distribution in energy, food and water are inextricably linked; the way forward for each links to the way forward for all.

Over the next 20 years, the global requirement for water will be 40% more than today's supply. An already precarious balancing act will be compounded by growing population demands, burgeoning middle-class consumption and climate change. The predicted 55% energy demand increase to 2030 will add stress as will climate change's estimated cost to the world of at least 5% of GDP each year – much due to agricultural disruption.

To date, the impact of scarcity tipping points has been avoided through trade. When lack of water means lack of food, more food is imported and this postpones the crisis. But 131 of 196 countries are net food importers, competition for available water is increasing everywhere, and climate change increases the wild variations of water floods and droughts. The probability of major simultaneous droughts in 2 or 3 food producing areas must be faced.

It could get ugly. Trade controls were imposed by dozens of countries at the height of the 2008 food price spikes. Controls or tariffs on the export of commodities with significant embedded water, often in violation of international trade law, alleviates local challenges in the short term, with generalized portents of shortage for all. Major agricultural commodity traders and supply chain managers, as well as major nuclear and energy providers, must be assimilated among the solution finders.

Water to support healthy ecosystems and human health competes with water requirements for food and energy. Arbitrating these and other demands requires highly effective governance, and better information easily available for all areas of decision-making. What isn't measured often isn't managed. And while management will be difficult at the national level, across boundaries the rising demands will lead to “tipping points” of security concerns.

Humankind is overdrawing on our future: failure to address the current situation risks a repetition of the systemic failure that characterized the 2008/09 financial crisis. Solutions must be cross-sectoral – improved “crop for drop” in agriculture, cleaner, more efficient industrial production and energy generation, reuse and harvesting water in mega cities and urban development can combine with improvements in water storage, treatment and distribution infrastructure. Better supply and demand forecast information can backstop better active management.

Proposals¹

The Council on Water Security proposes productive use of the World Economic Forum's convening and agenda-setting capacities to move these issues "out of the water box" and to pull vital sectors into the water/energy/food nexus. The Council proposes four imperative and interlinked actions:

- The Forum continues to draw the policy-making level – and those who must buttress it – into **dialogues** on water, energy and food security at the local, regional and global scales.
 - a) Forum **global activity** must continue, and risks quantified and communicated. A joint water/food/energy meeting (of the relevant Industry Groups) at the World Economic Forum Annual Meeting 2010 should set frameworks for **active exploration at the regional/country levels**. Water resource management issues are local: the characteristics of the resource and demands on it are the real world dimensions of economic water requirement needs.
 - b) **Country/regional dialogue sessions** should be scheduled to serve as a platform for focused and practical engagement and solutions.
 - c) **Forum Regional Summits** could be dedicated to presenting the competing demands for water from energy, food and municipal use (backed up by analysis), for instance at upcoming 2010 meetings in India, Morocco, Vietnam, Colombia and Tanzania and as part of Global Redesign Initiative (GRI) meetings.
- New tools are needed.
 - a) Water arguments and management methods alone won't work. **New tools** (such as the new McKinsey/IFC-developed system of cost analysis for bridging the water gap in each country or region) are imperative to break the present impasse and break down intersectoral communication barriers.
 - The world badly needs accurate water gap estimates vis-à-vis national goals, and tools for authorities and stakeholders to tackle them.
 - The project proposes a cost curve, comparing the cost-effectiveness of major levers to use water more efficiently across all groups abstracting water. The tools, identifying and comparing levers to close the gap from water overuse, thereby enable discussions and, ultimately, concerted efforts by all stakeholders.
 - This overcomes the present piecemeal approach. Seeing potential actions in a single curve – from the most cost-effective to the least cost-effective – puts decisions on water management squarely at the centre of the full set of economic choices a country needs to make.
- A Global Water Information System is needed.
 - a) A **"GoogleWater"** is envisaged. The Forum should host a meeting to explore a partnership to develop a water information platform with global reach – similar to Wikipedia or GoogleEarth. New, regularly updated information and forecasts that integrate climate, water supply, demand and economics are needed at the local and regional levels across the globe, in near real time.
 - Existing data is not available in accessible forms – but it could be. Think of Google Earth's transformation of our knowledge of land realities.

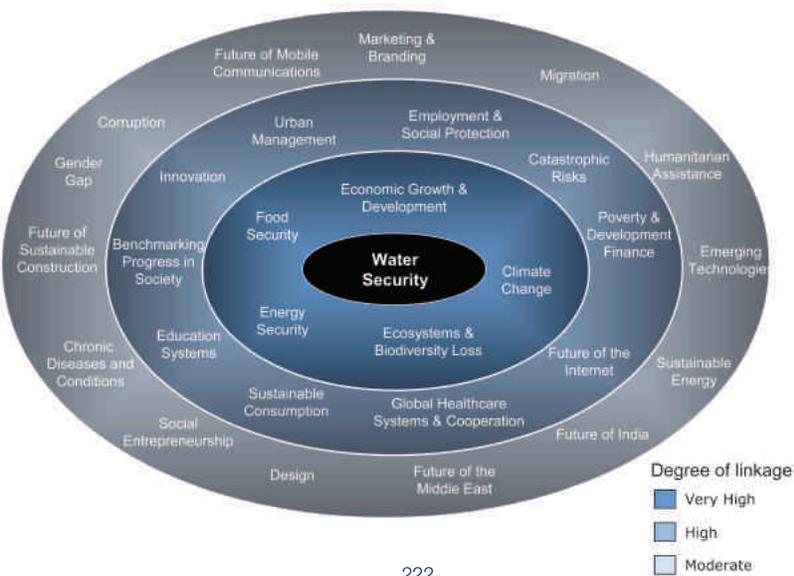
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- Publicly available hydrological knowledge (quantity and quality) and flood and drought forecasts are available. The pieces are all there.
 - The system could be built in partnership with those who collect information (national governments, WMO, FAO, NOAA, academic institutions) and those who disseminate it (universities, Internet entrepreneurs, mobile phone service providers).
- **New prototypes for vitalizing Asian cities' waste water** should be developed.
 - a) A programme of high tech, high impact, high priority solutions should be nurtured at the Forum's Asian meetings.
 - New urban management systems will address a binding constraint to Asia's economic growth. A combination of private investment and managerial skills, proven and emerging technologies and public partnership will create greener, energy saving, vital cities.
 - It is an exciting process that moves away from paying to dispose of waste, moving towards efficient use, local harvesting and greatly reduced energy (40% of municipal budgets) and water transport. We move from "remove the waste" to "reuse the resource, and from flood control to creating potentially valuable resource back-up and rehydration of the urban landscape. We take on the energy and carbon cycle, the nutrient cycle and urban design.
 - Community engagement with water management choices and an understanding of the true economic costs and benefits will be required.
 - Substantiated in Asia, these can spread globally.

Sessions in the Annual Meeting Programme related to Water Security include:

- Rebuilding Water Management
- Managing the Global Commons

Combined, these four initiatives will form core elements of a new architectural platform that will support overall water reform within and across a leader group of countries that recognize the urgent need to move on this issue. This broader platform will form the next stage of the Forum's Water Initiative. In this way, GRI thinking from the Global Agenda Council on Water Security will be applied within the context of an existing initiative at scale.



Water Security

Members

Chair: ***Margaret Catley-Carlson**, Patron, Global Water Partnership (GWP), Sweden

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Gao Shiji, Senior Research Fellow and Deputy Director-General, Department of Development Strategy and Regional Economy, Development Research Center of the State Council (DRC), People's Republic of China

Peter Gleick, President, Pacific Institute, USA

***Angel Gurría**, Secretary-General, Organisation for Economic Co-operation and Development (OECD), Paris

Upmanu Lall, Alan & Carol Silberstein Professor, Department of Earth and Environmental Engineering, Columbia University, USA

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Stuart Orr, Manager, Fresh Water Footprint, WWF - World Wide Fund for Nature, Switzerland

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Claudia Sadoff, Lead Economist, South Asia Water Resources Group, World Bank, Kathmandu

Jeff Seabright, Vice-President, Environment and Water Resources, The Coca-Cola Company, USA

Pasquale Steduto, Chief, Water Development and Management Unit, Food and Agriculture Organization, United Nations (FAO), Rome

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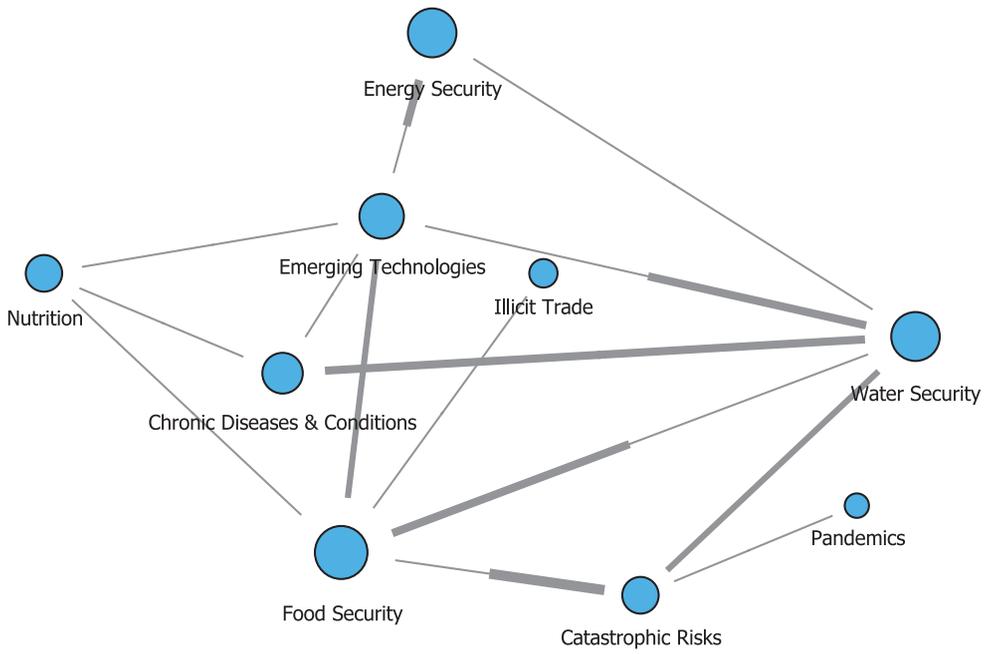
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Interlinkages within Global Agenda Council Clusters

Node size: Denotes significance of the issue to other Global Agenda Councils: the more significant the issue to other Councils, the bigger the bubble.

Line thickness: Denotes the strength of the interlinkage. Lines split into two halves illustrate the strength of the link as assessed by the Global Agenda Councils at the extremities. Differences of thickness between the two halves indicate that the two Councils do not assign the same value to the link.

Proximity: The closer the issue to another, the more tightly they are interlinked.

Data: The data is based on a survey of Global Agenda Council Members.

Threshold: Only the strongest links are shown on this map.

Strengthening Economic and Social Welfare

Corruption

Issue Overview

In recent years, a substantial number of international and regional anti-corruption conventions as well as several international, self-regulatory private sector anti-corruption initiatives have been devised to advance the fight against corruption. Although unprecedented in nature, today's international anti-corruption governance landscape needs more teeth to become more effective. That requires both political will and leadership in government, business and civil society.

The fight against corruption is progressing at an alarmingly slow pace; it thus requires sustained and strong leadership, all the more to ensure that the current financial crisis does not impede progress in the fight against corruption. Despite enormous efforts, and some visible progress (e.g., the agreements reached at the 2009 Doha Conference of the State Parties to the UN Convention Against Corruption, the upcoming 2009 OECD Recommendation on Combating Corruption in International Business, and progress in compliance and independent verification by some leading companies), corruption remains pervasive and persistent. There can be no reliable, significant investment without the rule of law. Yet opportunities exist in the wake of the financial crisis to create a level playing field for business, benefiting citizens around the world.

Corruption, the abuse of entrusted power for private gain, is the single greatest impediment to economic and social development worldwide. It distorts markets, stifles economic growth and sustainable development, debases democracy and undermines the rule of law. It robs local populations, particularly in developing countries, of critically needed resources. Estimates show that the cost of corruption equals more than 5% of global GDP (US\$ 2.6 trillion), with over US\$ 1 trillion paid in bribes each year.

Proposals¹

Government must demonstrate strong leadership by:

- Ratifying and fully implementing the United Nations Convention Against Corruption, the OECD Convention on Corruption and the relevant regional anti-corruption conventions
- Proactively and publicly committing to the voluntary provisions agreed upon at the 2009 Doha Conference of the State Parties to the United Nations Convention Against Corruption
- Universally implementing, enforcing and monitoring existing international legal frameworks and tools
- Further expanding and implementing the growing framework of legal instruments that address corruption
- Endowing tomorrow's leaders with strong character, i.e. integrating ethics into the curriculum throughout the education system
- Ensuring balance in the finance of political parties by creating openness, transparency, an informed electorate, vigorous debate and an independent parliament
- Establishing national strategies and promoting measures for combating corruption that are implementable, robust and take into account the state of development of the jurisdiction concerned
- Making sure that national law enforcement agencies pick up transnational bribery cases more quickly
- Ensuring that victims of corruption are granted the means of taking civil legal action against perpetrators
- Providing better recognition to companies demonstrating anti-corruption leadership
- Endorsing the Partnering Against Corruption Initiative (PACI) and making its signature a prerequisite for qualifying for public bidding

Business must demonstrate strong leadership by:

- Ensuring that CEOs adopt, promulgate and enforce strong codes of ethical behaviour based on a philosophy of zero tolerance
- Incorporating anti-corruption standards as well as a range of other ethics and compliance standards into risk management programmes
- Ensuring the empowerment of chief ethics and compliance officers in preventing, detecting and sanctioning corruption
- Seeking industry-specific solutions to effectively overcome the prisoner's dilemma and competitive disadvantages, i.e. developing specialized roadmaps for industry-specific collaboration
- Informing the development of ethics and integrity standards
- Developing mechanisms for large companies to mentor and support small companies in addressing anti-corruption challenges
- Becoming signatories to the PACI and fully implementing its principles and/or those of other relevant anti-corruption initiatives

Civil society must demonstrate strong leadership by:

- Working alongside businesses to address bribery and helping instil transparency and accountability into the very core of their operations

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

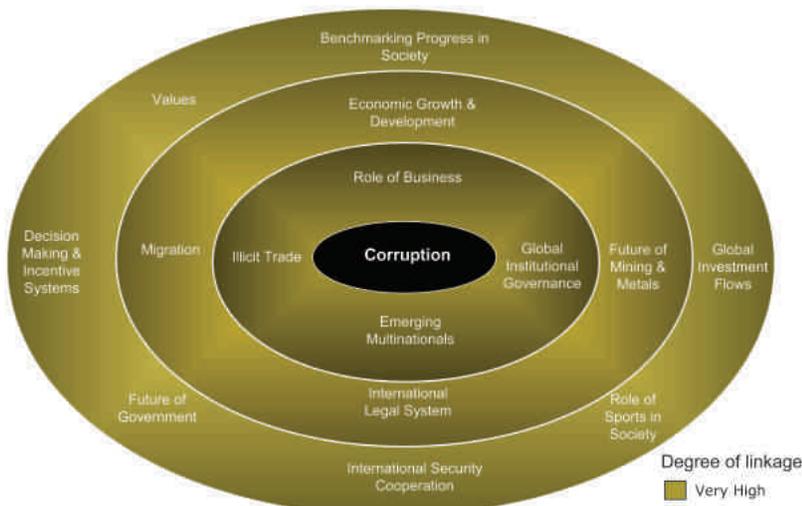
- Providing independent research on where reform is needed and how well governments and businesses are performing

Government, business and **civil society** must demonstrate political will and leadership in fighting corruption by:

- Working hand-in-hand, at a local level as well as regionally and globally, to mount a successful battle against corruption, i.e. enhancing, bridging and supporting each other's efforts by utilizing and sharing expertise and best practice and fostering innovation
- Giving more teeth to existing governance frameworks, international and regional anti-corruption conventions against corruption as well as international, self-regulatory private sector anti-corruption initiatives, partly by encouraging all relevant players to endorse such frameworks and partly by putting in place monitoring mechanisms, sanctions, rewards and supranational enforcement
- Building coalitions and public-private partnerships among all stakeholders to strengthen anti-corruption, i.e. scaling the supply-side response to corruption by establishing a global multistakeholder partnership, supported by a mixture of public, private and civil society organizations, to strategically combine efforts to promote supply-side norms and management systems throughout an ever expanding web of business networks around the world
- Creating new and strengthening existing incentives that encourage the fight against corruption by all stakeholders without building new sources of corruption, i.e. rewarding public disclosure, encouraging peer pressure and peer support and using public policy instruments like public procurement rules to incentivize companies to engage in fighting corruption
- Finding ways of engaging trade unions and media in the fight against corruption
- Creating anti-corruption awards for government, business and civil society
- Encouraging celebrities to become anti-corruption ambassadors

Sessions in the Annual Meeting programme related to Corruption include:

- A Global Solution to Illicit Trade?
- Rethinking Values in the Post-Crisis World
- Rethinking Risk in the Boardroom
- Rethinking Compensation Models
- Rebuilding Trust in Business Leadership
- Rethinking Market Capitalism
- Zero Option for Corruption



Corruption

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Economic Growth & Development

Issue Overview

The world's countries are at vastly different stages of economic development and prosperity levels. Some countries have been able to grow rapidly, providing rising living standards for their citizens over time, others have achieved economic success more slowly, and yet others have seen their economies stagnate for decades. In this context, it is critically important to identify the factors that enable national economies to achieve sustained economic growth and long-term prosperity.

Great minds have devoted their lives to understanding economic development and growth. Many potential solutions have been put forth: investment in physical capital and infrastructure, education and training, technological progress, innovation, macroeconomic stability, good governance, market orientation, and many others. Despite the strong consensus on these issues, many countries remain constrained by rules that hold back improvements. For example, investment in human capital (e.g., good schools) is widely seen as an important growth driver, yet the decision-making processes in many countries keep them from improving their educational systems.

Many of the world's most important development problems can best be addressed by better rules in the broad sense of both legal rules and cultural norms and values.

Even in the most developed and most admired nations, existing political processes are often very slow to adopt new rules. Many poor countries are now stuck in a trap of bad rules that lead to even more bad rules. The challenge across all domains and all levels of development is to find new ways to change rules to better fit local circumstances and serve local goals.

In rich countries, the challenge is to come up with new rules that address pressing social challenges such as limiting emissions of greenhouse gases and innovative rules that take full advantage of such new technologies as mobile telephony. In developing countries, the challenge is to figure out how to take full advantage of all the ideas that already exist around the world. These ideas include both the absorption of technologies from advanced economies and the rules in use elsewhere that have enabled progress and prosperity.

A challenge in redesigning global institutions is how to generate and adopt these rules. In this context, the Council on Economic Growth & Development is discussing the present gaps with regard to existing rules related to economic development at the international level, and how they could best be filled.

Proposals¹

Rules are the laws and social conventions that define how people interact. Bad rules – ineffective contract enforcement, bribe-taking, civil service rules that do not reward performance, onerous labour taxes and regulations that many firms ignore, for example – are a key bottleneck holding back economic development.

Unfortunately, rules are slow to change, even in well-functioning democracies. A key challenge in redesigning global governance is determining how to improve rules in all countries, particularly those in the developing world.

New rules will only be implemented if there are incentives to do so. Many mechanisms already exist for changing rules:

- Conditionality provides an incentive to aid recipients to improve their business environments.
- Transparency and competition – metrics like *The Global Competitiveness Report*, the *Doing Business Report* and the *Corruption Perceptions Index* provide clear benchmarks for countries to compete for better rules.
- Multilateral agreements, such as through joining the World Trade Organization, promote change in support of economic gains.

The preceding set of incentives for rule-change has proved inadequate for implementing rules that promote development. In this context, *the Council proposes the following innovations to increase incentives for improving rules at the national level:*

1. Strong incentives for country-level data collection and provision – Higher quality and more extensive disclosures will reinforce healthy competition among nations to improve their economic environments. As a model, the Program for International Student Assessment (PISA) provides feedback to countries on educational achievement (although for a limited number of countries). Critically, the cost of administering the assessment is borne by the OECD, which increases the incentive for participation.
2. Evidence-based rules – How can “good” rules that are robust to a wide variety of contexts and circumstances be determined? Some testing and local experimentation will help to develop this knowledge. Aid projects could be designed to maximize learning – both by experimenting more extensively and creatively with potential rules, and by evaluating the success of rule changes. Development agencies such as the World Bank already require some evaluation of their projects; this Council’s proposed innovation would argue that these organizations should emphasize forward-looking evaluation (“What have we learned?” rather than “Was this project a success?”) and the choice of a wider array of projects. A good example is the Progresia programme in Mexico, providing incentives for parents to take their children to the doctor and keep them in school, which carefully measures the results and clearly shows the positive impact.
3. Migration – Encouraging voluntary out-migration provides an alternative to the extreme measures of economic sanctions or military invasion. Rather than imposing a foreign occupier to oust dysfunctional regimes, incentives for change could come from mass out-migration of these countries’ inhabitants. More generally, the ability of countries to attract large numbers of inward migrants would be seen as a badge of success, and developing countries could use such inward migration, including the return of the Diaspora, as a tool for development.

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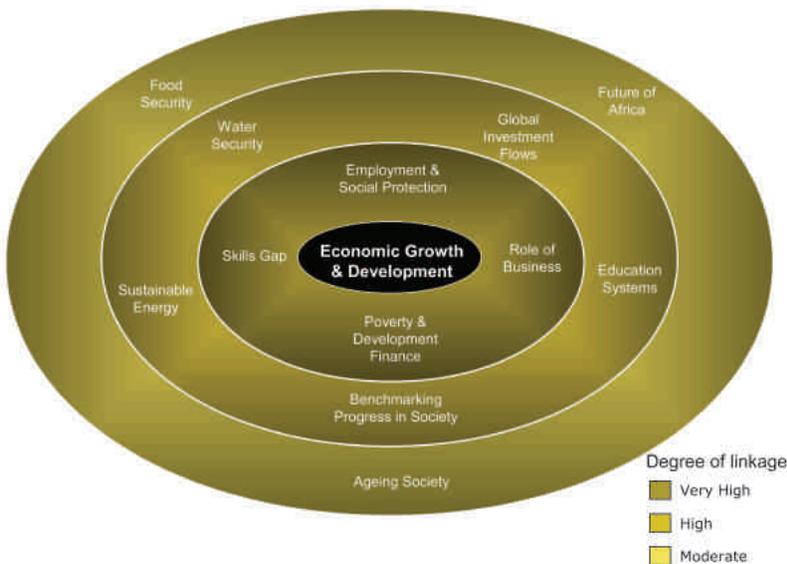
4. Trading “rules” across countries – Some countries have better rules than others. And just as trading partners make one another better off through the exchange of goods, the potential exists to improve the economic environment by trading rules. For example, the Solomon Islands invited Australian police officers to enforce the law. Generalizing this concept, one Member proposed “Charter Cities” where a country with “good” rules would sign an agreement (“take out a charter”) to manage a city located in a country with poor prevailing rules. The new city would have the strong potential to thus leapfrog to a higher level of economic performance. Much as Hong Kong profited from its connection to British law and order, a charter city would benefit from the rules and reputation of the chartering government. The host country (whose inhabitants would be free to move in and out of the city) would benefit from the economic prospects the charter city would bring to its people. Other examples of trade in rules abound.

The Council also proposes measures to increase incentives for improving rules at the firm level:

5. Trading “rules” across firms – Good rules and the best management practices are already transferred from one firm to another, via management consultants, NGOs, development agencies and others. Yet the extent to which productivity is still harmed by suboptimal management practices is significant. More resources – through national aid budgets – should be aimed at fostering the transfer of such entrepreneurial best practices. (National rules can either encourage or impede this transfer of knowledge as well. For example, rules that force firms to operate outside the law make them hesitant to share the information required for such a process.)

Sessions in the Annual Meeting programme related to Economic Growth & Development include:

- Rebuilding Economics
- Meeting the Millennium Development Goals
- Business Solutions to Rural Poverty
- The Economics of Happiness
- 2010 World Economic Brainstorming: Redefining the Global Commons
- What is the "New Normal" for Global Growth?
- IdeasLab on the Global Redesign Initiative (Economics)
- The New Growth Narrative
- Restoring Faith in Economics
- Rebuilding Long-term Economic Growth
- Rethinking Market Capitalism
- Rethinking Economic Progress
- Creating Jobs and Strengthening Social Welfare
- Redesigning Government Exits
- Redesigning the Global Dimensions of China's Growth
- Rethinking Africa's Growth Strategy
- Global Economic Outlook



Economic Growth & Development

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Employment & Social Protection

Issue Overview

The widening gap between the growth of production and of employment has created global imbalances and increased economic, social and environmental risks. The financial crisis, now a crisis of unemployment, has deepened these risks for 2010 and beyond. Growth in turn is threatened by the failure to realize higher levels of income through wages and social protection relative to productivity. World political leaders must focus on these serious underlying employment and social imbalances in shaping a new framework for growth. Stronger national and international institutions and cooperation to support efficient and equitable labour markets and social protection are at the heart of remedying these imbalances.

There is a risk of returning to “business as usual” or regression as economic recovery develops, with a failure to learn the lessons of the crisis and generate innovative thinking on employment, social protection and development, along with the funding to sustain a new more equitable global model. Under the old orthodoxy, competition between countries has depressed incomes and demand globally, wages have failed to rise in line with productivity and there has been a growth in irregular employment and a general worsening of employment conditions. Development policy has failed to include the objectives of decent work, social protection and social progress more generally. The economic fabric has been skewed away from the “real” economy in favour of the finance sector and large multinational enterprises, and against small and medium enterprises (SMEs) which are capable of sustainability and generating decent employment. To remedy these imbalances, a new economic model with employment and social protection at its heart is needed.

Priorities to be addressed:

- Stronger labour market institutions are required to counteract unfair and inadequate domestic demand growth with rising and more equitable living standards:
 - Such institutions include a social protection floor, minimum wage, strong collective bargaining frameworks, labour inspectorates, public employment services, employment guarantee schemes, etc. (Global Jobs Pact).
- Transition policies are necessary to ensure positive employment outcomes from climate change mitigation and adaptation.
- Greater institutional coherence, cooperation and resourcing is necessary to secure sustainable growth, stability, job creation, development and poverty reduction:¹
 - The IMF and the Financial Stability Board, both assigned lead roles by the G20, have a track record of being closed to stakeholder involvement and unsupportive of social and employment goals.
 - Inadequate resources are available for global institutions possessing a mandate for employment and social protection, e.g. the ILO.
- Improved measurement of the things that matter is needed – GDP per head is an inadequate indicator of economic performance and social progress. It is equally important to measure aspects such as:
 - employment and socio-economic development
 - distribution of income and wealth
 - ecological footprint

¹ *G20 Communiqué*, Meeting of Finance Ministers and Central Bank Governors, United Kingdom, 7 November 2009.

Proposals¹

To resolve gaps in the emerging system of global economic and social governance

The G20 leaders should:

- Mandate their employment ministers, beginning with the 2010 meeting, to propose coordinated measures to ensure recovery translates rapidly into employment-intensive and better balanced growth in the future. This effort must engage the ILO and other relevant international agencies, and involve the social partners.
- Ensure that the G20 mutual assessment process for strong, sustainable and balanced growth has as a central pillar the objectives of creating quality jobs and inclusive labour markets and ensuring broad-based social protection. This should be based on the foundation of internationally recognized standards on labour and human rights.
- Provide funding for the building of a floor of basic social protection, especially in lower income countries, both as a measure to support the recovery and to tackle global poverty.
- Honour their commitment that there will be no exit from stimulus until there is clear improvement in the employment situation.

The multilateral system should:

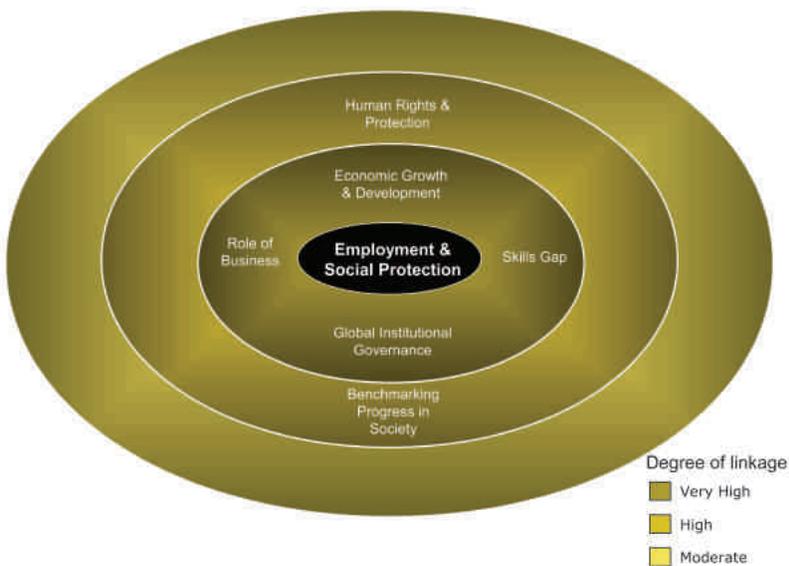
- Develop new international regulations for financial markets that ensure incentives for investment in the “real” economy of sustainable enterprises (especially SMEs), as well as decent work and disincentives for speculation in asset bubbles.
- Recognize that decent and productive work is the main route out of poverty and for transforming the informal economy, and thus the Global Jobs Pact must be supported by effective labour market institutions. This must be a priority for development financing in partnership with the ILO and other relevant agencies.
- Build an adequate tax base to fund global public goods, which requires:
 - measures to avoid tax competition between countries
 - the establishment of a financial transaction tax (2% of monies raised should be invested for a decade in development for lower income countries)
 - the establishment of an effective information exchange between tax authorities for tax purposes
- Refocus the drivers of growth away from unsustainable export-oriented growth strategies and towards income-led domestic demand expansion through increased opportunities for secure and regular work.
- Establish climate financing and technology-sharing arrangements to support job-creating investment in clean energy industries in developing and emerging economies.
- Seize the opportunity provided by the crisis to adopt a global approach towards investment in skills and support developing and emerging countries to:
 - meet skill shortages that are holding back development
 - prepare for the new skills needed in a greener economy
 - ensure that the migration of skilled workers does not leave shortages in countries of origin

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- Develop and use broader measures of economic performance and social progress than GDP per capita that include measures of social protection, income distribution and environmental sustainability.
- Move towards the establishment of an effectively small and representative decision-making body for governance of the emerging system of global economic and social policies under the aegis of the UN.

Sessions in the Annual Meeting programme related to Employment & Social Protection include:

- Creating Jobs and Strengthening Social Welfare
 - Global Economic Outlook
 - Skills Creation: The Future of Employment
-



Employment & Social Protection

Members

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Future of Long-term Investing

Issue Overview

The Council on the Future of Long-term Investing was established to study issues related to the role and impact of long-term investors in financial markets and to identify measures that promote more well-functioning markets and that are particularly relevant to long-term investors.

For the purposes of this Council, long-term investors are those with a long-term investment horizon and significant capacity to carry risk in the short term.

While long-term investors – e.g., pension funds, foundations, endowments, sovereign wealth funds, family offices – generally have long investment horizons, the degree to which they can carry risk in the short term may vary depending on several factors, including their liability structures, regulatory requirements, governance model robustness and stakeholder tolerance for short- and medium-term volatility in returns.

A role exists for both short-term and long-term investors in the markets. The two are intimately intertwined. With respect to the role of long-term investors, this Council is looking at the extent to which these investors reduce market volatility, improve corporate governance and play a crucial role in asset classes with long maturities, such as infrastructure, among other potential structural benefits.

Key gaps prevent long-term investors from fulfilling their full potential:

- **Constraints on the capacity to be long term and contrarian**
Even with mandates to invest for the long term, institutions' capacity to do so can be constrained by their governance structure, the tolerance of their stakeholders to live with short-term volatility or a short-term oriented compensation model.
- **Constraints on their role in corporate governance**
History suggests that large block shareholders can potentially play a valuable role as a source of corporate governance, benefiting both the firms themselves and the markets more generally. However, the recent international debate on Sovereign Wealth Funds has revealed some reluctance in letting Sovereign Wealth Funds play an active role in managing the firms in their portfolios. This conflict deserves further exploration.
- **The risk of political interference**
This risk continuously prevents long-term investors from becoming more active outside of their own economies in some of the asset classes that would be a natural fit in terms of maturities (e.g. Infrastructure). Long-term Investors could be an effective mechanism to channel savings from one country or region to other countries that are in need of investments with long maturities, such as infrastructure. The fear of political backlash and the potential expropriation of assets is a major obstacle.

Proposals¹

To address constraints on the capacity to be long term and contrarian

- Ensure the institution's governance structure fully supports its long-term mandate; this includes a clear definition of roles and responsibilities, e.g., the management of the fund should be independent and guided only by a clear mandate in terms of time horizon, risk metrics for the fund and a defined cash flow demand
- Actively communicate the fund's strategy and associated risks to key stakeholders; while timely accounting data is important and can convey useful information, it must be supplemented due to the limitations of these metrics in assessing complex investment portfolios
- Align the compensation horizon of investment professionals with the time frame over which the returns of these strategies can be verified (akin to the debate over how to best compensate corporate managers to align their incentives with the long-term interests of their employers)

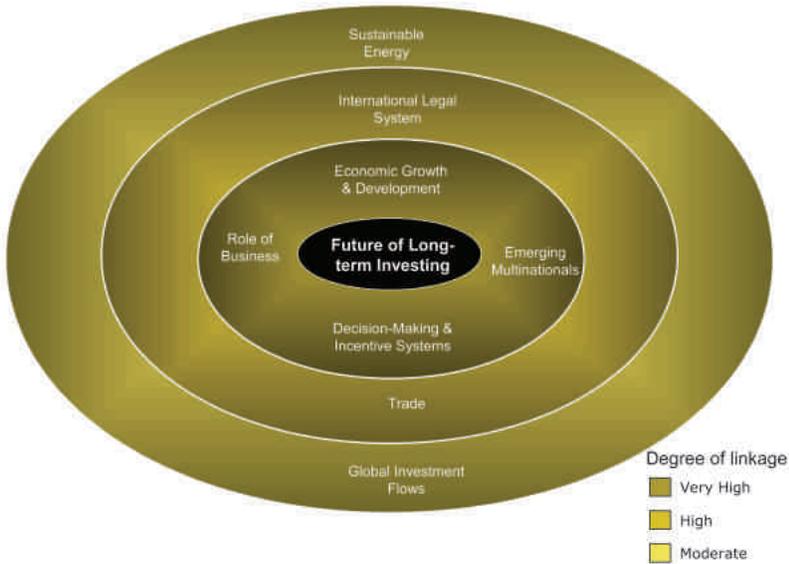
To address the risk of political interference

- Develop a new legal framework (Foreign Investment Charter) particularly focused on illiquid investments providing protection against the risk of expropriation
- Develop neutral intermediaries that are able to aggregate the funds of sovereign investors from countries other than the one into which the funds are invested. These might include new private sector entities (e.g., very long-lived funds to pursue infrastructure projects) or possibly those by multilateral bodies.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Sessions in the Annual Meeting programme related to the Future of Long-term Investing include:

- What Is the "New Normal" for Global Growth?
 - Rethinking Systemic Financial Risk
 - Trouble with Bubbles
 - Rethinking Compensation Models
 - Financing Low-Carbon Growth
 - Rebuilding Critical Infrastructure
 - 2010 Investment Heatmap
 - Redesigning Capital Markets
-



Future of Long-term Investing

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Global Investment Flows

Issue Overview

A world in which savings can be channelled to the best investment opportunities, wherever they are located, remains the ideal. In this Council's view, open capital markets are likely to be the best way to achieve this. They allow capital to enter new markets, in turn promoting competition and ultimately supporting growth and raising living standards, especially in emerging markets.

However, both the Asian financial crisis of the late 1990s and the current one have taught us much about the pitfalls of an overly rapid and uncoordinated opening of capital markets and inconsistent policy combinations. For instance a lesson from the Asian crisis in 1997 is that opening capital markets in a poorly regulated and unsound financial system is highly dangerous. In response, developing countries have made large strides in improving the regulation of their financial systems. But other policy responses have been less constructive. While it is understandable that countries wish to protect themselves against the negative effects of a crisis, and fixed exchange rates in the short term appear to be a stabilizing factor, they often merely delay necessary adjustments, which only makes them more painful when they occur.

Countries worldwide can learn lessons from the recent crisis, especially in the developed markets in the areas of regulations and disclosure. This crisis began at the very centre of global capital markets, not at the periphery. It can be argued, however, that in developing markets one key lesson – the need to build a war chest to defend fixed exchange rates – in some cases has been over stressed. Building up a large foreign exchange reserve can, if very large, add to global imbalances, and even smaller positions, if they are large in relation to the domestic market, can inflate asset bubbles. At present signs of new bubbles, crowded trades and one-way bets exist. Therefore this option cannot offer a long-term alternative to flexible exchange rates and open capital markets.

One conclusion is that the direction of capital flows is heavily influenced by structural and regulatory factors, and by macro-economic imbalances, which may generate seemingly perverse movements that persist for some time. Cross-border flows can be volatile, driven by inadequate information, and can exacerbate financial instability, especially cross-border bank lending and portfolio flows, which are particularly vulnerable to disruption. In 2008, for example, cross-border bank lending collapsed. Foreign direct investment (FDI) is likely to be more stable and economically beneficial, although only where domestic conditions are appropriate.

Proposals¹

To improve financial stability, countries experiencing large investment inflows should first ensure that the exchange rate is flexible rather than fixed. Then the domestic financial market should be liberalized and significant regulatory strengthening should be completed before capital account liberalization (N.B.: the World Economic Forum's Financial Development Index is a good analytical tool to identify areas for improvement country by country). Finally, the liberalization of investment flows should ideally be sequenced from long term to short term, i.e. first FDI, long-term assets (equities/bonds) and later short-term assets (short-term bonds and bank lending). It is necessary to note, however, that in flexible markets, these divisions are not easy to sustain.

Nevertheless, circumstances may exist where countries are justified in imposing controls on capital movements, whether on inflows or outflows, including situations where countries identify developing asset price bubbles or signs of other financial disruption. These controls must be carefully designed to respond to the particular problems identified, and are most likely to be short term in nature. The competitive impact must be carefully addressed, and wherever possible they should be non-discriminatory by nationality. A clear risk at present is that countries may be tempted to adopt measures that are both ineffective and destabilizing, with damaging longer-term consequences. (Certain "Tobin tax" proposals fall into this category.)

Currently, no effective global early warning system highlighting potentially destabilizing flows is in place, nor is there a "code of conduct" on which countries can draw when considering short-term controls. Although there have been many experiences of countries implementing such controls, some more successfully than others, no comprehensive lessons have been drawn. Lively disputes remain, among academics and policy-makers alike, on what makes sense and when.

The Council on Global Investment Flows therefore proposes:

- High savings countries, and countries that attract large inflows through attractive longer-term fundamentals, need to continue to work to develop a sound financial system with deeper and broader capital markets. Well developed domestic capital markets help nations promote domestic investment, and also make it easier for them to absorb inward capital flows.
- A global body that is informed by the perspectives of central banks, finance ministries and regulators, but whose analysis is not dependent on political sign-off, should be given the authority to "ring alarm bells", alerting markets to risks of financial instability. They may relate to economic imbalances, or to market phenomena, including crowded trades, asset price bubbles and unhedged currency positions by retail investors. This body could be an existing organization with an adequate mandate, such as the Financial Stability Board. The focus should be on issues, whether cross-border or domestic, that have the capacity to

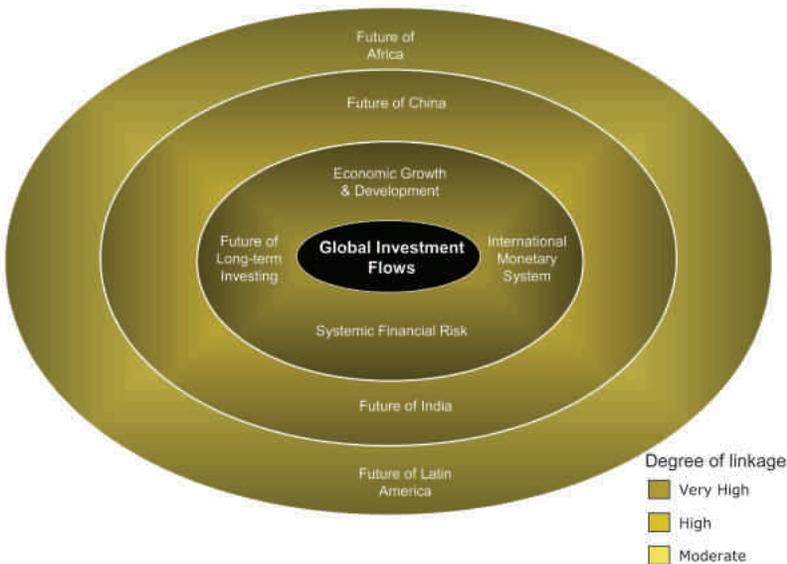
¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

destabilize global markets. The Council acknowledges that parts of the relevant analysis are already conducted by existing institutions, but the scale of the crisis justifies a new approach. Raising the alarm in a high-profile way may stimulate offsetting private-sector behaviours that could help resolve emerging instabilities. The Council sees this body highlighting an issue more publicly as soon as it is identified and holding the relevant country or countries accountable for response measures (most likely via the G20). Any mechanism of this kind would need to apply equally to developed and developing countries.

- A code of practice on capital controls could be drawn up under the auspices of the G20, perhaps also involving the IMF (which has conducted preparatory work in this area) and the World Bank, as well potentially as certain private-sector representatives. The aim would be to provide advice for countries as to when controls may be justifiable and in which circumstances different types of controls might be effective. It could also cover the need for international consultation and coordination, as controls in one country can have consequences in others. Advice is also needed on exiting controls, which can be as difficult to engineer as their original imposition.

Sessions in the Annual Meeting programme related to Global Investment Flows include:

- What Is the "New Normal" for Global Growth?
- Rethinking Systemic Financial Risk
- The Next Global Crisis
- Trouble with Bubbles
- Rethinking Market Capitalism
- After the Financial Crisis: Consequences and Lessons Learned
- 2010 Investment Heatmap
- Creating Jobs and Strengthening Social Welfare
- Redesigning Capital Markets
- Responsible Investment Goes Mainstream
- Wanted: Capital
- Redesigning Financial Regulation



Global Investment Flows

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International Monetary System

Issue Overview

Any assessment of an International Monetary System must at least include two broad headings: how and how well it provides liquidity to support a growing and interdependent world economy; and how and how well it facilitates adjustment to emerging imbalances in payments among countries.

The current international monetary system has relied overwhelmingly on the private and official accumulation of national currencies, mainly the US dollar, to satisfy its need for international liquidity. By 2009 official holdings of foreign currencies exceeded US\$ 6 trillion. These national holdings of foreign currencies grew significantly over the past decade, by earning or borrowing them from the issuing economies through running surpluses in international payments. Foreign exchange reserves were supplemented by the International Monetary Fund, which issued claims on itself and its members of a synthetic official asset called Special Drawing Rights (SDR), outstanding amounts of which were US\$ 35 billion at the end of 2008, augmented by a further US\$ 283 billion during 2009; and by the ability in periods of need to borrow at the IMF, outstanding amounts of which were US\$ 57 billion at the end of October 2009. Private need for international liquidity – acceptable means of international payments – was satisfied also through earnings and borrowings. While exact amounts are not known, they probably exceeded official holdings by a factor of six.

This mechanism for providing liquidity has supported a vast increase in foreign trade and other international transactions over recent decades, but its availability and even its viability have been questioned, particularly since the 2008 financial crisis, on grounds that too many countries are obliged to run payment surpluses to augment their reserves; that the issuing countries, most notably the US, supply this growing demand, and that switches among reserve currencies could play havoc with financial markets and with foreign trade. A challenge for the international community is therefore to find ways to improve the provision of international liquidity.

The adjustment mechanism today relies for correction of payment imbalances on appropriate changes in the macroeconomic policies of countries, including changes in exchange rates, supplemented by private and official borrowing in private capital markets. Current arrangements are left to individual countries and characterized by a marked asymmetry, in that countries in deficit (other than the US whose currency is largely used for reserves) are under much stronger pressure to adjust than are countries in payment surplus, regardless of the consequences for the world economy as a whole. A second challenge for the world community is therefore to improve the adjustment mechanism to assure lower cost, greater reliability and greater symmetry, or at least consistency, with the world economy's needs.

Proposals¹

- *Make SDR allocations on a regular basis in amounts sufficient to satisfy the ongoing demand for official reserves, say US\$ 200 billion per year*

In recent years the world has experienced a large increase in the holdings of reserves, primarily by emerging markets. If countries demand a reserve increase and do not obtain it by allocation, they will either have to earn the reserves on current account or have a net inflow of capital. But since the 1997 East Asian crisis, many Asian and emerging countries have been reluctant to borrow extensively. This implies that the bulk of any shortfall in reserve supply below reserve demand will ultimately be reflected by an increased current account deficit in passive reserve suppliers, which in practice mainly means the US. Thus a substantial SDR allocation could be helpful to an adjustment of the US current account deficit. There is a more direct effect, in that illiquid countries can be expected to spend more if their reserves are augmented, and a part of the increased demand would benefit the US current account.

- *Make permanent the Flexible Credit Line and create a short-term IMF lending facility to lend in appropriate circumstances for up to six months (renewable once) to countries that do not qualify for the FCL*

The Flexible Credit Line represents a widely-welcomed innovation in IMF lending; it permits the Fund to supply members with strong economic policies with substantial funds to counter any speculative attack on their currencies caused, for example, by contagion. It thus permits the Fund to help members whose currencies are weak *despite* their policies, as well as its traditional clients whose currencies are weak *because* of their own policies. For this reason the FCL should be made permanent. But the FCL's creation does nothing for the Fund's other members, although it is important to be able to help them weather any future crises. A short-term lending facility they could use as a bridge to obtaining traditional IMF assistance would be a useful step.

- *Change the IMF's Articles of Agreement to permit temporary SDR creation in periods of financial emergency, when proposed by the Managing Director and approved by the International Monetary and Finance Committee*

Two elements make up this proposal. The first is to allow the Fund to finance itself by SDR creation in periods of financial emergency, instead of the lengthy procedure in use (involving borrowing from its members under the General and New Arrangements to Borrow). This would enable the Fund to make loans as large as judged expedient in view of the situation without any fear of illiquidity, and make the Fund's balance sheet far more comprehensible. The second, procedural step should only be taken after due process, but it should be rapid due to the danger of a crisis exploding unexpectedly. A proposal for SDR creation from the Fund's Managing Director would require approval by a ministerial-level Committee of the entire Fund, which would ensure widespread agreement and the implementation of this step only when necessary.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- *Implement a re-alignment of IMF quotas and voting rights as soon as possible as agreed by the G20 – at least an additional five percentage points (beyond the 2% already agreed) to go to under-represented countries*

The case for shifting IMF quotas and voting rights, largely from Europe to newly-ascendant Asian countries, has been extensively argued; having been accepted by the G20 it should be implemented rapidly.

- *Implement the G20 agreement on the selection of heads of international financial institutions without regard to nationality*

The G20 agreed that the selection procedure should be “open, transparent and merit-based”. Although it did not explicitly state that existing nationality conditions for the heads of these institutions should be dropped, they should be.

- *Take seriously the Mutual Assessment Programme agreed by the G20 for assessing the impact of the G20 economies’ projected policies on the world economy*

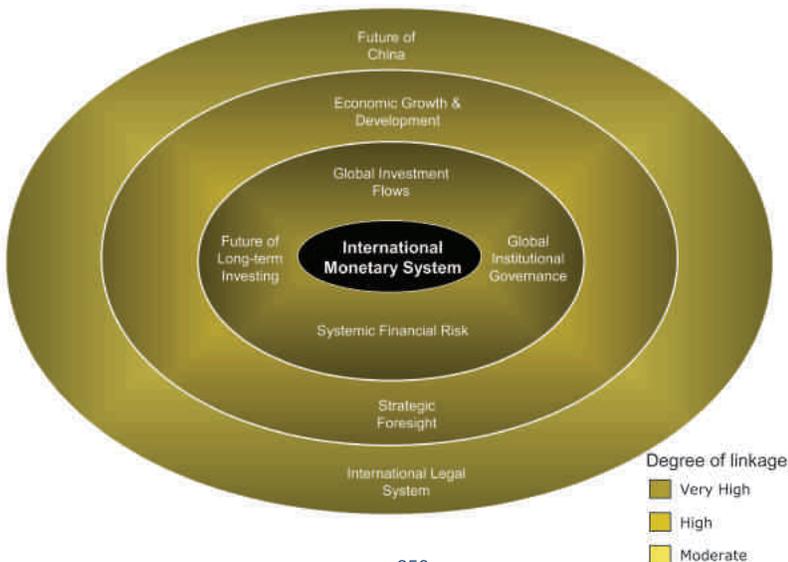
The world needs effective multilateral surveillance. There exists a reasonable chance that countries that have agreed to their own programme for multilateral surveillance would take it more seriously than one imposed on them by the Fund.

- *Encourage discussion about regional monetary arrangements provided they are consistent with global arrangements*

The proposals for closer monetary cooperation in Asia are important, but a strong case should exist for making monetary arrangements global. Therefore giving the impression that any and all regional arrangements should be regarded as progress would be deceptive.

Sessions in the Annual Meeting programme related to the International Monetary System include:

- What Is the “New Normal” for Global Growth?
- IdeasLab on the Global Redesign Initiative (Economic and Social Welfare)
- 2010 World Economic Brainstorming: Redefining the Global Commons
- Redesigning the International Monetary System
- Rethinking Market Capitalism
- Rebuilding Long-Term Economic Growth
- After the Financial Crisis: Consequences and Lessons Learned
- Redesigning Capital Markets
- Rethinking Economic Progress
- Global Economic Outlook



International Monetary System

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Migration

Issue Overview

International migration contributes to global economic growth and development. Almost all countries participate in international migration as source, transit and/or destination countries and emerging economies will likely become new destinations for substantial migration in the years ahead.

The economic crisis has slowed emigration in many parts of the world, but does not appear to have stimulated substantial return migration. With economic recovery and job growth, however, mobility is likely to resume and may well exceed prior levels since the underlying causes of migration have not disappeared. Structural factors include the lack of jobs and economic opportunity at home, labour demand in destination countries fueled by demographic trends, conflict and persecution, immigrant networks, etc. In the future, climate change and environmental degradation may add significantly to migration pressures.

A window of opportunity exists during this economic downturn to reform migration policies and institute new approaches before the demand for migrant labour resumes.

Current migration policies do not serve the interests of any of the major stakeholders well – governments, businesses, current resident workers, migrants or the general public.

- Current policies do not meet the labour needs of employers in efficient and predictable ways. Nor do they adequately protect current resident workers from unfair competition from foreign workers.
- Too much migration is irregular, raising questions about the ability of governments to manage migration and whether the rule of law is undermined.
- Irregular migrants face increasingly dangerous situations in trying to enter destination countries, raising equally serious questions about their rights and protection from harm.
- Source countries often lack the capacity to retain or reintegrate skilled workers and thereby lose valuable human resources when they migrate.

A serious governance deficit at all levels hampers the development and implementation of effective migration policies.

- At the national level, many governments do not have the requisite institutional capacity and/or resources to manage the flows of people.
- More bilateral migration agreements have been negotiated but they seem ad hoc and lack a consistent framework of basic principles and provisions.
- At the global level, no regime for the movement of people, similar to those that govern the movement of capital or trade in goods and services, exists.
- Most of the impacts of migration occur in urban areas, but there are few mechanisms to bring the relevant stakeholders to the table in the discussion about national, bilateral, regional or global agreements.

Proposals¹

Focused on labour migration policies at the national and bilateral levels, the Council on Migration recommends that migration policies reflect the following principles:

- *Policies should encourage the safe, legal and orderly movement of migrants.* Reducing irregular migration provides the environment in which a serious discussion on legal immigration reforms can occur. Governments and employers should be particularly mindful of creating perverse incentives that fuel irregular migration.
- *The transaction costs of movement should be reduced and made fully transparent and predictable.* Intermediaries should be strictly regulated. Recruitment fees should be set in regulation and administrative processing fees should be reasonable.
- *Foreign workers should be guaranteed all labour and social rights that derive from legal employment and be responsible for complying with all pertinent laws and regulations.* They must have timely and accurate information on their rights and responsibilities.
- *Irregular migration should not be criminalized when the only offense is illegal entry and work.* Irregular (illegal) workers should enjoy certain basic labour rights and protections, including the right to challenge their deportation in an administrative hearing. Non-discrimination in labour rights is important to ensure that hiring irregular migrants does not provide unfair advantages to unscrupulous employers.
- *Foreign workers should have access to all dispute resolution mechanisms available to domestic workers.*
- *The employment of foreign workers should be in accordance with model contracts.* Governments should be encouraged, and/or they should encourage social partners, to negotiate model contracts.
- *Up-skilling and skill portability should be encouraged.* Foreign workers and their employers should be strongly encouraged to document and formalize any up-skilling so that both workers' formal skills and work experience can be used for occupational advancement regardless of where the worker is employed. This creates incentives to standardize training across countries so that credentials gradually become uniform and can be recognized.
- *Foreign workers in certain entry and work categories should have opportunities to earn permanent status.* They should also have access to language training and other integration programmes.
- *Policies on temporary workers should encourage the safe and orderly return and reintegration of migrants.* Reintegration should be a shared responsibility of source and destination countries and could be enhanced by ensuring the portability of pensions and the private sector's active participation.
- *Enforcing return when options for permanent settlement are not possible and voluntary return does not occur must be done humanely.*
- *Policies should recognize the importance of meaningfully protecting the domestic labour force from unfair competition from foreign workers.* The domestic labour force includes both native and foreign born workers already residing in the country and whose visas permit employment.
 - Current resident workers should have reasonable priority access to job vacancies.

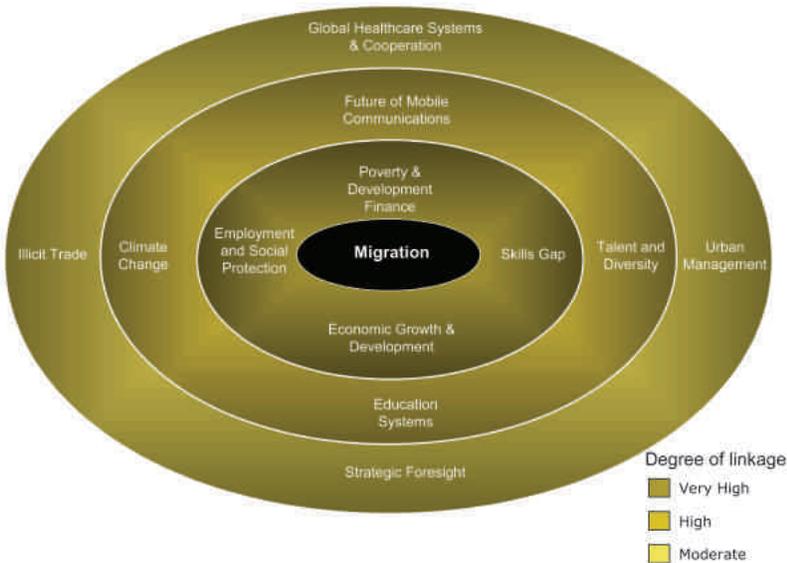
¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- Job matching should be easy, transparent and well regulated.
- The wages and working conditions of similarly situated resident workers must not be adversely affected by the admission of foreign workers.
- Terms and conditions under which foreign workers are employed should be monitored in the least intrusive manner by an independent body and violations should be referred to the appropriate regulatory authorities.
- Governments and employers who wish to “earn” the flexibility to access the foreign worker supply from the host country public must always be thoughtful about how to address the concerns of those who are likely to lose out from reliance on foreign worker schemes.
- *Policies and their implementation should be transparent and accountable.* This requires continual monitoring, preferably by an independent body that has the resources and authority to hold all stakeholders (government agencies, employers, recruiters, migrants) accountable.
- *Source and destination countries should make greater use of bilateral labour mobility agreements.* Such agreements are a promising mechanism for ensuring that the benefits of migration accrue to all stakeholders. They should also address the impacts of migration on source countries by facilitating safe and inexpensive transfers of remittances, promoting financial literacy and encouraging the temporary or permanent return of workers and the lending of their skills to the development of their countries.

Sessions in the Annual Meeting programme related to Migration include:

- Skills Creation: The Future of Employment
- From Brain Drain to Brain Circulation?

The policy reforms recommended here can improve the management of and benefits from migration. They may not be sufficient, however, to deal with the full range of global issues raised by migration. It is thus important that governments at the G20 and the Global Forum on Migration and Development consider the forms of global governance needed to address the challenges of migration, recognizing that movements of people represent significantly different and, in many ways, more difficult challenges than the movements of capital and trade in goods and services.



Migration

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Philanthropy & Social Investing

Issue Overview

One of the greatest challenges facing the Global Redesign Initiative in its call for ideas on how to improve global cooperation is how to finance this ambitious change agenda. No one sector can shoulder the burden alone: building a better world will require partnerships between each of the main sectors with money – for-profit, non-profit and government. Although partnerships between the sectors have become a regular part of the social-problem-solving system, they need to be far more effective than they have been so far to succeed in the challenging tasks that lie ahead.

Each of these sectors has great strengths to bring to the partnerships needed to build a better world, yet often there are significant barriers to partnership formation, while those partnerships that are created are often poorly designed to make the most of the strengths of the partners and to minimize the exposure to their weaknesses.

One problem is a lack of understanding of each other's strengths and weaknesses. Government, for example, often tends to view the philanthropic/non-profit sector more as a source of cheap funds and other resources than as a source of innovation. For-profit companies often take a short-term perspective, and even if they do form partnerships with nonprofits view them primarily as a public relations activity rather than as an opportunity to improve their long-term profits through win-win collaborations.

Too often, government tax, spending and legal policies prevent the philanthropic and non-profit sector from achieving its potential rather than catalysing it. Governments have often denied the private sector, both for-profit and philanthropic/non-profit, a meaningful seat at the table at high-level discussions on how to solve the biggest problems facing the world. Worryingly, some governments have been heading in the wrong direction by actively discouraging the growth of civil society organizations.

Philanthropy and social investing must be made more effective and central to this partnership approach to building a better world. This Council's proposals have two goals: first, to increase the amount of capital dedicated to building a better world; second, to increase the effectiveness of how that capital is used.

In particular, philanthropy often fails to focus on what it can do that others cannot. Philanthropic foundations are uniquely placed to take a very long-term perspective and very big risks. Yet, too often they are risk averse and short-term, failing to focus upon the world's biggest problems. This has contributed to a chronic lack of risk capital to fund social innovation, particularly to take proven social innovations to a scale where they can attain significant impact, leverage other resources and be handed off to sustainable sources of funding such as government, the market place, social investors and/or market rate investors.

Proposals¹

- **Establish an annual World Economic Forum *Social Competitiveness Report***, to rank countries according to the effectiveness of their legal, fiscal and cultural environment with regard to social innovation. This would create a systematic body of knowledge about the current structure of legal, tax and other policies towards social innovation, and about what works best. It would also encourage competition between countries to improve the state of social innovation – in turn helping to drive social innovation higher up the political agenda.
- **Create a new social contract** that makes clear the responsibility of business leaders and the wealthy to work towards a better world, and sets out an accountable framework for them to participate alongside government, civil society and multilateral agencies in the policy process. This would help restore the public's trust in leaders, especially from the business world, and to secure the more effective engagement of the funds and talents of these leaders, and their organizations, in building a better world. Perhaps this new social contract could be expressed as a "Davos Oath."
- Instigate a new **global initiative to increase the meaningful measurement of the social impact of government policy, business and non-profit activity**, as the basis of a better allocation of resources to building a better world. New data is needed both at the macro and micro level. A new body of statistical data is needed on a society's performance that extends far beyond narrow economic measures of GDP. The need is equally pressing at the micro level, to measure the social impact and efficiency of all institutions, from businesses to governments to charities.
- Promote a **new model of financing social change** that reflects the different stages of organizational and sectoral development and forms of capital. While grants have an important role in supporting social change, so does debt, equity and equity-like capital, whether from private or public sources. The model would define a capital spectrum from grants to market-rate capital and spell out at what points in an organization's development cycle different types of capital are most appropriate.

In addition to the previous specific action proposals, the Council on Philanthropy & Social Investing proposes the following areas of focus:

- Government processes need to be changed to **focus on partnerships**, particularly for innovation. Partnership offices should become a standard feature of government and multilateral agency structures.
- Governments should agree **common definitions and enable multi-country registration of non-profits and social enterprises** in all G20 (and more) countries. They should simplify their legal, tax and subsidy regimes to advance common global standards to encourage non-profits, philanthropy and social investments.
- Government should set aside **targeted funds to support partnerships**, such as social investment funds to scale up proven social enterprise models; matching funds for targeted high impact philanthropy and social investing; market incentives to encourage innovation, such as advance market commitments; social impact bonds that lever private financing for social innovation and refocus government spending on outcomes rather than inputs.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- **Global governance systems need to change to give partners from business and the philanthropic/non-profit world a formal seat at the table.**

The Global Fund on Aids, Tuberculosis and Malaria is one possible model. This will give non-governmental partners a meaningful say on strategy and ensure the legitimacy of the partnership approach.

- **For-profit companies need to treat the management of their social value and the creation of the corporate social impact, and its measurement, as a CEO level priority.**

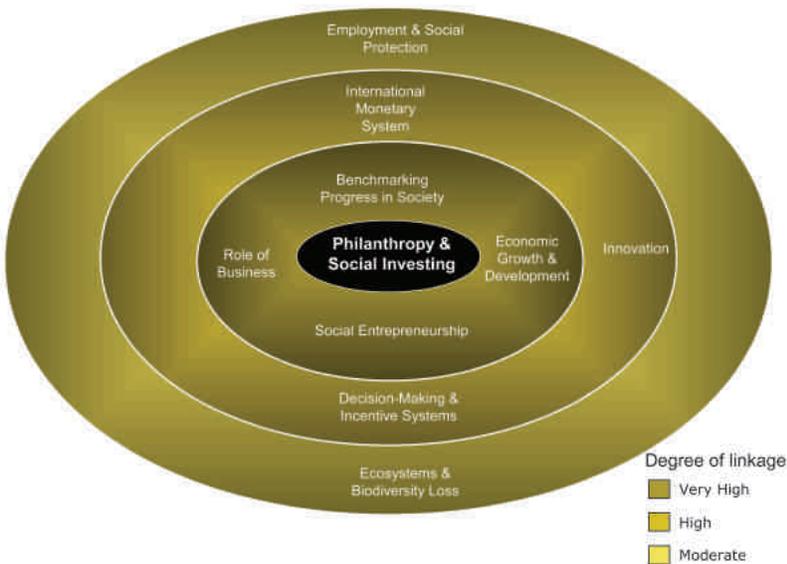
Mainstream business leaders should demonstrate that they understand their responsibility by voluntarily disclosing and having independently audited a whole range of measures of their social impact. Failure to do so should be regarded as evidence of poor corporate leadership.

- **There should be a reorientation of institutional investors, not least pension funds, to focus on long-term performance that benefits society.**
- **Philanthropists and charitable foundations should define their mission in terms of how they can best promote social innovation in partnership with government, for-profit businesses and non-profits.** That means focusing on what they can do that others cannot – above all, their ability to take a very long-term perspective and very big risks.

- **The non-profit sector must continue to evolve.** It can rightly claim it has been held back by the inefficiencies of the philanthropic capital market. Removing legal and fiscal impediments, and a greater focus on identifying and funding what works, can enable non-profits to operate on a greater scale and achieve far greater influence than in the past.

Sessions in the Annual Meeting programme related to Philanthropy & Social Investing include:

- Rethinking Philanthropy
- IdeasLab on the Global Redesign Initiative (Values)
- IdeasLab with Social Entrepreneurs
- Rethinking Values in the Post-Crisis World
- Redirecting Marketing
- 2010 World Economic Brainstorming: Redefining the Global Commons
- Rethinking Market Capitalism
- After the Financial Crisis: Consequences and Lessons Learned
- Responsible Investment Goes Mainstream
- Entrepreneurial Science
- Replicating the GAVI Success Story



Philanthropy & Social Investing

Members

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***Peter Blom**, Chairman of the Executive Board and Chief Executive Officer, Triodos Bank, Netherlands

Steve Case, Chairman, Case Foundation, USA

Jed Emerson, Managing Director, Integrated Performance, Uhuru Capital Management, USA

***Martin J. Fisher**, Co-Founder and Chief Executive Officer, KickStart International, USA

***Kumi Fujisawa Tsunoda**, Co-Founder, Think Tank SophiaBank, Japan

***Reem Al Hashimy**, Minister of State of the United Arab Emirates

Christine Letts, Senior Associate Dean for Executive Education, John F. Kennedy School of Government, Harvard University, USA

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***Alvaro Rodriguez Arregui**, Co-Founder and Managing Partner, IGNIA Partners, Mexico

Adele Simmons, President, Global Philanthropy Partnership, USA

Sean Stannard-Stockton, Chief Executive Officer, Tactical Philanthropy Advisors, USA

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Poverty & Development Finance

Issue Overview

Despite substantial progress with the adoption of the Millennium Development Goals (MDG) and an ambitious attempt among members of the OECD Development Assistance Committee (DAC) to improve aid effectiveness, aid remains marred in the old concept of charity from rich to poor countries. This Council strongly believes this system needs a fundamental rethink, embracing complexity as a defining feature.

Four crucial aspects require recognition. First, beyond the crucial role of good governance and public policies, successful development also implies vibrant domestic business. Creating an enabling investment climate, however, does not mean importing certain laws and regulations into developing countries. Beyond establishing favourable conditions for foreign direct investment, rather than foreign best practices, rules are needed that codify and build upon existing economic activities, including in the informal sector. This can only be done by recognizing and enlisting the informal sector's dynamism and entrepreneurship and deepening and broadening the dialogue between policy-makers and economic actors. Key is building formal systems that are felt to empower and to be in the interest of potential entrepreneurs, and that support growth, employment and additional tax revenues for governments.

Second, aid should no longer be considered as a transfer of government resources from developed to developing countries, but as a more balanced partnership in the pursuit of shared interests. It fulfils three missions fundamental to globalization: reducing poverty; supporting markets and correcting market failures in developing countries; and promoting global collective action in the pursuit of common global interests, the so-called Global Public Goods, including the fight against climate change, the fight against communicable diseases, the promotion of global security and other issues requiring collective action.

Third, aid effectiveness requires focusing on the modalities of aid delivery. The Council warns against an exclusive targeting of aid to countries with alleged good governance. It is also crucial to effectively support poverty reduction and capacity building in countries with weak governments, fragile states and failed states. In addition, innovative financial instruments matter for development results. The ability to combine scarce public resources with a host of market-based instruments has become crucial in improving the effectiveness of aid and its capacity to carry various kinds of incentives, involve public and private actors and deliver results in different settings.

Fourth, the aid system is characterized by the proliferation of actors, all pursuing their own specific objectives and practices: from academia studying development theories and evaluating impact, to governments, to NGOs, to philanthropic organizations and to the private sector, while more and more emerging economies are joining the donor community. All of them share a genuine interest in reducing poverty. How to harness their energy through innovative schemes and public-private partnerships to promote effectiveness is thus a central question.

Proposals¹

The development assistance business is intrinsically and increasingly complex. In response, DAC donors and developing countries have adopted a centralized approach based on the MDG, the Paris Declaration and Accra Agenda for Action. In contrast, the financing of domestic economies in developed countries is the playground for a myriad of governmental institutions that generate and monitor rules and of financial and industrial entities that are mainly coordinated in a decentralized fashion by the price system on markets. The Council believes that exclusive, government-driven, top-down coordination involves high transaction costs, stifles dynamism and innovation, and limits the margins of manoeuvre of development actors in developed and developing countries alike. Our Council claims that the main challenge for the aid system is to embrace its inherent complexity by relying more on self-organization. Our objective is therefore to highlight a few measures that could let an “invisible hand” more effectively coordinate all the actors involved in development assistance.

The Council believes that such decentralized coordination belongs to a “network-of-networks” approach rather than a silo-type or a hierarchical institutional perspective. It should rest on three related principles:

- the improvement of the global knowledge system, which will allow all relevant players to make better informed decisions in the pursuit of monitored development results
- the adoption of a principle of *mutual recognition* of objectives and practices based on *minimal* harmonization through a set of behavioural principles and on an explicit acceptance of differences
- the empowerment of all actors through the dissemination of information, through raising awareness of good principles and development results, and through a more dedicated commitment by aid institutions to encourage ownership and self-determination by developing countries

In this context, this Council proposes:

- The creation of an independent international platform for monitoring development finance initiatives and results
This platform should be located within a non-partisan institution such as the World Economic Forum, an independent think tank or a university. The missions and tasks of this platform would be:
 - to establish a *website of websites* whose purpose would be to critically report through ranking indicators the extent to which development finance actors make information available on their practices, actions and results and on the quality of that information
 - to report on development finance instruments, innovations and their results
 - to promote and support a sustained, high level marketplace on development finance issues and results. This would link bilateral and multilateral aid institutions, governments of developed and developing countries as well as NGOs, philanthropic actors and private companies involved in development finance. It would thus emerge as a facilitator of dialogue and potential broker between the various actors.

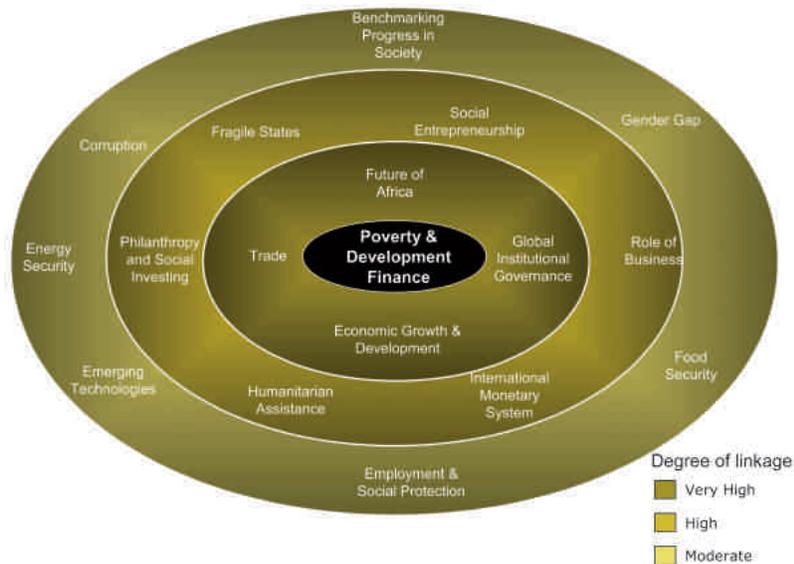
¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

- That the G20 take the initiative to set the standards of the mutual recognition principle in development finance
All its members should commit to making information readily available on their own development policies, in terms of financing volumes and resource allocation.
- The shift from a largely supplier-driven foreign aid apparatus to a much more demand-driven system. This requires:
 - the deepening of dialogue and trust-building with local partners
 - much greater capacity building for local administrations and government in the definition of their own development plans
 - the willingness of aid institutions to experiment, and support a trial-and-error process in the implementation of such plans
 - the willingness of aid institutions to abide by specific accountability principles that may differ from those applied in developed countries
 - the shift from a largely ex-ante, process-based to an ex-post, results-based conditionality

Sessions in the Annual Meeting programme related to Poverty & Development Finance include:

- Meeting the Millennium Development Goals
- Business Solutions to Rural Poverty
- IdeasLab on the Global Redesign Initiative (Economics)
- IdeasLab with Social Entrepreneurs
- Rebuilding Humanitarian Assistance
- Creating Jobs and Strengthening Social Welfare
- Rethinking Africa's Growth Strategy
- Replicating the GAVI Success Story

In conclusion, the Council believes there is a crucial need to mainstream development assistance as a central contribution to global governance. We encourage the World Economic Forum to continue taking up this issue in order to contribute to changing a frame of mind that still sees development aid largely as a charity-driven imperative rather than as a facilitator of North-South partnerships for global collective action.



Poverty & Development Finance

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Skills Gap

Issue Overview

Innovation is key for economic growth. Development of human capital is an indispensable driver of an economy's innovative capacity. Protectionism threatens innovation as it discourages talent mobility and the free flow of ideas.

Ageing societies in developed countries, insufficient employability in developing regions and global economic challenges make the talent crisis today's danger – it is no longer tomorrow's concern. After factoring in forecasted productivity growth, to sustain the economic growth of the past two decades the US will need to add 26 million workers to its domestic talent pool by 2030. The human capital challenge is not simply one of quantity, but also quality. The green revolution, technology progress and other innovations will require new skills, new bases of knowledge – and new professions.

From the perspective of business, neither the high unemployment nor the current crisis has mitigated the urgency of addressing the skills gap issue. The problem of talent shortages requires immediate attention and interdisciplinary action as the unprecedented interconnectedness of the global economy requires a global workforce.

Three dimensions to be explored are: migration, innovation and education.

The key deficiencies or gaps in international cooperation related to the skills gap are:

- **Lack of awareness:** There is no international recognition of the skills gap problem and its severity.
- **Access to information:** Data on labour demand and supply across countries and industries is not systematically analysed.
- **No global regulation of talent migration:** No global mechanism regulating talent mobility exists, excepting bilateral agreements and a few regional agreements addressing the issue on a fragmentary basis. Best standards are not universally applied.
- **Education:** There is insufficient feedback on the effectiveness of education systems and of communication between business and education. Business takes a short-term perspective, education a long-term perspective, while governments focus on the next election. These perspectives must be synchronized to address the skills gap.
- **Employability:** Large segments of the workforce are not directly employable, particularly in developing countries where many graduates do not possess the skills necessary to be employed.
- **Disconnect between education institutions, business and government:** This is reflected in the mismatch between what people learn in school (from early education up to university) and what the market requires.
- **Brain circulation:** While some developing countries are affected by the brain drain, brain circulation through the return of experienced talent to their home countries, whether temporary or long term, must be encouraged and fostered.
- **Inclusion and diversity:** Talent shortages can be a function of insufficient access to the talent pools and insufficient engagement of women and minorities into the mobile workforce. Organizations need to understand how to effectively manage multinational, multicultural workforces of differing beliefs, norms and behaviours.

Proposals¹

International talent mobility can positively stimulate both developed and developing economies. We are at the dawn of an unparalleled skills crisis and a significant transformation of the workforce as it becomes more mobile and more diverse as globalization removes many barriers to migration while simultaneously highlighting inequalities.

The danger of protectionism potentially increasing needs to be collectively addressed. A relatively under-employed electorate may demonstrate populist sentiments that lead governing bodies to increase protectionism, which may slow the economic recovery.

Today's leaders must ensure that increasing migration and talent diversity are advantageous to all participating countries and cities, to people, businesses and to the global, interconnected economy. Business and government leaders must work together to ensure all society's members contribute to the creation, and reap the benefits, of prosperity and wealth.

The Global Agenda Council on the Skills Gap proposes to establish a concerted, multistakeholder process of cooperation and dialogue among relevant international institutions in order to encourage innovation through redesigned, comprehensive talent mobility policies.

Architects of the talent mobility policies and programmes should primarily:

- **Rethink education, employment, migration and other relevant policies** in the context of stimulating innovation in order to identify opportunities as well as the main barriers hindering optimal use of human capital
- **Refine international standards of inclusive talent circulation** based on the recommendations of the Global Agenda Council on Migration and on the Forum's project on "Stimulating Economies through Fostering Talent Mobility". This includes analysing best practices that can be applied – and replicated – globally in order to foster the free flow of ideas and encourage innovation.
- **Focus on long-term sustainable solutions** beneficial to both developing and developed countries
- **Strengthen the regulation of access to equal opportunities** and the implementation of antidiscrimination policies to create inclusive, merit- and performance-based creative workforces as well as to enhance the effective management of multicultural human resources as per recommendations of the Global Agenda Council on Talent & Diversity.

Other important recommendations include:

- **Improve access to information** on national and industry talent supply and demand, required skills and trends in the human capital market to allow both country- and industry-specific studies and cross-border analysis. Transparent information about all policies related to talent mobility should also be provided. The database should be publicly available and serve as a tool for employees and employers alike.
- **Encourage the establishment of skills recognition mechanisms and their coordination** in particular for industries or occupations in which talent circulation has the greatest opportunity for win-win solutions between developed and developing countries. Industry/occupational-based skills recognition mechanisms can be very useful and are easier to establish than national qualification frameworks. International recognition/accreditation of teaching institutions as well as an additional industry certification for academic diplomas (rather than independent post-education testing) are valuable ways of improving employability and facilitating skills recognition.

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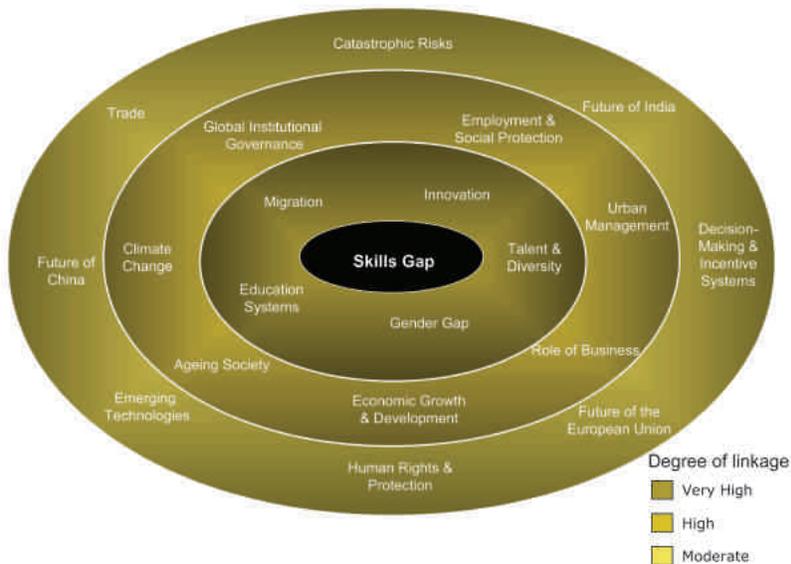
A global system of skills recognition is an idea worth exploring, but such a wide or all-encompassing system requires gathering more information and securing high level commitment.

The Council proposes the following process for establishing the dialogue and cooperation among relevant internal institutions and other key stakeholders:

- Develop a clear implementation plan so the Council's proposal can be realized and makes an impact
- Discuss the suggested process with the Global Agenda Councils on: Education Systems, Gender Gap, Innovation, Migration, Skills Gap, Talent & Diversity and agree on the key messages and objectives, responsibilities, communication process and timeline
- Identify international institutions to be included in the process and target their representatives (i.e. ILO, IOM, UNDP, UNESCO, OECD, regional development banks, World Bank, etc.)
- Develop a core community of business, academia and other relevant stakeholders to be engaged into the process
- Consult the international organizations individually to get their buy-in, identify areas for collaboration and a common ground for action
- Analyse previous attempts of interinstitutional collaboration and identify success barriers
- Design an effective dialogue and collaboration mechanism, supported by a business-driven project and process management best practices (and potentially by IT and/or other relevant services)
- Gather input from education institutions on developing successful models of teaching innovation
- Arrange appropriate media coverage to share the message
- Convene all involved stakeholders to brainstorm and endorse the dialogue process and launch the collaboration
- Execute next steps in the collaboration; monitor progress regularly; adjust the process as necessary

Sessions in the Annual Meeting programme related to the Skills Gap include:

- Restoring Faith in Economics
- Global Economic Outlook
- Skills Creation: The Future of Employment
- From Brain Drain to Brain Circulation?



Skills Gap

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Social Entrepreneurship

Issue Overview

Social enterprises are living laboratories. They pioneer new organizational models to address social inequity and environmental challenges with market-based methods and can, with limited resources, have transformative effects – not just on marginalized communities and populations where they often work, but on entire sectors and economies. We're all familiar with microfinance, which has served over 150 million clients worldwide. But less well known are examples such as First Book, a social enterprise that provides books to low-income school systems and in the process identified a US\$ 150 million annual market for the publishing industry in the US. KickStart, a social enterprise that develops affordable technologies for small African businesses, has created over 800 businesses that together generate revenues equal to 0.5% of Kenya's GDP.

Social enterprises can do this because they have developed unrivalled know-how at bringing cost-effective products and services to market and are often more efficient than governments at social service provision. Because many include cost-recovery in their business models and build capacity among the local workforce, their solutions are also more sustainable than donor programmes.

Their contributions to society and the private sector are significant – and their potential is unlimited. Social enterprises generate employment, increase the tax base and reduce governments' social service expenditures (and thus their fiscal deficit). Moreover, they can open up entirely new markets for corporations by tapping into their social infrastructure and providing the brand equity and trust critical for connecting with new customers.

Indeed, a number of social entrepreneurs have made undeniable breakthroughs. Scores of others could join their ranks if the right infrastructure and incentive systems are put in place. For example, Aravind eye care in India performs 300,000 eye surgeries annually, roughly equal to 60% of the eye care procedures performed every year in the UK. Yet they do so for £ 8 million, compared to an annual cost of £1.6 billion in the UK. Differentials in labour costs and capital infrastructure cannot account for such a wide discrepancy; rather, it is Aravind's organizational model that has made a transformative breakthrough in lowering the cost of healthcare delivery. The international community must be mobilized to facilitate the scaling of the most promising innovations, such as Aravind's, worldwide.

The critical missing piece that prevents these innovative models from being replicated globally is the policy environment, which lags five to ten years behind the sector. With few exceptions, national governments do not have a legal category for social enterprises or policies on partnering with them. As a result, many social enterprises operate at a tax disadvantage, have difficulty accessing capital and collaborating with organizations in other legal jurisdictions, and face large barriers to entering into mutually beneficial public-private partnerships with governments.

Proposals¹

The Global Agenda Council on Social Entrepreneurship strongly recommends that global, national and local institutions and structures be redesigned to maximize the benefits created by social entrepreneurs. This aspect of the global redesign, however, should not be a centralized, top-down effort, but rather should be led and driven by social entrepreneurs working on the ground. Thus, the Council recommends that the Forum and the Schwab Foundation for Social Entrepreneurship serve as platforms for catalysing a self-directed, self-organizing movement among social entrepreneurs to drive the redesign process, starting with the 150 social entrepreneurs already in the Schwab Foundation network. Of course, we recognize that social entrepreneurs alone may not have the time, knowledge, skills, power or authority to effect the necessary institutional and structural changes. They will need to form key strategic alliances. This movement will have to extend to a variety of supporting organizations.

The Council proposes that the social entrepreneurs' movement identify appropriate partners, such as legal firms, capital market players and research institutes, to help achieve the following objectives in the next 12-24 months:

- Develop various models of legislation on legal entities and tax policy for social-purpose organizations, which can be tailored for governments according to their current circumstances
- Design a strategy for building a financial services infrastructure to support the social enterprise sector, including an information exchange for investors who are seeking social returns, standardized metrics to evaluate the returns from hybrid organizations, rating agencies, and the like
- Create and make available an interactive and accessible library of “success stories” that profile partnerships between social enterprises, governments and/or corporations that can be used to generate awareness and share lessons learned
- Facilitate partnerships between the private sector and social enterprises by providing “match-making services” on what profile a particular company is looking for (e.g., geographic area, sector of expertise, scale, etc.) and what specialist services a particular social enterprise has to offer.

In addition, the Global Agenda Council on Social Entrepreneurship recognizes that all members of society have a direct interest in the success of the social enterprise sector, and the potential of the sector will only be fulfilled with additional support from governments, international organizations, the private sector and civil society. Specific recommendations for each stakeholder group are detailed below.

National governments should:

- Enact new legal forms of social purpose organizations that better accommodate the varying business models developed and used by social entrepreneurs (perhaps based on the CIC and L3C legal forms recently enacted in the UK and US, respectively)
- Apply tax incentives for the development of investment strategies in the social sector
- Adopt policies that allow government and donor aid money to be used to contract with or invest in social purpose organizations, based on their social value creation

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International organizations should:

- Explicitly endorse and encourage the practice of channelling donor aid money through national governments to subcontractors, e.g. social enterprises
- Sponsor open dialogues between social entrepreneurs and national governments in the jurisdictions where they operate to identify shared goals, align missions and actively engage in developing partnership solutions

Capital market players should:

- Create a social enterprise financial services industry
The first step towards such an industry could be the creation of a deal-making platform that would connect social investors with social enterprises, with the objectives of 1) creating a transparent, integrated marketplace where financing opportunities are made widely available for social enterprises; and 2) giving potential investors access to accurate information about the nature, scope and track records of social enterprises applying for financing

The private sector should:

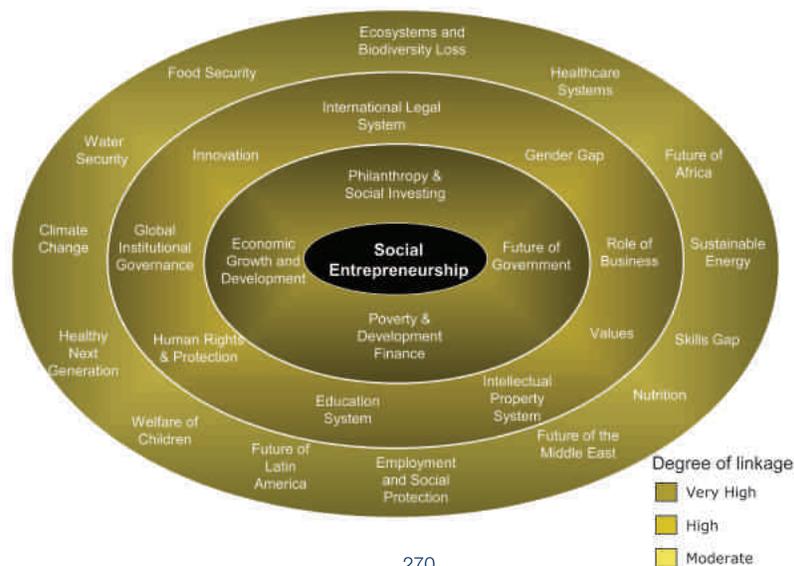
- Partner with social entrepreneurs as part of a more comprehensive strategy, which goes beyond CSR to addressing the “Base of the Pyramid”, that opens new markets, repositions brands and provides deeper engagement in solving social problems as a talent retention strategy

Sessions in the Annual Meeting programme related to Social Entrepreneurship include:

- IdeasLab with Social Entrepreneurs
- Business Solutions to Rural Poverty
- Rethinking Philanthropy
- Entrepreneurial Science
- Responsible Investment Goes Mainstream
- Meeting the Millennium Development Goals

Other stakeholders should:

- Consultant, evaluators and intermediaries
Help to develop and implement sector-wide standardized evaluation metrics so that potential investors can better assess the business and social return opportunities presented by hybrid organizations
- Journalists, bloggers and media organizations
Research and tell the powerful stories, promote proven successes and expose the missed opportunities because society has under-invested in these ventures
- Educators
Develop a curriculum to facilitate the skill set necessary to succeed in both the business and social spheres



Social Entrepreneurship

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Systemic Financial Risk

Issue Overview

The financial crisis and the world recession it has precipitated have been met by exceptional measures from governments and central banks to shore up the banking system and stabilize the economy. Simultaneously, the G20 has agreed on a substantial programme of longer-term regulatory reform. This can generally be characterized as “more of the same”, building on existing regulatory regimes (including Basel II) but requiring larger capital and liquidity buffers, more transparency, and more intrusive and challenging supervision.

The crisis revealed how major economies’ financial sectors have developed into a complex global network where a shock in one sub-system or market (e.g., excessive sub-prime lending in the US) can rapidly lead to stress on institutions and markets with few direct links to the origin of the disturbance (e.g., Northern Rock through the impact on wider bank funding markets). Making that network more resilient to shocks requires not just building stronger defences in each institution individually and particularly in the key nodes, including the biggest international banks, but also strengthening key market infrastructure, creating “fire breaks” that prevent a crisis from spreading through the system. It also requires more effective international coordination, to prevent regulatory arbitrage from reducing the resilience of the system and to identify and mitigate vulnerabilities.

The Council on Systemic Financial Risk is focusing on potential gaps in the international response. It welcomes the progress made by the G20, the new Financial Stability Board (FSB) and the International Monetary Fund (IMF) and has not sought to second-guess the important policy changes they have agreed. Indeed, the decision to use the G20, rather than the G7/8 or G10, itself is a welcome response to the changing balance of the world economy. The Council particularly welcomes the commitments to:

- introduce counter cyclical in bank capital requirements, which will dampen the cycles of exuberance and gloom to which financial markets are prone
- bring more trading of credit default swaps (CDSs) and other derivatives on exchange and through central counterparties; reducing bilateral counterparty risk makes the freezing up of markets at times of stress and uncertainty less likely, thus making the network of wholesale financial markets more resilient
- agree on international contingency plans (based on “living wills”) to enable the orderly break up and wind down of big and complex international groups facing failure; knowing credible plans are in place both strengthens market discipline on these key institutions and makes it less likely that stress in one institution will lead to a contagious loss of confidence; making such plans credible and practical is likely to require the simplification of these groups’ legal structure

Proposals¹

The Council believes three key defects in the G20 proposals remain:

- *Global macroeconomic policy*
Excessive imbalances were allowed to develop both within and between economies and were a major source of instability. While macro-prudential policy has a part to play in dampening the cycle, monetary policy also needs to give greater weight to preventing the build-up of asset bubbles. The G20 should develop a stronger policy framework and discourage the build-up of unsustainable imbalances.
- *Regulatory policy*
The Council welcomes the recognition by the FSB that making the global financial system more resilient requires not just strengthening the resilience of individual institutions but building protections in the network to limit contagion; in particular, it encourages the FSB to promote higher transparency in market positions and greater use of exchanges with central counterparties (CCPs) instead of over-the-counter (OTC) markets, and to develop fuller measures of risk than the value at risk (VAR)-based measures that have proved inadequate.
- *Regulatory institutions*
The crisis revealed flaws in the current system of relying on national authorities' voluntary coordination to regulate an increasingly international industry; Iceland, Fortis and the closure of Lehman Brothers in different ways demonstrated home authorities giving inadequate weight to the spillovers of decisions on other countries. While strengthening the FSB's and IMF's roles is a major step forward, better coordination of policy and peer review on a voluntary basis is unlikely to be enough.

Recommendations

- *Global macroeconomic policy*
Monetary policy needs to be related not just to levels of activity and consumer prices, but to the control of imbalances between sectors and asset price bubbles. This will require the use of macro-prudential instruments and fiscal policy as well as interest rates. The crisis has demonstrated again the powerful impacts of policies in one nation on others. The current debate on the risk that very low interest rates in certain OECD countries may lead to destabilizing capital flows elsewhere illustrates the point again.

The Council recommends two specific actions to address global macroeconomic imbalance:

- The G20 should build on the Pittsburgh communiqué to establish a more effective framework and process to restrain global imbalances, based on global annual reports on systemic imbalances and objective assessments that highlight high (red) and emerging (yellow) issues.
- Monetary as well as fiscal and macro-prudential policies should be used to preserve financial stability and prevent dangerous asset price bubbles.

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- *Regulatory policy*

The Council welcomes the FSB's work to strengthen measures that limit damage to the wider economy.

The Council recommends that the FSB focus on three actions:

- Greater transparency and market discipline should be re-established over large and complex financial institutions, including through the preparation on an international basis of effective resolution and recovery plans.
- Systemic risk at the national and global levels needs to be better measured and quantified; the FSB should promote the development of improved systemic risk assessment tools at the institutional, national and global levels going beyond the VAR measures that have been so inadequate in recent years.
- More effective network protections to limit contagion are required that build on recent proposals such as centralized counterparties for derivative trading.

Sessions in the Annual Meeting programme related to Systemic Financial Risk include:

- Rethinking Systemic Financial Risk
- Trouble with Bubbles
- After the Financial Crisis: Consequences and Lessons Learned
- Redesigning Capital Markets
- Redesigning Government Exits
- Redesigning Financial Regulation

- *Regulatory institutions*

If the advantages of competitive and open international markets are to be retained, an assessment of emerging risks on a global basis is needed, with agreement on common policies and their implementation to common standards based on sound principles. In the absence of wide confidence that such a level playing field is in place, there is a risk of arbitrage undermining the tightening of requirements and of individual countries subsequently imposing barriers to capital movement that protect their own economies. The Council believes that the coordination of policy and assessment on a purely voluntary basis without authority to require implementation or transparency of agreed standards in regional or national regulatory regimes is unlikely to be effective.

- The Council recommends that the G20 work towards a new institutional framework with greater authority over individual members, drawing on experience and current proposals in the EU and experience with the WTO.



Systemic Financial Risk

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Issue Overview

The ultimate aim of international cooperation is to create a world economy that is sustainable and inclusive.

This must take place in the context of a major shift in the balance of power between developed and emerging countries, the expanding global footprint of companies, the need for talent mobility across borders and major population shifts.

Leaders of companies and governments must work together to ensure the full participation of society's members in the creation and benefits of economic value.

Critical to achieving this goal is that leaders of organizations, especially corporations, take responsibility for creating diverse and inclusive work environments. Doing so will not only contribute to the inclusion of all segments of the population, but will also provide benefits that will prove critical to fostering competitiveness, i.e. innovation, productivity, employability and market understanding.

As the crisis teaches us the necessity to take pre-emptive actions on risks, the Global Agenda Council on Talent & Diversity has identified six gaps that need to be addressed in priority in the context of improving global governance. **Addressing these gaps is a moral imperative. Failure to address them comes at high economic and social cost.**

Key gaps in international cooperation related to talent and diversity:

1. Global leaders have an inadequate shared understanding of the importance and ultimate benefits that inclusion can bring, beyond corporate social responsibility and diversity policies.
2. The absence of adequate and compelling data on talent and diversity inhibits action and promotes ignorance.
3. The absence of effective models for inclusion perpetuates ongoing discrimination.
4. Regulatory barriers to cross-border talent mobility prevent the matching of jobs with appropriate talent.
5. Untapped domestic talent pools (i.e. barriers to women entrepreneurship or to the employment of people with disabilities) could potentially exacerbate a talent crunch.
6. The inequality of access to education perpetuates the exclusion of specific segments of society.

Proposals¹

- **Transform business education** by having diversity and inclusion imbedded as a core part of MBA curriculums around the world

The Council has identified inequality of access to education as a key deficiency in global governance that perpetuates the exclusion of specific segments of society. Business leaders must be equipped to understand the benefits that an inclusive strategy can bring, e.g. a more sustainable, successful and stable organization. The Council also recognizes that leaders face multiple challenges while designing modern diverse talent strategies and do not always know how to manage diversity effectively.

The Council has been focusing on understanding these challenges and opportunities by compiling a white paper. The document, entitled “Recommendations on Creating and Managing Inclusive Workforces”, includes actionable managerial and policy recommendations intended to facilitate the effective creation and management of diverse work organizations.

In a pilot phase, the white paper along with other relevant sources and best practices could be shared with a selected group of academic institutions to inspire an MBA module, with the specific purpose of highlighting case studies of best practice, before being generalized to leading business schools.

- Encourage global institutions to become **models for inclusive diversity through a voluntary code of conduct** that organizations would choose to adhere to (e.g., World Economic Forum, OECD, United Nations, etc.)

The absence of effective models for inclusion perpetuates ongoing discrimination. The Council recommends the establishment of a **set of standards and best practices** for building inclusive working environments and organizational cultures that can serve as a voluntary certification system for aspiring organizations.

This convention on best practices would be revised and amended every year to make it increasingly ambitious while achievable.

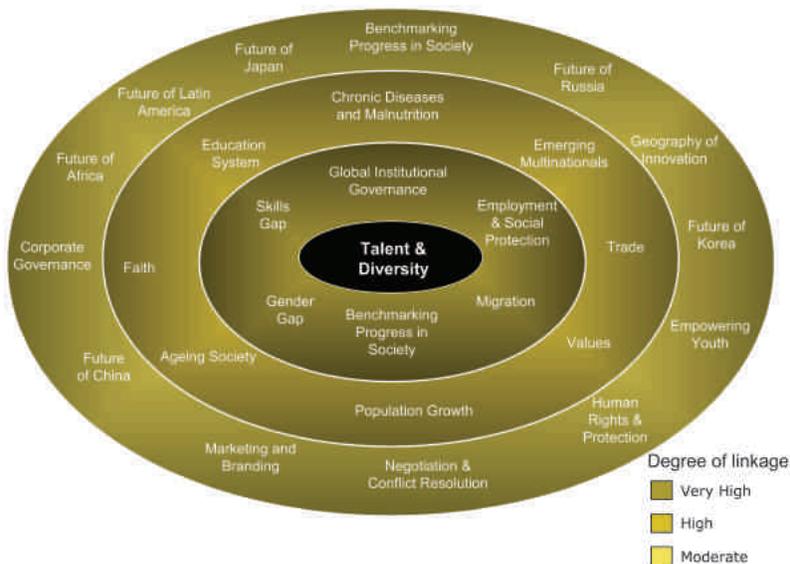
¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Other proposals put forward by the Council include:

- Design international standards that **facilitate talent mobility** to prepare for the effective management of multicultural, diverse workforces
- Set up a **Global Inclusion Index** at the country level
Implemented by an academic institution or a think tank, this system would incentivize countries to enact diversity-friendly policies for employment and education. A framework would define inclusion. Similarly to other indexes, it would be based on variables recognized under several pillars, with each pillar representing an area considered as an important determinant of inclusiveness.
- Create, sustain and leverage corporate and government policies and practices that **promote minority and female entrepreneurship**

Sessions in the Annual Meeting programme related to Talent & Diversity include:

- Restoring Faith in Economics
- Skills Creation: The Future of Employment
- From Brain Drain to Brain Circulation?
- Rethinking Risk in the Boardroom
- Public Service: Attracting the Best and the Brightest?
- The Gender Agenda: Putting Parity into Practice



Talent & Diversity

Members

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***Caroline Casey**, Founding Chief Executive Officer, Kanchi, Ireland

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Peter Goerke, Member of the Group Management Board, Zurich Financial Services, Switzerland

Michael Hastings of Scarisbrick, Global Head, Citizenship and Diversity, KPMG International, United Kingdom

Harry Holzer, Professor of Public Policy, Georgetown University, USA

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Forum Lead: Robert Greenhill

Issue Overview

An open and rules-based global trading system is critical for the global public good. It is vital for prosperity and development. It can play a major role in achieving effective solutions to such pressing global problems as employment, food and energy security and climate change.

Yet the Doha Round is stalled. While a meaningful deal is in sight, political leadership is lacking and the business community is complacent and disengaged. Meanwhile, high unemployment is generating pressure for protectionism that would undermine the current economic recovery.

To date the rules-based trading system has helped the world avoid a repetition of the beggar-thy-neighbour policies of the 1930s. Yet numerous actions conflict with the G20's stated commitment to resist protectionism. While they appear small, such steps could combine into a damaging cumulative process. Financial de-globalization is a particular risk.

Meanwhile, the World Trade Organization's central position in the trading regime has been eroded as countries turn to regional and bilateral trade pacts or liberalize on their own. These measures can be beneficial but they must be better integrated with the global governance system to ensure complementarity with progress at the multilateral level.

In addition, the temptation to use WTO mechanisms to enforce non-trade related goals threatens to over-extend the institution and undermine its capacity to deliver on its core mission.

Urgent efforts are needed to resist protectionism, maintain open markets and strengthen governance. The most powerful near-term remedy would be a successful conclusion of the Doha Round. This should occur no later than late 2010. Once this is done, the trade regime requires several fundamental improvements:

Implement an approach with variable geometry. Given national diversity, it is ever-more difficult to deepen trade integration via a "one-size fits all" approach. This should be avoided. A more flexible approach would supplement core WTO commitments with trade-related initiatives that interested members would sign. Examples of such plurilateral agreements might include trade aspects of climate change, investment, services and competition policy.

Maintain focus but enhance cooperation. The WTO should remain focused on trade-related issues but intensify cooperation with other international organizations in areas such as environment, development, macroeconomics and labour standards. Engagement with the private sector and civil society should also be improved.

Harness regionalism. The WTO should harness the positive force of regional and bilateral agreements to promote trade while finding more effective ways to reduce their discriminatory effect on other countries. Model templates for these agreements should be developed, and such pacts should be subjected to a hard review. The US and EU should also agree on common and radically simplified rules of origin.

Suspend border measures. Nations should avoid imposing climate change-related border measures for an interim period while international negotiations continue on this subject.

Proposals¹

The trading system needs effective governance. Its regional, bilateral and unilateral components have flourished but progress on multilateral agreements has waned. Since the WTO's creation, little has been achieved in terms of new multilateral liberalization – or new bindings – in services, agriculture in industrial countries or manufacturing tariffs in developing countries.

The Doha Round's successful conclusion would be the most significant remedy. However, the time taken to complete Doha and the reduced level of ambition require new approaches. Action is needed to improve the system by:

- strengthening its multilateral component
- increasing disciplines on regional agreements
- assisting countries with liberalization and trade facilitation
- deepening the relationship between the WTO and other governmental and non-governmental institutions

Strengthening multilateralism. Since the Uruguay Round, the WTO has required most members to subscribe to almost all agreements, making new agreements problematic. Accords to achieve deeper economic integration are attractive to some members, but others believe they are beyond their implementation capabilities or not in their interest. Since one size does not fit all, this Council advocates a more variable WTO geometry with plurilateral agreements (PAs) and other flexibilities to supplement core multilateral commitments.

The WTO should develop a general protocol governing the negotiation and rules of operation of additional trade-related agreements. It would state that membership is strictly voluntary. Members would participate in negotiating PA rules, without all being required to subscribe. An agreement's members might decide to extend benefits to other countries on a non-reciprocal basis, or establish minimum participatory requirements for effectiveness. Under the WTO aegis, these agreements would provide numerous benefits: legitimacy conferred by the organization's stamp of approval; access to WTO resources and dispute settlement facilities; the future option to join an agreement with rules previously endorsed; and the ability to integrate PA formation into other negotiations to allow for cross-issue trades.

Harnessing regionalism. Regional and bilateral arrangements can be valuable in their own right, not just as stepping stones to a more comprehensive system. However, the proliferation of agreements adds to complexity and is costly in terms of negotiating resources and compliance with diverse rules of origin. Regional agreements by their nature contain trade preferences that can divert trade from more efficient third parties.

The best method of eliminating the discriminatory effects of regional and bilateral agreements is the full multilateral liberalization of world trade. But this is currently unlikely. Instead, an expert group should develop best-practice templates that WTO members should be encouraged to use. The WTO should set up an advisory service to help countries craft WTO-friendly agreements and establish a hard-review process. Developed countries should phase in common and simplified rules of origin in their agreements.

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Facilitating openness. Many countries have been willing to liberalize unilaterally but not to bind their tariffs. Bindings are preferable as they increase the predictability of trade relations. Countries are reluctant to bind tariffs because they want to retain “policy space” in case of emergencies. Improved safeguards could help mitigate these concerns.

Encouragement, technical assistance and financial aid should be given to governments that unilaterally reduce tariffs and other barriers beyond legally required bindings. Trade in many poor countries is inhibited by poor quality institutions and regulations, the lack of trade finance and poor infrastructure. Enhanced aid-for-trade programmes should focus on tackling these issues.

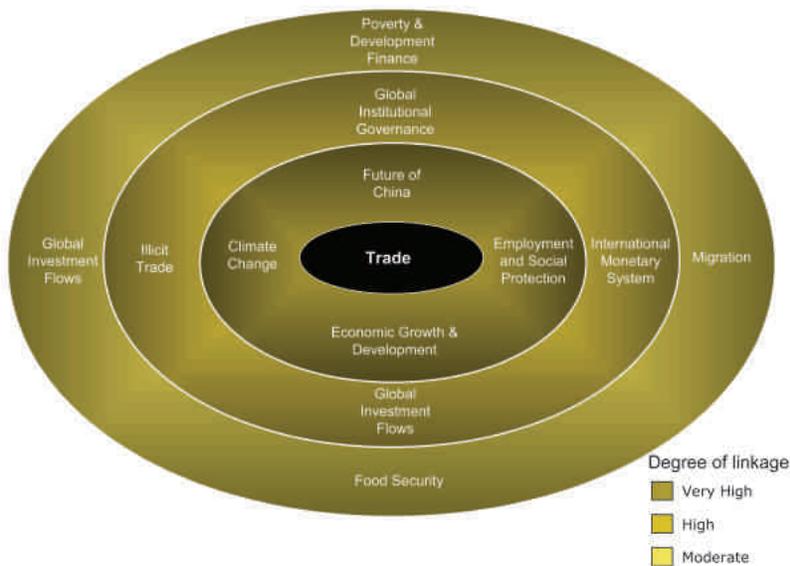
Although government action and free trade are sometimes considered incompatible, government policies have a vital role to complement market forces and deal with their social consequences. These policies include effective administrative regimes for regulations, customs and other agencies to facilitate trade and operating programmes that assist domestic adjustment. Establishing domestic institutions that make the benefits and costs of trade measures more transparent and provide independent advice on the desirability of specific measures can also help.

Linking with others. The WTO has been successful as a rules enforcer and should continue to focus on establishing a multilateral regime with binding agreements that reduces trade barriers and promotes development. Where the trade mission overlaps with other objectives, trade institutions must coordinate with other organizations and agreements. For example the WTO should contribute to climate policy by providing guideposts so international accords and national legislation designed to limit GHG emissions can achieve their objectives with minimal trade distortion.

Cooperation to facilitate trade and provide feedback between the private sector, civil society and governments is essential. Such feedback can be used in ongoing negotiations for new agreements, to enforce existing agreements and other policies to promote trade. But ultimate decision-making power should continue to rest with governments alone.

Sessions in the Annual Meeting programme related to Trade include:

- Making Cap and Trade Work
- Reshaping World Trade in the Aftermath of the Financial and Economic Crisis: American and Swiss Perspectives
- A Global Solution to Illicit Trade?



Trade

Members

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Rajya Vardhan Kanoria, Chairman and Managing Director, Kanoria Chemicals & Industries, India

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Ricardo Meléndez-Ortiz, Chief Executive, International Centre for Trade and Sustainable Development (ICTSD), Switzerland

Patrick Messerlin, Director, Groupe d'Économie Mondiale, France

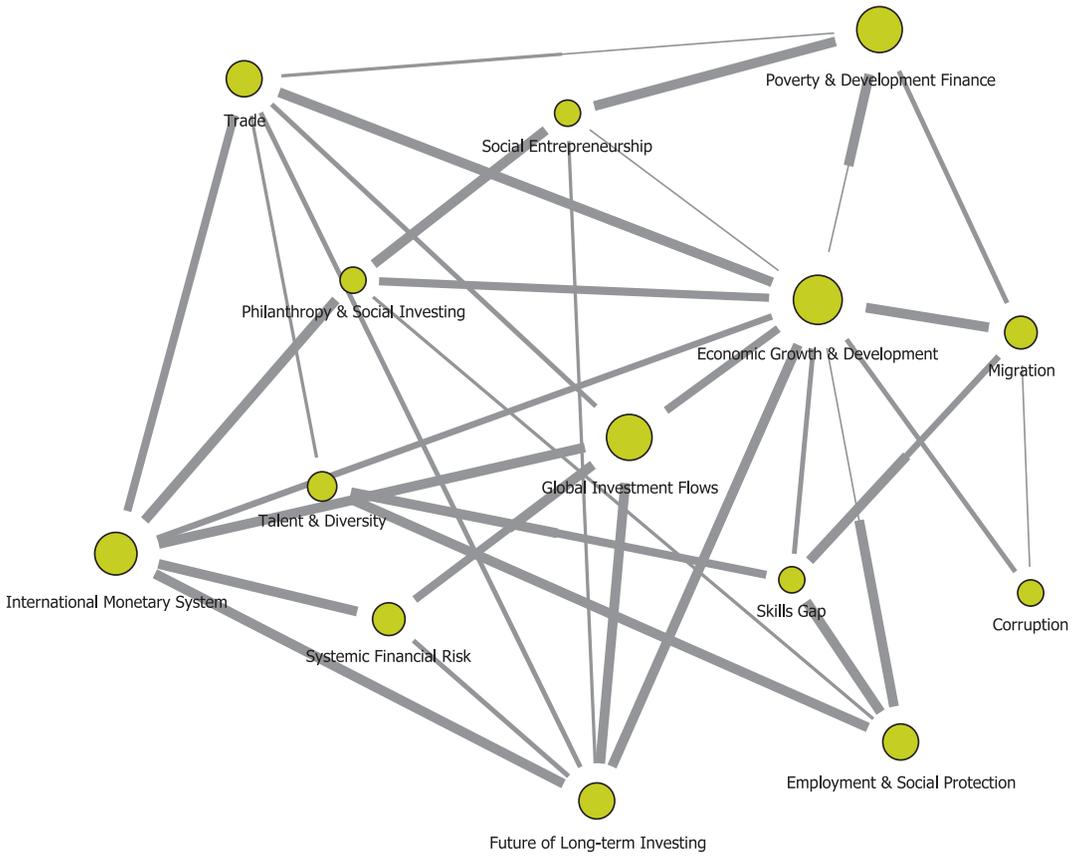
***Kunio Mikuriya**, Secretary-General, World Customs Organization (WCO), Brussels

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Interlinkages within Global Agenda Council Clusters

Node size: Denotes significance of the issue to other Global Agenda Councils: the more significant the issue to other Councils, the bigger the bubble.

Line thickness: Denotes the strength of the interlinkage. Lines split into two halves illustrate the strength of the link as assessed by the Global Agenda Councils at the extremities. Differences of thickness between the two halves indicate that the two Councils do not assign the same value to the link.

Proximity: The closer the issue to another, the more tightly they are interlinked.

Data: The data is based on a survey of Global Agenda Council Members.

Threshold: Only the strongest links are shown on this map.

Industry-related Councils

Emerging Multinationals
Future of Entertainment
Future of Mining & Metals
Future of Mobile Communications
Future of Real Estate
Marketing & Branding

Emerging Multinationals

Issue Overview

After several decades of steady growth, over the past 18 months the world economy has experienced a period of distress and duress. This development has increased the propensity of political leaders in established economies to consider inward-focused policies that threaten to dampen international trade, the flow of talent and investment. While national and regional “share-of-pie” concerns in established economies may be understandable, if translated into protectionist policies, they portend systemic risk. They threaten the very “size of the global economic pie”, which has been a positive dynamic in recent decades.

Put simply, international openness has contributed to strong growth in emerging economies, which, in turn, has kept increasing the size of the global economic pie. In particular, multinationals from emerging economies, or emerging multinationals, have been engines of growth and have contributed to employment, prosperity and consumption in the domestic setting. Their dynamism and innovation have helped sustain economic activity both at home and abroad. It is imperative that this positive dynamic be sustained and encouraged.

Evaluating these risks from the perspective of emerging market multinationals, the Council on Emerging Multinationals puts forth three specific proposals, with suggested timeframes for their implementation. Properly implemented, these proposals can strengthen global trade, foster innovation and enhance institutions and positive-sum growth in emerging economies. They are:

- an initiative to eschew protectionism and promote market openness
- a programme for the promotion of investment in education and other “soft” public goods
- a programme to democratize innovation

Proposals¹

- **An initiative to eschew protectionism and promote market openness**

In the wake of the recent economic crisis, politicians in developed economies have demonstrated greater propensity for protectionism (arguably to stave off the “job-stealing” that global flows allegedly cause). But neither have emerging market entities been paragons of market-promoting virtue. Markets, like all organized methods of exchange, have flaws; while erecting barriers may be nationally rational, it is globally irrational. Often a politicized issue, the Council proposes to address it accordingly.

Specifically, the Council proposes enhancing data gathering on the benefits of free trade and better disseminating that information, making it easily available to political leaders and the lay public. Indeed, Council Members have had recent and direct feedback from senior Western political leaders expressing the view that such data is not readily available, at least not in a form that is relevant to current political debates.

It is necessary to more effectively communicate the idea that, with certain safety nets, open markets are better than closed markets. Data to make this case, especially in the OECD markets, are available but not easily accessible or interpreted, even by politicians who ultimately interface with the public and respond to their concerns. The Council proposes getting the G20, the World Trade Organization and the ministers of trade or commerce of interested member countries to work with appropriate professionals to assemble the data, messages and distribution channels. A communication programme should be laid out by November 2010. Leading up to this time, the need for supplementary data, especially in developing economies, will inevitably emerge, such that specific steps appropriate to each country should be taken by 2012 to mitigate the data deficiencies in question. Ideally the officers would create a website that brings trade-growth-jobs data and case studies together. Separately, the Council also proposes that the time has come to reinstate a Global Agreement on Cross-Border Investment that mirrors the WTO, although creating such an entity may be a longer-term endeavour.

- **A programme for the promotion of investment in education and other “soft” public goods**

Emerging market multinationals, and their local economies, are constrained by the absence of soft infrastructure, i.e., public goods other than those created by physical investment. Education is perhaps the most crucially lacking public good. Emerging market multinationals are well positioned to contribute to developing these public goods, if their innovation capabilities are properly harnessed.

Therefore, the Council proposes that the governments of major emerging countries encourage emerging multinationals to support the provision of primary, secondary and vocational education, in a broad-based and non-discriminatory manner. As a benchmark target, up to 20% of total education spending could be available to the private sector. They might also choose to support research universities.

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Further, the Council suggests two concrete ways to provide such public goods:

- the tax authorities of each country adopt corporate tax treatment that facilitates corporate finance support of non-profit and other socially-minded institutions, in fields such as education, research, healthcare and legal support
- foundations (e.g., the Gates Foundation, the Schwab Foundation affiliated with the World Economic Forum, or appropriate country-specific forums in each emerging market) should establish a prize that encourages, identifies, rewards and publicizes emerging multinationals that establish innovative models of local institution-building or sustainable business practices. (Mo Ibrahim’s award supporting good governance among African countries is a conceptually similar model.)

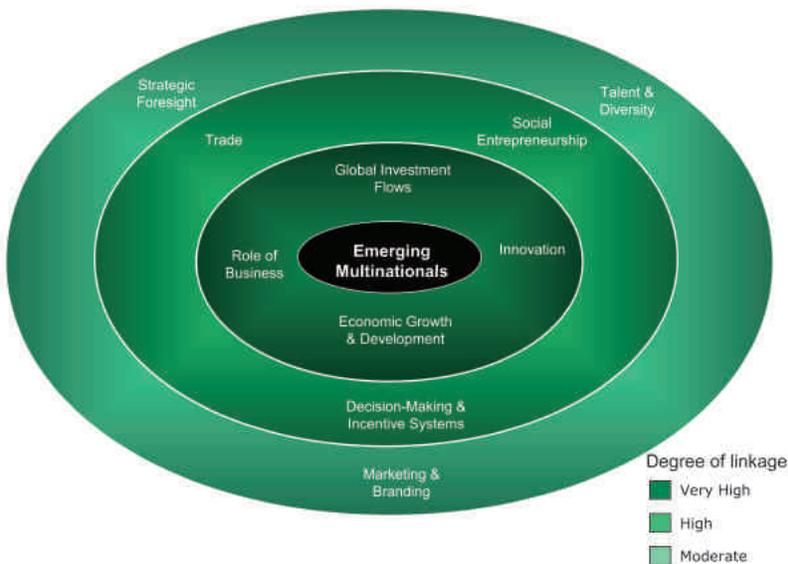
These initiatives should be put in place by 2011.

• **A programme to democratize innovation**

Ultimately, the most successful emerging market multinationals all owe their existence to a novel business model or product, that is to the outcome of an innovative process, often developed in response to their own environmental constraints. For example, companies operating in environments of scarcity have learned to develop particularly lean and sustainable business models. In general, therefore, the Council feels that specific acts tending to democratize innovation are key. In particular, innovation should not be seen as purely the preserve of rich markets. A specific suggestion is that the US Patent Office (USPTO), where many of the world’s most significant innovations are patented, collaborate with national Patent and Trademark Offices to develop its own new business model to facilitate efficient processes and low-cost patent filing, and also to create a low-cost marketplace for access to pools of existing intellectual property. This should be accomplished by 2011.

Sessions in the Annual Meeting programme related to Emerging Multinationals include:

- Emerging Multinationals and Global Innovation
- The New Growth Narrative
- Global Economic Outlook
- A Roadmap for a Sustainable Recovery
- IdeasLab on the Global Redesign Initiative (Economics)
- IdeasLab on the Global Redesign Initiative (Institutions)



Emerging Multinationals

Members

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Future of Entertainment

Issue Overview

Entertainment is often associated with leisure and pleasure, which sometimes causes its powerful influence on society to be overlooked or dismissed. However, entertainment's unique ability to tell stories that attract and concentrate the attention of millions and even billions of individuals provides an informal and/or supplemental educational platform that can influence and even shape societal values at the local, regional, and global levels. Strong evidence suggests that in some instances entertainment is in fact the primary educational platform on a variety of issues.

The Global Agenda Council on the Future of Entertainment is focused on the current and potential role entertainment can play in promoting positive change while addressing the needs of the industry. The Council has identified a deficiency in access to information related to social issues, including health and human welfare. This much needed communication could be disseminated in an impactful way through various forms of entertainment. The Council further believes that entertainment products can provide an important bridge between diverse social groups by helping those groups reflect upon one another, putting a "human face" on cultures that may not be well understood globally.

Entertainment leaders from various stakeholder groups will play an increasingly significant role in creating various spaces in which individuals from different races, religions, countries and communities are encouraged to visualize themselves as a member of a global community with common values. Entertainment's main asset is its ability to tell stories that shed light on aspects of life that an audience member has yet to experience or may never encounter in real life. This asset needs to be leveraged to share cultures, values and concerns that remain underrepresented in mainstream entertainment or elsewhere. This cross-cultural dialogue and community building could potentially be facilitated through an Entertainment Resource Network that empowers social messages that reach out to mass audiences through various forms of media and entertainment.

Proposal¹

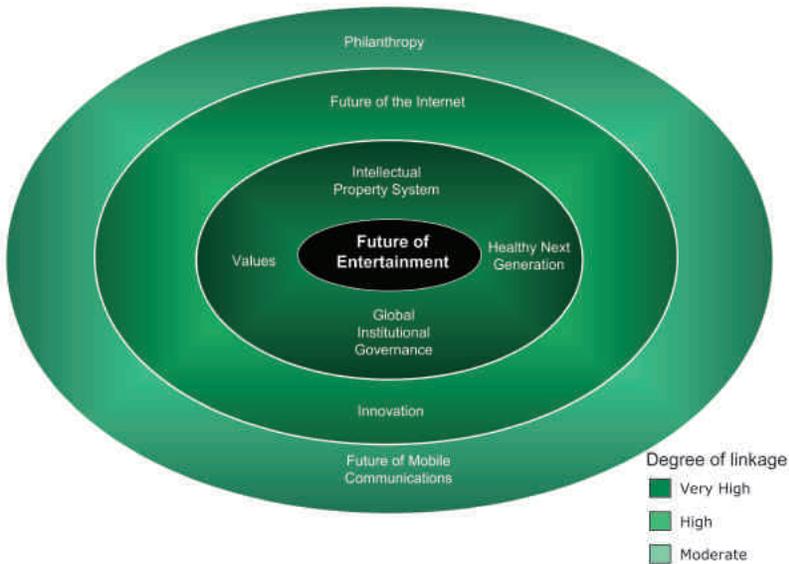
The Global Agenda Council on the Future of Entertainment is focused on assisting other Councils and society at large to use the power of entertainment and entertainers to create and deliver their message in an effective way to their target audience.

- An **Entertainment Resource Network** is being considered by the Council to act as a repository or “aggregator” of individuals’ experiences and expertise for creating and executing effective stories or story-telling.
- Participants in the Network must be willing to engage in the issues.
- The Network’s resources will serve to create win-win situations, build awareness and emotionally connect with all constituents including facilitators, performers, creators and their audience.
- All forms of media will be deployed.
- The platform is both real and virtual (although its exact form is in the process of being determined). Individuals will serve as the main connectors in bringing these stories and story-tellers together.
- The Network must provide resources that can be applied at the local, regional and global levels, in both developing and developed countries.
- The Network will facilitate cooperation between generators of ideas, producers and distributors by creating a meeting place for all stakeholders (e.g., business, government, civil society, etc.).
- The Network and the stories it produces will have the power to transform societal beliefs and thus make the entertainment industry more relevant and valuable.

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Sessions in the Annual Meeting programme related to the Future of Entertainment include:

- The Growing Influence of Social Networks
 - Crisis and Culture
 - The Power of Music
 - Redirecting Marketing
 - Enrichment through Music
 - Diary of a Wimpy Kid: Lessons on Reconnecting with Children
 - Arts, Culture and the Digital Age
 - The Art of Musical Improvisation
-



Future of Entertainment

Members

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Neal B. Shapiro, President and Chief Executive Officer, Thirteen / WNET, USA

Iain Tait, Founding Partner, Poke London, United Kingdom

Tian Wei, Anchor, China Central Television International, People's Republic of China

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Future of Mining & Metals

Issue Overview

The mining and metals industry has been crucial to the development and sustainability of the technology upon which society operates and survives. It therefore touches the lives of people, communities, institutions and countries at many levels, scales and over long periods of time. As population growth, urbanization and industrialization continue, demand for mined products will grow. The ongoing development of new mining projects is therefore inevitable.

The mining industry plays another fundamental economic role in global society: as a primary industry, its economic multipliers can far outstrip those of other primary industries. Furthermore, as mineral deposits have largely been depleted in the so-called developed countries, new mineral development increasingly occurs in developing countries where it plays a vital role as a pioneering industry. As new mining projects typically occur in undeveloped rural areas, the physical, social, transport and administrative infrastructure that follows them provides vital catalytic enabling environments for the establishment and development of other forms of primary economic activity. For areas affected by poverty and with a high proportion of youth, the investment holds more than just employment opportunities: it offers the ability to build sustainable institutional and economic capacity for ensuring their future and can be an important driver towards meeting the Millennium Development Goals.

Nevertheless, significant tensions exist between the industry's global commercial aspirations and national and local players' political and social interests. For example, mining projects are often vilified because of bilateral mine development agreements between companies and national governments, which are alleged to be "unfair" to other stakeholders, and neither transparent nor consistent with sustainable development. A typical scenario would produce jobs, tax revenues and royalties as "benefits" that reflect a country's share of the resource "rents", supplemented by significant multiplier benefits that ripple out from the mine project. Such agreements are usually negotiated during a particular commodity price regime and often lock parties in for an extended period of time. Rarely, however, are they founded on the entire mine project life cycle (i.e. many decades) during which significant change is inevitable.

Local and national political support is often high in the initial stages because of job creation and development potential. However, changes in commodity price, political leadership, mine ownership, unforeseen geological conditions, rising mining costs or fluctuating profits can alter the agreement's effectiveness from either party's perspective. Yet adaptation mechanisms are rarely included.

Such events often lead to a loss of trust and respect between the parties: local communities do not feel they are benefiting adequately although they carry much of the social and environmental burden. National governments feel their "cut" is not appropriate given their ownership of the resource. Demand for a greater share of benefits may increase to where the operation's profitability may be lost.

Proposal¹

The Council has identified this dilemma as key to understanding the relevance of the industry to the Forum's Global Redesign Initiative, in terms of resource management, equity with respect to the distribution of assets and income, economic development and poverty alleviation, environmental stewardship, governance and capacity. While multiple resources, models and standards can be drawn upon to address each of these issues in silo, a workable model framework does not yet exist to deal with all of these issues in the context of the negotiation process for a mineral development agreement in an emerging economy that includes all impacted stakeholders.

The Council's proposal is to develop just such a framework, which should address the following dimensions:

- Recognition of all implicated interests' full contribution, including governments, companies, local communities and other impacted stakeholders
- A consistent approach to understanding and assessing the overarching concepts of sustainable development relating to the catalytic economic role the industry plays in emerging economies
- Awareness, respect and protection of the interests of all parties impacted by mining activity
- Methods to quantify or benchmark the social and economic contributions of the project
- Consideration of the full project life cycle from the onset of exploration through post-mining closure
- Consideration of the fair distribution of costs, benefits, risks and responsibilities
- Periodic reassessment of the effectiveness of agreements and the clear setting of appropriate triggers to precipitate the adaptation of these agreements' terms
- The need to address the full range of substantive issues while providing for effective and transparent negotiating platforms and processes throughout the life of these agreements
- Methods to foster trust and respect among implicated stakeholders

This project will be scoped through discussion with representatives of civil society, industry, lending institutions and governments. As a first step, the Council will develop a template for both a negotiation process and a model form of development agreement. These templates would:

- Define requirements for a negotiation process applicable in a range of conditions
- Specifically address how to identify all key stakeholders, and define their role in the process
- Identify available data and inputs needed to allow for informed decision-making and consultation
- Define the substantive elements that such agreements should encompass to capture the full range of benefits, costs, risks and responsibilities over the full life cycle
- Build on the scenarios planning process undertaken by the industry in 2009

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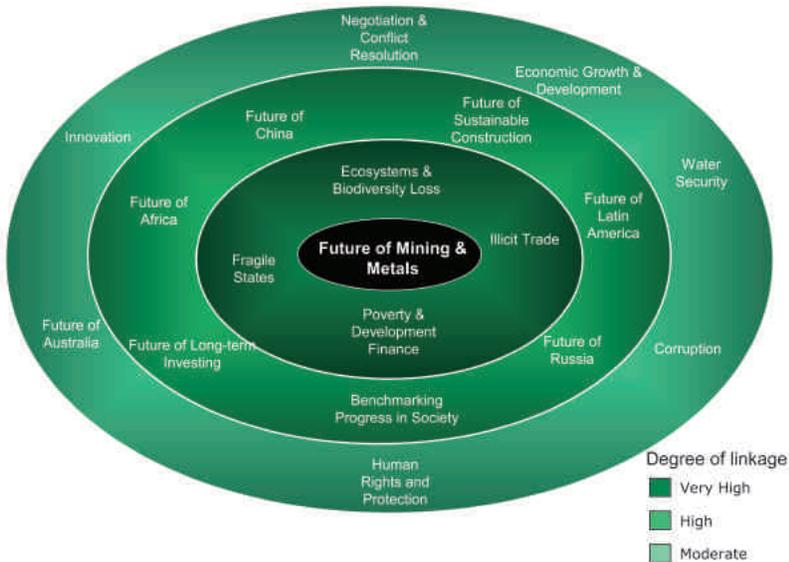
The process will examine current business practices and address relevant standards, tools and research to determine where they can be applied as part of this framework. Once a template is developed, consideration will be given to possible pilot projects where the framework could be tested in the field.

A key aspect of this project is the identification of specific issues related to other Global Agenda Councils and using these issues as a basis for a structured and continuous dialogue with them. These Councils are:

- Fragile States
- Ecosystems & Biodiversity Loss
- Poverty & Development Finance
- Sustainable Construction
- Corruption
- Councils on the Future of Africa, Latin America, China, Russia and Australia
- Benchmarking Progress in Society
- Philanthropy & Social Investing
- Future of Long-term Investing
- Illicit Trade

Sessions in the Annual Meeting programme related to the Future of Mining & Metals include:

- 2010 World Economic Brainstorming: Redefining the Global Commons
- Rebuilding Economics
- Rebuilding Critical Infrastructure
- US-China: Reshaping the Global Agenda
- Towards Low-Carbon Prosperity
- A Global Solution to Illicit Trade?
- Global Industry Outlook 1
- Global Industry Outlook 2
- Rebuilding Water Management
- Global Industry Outlook 3
- The Global Agenda 2010: The View from Davos



Future of Mining & Metals

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Future of Mobile Communications

Issue Overview

With nearly 5 billion mobile devices in use, there is an unprecedented opportunity to leverage humanity's most pervasive global platform to enable the transformation of industries and the improvement of lives globally. This Council envisions a world in the next five years in which everyone is connected with sufficient access to an Internet-based, open ecosystem of information, devices and applications through incentives for technological, social and business innovation.

The Council calls for strengthened global coordination among stakeholders to provide for investment, interoperability, innovation and social inclusion. In particular, the following dimensions warrant attention:

Ensuring affordable and ubiquitous network access to people, the Internet, advanced applications, sensors and more

- Allocating and managing licensed and unlicensed spectrum more effectively is a top priority. Governments must continually clear spectrum for civilian use to sustain the exponential growth in demand. The current pace is unsustainable and inadequate.
- Establishing global policy frameworks, which ensure competition, increased consumer choice, incentives for continued innovation and which balance between the need for interoperability and open applications with the responsibility of managing scarce spectrum resources, is also essential.
- Recognizing that information generated and gathered on individual and aggregate behaviours, transactions and geo-location holds tremendous transformative potential but needs clear rules and transparent regulatory frameworks to ensure value creation while preventing against abuse.

Leveraging mobile networks and devices as an enabling global platform to transform multiple industries. The health and finance sectors are Council priorities

Mobile Health Solutions:

- cost effectively improve and extend the reach of existing health services to support more people at all economic levels.
- empower individuals to keep themselves healthy (wellness) and manage their own health (e.g., chronic care) via real time feedback.
- require increased collecting and sharing of a base of evidence to demonstrate efficacy and return on investment.
- must be integrated into payment programmes of governments, insurers, employers and other payers.
- may uniquely require government action in the funding of wellness programmes due to long time horizons between investment and avoided cost.

Mobile Finance Solutions:

- require new regulatory and policy frameworks that balance the need for financial stability, security, consumer protection and regulatory compliance with the need for innovation and investment.
- impact economies at both the micro and macro level.
- enable an array of inclusive financial services by unlocking new efficiencies and redefined cost structures.

An increasing array of new applications, devices and connected individuals are driving an exponential increase in wireless data traffic that is outstripping supply. Because of rising costs and demand from ageing populations, healthcare must use mobile technology to become individual, real time and closed loop in order to reduce costs, increase wellness and improve the productivity of healthcare providers.

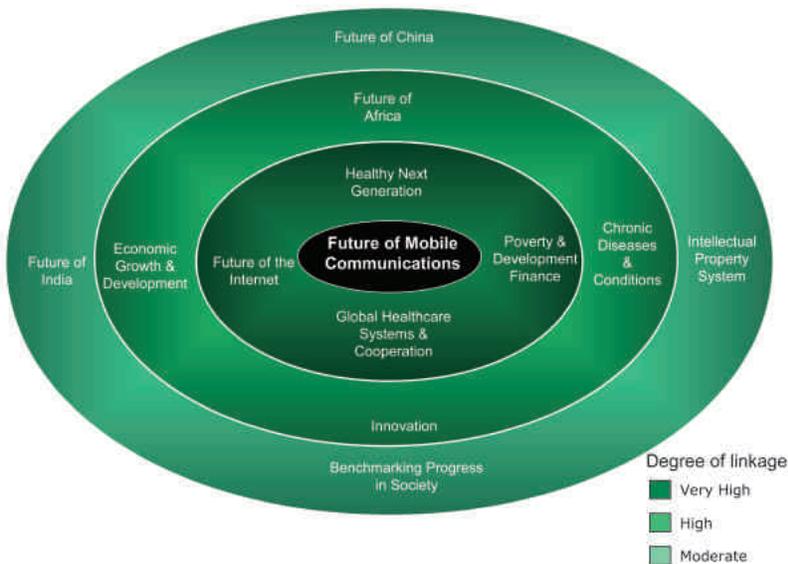
Proposals¹

- Encourage the reallocation of harmonized mobile spectrum for civilian use; Encourage governments worldwide to release unused spectrum
- Help to coordinate open partnerships of organizations that collect, create and share data on the efficacy of mobile solutions (e.g., health, finance, education, water, environment, entrepreneurship, e-government, disaster response, public safety)
- Create an education programme for policy-makers to improve understanding of the social, economic and environmental impact of mobile-based solutions
- Support dialogue which highlights how the convergence of regulatory agencies must reflect the underlying convergence of industries
- Encourage the creation of case studies which highlight the global scale of mobile health and finance services
- Develop and disseminate new benchmarking guidelines for assessing the reach, openness and impact of ubiquitous mobile communications. Penetration statistics are non-differentiated.
- Encourage the development of incentives for application developers to use wireless spectrum resources more efficiently
- Strengthen public-private dialogue in how to expand and enhance the utility of personalized and geo-located data for creating an array of health and financial services. Within this discussion, the accountability, transparency and ownership of this data need to be appropriately addressed to safeguard against abuse and ensure the rights of individuals.
- In unserved and underserved areas, considered new partnership models for sharing base infrastructure, potentially including network and backhaul builds and subsidizing consumer usage
- Facilitate cross-border delivery of virtual health and medical services
- Clarify liability rules in the delivery of health and finance-based services

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Sessions in the Annual Meeting programme related to the Future of Mobile Communications include:

- The Growing Influence of Social Networks
- Business Solutions to Rural Poverty
- Groundbreaking Discoveries in Science and Technology
- The Information Age and Human Behaviour
- Redesigning with Technology Pioneers
- Chronic Diseases: A Global Challenge
- Germs and Globalization
- Emerging Multinationals and Global Innovation
- Rethinking E-governance
- Do You Trust Your Data?
- Arts, Culture and the Digital Age
- Prepared for a Pandemic?
- Rethinking Africa's Growth Strategy
- Global Industry Outlook: Health, Consumers, Tech and Travel
- Meeting the Millennium Development Goals



Future of Mobile Communications

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Future of Real Estate

Issue Overview

Real estate is a fundamental platform for building the fabric of sustainable communities at the economic, financial, environmental and social levels. These ingredients are interrelated and impact government, investor and community stakeholders, and reflect community aspirations in many emerging markets.

As with broad economic trends, real estate investment, development and operations have become increasingly globalized in recent years. This has created challenges and opportunities for local and international real estate businesses alike. While a majority of real estate firms operate solely on a local basis, they rely on capital and credit sourced away from their home territory and benefit from the importation of value-added know-how, practices and skills. At the same time, a growing number of real estate businesses operate across regional and national boundaries, and must compete within the broader global economy while facing pressure to continue thinking and acting locally to prosper.

These issues have been reinforced by the impact of the global financial crisis and real estate's increasing importance in emerging market economies. This has highlighted the need for enhanced integrity and global confidence and understanding in real estate, both as an essential part of a country's economic and social fabric, a source of security for its citizens, and as an asset class.

In light of the challenges and opportunities presented by the increasingly global nature of the financial, service and supply structures tied to the real estate sector and by the increasing importance of sustainability in all countries, the Council on the Future of Real Estate is dedicated to the development of constructive dialogue and solutions on the foremost issues and challenges facing the industry.

Chief among the Council's questions are:

Can increased knowledge and understanding be imparted to emerging market countries on the breadth of important real estate issues through global real estate information, the articulation of real estate best practice, and the social dimensions and importance of housing in their markets?

How can stakeholders guide the evolution of real estate finance to manage risk without limiting reward?

With climate change and energy use rising on the global agenda, how can the real estate sector best address the expanding list of practical and political requirements needed to develop sustainable products and use scarce resources efficiently?

Given the close connection between the real estate sector and the communities it serves, how can real estate businesses best serve a multitude of stakeholders through transparent governance, public-private partnerships, planning and the employment of diverse populations?

If the real estate sector's fundamental purpose is to "house" each nation's economy and its citizens, can businesses worldwide achieve an adequate supply of buildings and infrastructure through the utilization of demographic understanding, constructive laws and regulations, and balanced capital and credit flows?

Proposal¹

Enhancing the Understanding of the Global Real Estate Environment

To enhance the understanding of real estate worldwide as an essential part of a country's economic and social fabric, countries should be benchmarked across the various dimensions of the global real estate environment. This includes the economic, financial, social, environmental and political dimensions of real estate.

Yet as both mature and emerging nations seek to enhance the economic and social well-being of their communities, an adequate understanding of the benchmarking of the global real estate environment is lacking. Importantly, tackling this deficiency in international cooperation would enhance all countries' understanding of their position in the global real estate environment and help address how they can progress the real estate culture in their country. This is particularly important for emerging markets as they seek fuller knowledge and appreciation of the role and contribution of real estate in the economic, social and environmental dimensions of their global development and interaction.

This Council proposes to institute a project to benchmark the global real estate environment. The aim is to benchmark the economic, financial, social, environmental and political dimensions of real estate in each country. A wide range of criteria would be assessed in various categories and sub-categories for each country. These categories would fully reflect the real estate environment, with expected real estate categories including: the regulatory environment, real estate taxation, transparency, disclosure, valuation and accounting systems, the availability of real estate services and information, real estate standards, macro-economic indicators, institutions, market efficiency, financial market and business sophistication, infrastructure, foreign ownership, sustainability practices, property rights, real estate education, the security of investment, the freedom of capital movement, housing market efficiency, home ownership issues, corruption, innovation, etc.

The methodology adopted would be similar to that used in the World Economic Forum's *Global Competitiveness Report*, with each country ranked between one and seven against the various criteria. Importantly, the criteria would be specifically focused on the real estate context of that criteria. Material would be supplemented with existing global real estate information (e.g., Jones Lang LaSalle's Global Real Estate Transparency Index).

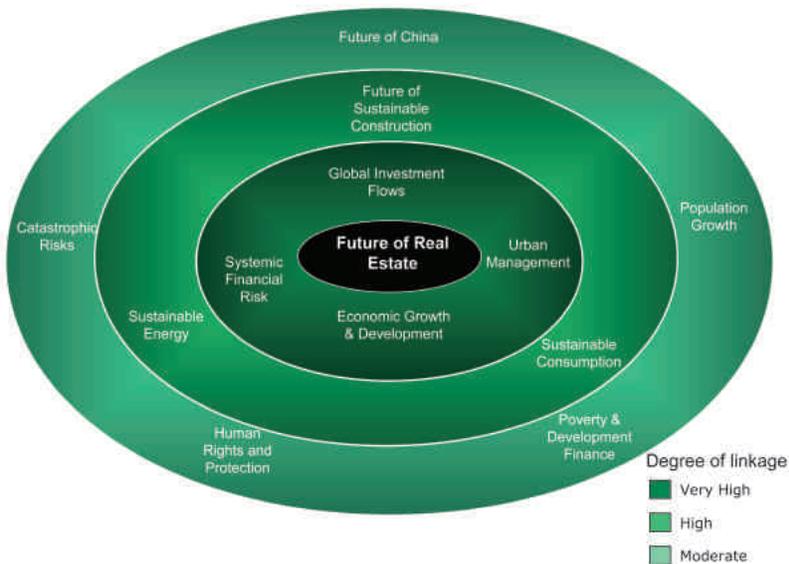
Thus a global real estate environment index would be produced that ranks the various countries. This would be further broken down into real estate environment sub-indices to reflect the specific economic, financial, social and environmental dimensions of real estate. Sub-indices would be produced to cover both the commercial real estate and housing markets in each country. The final product would be a report that rates countries against the various criteria to establish a worldwide ranking, supplemented with one-page country profiles.

This global real estate environment index would be a powerful tool for countries to benchmark their real estate environment in a global context. It would enable governments to identify areas for improvement in their local real estate practices, and help investors more fully understand the specific dimensions of investing in real estate in the various global real estate markets.

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Sessions in the Annual Meeting programme related to the Future of Real Estate include:

- Trouble with Bubbles
 - 2010 World Economic Brainstorming: Redefining the Global Commons
 - Rebuilding Economics
 - Financing Low-Carbon Growth
 - Rebuilding Critical Infrastructure
 - Towards Low-Carbon Prosperity
 - 2010 Investment Heatmap
 - Global Industry Outlook 1
 - Global Industry Outlook 2
 - Global Industry Outlook 3
 - The Global Agenda 2010: The View from Davos
-



Future of Real Estate

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Marketing & Branding

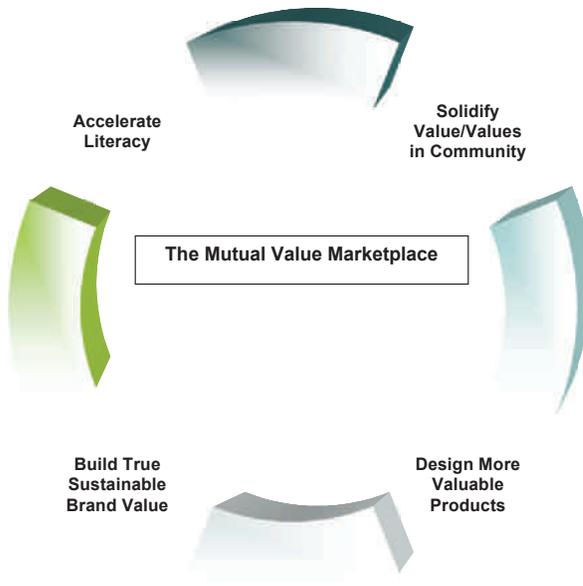
Issue Overview

The Global Agenda Council on Marketing & Branding is concerned that marketers have long been accused of creating a desire for goods that are not needed. However, as the world enters an era defined by new economic conditions, digital media, marketing forces and values, the Council believes there is an opportunity to define or redefine the guiding principles behind this multi-billion dollar industry. In this new era, marketers may be called upon to promote responsible and/or sustainable consumption while still delivering value for their clients. Indeed, marketing, as an important part of a broader effort to shift cultures and behaviours, can persuade people to act in more responsible ways for their own well-being and that of society at large by educating communities on health, environmental and social issues, and by building active partnerships with various stakeholder groups to act in the interest of the common good.

This Council believes it crucial to draw our focus on consumer literacy, while solidifying value/values within all communities. The current economic crisis is based on a fundamental lack of understanding on topics such as credit, finance, sustainability and hyper-consumption. There is a fundamental crisis of confidence and trust with major links to the environment, geo-political and social issues. We believe nearly all issues considered by the Global Agenda Councils come back to encouraging the right type of positive change and human behaviour from citizens, government and business leaders.

The urgency of our topic at hand is driven by major global shifts in transparency, activism, citizenship and the behaviours of a new generation and emerging (and quickly adopted) technology. These shifts require an urgent retransformation of the way marketing and marketers operate. At the core, we need to help citizens make decisions and demands that are in their and their communities' long-term interests. Then businesses must regain trust and confidence by changing products and communications to meet those demands.

Proposal¹



The Mutual Value Marketplace

- Create the Mutual Value Marketplace as a sustainable model for product development

Accelerating literacy. The model begins with accelerating literacy for consumers so they understand the personal and societal impact of their product choices. This step requires education through a variety of communications programmes including traditional and digital strategies.

Solidifying values in communities. Recognizing that all values are local, this model seeks to convene communities, both physical and digital, to recognize and embrace these values. Social media can be particularly powerful in activating personal intervention and building communities.

Designing more valuable products. Businesses listen to citizens, understand the values they embrace and innovate products to satisfy those needs.

Building true sustainable brands. Products that are designed based on meeting consumer values have lasting value.

The key for this model to work is to start with accelerating literacy:

- Create an “Educate and Empower” campaign to motivate consumers to ask questions that are critical to making informed purchases
 - Create a literacy agenda that is agreed to by government, NGO and business
- The literacy agenda includes financial, environment, health and human rights considerations.

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Actions include:

- **Consumers:** Ask questions, find answers
- **Advocates:** Provide and share answers
- **Business/Government:** Provide and publish answers

One potential model might be the formation of a global pro bono communications partnership on behalf of business and government, such as the US based Ad Council, which organizes creative work from advertising agencies and donated media to motivate and educate consumers.

Getting Started

- **Regions:** Pilot this model in the countries supporting the Forum's Global Redesign Initiative, namely Qatar, Switzerland, Singapore, Tanzania. These countries are more likely to support this proposal, and at the same time provide a good regional and cultural representation.
- **Partners:** Bring in a handful of multinational corporations and locals in these markets
- **Agenda:** Agree on key topics where people need literacy – financial services, environment, health and human rights

How: Create a communications programme utilizing the pro bono agency and media model

- Identify potential advocates
- Engage digital partners to light up the grid
- Benchmark attitudes and behaviours and measure change through post survey

Metrics: Benchmark:

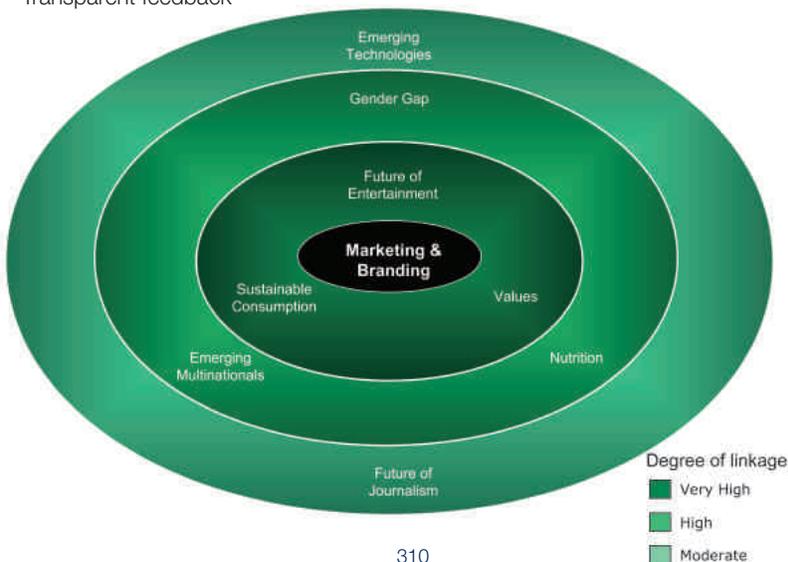
- Education level
- Empowerment perception
- Engagement buzz, number of searches, blogs, etc.

Brand reactions/plans

- Products
- Distribution
- Messaging
- Transparent feedback

Sessions in the Annual Meeting programme related to Marketing & Branding include:

- The Growing Influence of Social Networks
- Who Is the New Consumer?
- Redesigning Consumption Patterns
- Redirecting Marketing
- The Information Age
- Does an Algorithm Run Your Life?
- Arts, Culture and the Digital Age
- Design for Sustainability
- Rethinking Values in a Post-Crisis World
- IdeasLab on GRI (Values)
- The Power of Women Consumers



Marketing & Branding

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Peggy Conlon, President and Chief Executive Officer, Advertising Council, USA

***Richard W. Edelman**, President and Chief Executive Officer, Edelman, USA

Jack Gao, Vice-President, News Corporation, People's Republic of China

William Margaritis, Corporate Vice-President, Global Communications and Investor Relations, FedEx Corporation, USA

Gail McGovern, President and Chief Executive Officer, American Red Cross, USA

Jack Modzelewski, President and Senior Partner, Fleishman-Hillard, USA

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Region-related Councils

Future of Africa
Future of Australia
Future of China
Future of the European Union
Future of India
Future of Japan
Future of Korea
Future of Latin America
Future of the Middle East
Future of Pakistan
Future of Russia

Future of Africa

Issue Overview

Africa is the second largest continent in area and population, and perhaps the richest of all in natural resources. Africa has recently enjoyed a steady rise in GDP: 4.3% (2003), 4.6% (2004), 5.3% (2005), 5.7% (2006), 5.7% (2007) and 5.4% (2008). This performance lies above global growth, and coupled with persistent positive returns (even in a period of global economic crisis) has led to a review of certain perceptions of the continent.

Despite the impact of global economic contraction, Africa has real potential to stimulate the global economy through the spending power of its billion consumers, its natural resources and the intellectual potential of its young population. These resources present an opportunity for better growth and scope to attract greater private sector capital flows, if the continent's risk profile is reappraised.

Commitments by new investors in Africa from China, India and the Middle East highlight a change in perception of the opportunity the continent offers. Africa is at an important inflection point where the prospect exists to alter the tone of discourse and perceptions of risk. Africa can become a more significant contributor to the international economy by pursuing higher levels of economic growth on an annual basis.

The Council on the Future of Africa has identified deficiencies or gaps in international cooperation that are particularly important for action as part of a Global Redesign:

- **Strengthening Economies**

Several gaps in international cooperation can be bridged by strengthening economies. In particular, taking measures to engage and to empower low-income economies would enhance global economic demand with positive outcomes for all global stakeholders. Improved public-private partnerships will stimulate private sector participation and bring success in critical areas like infrastructure development. Better cooperation can lead to better outcomes in education and skills development; thoughtful agricultural policies and practices will ease food insecurity, empowering even more economies to make a contribution to global prosperity. Dedicated SME financing to empower youth and women entrepreneurship will help spur economic activity and improve quality of life. And stronger regional integration will ensure that smaller economies can be more united in dealing both with rich countries as well as the new emerging economies (BRICs) and the Middle East.

- **Values Framework and Governance Institutions**

Revisiting the values at the heart of global governance institutions will improve the state of the world. A first step would be to consider what reconfiguration is needed in existing institutions. The corollary is to consider what new institutions are needed. Revisiting the values framework may provide fresh guidance in areas like climate change, security and the determination of representation in international organizations.

Proposals¹

A. Strengthening Economies

1. **The Big Push:** Set a benchmark to elevate Africa to a more global competitive position through sustained economic growth in excess of 8%. Two approaches may achieve this:
 - a. Investment in major economic stimulators such as infrastructure (specifically in transport and energy)
 - b. A new approach to trade that creates an enhanced, integrated platform maximizing efforts that have already been made in this arena (i.e. the EU's anything-but-arms initiative, Economic Partnership Agreements and the US's African Growth and Opportunity Act) and new trade efforts by BRIC countries; a critical success component is addressing subsidies that distort the natural risk return profile of free market economics

2. **Mandela Plan:** Finance Africa's development and the execution of The Big Push
Proposals include:
 - a. Intensify efforts to revisit the role and mandate of institutions such as the World Bank and IMF
 - b. Mobilize public funds to assist investors to overcome the gap between perceived and actual risk (i.e. a mezzanine debt fund such as that provided by the Canadian Investment Fund for Africa and China-Africa Development Fund)
 - c. Create a Global Fund for SMEs (particularly focused on empowering women and youth entrepreneurs)
 - d. Channel 1% of global stimulus packages to the African continent
 - e. Create a Risk Return Index to adequately profile the actual performance of African investment portfolios (showcasing both public and private equity investments)
 - f. Establish an African Peace Corp that supports young Africans on the continent or from the Diaspora to spend a year working on a development project in a country not of their origin

B. Values Framework and Governance Institutions

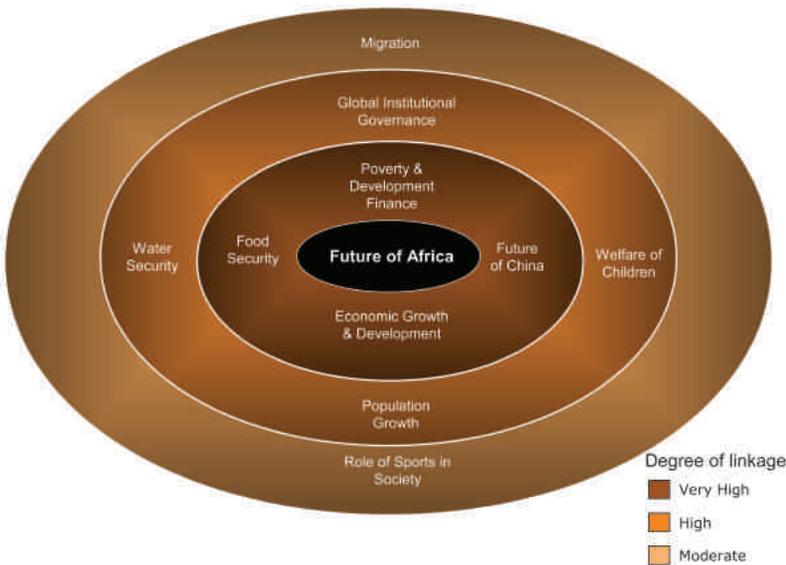
3. Ensure Africa's voice within global decision-making bodies
In order to effect this, alternate measures/organizing principles are required to determine Africa's representation in global governance institutions (including African representation at the G20, at Copenhagen). The Bretton Woods Institutions were created using GDP strength and relative contributions to post-World War II rebuilding efforts as the determining factors of representation. A post-crisis world requires a different organizing principle. Value systems should change to view Africa's resources as a global resource and base representation on resource wealth, population and consumer power. Regional organizations should be considered an additional global governance building block.

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4. Establish a Global Fund for Civil Society
 Shared power and moral authority by citizen groups will help balance the current lopsided power relations between government, business and citizens. To contribute to a change in the values that dominate areas of international cooperation, the Council proposes to address the biggest constraint to the fullness of the voice of Civil Society Organizations (particularly those in low-income countries), which is primarily the lack of access to no-strings-attached funding.

Sessions in the Annual Meeting programme related to the Future of Africa include:

- From Brain Drain to Brain Circulation?
- South Africa in Transition
- Walking the Green Talk
- Rethinking Africa's Growth Strategy
- Rebuilding Fragile States



Future of Africa

Members

Co-Chairs:

Graça Machel, Founder and President, Foundation for Community Development (FDC), Mozambique

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Obiageli Katryn Ezekwesili, Vice-President, Africa Region, World Bank, Washington DC

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Mo Ibrahim, Chairman, Mo Ibrahim Foundation, United Kingdom

Sir Samuel E. Jonah, Chairman, Jonah Capital, South Africa

Christopher Khaemba, Dean, African Leadership Academy, South Africa

***Ory Okolloh**, Lawyer, Political Activist and Blogger, Kenyan Pundit, Kenya

***Maria Ramos**, Chief Executive Officer, Absa Group, South Africa

***Michael W. Spicer**, Chief Executive Officer, Business Leadership South Africa, South Africa

***Peter Sullivan**, Group Editor-in-Chief, Independent Newspapers, South Africa

Raenette Taljaard, Senior Lecturer, Graduate School for Public and Development Management, University of the Witwatersrand, South Africa

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Issue Overview

Historical context: 30 years of improving competitiveness and quality of life
Three decades ago there was much doubt over Australia's future trajectory. By 2009, no developed world economy was better placed to withstand the global financial crisis. This was attributable to three primary reasons:

1. A shift in economic and diplomatic relationships primarily associated with the rise of the resource-hungry north Asian economies
2. A largely bipartisan consensus surrounding economic reform and liberalization leading to: currency deregulation, financial sector deregulation, the linking of wages to productivity, the privatization of government enterprises, fiscal surpluses, industrial relations reform, tax reform from income to consumption, labour market flexibility and superannuation through private systems
3. A stable industry structure and the regulatory environment of the banking and financial system

Challenges: To maintain competitive advantage and quality of life
Both domestic and international factors could undermine Australia's trajectory over the next 30 years:

• **International Challenges or Threats:**

1. Regional stability: risk of conflict in the North Asian triangle or fragmentation in Indonesia
2. Global financial stability: risk of commodity, education and tourism exports being exposed to global economic instability
3. Climate change: risk of neoprotectionism and unregulated migration flows from the region

• **Domestic Challenges or Threats:**

1. Management of scarce resources: Water and land – possible development of the north of Australia
2. Management of urban infrastructure and lack of long-term planning
3. Ageing population and health: need to expand the population base
4. Development of a broader knowledge base to the economy and culture of innovation

Solutions under Consideration:

1. Mechanism for greater regional economic coordination and transparency
2. Mechanism for enhanced global prudential lending standards
3. Continued expansion of free trade agreements
4. Domestic resource management vision and plan
5. Domestic knowledge economy and education vision and plan

Proposal¹

- To sustain its productivity and economic growth, Australia will have to play a constructive role within its region by taking up its fair share of the burden of contributing to stability and prosperity.
- Where appropriate, Australia will have to participate actively in regional and global institutions, such as the ASEAN, the G20, the IMF and the UN. Indeed, it is impossible to conceive of Australia prospering (in the broadest sense of the term) without developing and maintaining positive relationships with its immediate neighbours.
- These relationships should be based on mutual interests that underpin the creation of **regional free trade communities**. Additionally, the Council aspires to strengthen ties between people at a deeper level. A recent example includes the announcement of a new scheme of Australia Awards that replicates aspects of the Colombo Scheme.
- Domestically, Australia will have to invest in the further development of a balanced economy so as to guard against over-reliance on the resources sector. Australia will also need to develop effective public policy frameworks that address the realities of increased population, levels of educational attainment, urbanization and development, ageing, security risks and climate change.
- On the regional security front, collective interests will be served by promoting improved military transparency and confidence-building measures.
- There are several possible platforms for advancing this agenda including: the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS). While these mechanisms play an important role, there are active discussions within the area about the need for new arrangements based on the reality of changing relativities of power within a region that is of increasing geopolitical significance.
- The *Global Agenda Council on the Future of Australia* is focusing much of its attention on issues of sustainable national interest and constructive engagement with our major regional and trading partners. However, this Council is also addressing two matters of broader significance:
 - **Responding to population demands?**
Australia is a large continent with vast reserves of energy and raw materials. It is also the driest continent on earth, with large expanses of ancient and depleted soils. Both factors are thought, by some, to indicate the need for a relatively small population. Current national plans estimate growing our national population to a size of approximately 35 million people by mid-century. However, given the

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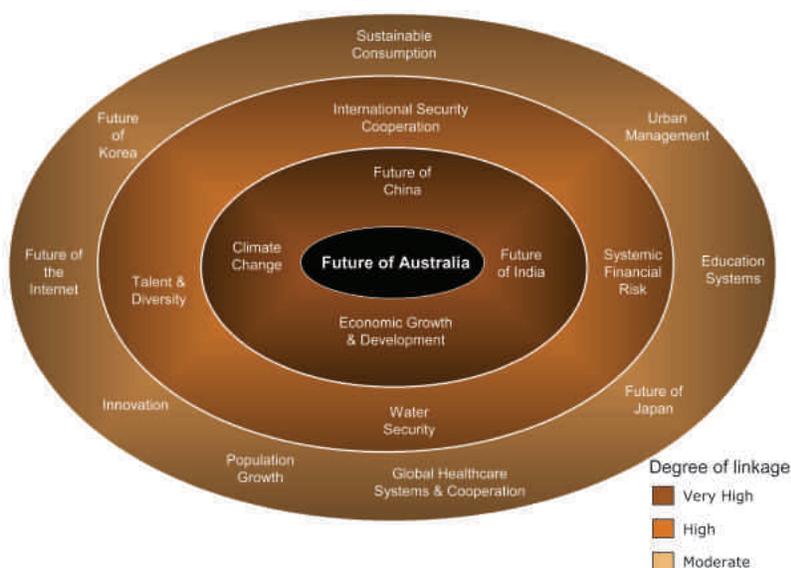
expected rise in the world's population, does Australia have an obligation to follow the earlier example of the USA and accelerate growth to achieve a much larger population by the end of the century? If so, what would both the positive and negative domestic implications of such a decision be? How might Australian innovation be directed to managing the limiting factors outlined above? What would our wider regional neighbourhood think of such a plan?

– **A voice for humanity?**

The Council believes that the time has come to establish a global mechanism to advance the interests of Humanity rather than that of States. Such an institution should tap into the wisdom of humanity, as a whole, with the major strands of human civilization to be given equal voice – with none privileged over the other. The practical means for achieving this goal are at hand; such a mechanism should complement existing structures. Rather than proposing specific measures, the Council hopes to stimulate a broader conversation about this core concept.

Sessions in the Annual Meeting programme related to the Future of Australia include:

- Rethinking Security in the 21st Century
- Making Cap and Trade Work
- Will India Meet Global Expectations?
- IdeasLab on the Global Redesign Initiative (Security)
- IdeasLab on the Global Redesign Initiative (Sustainability)
- IdeasLab on the Global Redesign Initiative (Economics)
- Towards Low-Carbon Prosperity
- Rethinking the Global Commons: Fisheries
- Creating Jobs and Strengthening Social Welfare
- Redesigning Capital Markets
- Nuclear Non-Proliferation: Getting to Zero
- Redesigning Financial Regulation
- The Great Shift East in the Global Agenda



Future of Australia

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Future of China

Issue Overview

The re-emergence of China as a global power is profoundly reshaping the geopolitical, economic and strategic landscape. Cooperation and leadership by China will be integral to the resolution of a full range of global issues, including climate change, proliferation, trade and public health, among others. This Council is particularly interested in addressing how China can most effectively use its growing influence to support the reform of the international monetary system, to meet the challenge of climate change and to promote high quality growth.

The 2008 financial crisis has questioned the effectiveness of the Bretton Woods system and its institutions, the World Bank and the IMF. It has also brought new focus on China as a global economic actor critical to bringing about a successful response to the crisis. The Council on the Future of China sees China's contribution both in its participation in current financial institution reform and in its domestic actions. Both are crucial to bring the world economy out of its current situation and help avoid similar future crises.

Regarding climate change, China will join the international community's search for more effective and productive means of cooperation to reduce the global carbon footprint. Towards this end, the China Council supports a rigorous global system of monitoring, reporting and verification, as well as a global mechanism that ensures access to financial, technological and capacity building assistance for developing countries in return for serious and credible commitments.

China's ability to achieve its goal of being a responsible partner in meeting global challenges also rests on the profound reform of its domestic institutions and a transformation to high quality growth. The Council recommends a balanced and finely-leveraged economic stimulus plan that does not pass over the private sector, in particular small- and medium-sized enterprises, or jeopardize innovation dynamics in the market. China must continue to grow, but at a rate that is sustainable, and via institutions and practices that promote transparency and accountability.

Proposals¹

On Climate Change

The Council on the Future of China advocates a global climate mechanism that developing countries can opt into after providing a national climate plan with credible commitments and serious targets. In return, this mechanism should offer benefits such as access to a global technology fund, to capacity building and to support for monitoring, reporting and verification.

To ensure the successful implementation of climate targets and national plans, the China Council recommends a rigorous system of measurement, reporting and verification (MRV), both at the international level and domestically. At the international level, the Council proposes the establishment of an expert panel that verifies national commitments, perhaps within the context of a currently existing international organization. Within China, MRV is particularly critical at the provincial and factory levels. Specifically, the Council recommends that individual provinces publish their progress in meeting energy efficiency and carbon intensity targets. Specific energy saving targets should be enforced at the factory level.

China also seeks to work closely with the international community in sharing best practices regarding climate related technologies and policies, including the development of carbon capture and sequestration, energy efficient buildings and appliances, electric cars, sustainable construction materials, urban planning, inner city transportation and smart grids. This is not only necessary in the context of cooperation with industrialized nations but also with the developing world, where China has the capacity to support the development of clean energy, such as renewable energy technology.

The China Council supports the proposal of the Global Agenda Council on Climate Change to establish a public-private global technology fund, in which China would be both a contributor and a recipient.

On the International Monetary Fund

Regarding the reform of the International Monetary Fund and other existing international financial institutions, this Council supports the proposal that China and other leading developing countries be given more say in the decision-making process. The Council applauds this recommendation and strongly endorses China's expanded role and responsibilities in a cooperative and forward-looking international monetary system.

At the regional level, the China Council recommends investigating the possibility of establishing a regional Monetary Fund, which could provide a most effective way to mitigate the risks associated with a volatile international financial market. This plan must include the ASEAN countries along with China, Japan and Korea. It could reasonably consider creating a new regional currency for the Fund. But more research is needed to turn this scenario into reality.

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On High Quality Growth

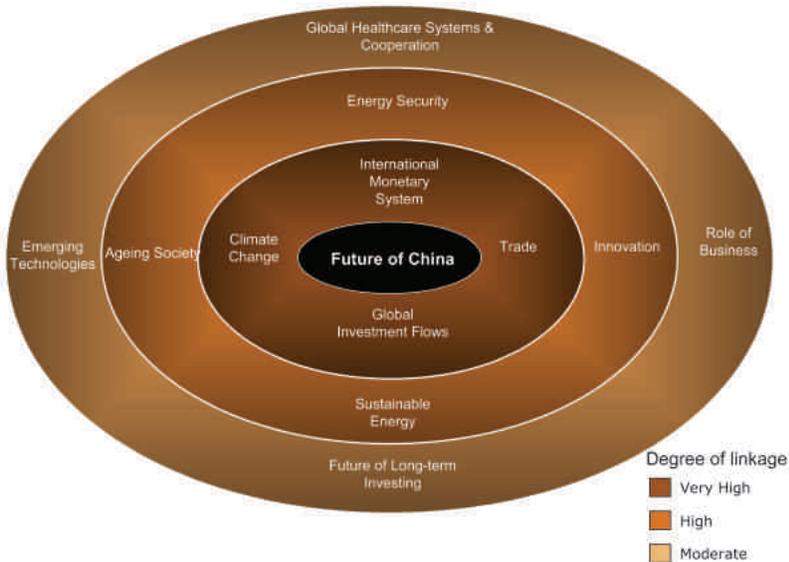
China will strive for growth that is balanced, equitable, just, efficient, sustainable and ethical. Toward this end, China should develop macroeconomic policies with an assessment of their full impact to maintain balanced growth.

The Council on the Future of China suggests that China should also consider examples of international standards across government, business and civic organizations to forge a sound underlying ecosystem for business practices, and to set a new standard for quality that will ensure transparency and official accountability.

Last but not least, given the rising backlash from nationalist and protectionist sentiments globally, China will continue its combat against trade protectionism in concert with other developing countries.

Sessions in the Annual Meeting programme related to the Future of China include:

- US-China: Reshaping the Global Agenda
- Rethinking the Global Dimensions of China's Growth
- The Great Shift East in the Global Agenda
- Rethinking Trade and Climate Change
- Global Governance Redesigned



Future of China

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Future of the European Union

Issue Overview

The state of the world at present might be best characterized as a “global non-system”. The world is dominated by a handful of large players who interact in a variety of fora, but without any coherent structure and largely without any binding constraints. Europe embodies a different approach which has worked well by creating a tight legal framework that binds states of very different sizes in a system with legal constraints.

It is not possible to recast the international system by copying the EU. However, Europe’s experience provides examples of successful integration and conflict resolution.

The one area where this lack of global framework is most apparent is in ensuring sustainability. Sustainability has many dimensions beyond that relevant to the concept in the environmental field, including international inclusiveness, and economic and social cohesion. Yet the key issue on which concrete action is currently possible is climate change.

It is now largely uncontested that “business as usual” with its excessive accumulation of atmospheric carbon dioxide (and other greenhouse gases) will lead to potentially catastrophic climate change. As this is an area where the EU has led thus far, elements of the EU approach might be applied at the global level.

The G20 and other groups might provide useful fora for discussion, but they are inadequate global governance structures and risk domination by the largest players. By contrast, the EU’s institutions tend to provide protection for the smaller and weaker states.

Another problem stemming from the global non-system is that most countries pursue national interests as defined by the “Westphalian” order. These interests usually lead to zero-sum games in that power can only be acquired at the expense of other states. What one state gains is a loss for another. The EU differs from other major powers in that values have a much stronger influence on the definition of its own interests. The EU does not naturally compete with other major powers; it prefers to cooperate in a structured, often multilateral, way.

Exporting the EU model as a normative power may not be possible, but it still represents an approach that in its own ways has scored significant successes (including the enlargement of the EU). Increasing the peaceful pursuit of fundamental values in international relations would greatly stabilize the global system as it would reduce the likelihood and severity of conflicts.

Proposals¹

The Global Redesign Initiative-linked proposals of the Council on the Future of the European Union revolve around two key concepts: sustainability and values. In particular the EU experience involving common institutions that underpin a complex treaty suggests the following possibility:

- The creation of a Global Climate Change Council (GCCC) in the form of an institution that oversees and manages the implementation of a global agreement on limiting greenhouse gas emissions expected at the conclusion of the “Copenhagen process”

This institution should monitor implementation *inter alia* by collecting and verifying the necessary data. The GCCC should also oversee the various international mechanisms that are expected to be part of any new global agreement to combat climate change (the so-called Clean Development Mechanism, Joint Implementation, etc.). The implementation and enforcement mechanism under the Kyoto Protocol have been cumbersome and ineffective and the post-Kyoto regime envisaged so far might be even weaker. However, this lack of oversight and enforcement puts the success of the entire regime at risk.

Accordingly, a key aspect of this institution is that its decision-making organ should incorporate persons whose task is to look after the common good. The Council realizes that any “Treaty Implementing Institution” will be composed mainly of representatives of the governments that signed the treaty. However, it is crucial that the governance of this institution not be left entirely to national governments’ representatives (and thus to national interests).

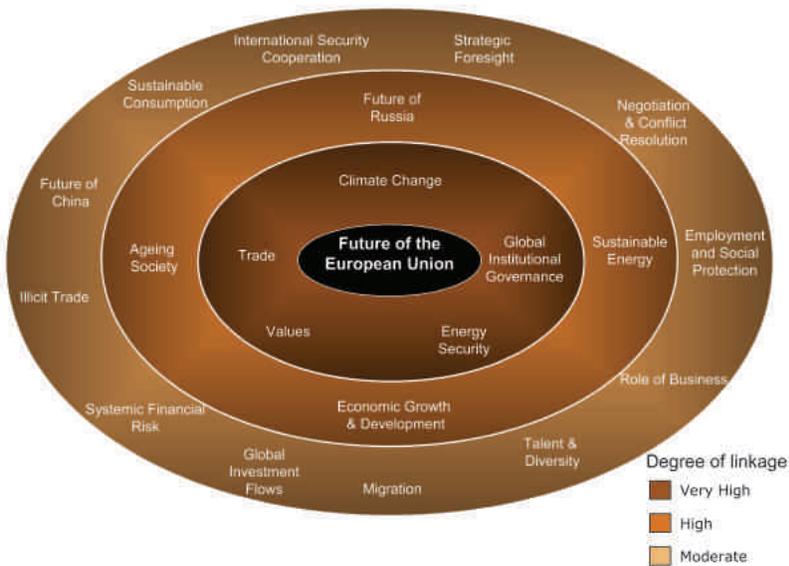
To summarize, the “Copenhagen process” should be restructured as a three stage procedure: 1) the attainment of political agreement; 2) a binding agreement on emissions targets; 3) the creation of the implementing institution (the GCCC).

- The EU must also improve the effectiveness of its development policy by integrating national budgets and subjecting them to systematic monitoring. Although Europe (as the sum of the EU and 27 national aid budgets) is the largest donor, its effectiveness is limited by insufficient cooperation among member states. While a unified EU development budget is not feasible at present, it should be possible to create a mechanism through which member states integrate their national aid budgets. Moreover, the impact of development aid should be monitored continuously with the aim of ensuring that development aid fosters all aspects of sustainability as well as human rights and democracy.
- The Council of Europe might be transformed into a “Council of European Values”. Expanding its membership and strengthening its enforcement mechanism would widen the reach of the EU’s fundamental values. The key challenge here is making adherence to a set of values attractive enough so that other states are willing to submit themselves to an effective enforcement mechanism.

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Sessions in the Annual Meeting programme related to the Future of the European Union include:

- 2010 World Economic Brainstorming: Redefining the Global Commons
- Global Energy Outlook
- Financing Low-Carbon Growth
- Rebuilding Long-term Economic Growth
- Financing Low-Carbon Growth
- Switzerland: Misfit or Model?
- Europe under New Leadership
- The New Growth Narrative
- State Leadership: An Opportunity for Global Action
- Global Governance Redesigned
- Special Message Germany
- The Global Agenda 2010: The View from Davos



Future of the European Union

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Future of India

Issue Overview

India is playing an important role on the global stage. As the largest free market democracy in the world, it is a model for many emerging economies. But it faces a strange contradiction. While the world expects a lot from India, the country is letting down its own citizens. Its human development parameters are among the worst in the world. Even as Indian corporations and managers are lauded across the globe, the country suffers from dysfunctional governance. What India lacks is the effective application of its agencies and ideas.

India cannot exert global influence if it is not able to improve the quality of life of its more than one billion people. Without action, this demographic advantage can easily become a wasted resource. Millions of young Indians will languish, and their aspirations will fester in the absence of a capable system that trains and educates them to meet the country's growing talent demand.

It is time, then, to Rethink, Redesign and Rebuild India right from its foundations, from the smallest of districts and blocks where governance is delivered, to its expectant citizens and to corporations that are driving growth and ambition.

Implementing India

India may have the greatest ideas, but it also has the greatest unrealized hopes. Its best ideas are not implemented. The country appears to be an island of order surrounded by seas of chaos. Almost all of India's neighbours are in political and social turmoil. Therefore, the temptation within the policy-making and advisory establishment is to fortify India's borders and to focus on external relations for managing a secure environment.

The Council on the Future of India has taken a contrarian position and proposes a rethink of this issue. To redesign and rebuild India, work must begin from inside the country. Its borders are largely secure. But unless there is good governance, the sense of calm within India will dissipate.

In fact, the calm is already dissipating. Significant parts of the country are facing armed rebellion as a lack of governance has alienated millions. The resulting chaos and social turmoil risks leading political forces to externalize the failure. They would then blame external forces, neighbours, leading to further tensions.

For all these reasons, the Council on the Future of India aims to focus on the theme of "Implementing India". Specifically, the Council feels improving governance would be a key enabler allowing India to better address its challenges. Furthermore, the Council on the Intellectual Property System is keen for Indian policy-makers to stress the need for a continuing and robust IP regime, with affordable medicines for the weaker sections of society, fostering grass root innovation and protecting India's own intellectual contributions.

Proposals¹

Not just growth, but also governance has to be inclusive.

Inclusive Governance: Citizens Against Corruption

Government agencies at the village, district, state and central levels are neglecting citizen demands. Governance has to be made more transparent, accountable and efficient. The Council feels that the biggest obstacle to improving the state of governance is corruption. Both institutional and individual corruption thrive in the absence of accountability. Worse, according to the Asian Development Bank, corruption costs India an estimated US\$ 170 billion annually, with Indians paying upwards of US\$ 3 billion in bribes every year.

The Future of India Council proposes a novel multistakeholder plan to empower citizens to battle corruption. The empowerment of citizens can be enabled by Internet and mobile phone technology, among other innovative means. This is a critical pillar of redesigning and rebuilding India.

Citizen Roles

Corruption reporting: There are more than 450 million cell phone users in India. Soon half the 1.2 billion population will have cell phones. These phones are instant tools to report corruption. But a platform and infrastructure to report corruption and ensure action must be created. A corruption call centre can be established by government and non-governmental organizations to allow Indians in villages, towns and cities to report corruption.

Citizen award: The creation of a citizen's award for honest officers, government functionaries, elected officials, ministers and corporations would provide one incentive to fight corruption.

Awareness of rights: A special campaign to educate citizens on their rights, especially under the Right to Information Act, with innovative uses of the arts, TV and film, would play a key role.

Values: Instilling ethics and values in the education system would help society become intolerant of corruption. This is important as rising cynicism resulting from dysfunctional government bodies is leading to an acceptance of corrupt ways of doing business.

Real heroes as role models: With the help of the media, honesty must be publicly celebrated and new heroes created to inspire youth.

Government Roles

Special courts: Special fast-track courts can be established to rule on corruption cases. A mechanism can be created so corruption complaints filed by citizens are quickly addressed and resolved.

Support from the Prime Minister: A positive recognition plan can be created in which the prime minister honours honest officers, citizens and politicians.

Information on the Internet: Transparency at all levels should exist – from the village to the central government. To enable this, the Council recommends that all government

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transactions, policies and information be posted on the Internet and that an annual audit be conducted by an independent panel. Let there be no gatekeeper to government information.

Anti-corruption charter: All government and elected officials should sign a no-corruption charter. This will create moral pressure on them. Currently, they have none.

Awarding administrators: A special award for clean government should be created by a panel that includes government and civil society. The Chief Minister of the cleanest state should be publicly lauded. This could even be developed into a political plank. A similar project in Africa by the Mo Ibrahim Foundation awards a best governance prize to heads of state.

Business Roles

Anti-corruption charter: Indian companies should join the anti-corruption charter championed by the World Economic Forum’s Partnering Against Corruption Initiative and the Confederation of Indian Industry. Further, the Securities and Exchange Board of India should ask companies to provide disclosures on anti-corruption in annual reports/filings with the stock exchange. A regular anti-corruption audit could be conducted by the Big 4 audit firms.

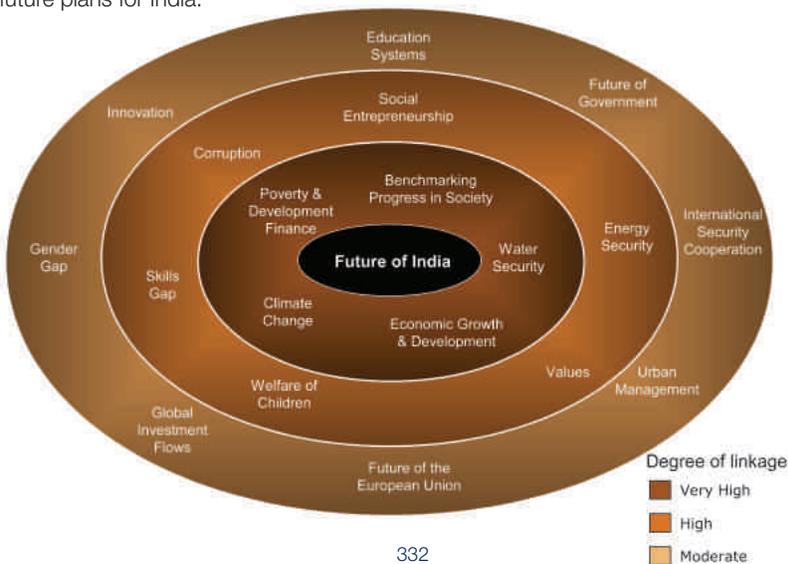
Self-regulation: Industry bodies should create a self-regulatory and monitoring mechanism that reins in companies that resort to corrupt practices, by first acknowledging and accepting transactions where corrupt practices exist today.

Other Advice

The Council on Water Security correctly raised attention to the gravity of India’s water crisis through the rapid depletion of its water tables. This was further underscored by the Council on Ecosystems & Biodiversity Loss, which highlighted the massive loss of biodiversity. Thus, it was recommended to prioritize issues related to water security in future plans for India.

Sessions in the Annual Meeting programme related to the Future of India include:

- Will India Meet Global Expectations?
- Rebuilding Critical Infrastructure
- Creating Jobs and Strengthening Social Welfare
- Nuclear Non-Proliferation: Getting to Zero
- A World without Nuclear Weapons: Utopia?
- Rethinking Population Growth
- Global Economic Outlook
- Rethinking Trade and Climate Change



Future of India

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Future of Japan

Issue Overview

2009 marks an epoch in Japanese political history due to the victory of the Democratic Party of Japan (DPJ) over the Liberal Democratic Party (LDP) in the Lower House election. The LDP, which had been in power for over 50 years with only one limited interruption, had not been able to develop and implement solutions to recent issues of public concern relating to social welfare, healthcare and unemployment, or the economic downturn. The landslide DPJ victory reflects the public's frustration over the LDP's unsatisfactory response and inability to take effective countermeasures, as well as the country's urgent desire for fundamental change.

Both domestic and global expectations are high for reform by the new administration led by Prime Minister Yukio Hatoyama. It remains to be seen when and how the Hatoyama administration will deliver on DPJ's campaign promises.

Some questions include:

- What role does the new administration plan to play geopolitically in Asia, in particular to balance its relation with the US and China?
- How can the government ensure the effective and efficient restructuring of Japanese institutions (as one of the Hatoyama administration's priorities is to depart from bureaucrat-driven policy-making to adopt politician-driven policy-making)?
- How can Japan use such strengths as its world-class technologies in energy, the environment, etc., in more coordinated fashion to contribute to addressing challenges on the global agenda?
- How can Japan participate in developing a new regional economic model for Asia so that Asian countries can move away from an export-driven model towards an increasingly domestic, regional market-driven model?
- How can the Japanese government collaborate internationally in the area of financial regulation, in particular, to ensure that the economic crisis that swept the world in 2008/09 will not occur again?
- What balance should the Hatoyama administration strike to resolve such domestic and global issues as:
 - the widening gap between urban and rural areas, ageing and healthcare, unemployment and the mismatch between workers with high skills and their employment opportunities (mainly domestically)?
 - the income gap between developed and developing countries, the increasing gap of highly skilled workers across countries and industries worldwide?

Now is the time for Japan to take a leadership role in creating a new holistic approach to sustainability.

Proposal¹

New Sustainability: Beyond Trade-Offs

The Council recommends that Japan take a proactive role in promoting a model of New Sustainability that goes beyond conventional trade-offs (growth and environmental soundness, for example).

- **Conceptual Framework**

1. Why: Using Japan's Experience in Coping with Rapid Economic Growth

- As Japan underwent its rapid economic growth, it also experienced successes and failures in balancing growth with environmental conservation, challenges that emerging economies are facing today. Both emerging and advanced economies can learn from Japan's experience.
- Japan's successes include mass-transit based urbanization and the efficient use of energy, such as through the development of solar panels. Failures include serious air pollution and poor industrial waste control during the 1970s.

2. How: Taking a Holistic Approach, Going beyond Regulation, Sanctions and Mere Technological Breakthrough

- Japan has transformed constraints such as dense population and scarce natural resources into advantages by integrating various elements into a New Sustainability Model.
- The New Sustainability Model includes not only short-term regulations, sanctions and technological breakthrough, but also the development of strong social consensus, long-term oriented economic incentives and disincentives, and process and governance innovation.
- This holistic approach is critical in breaking the deadlock that many nations face in overcoming the perceived trade-offs.
- The elements of this holistic approach are universal in nature and would be applicable both to emerging and mature economies.

3. What: Proposing Japan as the Centre of Excellence for the New Sustainability Model

- The Council on the Future of Japan proposes that Japan play a leading role in the development of the New Sustainability Model and serve as the centre of excellence and as a hub of network for like-minded global stakeholders.
- As an initial step, Japan can serve as the knowledge hub for sharing information and best practices regarding this holistic approach.

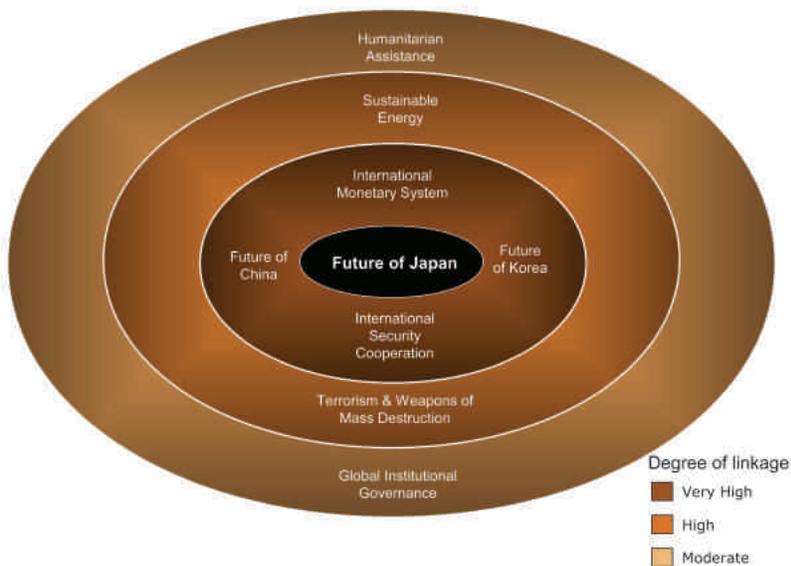
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- **Opportunities for Immediate Action**

Japan should play a constructive leadership role in the Asia-Pacific region and globally to deepen and broaden cooperation in addressing issues on the global agenda, and particularly to promote the New Sustainability Model. More specifically, Japan should maximize opportunities arising from serving as Asia-Pacific Economic Cooperation (APEC) host nation in 2010.

Sessions in the Annual Meeting programme related to the Future of Japan include:

- Japan in Transition
- The Great Shift East in the Global Agenda
- Global Governance Redesigned
- IdeasLab with Technology Pioneers: Betting on Green
- Global Economic Outlook



Future of Japan

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Issue Overview

South Korea used to be touted as one of the most successful countries to deal with growth and redistribution challenges. The 1997 Asian financial crisis, however, shattered the dream of growth with redistribution due to the advent of soaring under- and unemployment especially among the youth, widespread bankruptcy among small and medium-sized firms and the hollowing out of the middle class. The need for environmental integrity in light of climate change has further complicated the situation in South Korea. The dilemma of managing the triple goals of growth, equity and environmental integrity with intergenerational implications is not limited to South Korea but bears universal implications. Indeed, most countries are currently facing a similar challenge. Additionally, recently intensifying debates related to the December Copenhagen summit on climate change further underscore the complexity of growth with environment and social protection that divides the advanced industrial and developing countries. Whereas industrialized countries have been calling for tougher regulations on CO₂ emissions from newly emerging economies, the latter have been arguing for open economic growth, which is essential for job creation and social safety. They also complain of industrialized countries' failure to share green technology.

The Council on the Future of Korea proposes the "Green Responsible Growth" (GRG) initiative, which aims to explore a new paradigm that can simultaneously satisfy growth, social responsibility (i.e. equity and job creation) and environmental sustainability. The GRG initiative transcends the traditional growth-oriented strategy that ignores environmental integrity and social responsibility. It is conceivable to attain a 50% reduction in resource input, a 50% increase in economic value and a 20% increase in job creation under this initiative. It is a holistic and synergistic approach based on vertical multilayered coordination and cooperation, and horizontal multitasking engineering. The proposal is justified not only because of the urgency and salience of the issue, but also because of profound deficiencies within existing international cooperation regimes that have fragmented approaches to the triple challenges noted. Therefore, a holistic and synergistic approach is required at the global level.

Proposal¹

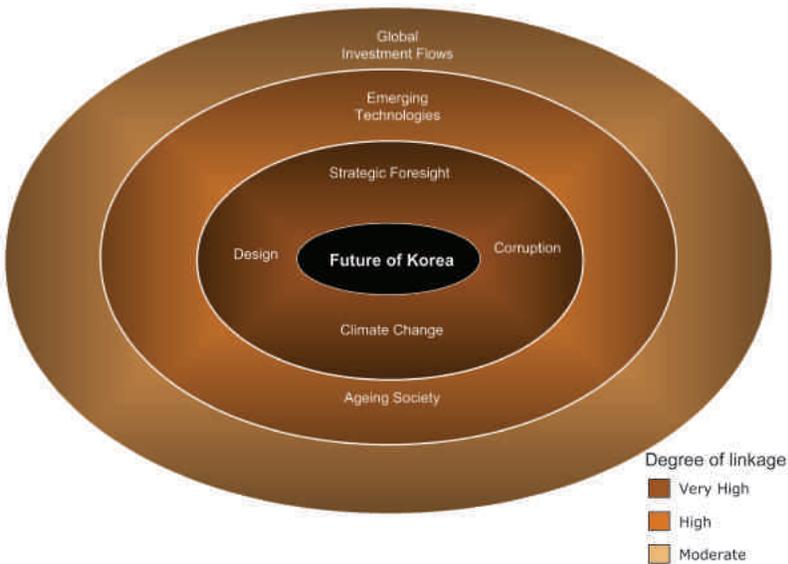
The Council on the Future of Korea proposes the “Green Responsible Growth” (GRG) initiative, which aims to explore a new paradigm that can simultaneously satisfy growth, social responsibility and environmental sustainability. The Council mandates the following agenda to implement the GRG initiative:

- *Redesigning a social paradigm*: The GRG initiative should work on shaping a new paradigm comprised of a novel intellectual framework and an inventory of innovative ideas, disseminated through education, public outreach and mass media. Redesigning a social organization constitutes the core of this enterprise.
- *Fostering technological synergy*: Practical solutions to the simultaneous satisfaction of growth, social responsibility and sustainability can come from an integrated approach to relevant cutting-edge technologies. In this regard, efforts to produce synergistic effects by combining information technology, nano-technology, bio-technology and environment-related technology should be assumed.
- *Enhancing vertical coordination*: The GRG initiative proposes multilayered coordination and cooperation involving the United Nations, regional organizations, national governments, private firms and non-governmental organizations. This can be undertaken by forming a new governance structure via cooperation between the World Economic Forum, national governments interested in the project and NGOs.
- *Consolidating horizontal cooperation*: The GRG initiative also proposes active horizontal cooperation among major actors concerned with the proposal’s consolidation and diffusion. Suggested pilot projects for horizontal cooperation include:
 - Identifying and standardizing green technologies through inter-firm and inter-industry cooperation, essential for open innovation
 - Promoting inter-state cooperation for joint research and the development of cutting-edge green technology and common sharing of intellectual property rights for GRG-related technology
 - Fostering the GRG initiative’s interdisciplinary educational approach through an annual summit of “green universities” that can serve as a hub for the diffusion of new ideas and knowledge
 - Establishing a global GRG initiative fund to finance the global research institute, support small and medium-sized firms’ R&D activities in this area, help educational programmes and encourage NGO activities
- *Drawing on the World Economic Forum*: The Council strongly recommends that the World Economic Forum form a standing advisory Council on the GRG initiative to help steer it towards close cooperation and consultation with related international organizations, relevant national governments and NGOs.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

Sessions in the Annual Meeting programme related to the Future of Korea include:

- The Great Shift East in the Global Agenda
 - IdeasLab with Technology Pioneers: Betting on Green
 - Redesigning Consumption Patterns
 - Global Governance Redesigned
 - Global Economic Outlook
-



Future of Korea

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Future of Latin America

Issue Overview

Latin America is a middle-income region of 600 million inhabitants with an average population growth of 1.1% and a life expectancy of 73 years. High commodity prices and favourable financial conditions boosted Latin America's economic growth above 5% between 2002 and 2007. However, one-fourth of the population still lives below the poverty line with unequal access to basic services and infrastructure.

As a result of previous structural reforms and good policy responses during the present crisis, Latin America seems to be over-performing economically relative to the developed world. However, to sustain high levels of growth and competitiveness, the region requires relevant increases in productivity, trade and technological innovation, and an important reduction in informality.

The region has also been able to reconcile political change with stability. During the boom years, social spending increased and unemployment diminished from 11.5% to 7.5% (2002-2008). These factors contributed to a fall of 11% in the regional poverty rate (from 44% in 2002 to 33% in 2008). Nonetheless, the productivity gap between the region and developed economies has continued to widen, reflecting inadequate production and market structures that impair competitiveness and efficiency.

Yet, Latin America is singled out as a very promising region for the development of renewable energies as a new fundamental source of long-run sustainable growth. No region can contribute more to the conservation of ecosystems, reconciling food production and environmental sustainability. At the same time, every human being in Latin America should have the right to lead a dignified life, the opportunity to fulfil his/her potential based on achieving proper levels of healthcare, education, income and security. Dignity means having the freedom and capacity to make decisions about one's life.

A promising future for Latin America means building on the new development cycle based on access to quality education and health services, the sustainable use of natural resources, renewable energy, clean technology, the protection of forests and the promotion of economic growth with equitable income distribution.

Latin America could make a major contribution to the process of building up this new cycle, including by the reduction of greenhouse gas emissions and through innovative solutions for chronic issues such as sanitation, and in the responsible management of natural resources. With large endowments in water and tropical forests, Latin America is able to expand its role as a global environmental player.

Civil society institutions, with their convening power and ability to pilot innovation, should work with government, business and academia to help equip young people with the appropriate skills and values to build a sustainable and competitive future in the region.

Proposals¹

Most Latin America and Caribbean countries have performed better than many other regions in recent years and are engaged in a new development cycle based on political change and macroeconomic stability. While many challenges remain, including the need for quality education, the region has made important progress in addressing environmental stability and renewable energy.

Education Systems Proposal

Goal: The creation of Education International, a global, independent, non-governmental body, will provide Latin America's governments and societies with the tools needed to develop public education systems, which prepare the region's citizens for success in the 21st Century. Education International (EI) will:

- assess and rank the performance of education systems both in developing skills, particularly in science and math, and in teaching critical thinking and fostering creativity
- evaluate the reliability of country statistics on the outputs of education systems, to ensure progress is being made and targets met
- appraise the involvement of the private sector and civil society in education to link education's supply and demand sides
- rate the degree of independence of school principals, to facilitate community involvement in education and bridge local needs with national aspirations for improved education
- evaluate teacher recognition programmes to encourage incentives for teachers to participate in initiatives beyond the standard curriculum

Background: Latin America consistently ranks at the bottom of the Programme for International Student Assessment (PISA) ranking in math and science skills of students around the world. At the same time, students everywhere need more than traditional skills: they need to learn to think more critically about the world and their futures.

Potential outcomes: EI assessments and rankings will provide educators, education policy-makers and civil society with the foundation to radically reform public education in Latin America, from pre-school through university. By allowing the region to compare the results of its education systems against global norms across a wide variety of indicators, EI's information will create a sense of public urgency around education and a culture of education in the region.

Environmental Sustainability Proposal

Goal: Since tropical deforestation contributes to about one-fifth of global CO₂ emissions, avoided deforestation aims to eliminate a significant fraction of anthropogenic CO₂ emissions and maintain areas like the Amazon rainforest which supports high biodiversity and plays a critical role in the climate system. To share the benefits of this asset and this experience, REDD+ is likely to be economically efficient if:

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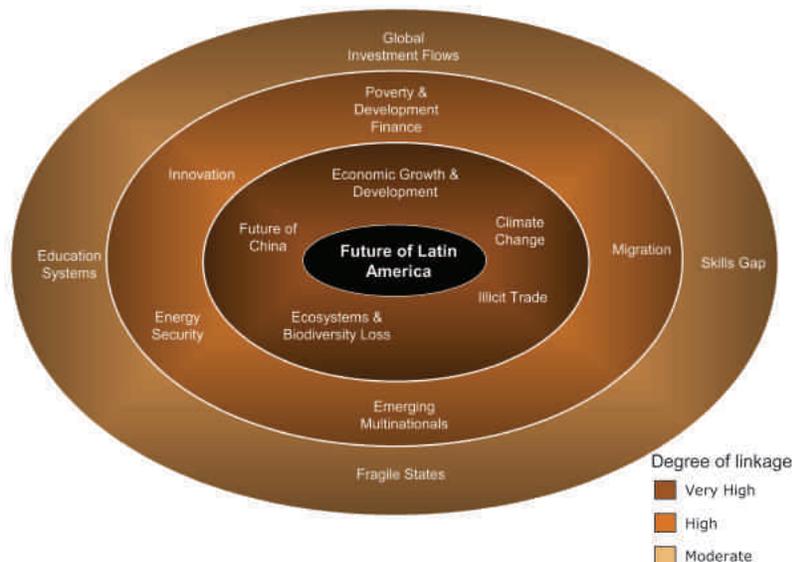
- it pays only for action that would not have happened otherwise and provides rewards in exchange for results (e.g., payment for compliance grade emission reductions)
- it sends a clear signal by including deep emission reduction targets from developed countries to create the sustained demand for afforestation and reforestation
- a clear and comprehensive international agreement is ratified by nation states, plus national laws and regulations clarify rules and procedures over any market structures utilized
- the proposed system envisages international oversight in respect of the auditing/verification of emission reductions/sequestration and the maintenance of appropriate reserves and buffers
- an arbitration forum for participants at the international level is put in place, with enforcement capabilities, the setting of clear mandates and an emphasis on accountability and transparency

Background: 25% of terrestrial carbon is found in tropical forests and almost all of them are in developing countries. Only the Amazon Basin encompasses 7 million square kilometres (1.7 billion acres) of which 5.5 million square kilometres (1.4 billion acres) are covered by the rainforest. Consequently, Latin America has an important percentage of the world's tropical forests and significant experience in developing alternative energy, without endangering food production and ecosystem conservation.

Potential outcomes: This proposal will establish a combination of market mechanisms of public funding, REDD+, to reach zero net deforestation and contribute to the stability of greenhouse gas concentration in the atmosphere, while empowering and improving the lives of the local population.

Sessions in the Annual Meeting programme related to the Future of Latin America include:

- Meeting the Millennium Development Goals
- 2010 World Economic Brainstorming: Redefining the Global Commons
- Rebuilding Long-term Economic Growth
- Rebuilding Fragile States
- Global Governance Redesigned
- Latin America: Democracy versus Development?
- A Global Solution to Illicit Trade?
- The Global Agenda 2010: The View from Davos



Future of Latin America

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Future of the Middle East

Issue Overview

The well-being and stability of the Middle East region and its people are linked to conditions in multiple sectors, such as water, food security, democratization, conflict resolution, sustainable economic growth, environmental changes, migration and nuclear proliferation. Across the region and over modern times, the unresolved Arab-Israeli conflict and the Palestine issue at its centre persist as the oldest and most destabilizing factors whose ripple effects are felt in public opinion, government decisions, and regional and international relations. Resolving the Arab-Israeli conflict is central to promoting long-term stability and sustained development in much of the region, which nevertheless must simultaneously address other pressing country- and region-specific challenges in the Levant, North Africa, the Gulf and the Horn of Africa.

The Council on the Future of the Middle East has identified four main topics that intersect with other Councils and the global governance arena:

- negotiation and conflict resolution
- the international monetary system
- terrorism and weapons of mass destruction
- water security

Proposals¹

• **Negotiation and Conflict Resolution**

- Noting that gaps and inconsistencies in global governance have allowed some conflicts in the world to persist or intensify, the Council feels that timely lessons on resolving political conflicts can be learned from the integrated and more inclusive global response to the recent economic crisis – particularly with the expansion of the G5 to the G20+. Since representative and decisive fora are more likely to devise realistic and effective responses to pressing or persistent problems, the Council recommends structural reconfiguration of the UN Security Council and related international mechanisms to be more representative of the global community of nations.
- Long-term peace, security and sustainable development require upgrading the quality of education to emphasize skills such as critical thinking, inquiry and communication, and to introduce and expand positive values of tolerance and diversity, all of which can contribute to conflict prevention.
- Attempts to resolve the Arab-Israeli conflict through step-by-step diplomacy mediated by single outside actors have been exhausted. The Council recommends that the international community, working through the legitimate mechanism of the UN Security Council, move decisively to an end-game scenario that seeks to achieve a comprehensive and permanent resolution of the conflict, based on the Arab Peace Plan and the Clinton Parameters. These two frameworks are relevant because they capture the fruits and consensus of years of negotiations, and provide specific outcomes related to sovereignty, borders, recognition, security, settlements, Jerusalem and refugees. This conflict resolution role would be an appropriate echo to the direct role of the international community and the UN system during the birth of the conflict in the 1940s, and in managing its consequences (refugees, peacekeeping, socio-economic development) in the past six decades.

• **The International Monetary System**

The large financial surpluses that Middle East oil exporters will accrue should translate into an opportunity for these countries to play a more meaningful role in the management of global economic imbalances and the stability of the international financial system, along with deploying surpluses productively and harmoniously. The Council recommends that:

- the growing role of Sovereign Wealth Funds (SWF), a primary vehicle for channelling these flows as long-term investors, should be welcomed by recipient countries and facilitated by the SWF's own actions in promoting and applying the good practice norms set out in the Santiago principles
- the region's voice in shaping and governing international financial institutions should be enhanced to reflect the region's critical role in international economic stability, while regional governments work simultaneously to remove any regulatory, policy or institutional impediments to larger intra-regional and global capital flows, including through expanded use of Islamic Finance instruments and their mainstreaming throughout international financial centres

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• **Terrorism and Weapons of Mass Destruction**

These threats proliferate throughout the Middle East and must be addressed through a wide lens that includes the broader Mediterranean region, South Asia and Africa, including non-Arab nuclear countries like Israel, Iran, Pakistan and India. The Council recommends that:

- Middle Eastern and international partners work closely to establish a mechanism to create the principles and architecture for a regional security framework for the Middle East, based on ensuring the national security of all parties and their equal treatment under prevailing international norms on issues such as nuclear power for civilian use.

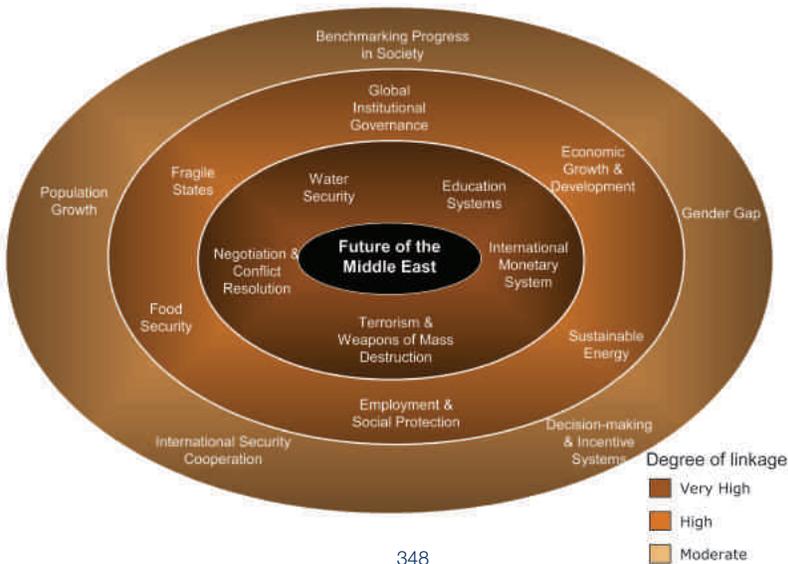
• **Water Security**

Water is a serious and growing national and human security threat in the Middle East that will worsen in the region in decades ahead, and thus could impact other countries through political tensions, migration, economic stress or other means. The Council recommends that:

- while Middle Eastern countries move decisively to address domestic supply and demand on technical issues within their control (pricing, storage, conveyance, licensing), they join with the international community to explore establishing GATT-like global frameworks and norms (such as the 1997 UN Water Courses Framework Convention) that could be adapted regionally for water sharing among riparians of trans-boundary water basins.

Sessions in the Annual Meeting programme related to the Future of the Middle East include:

- Rethinking Security in the 21st Century
- Rethinking the Balance of Power in the Middle East
- IdeasLab on the Global Redesign Initiative (Security)
- IdeasLab on the Global Redesign Initiative (Economics)
- Nuclear Non-Proliferation: Getting to Zero
- Managing the Proliferation of Nuclear Power
- Rebuilding Water Management
- A World without Nuclear Weapons: Utopia?
- Rebuilding Education for the 21st Century
- Redesigning Financial Regulation
- Wanted: Capital
- Global Economic Outlook
- What Is the "New Normal" for Global Growth?



Future of the Middle East

Members

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Future of Pakistan

Issue Overview

Pakistan's human and economic potential is largely underexploited. The country's location and unresolved tensions put it at the intersection of several global fault lines and underscore Islamabad's vital importance for regional and international security.

As the world's sixth most populous nation and second largest Muslim country, the country's future undoubtedly impacts its neighbours and partners alike. What happens in Pakistan does not stay in Pakistan. Likewise, developments in South Asia have an impact on Pakistan.

Pakistanis feel the lens through which outsiders view their country sometimes distorts reality. A politically assertive and growing middle class, vibrant and free media, and growing civil society all indicate dynamic change and could cause social transformation.

While the country holds great promise, the lack of good governance has long been an impediment in achieving its potential. Its current state is marked by a poorly functioning administrative apparatus that has often seemed unresponsive to local needs. In order to remedy this state of affairs, Council Members have identified the following three focus areas as the most pressing:

Economy

Pakistan's economy needs substantive restructuring. Unacceptably high levels of poverty and skewed income distribution exacerbated by an unsustainably high population growth rate translate into an exceedingly low level of effective purchasing power. A sluggish low-tech manufacturing sector heavily reliant on the production of low value-added textile, and an under-skilled labour force incapable of galvanizing rapid growth and technological innovation further constitute formidable barriers to a vibrant economy.

Education

Beset by abysmally low literacy rates, Pakistan's formal educational system is wholly unsuited to the creation of a free thinking society endowed with the human-resource skills necessary to further the socio-political and intellectual goals required for a functioning and prosperous democracy. Inadequate government spending on instruction, especially in primary and vocational education, exacerbates this deficit. The impediments to freedom of speech and expression contribute significantly to the low quality of higher education and universities, and help stymie a vibrant intellectual culture or a trend towards integrated research and development in the physical sciences and the possibility of innovation fuelled by technical change in agriculture and industry.

Security

Internal or external threats to Pakistan's security remain a constant feature at the close of 2009. The country's location exposes it to the blowback of three decades of conflict in Afghanistan, which has contributed in no mean measure to a gnawing sense of uncertainty due to the risk to life and livelihood posed by armed extremists. In recent months, a public consensus has emerged against the threat posed by armed militants in tribal areas and cities, enabling the government to deal squarely with the threat by military countermeasures.

Proposals¹

Education

- Education must be made a high priority, both through enhanced financial allocations as well as improved delivery mechanisms. Pakistani workers do not currently have the skill set needed for operating a modern industrialized economy. This calls for a reorientation of the education system towards providing marketable skills and knowledge relevant to the times, a concerted national effort to increase literacy rates, mobilization of non-governmental resources for education, use of modern technology and distance education for teaching the 3Rs, and enforcement of the literacy requirement for government jobs.
- More must be invested to improve the management quality and content of the education system. This should result in a young workforce with the skills required to produce the goods and services demanded by global markets. However, the education system's objective should go beyond just imparting functional knowledge and should be aimed at producing individuals who are modern global citizens with inquiring minds and tolerant attitudes.

Governance

- Pakistan's prevailing land tenure system, i.e. feudal relations and absentee landlordism coupled with the serf-like status of the farmer in large parts of the country, has a debilitating influence on the country's potential. This continues to keep agricultural productivity low. There is hence the need for land reform along scientific lines.
- Improvement is desperately needed in the quality of the overall governance system, with particular emphasis on decentralizing and moving the power and accountability for service delivery to the local government level as opposed to the provincial or federal governments.
- The inefficient use of water resources by the agriculture and energy sectors, major global climate changes in the Himalayan and trans-Himalayan region, and increasing upstream utilization of water by India for its own purposes are combining to yield a sharply declining per-capita availability of water within Pakistan. Water conservation measures, such as drip-irrigation, must be introduced on a priority basis. At the very least, a scientific study of water-related issues is needed.

Economy

- The country's trade potential remains largely unrealized because access to *western* markets is impeded by tariff and non-tariff barriers. Their removal would significantly boost the economy and generate employment, leading to improvement in the security situation. Intra-regional trade is of much lower volume, which is unfortunate because most countries generally have more trade with immediate neighbours than with countries across the seas. Both India and China offer great potential markets for Pakistani goods. Domestically, the flow of goods and commodities needs to be improved through transport infrastructure enhancement. The international competitiveness of agricultural produce must be improved to increase market share.
- Fundamental macroeconomic imbalances are underscored by the persistence of a large, undocumented informal sector and a shadow economy. With a tax to GDP ratio that is one of the lowest in the world, Pakistan needs to muster the will to tax its privileged classes through appropriate legislation. Agriculture, in particular, remains untaxed because of the dominance of powerful interests; this must change. A more efficient administrative apparatus that is responsive to local needs is crucial.

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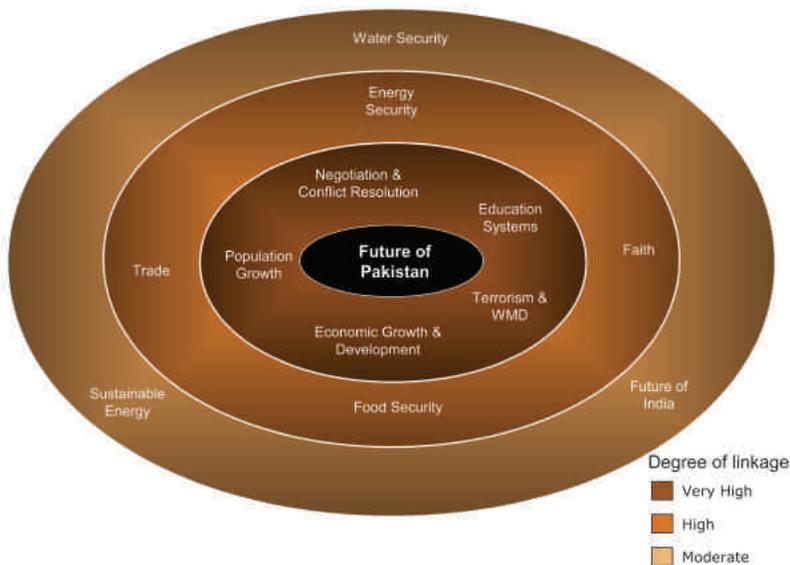
- Pakistan has a rather sluggish low-growth economy because its manufacturing sector is low-tech and relies excessively on textiles. Diversification is necessary, and the required highly-trained labour force must be generated through new vocational institutes. High rates of fertility, high incidences of poverty and skewed income distribution result in a low quality of life and large unemployment and under-employment. Employment can be generated through public works programmes, as well as through incentives for private industrial capital for job creation within especially vulnerable groups.
- An integrated national energy plan is necessary for assuring that Pakistan is able to combine domestic and imported fuels to meet its requirements. The share of imported fuel oil in the overall energy mix has risen rapidly, making it imperative to develop indigenous sources of energy in the shape of coal/gas/hydro/wind. Pakistan's geographical location puts it amid major sources of energy. This makes it logical to seek regional energy integration.

Sessions in the Annual Meeting programme related to the Future of Pakistan include:

- Rebuilding Fragile States
- Rebuilding Peace and Stability in Afghanistan
- Creating Jobs and Strengthening Social Welfare
- The Global Agenda 2010: The View from Davos

Security

- An integrated and comprehensive approach is needed by the international community to help address the complex non-traditional threats to Pakistan's security. Militancy and terrorism must be viewed in the context of a slowing economy, a youth bulge, rising unemployment and endemic poverty. When combined with inadequate governance and judicial mechanisms, these factors spawn extremism, which military actions then exacerbate, making eventual solutions yet more difficult. Therefore, economic development and better governance procedures must be integrated with military responses to deal with Pakistan's larger security challenges.



Future of Pakistan

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Future of Russia

Issue Overview

Russia is reasserting itself as a global player. It has a possible major role in helping the international community address critical contemporary challenges. These include the emergence of a resurgent and potentially nuclear Iran, the conflict in Afghanistan, the proliferation of weapons of mass destruction, climate change, European security, energy security and regional conflict resolution. However, Russia's capacity to exercise constructive influence will depend very much on whether it is able to modernize successfully.

Modernization is a stated goal of the Russian leadership. But although President Medvedev and Prime Minister Putin appear to understand its importance and urgency, they have yet to develop a coherent or strategic approach in response. The continuing failure to transform the country puts it at risk of political instability, economic stagnation, social turmoil, and its marginalization from international decision-making.

This Council is looking to monitor and address Russia's response to the multifaceted challenges of modernization. It will examine, in particular, its handling of the economic crisis; the nexus between Russia's internal dynamics and its standing in the world; Moscow's approach towards international institutions and global governance; security management and conflict resolution in the former Soviet space; and Russia's expanding economic interests beyond its borders.

The Council is also discussing the interplay and balance of domestic political forces. It will evaluate the Russian leadership's approach to the rule of law, political pluralism, a free media and independent judiciary, the reduction of the state's role in economic and social life, economic liberalization and competition, and an enhanced role for innovation and research.

Considering ways of improving the business climate in Russia is also important. Attracting FDI was easy when the market was booming and money was cheap, but how can Russia attract foreign investors under the current, more difficult conditions and in the longer term?

Security is pivotal to any effective engagement with Russia. The Council aims to identify existing gaps in security cooperation, and consider how Russia and the international community can best address them. To this purpose, the Council intends to analyse the Russia-US relationship post-"reset"; bilateral and multilateral interaction between Russia and Europe; tensions between Russia and its neighbours; the Sino-Russian "strategic partnership"; Moscow's approach to the G8/G20; and its policies on global governance and international cooperation, the main issues of the Forum's Global Redesign Initiative. Russia's ideas on the new Euro-Atlantic security architecture should be reviewed, devoting particular attention to the "frozen" and "hot" conflicts in the Caucasus and Transnistria.

This Council's work is conducted on the core premise that Russia's domestic modernization and constructive engagement in global security-building and European institutions, with adherence to the norms that come with membership in these organizations, are mutually reinforcing goals.

Proposal¹

Russia faces two great challenges over the coming years: comprehensive modernization and inclusive security-building. Its success or failure in meeting these challenges will determine whether Russia emerges as a great modern power and shapes the quality of its engagement with the outside world. The two challenges are interconnected. Modernization will facilitate the development of inclusive security; inclusive security is critical in fostering mutual confidence and providing a favourable external context for modernization. The Russian authorities understand the underlying problems in principle, but so far have done little to tackle them with a systematic and forward-looking strategy.

Comprehensive modernization encompasses far more than simply economic reforms. It involves a process of transformative change that has multiple dimensions – political, social, institutional and normative. Only through such modernization can Russia become an attractive partner for the international community. Modernization would help, in particular, to create a benevolent environment for the development of mutually beneficial relationships between Russia and its neighbours.

Russia's modernization would emphasize the following core principles:

- development of the rule of law
- development of strong independent institutions that are transparent and accountable
- reduction of the state's role in economic and social life
- political and economic competition and entrepreneurial freedom

The principal instruments of modernization would be:

- economic diversification
- concrete measures to curb corruption
- development of an independent judiciary and oversight bodies
- independent and pluralistic mass media
- enhanced efforts to facilitate Russia's early accession to the WTO and, in time, the OECD
- increased efforts to engage with other international institutions and mechanisms, e.g., the G20
- conclusion of a new EU-Russia agreement that will facilitate normative transformation

Progress on many of these issues will be slow and difficult. However, the global financial crisis has shown that Russia has no choice but to meet the challenge of systemic modernization. If it fails, it will find itself marginalized in an emerging world order that is increasingly interdependent and centred on innovation.

Inclusive security-building is of key importance, especially given the deterioration of the international environment in recent years. Such security-building addresses the principal shortcomings of existing security engagements, which reflect outmoded conceptions of hard security, such as a zero-sum mentality, the balance of power and spheres of influence.

¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members.

The Council understands inclusive security-building not as a means of preserving the status quo, but as key to transforming security conceptions in the new century. It highlights the interconnectedness between hard and soft security, and views comprehensive security as extending beyond the traditional political-military sphere to embracing the economic, social and human dimensions.

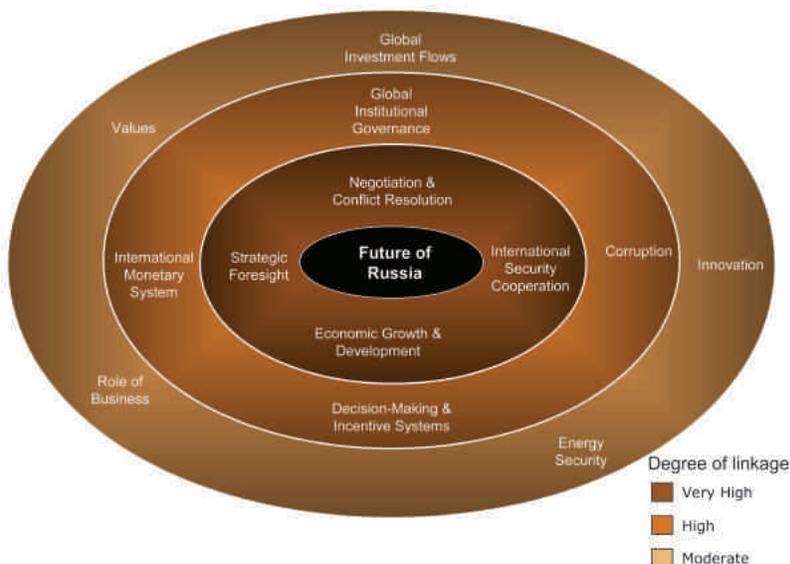
The new inclusive security-building proposed by the Council on the Future of Russia would centre on Eurasia, and comprise many of the following elements:

- closer institutional links between political-military organizations such as NATO on the one hand, and the CSTO and SCO on the other, with the aim of moving beyond the traditional security agenda to build a better framework for conflict prevention in the post-Soviet space
- comprehensive Russia-EU cooperation that both reduces tensions and enhances Russia's internal transformation. This might encompass, *inter alia*, constructive Russian engagement with the Eastern Partnership
- substantive dialogue on a new security architecture that would support post-communist modernization and include security and territorial guarantees for all states in the Euro-Atlantic space
- society-to-society interaction, involving the business community, NGOs and think-tanks

Sessions in the Annual Meeting programme related to the Future of Russia include:

- Rethinking Security in the 21st Century
- IdeasLab on the Global Redesign Initiative (Security)
- State Leadership: An Opportunity for Global Action
- Global Governance Redesigned
- 2010 Investment Heatmap
- Nuclear Non-Proliferation: Getting to Zero
- Wanted: Capital
- A World without Nuclear Weapons: Utopia?

Over the past 12 months, the global economic crisis has fundamentally changed the broader context of Russia's internal development and relations with the world. While this brings new as well as old challenges, it also offers real opportunities for creative approaches to problem-solving. Russia and the international community have a shared responsibility in addressing the goals of modernization and inclusive security-building. This requires moving beyond traditional stereotypes and establishing a new paradigm of constructive engagement.



Future of Russia

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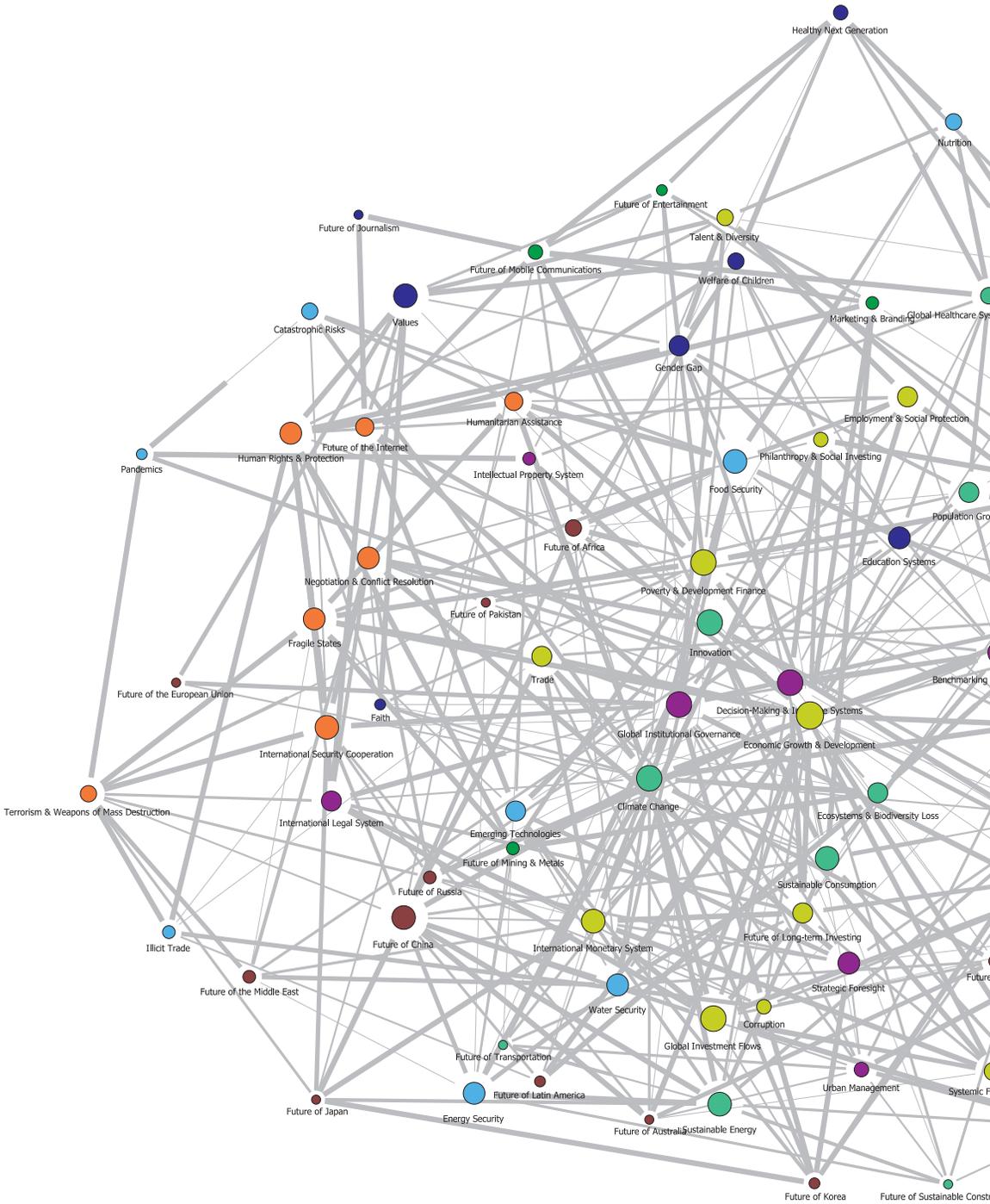
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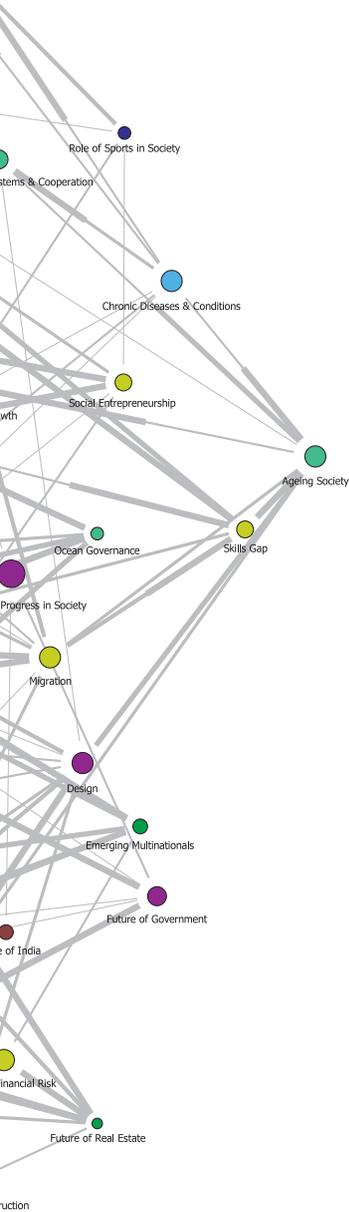


Network of Global Agenda Councils

Node size: Denotes significance of the issue to other Global Agenda Councils: the more significant the issue to other Councils, the bigger the bubble.

Line thickness: Denotes the strength of the interlinkage.

Proximity: The closer the issue to another, the more tightly they are interlinked.



- Building Effective Institutions
- Creating a Values Framework
- Enhancing Security
- Ensuring Sustainability
- Mitigating Global Risks and Addressing Systemic Failures
- Strengthening Economic and Social Welfare

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