



COMMITTED TO
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OF THE WORLD

The Global Agenda 2009





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“ What we want to do is to establish a completely new dimension that will allow the global opinion and decision-making processes to be built much more on strategic insights and the most diversified knowledge we have in this world. ”

Klaus Schwab, Founder and Executive Chairman, World Economic Forum, at the Summit on the Global Agenda in Dubai, November 2008

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Preface

Klaus Schwab

Founder and Executive Chairman

We are at an extraordinary period of history. It is a time of crisis and unprecedented uncertainty, even fear; but it is also a time of opportunity for change and profound transformation.

Now, more than ever, we are aware of how globalization has increased our interconnectedness and how global cooperation is absolutely essential. How we, as a community of global leaders, proceed in the succeeding months will change the course of history.

To reflect this enormous responsibility and unparalleled opportunity, “Shaping the Post-Crisis World” is the theme of the World Economic Forum Annual Meeting 2009. We explore this theme in six tracks:

1. Promoting Stability in the Financial System and Reviving Global Economic Growth
2. Catalysing the Next Wave of Growth through Innovation, Science and Technology
3. Addressing the Challenges of Sustainability and Development
4. Shaping the Values and Leadership Principles for a Post-Crisis World
5. Ensuring Effective Global, Regional and National Governance for the Long Term
6. Understanding the Implications on Industry Business Models

To prepare for this historic Annual Meeting, the Forum conducted the biggest brainstorming session ever to take place, the Summit on the Global Agenda. Held on 7-9 November 2008 in partnership with the Government of Dubai, the Summit brought together 700 of the world’s leading minds who are Members of the Network of Global Agenda Councils, to address the most important challenges facing the world in a collaborative and integrated way.

The Network of Global Agenda Councils comprises the world’s foremost intelligence network, with 1,100 Members grouped among 68 Global Agenda Councils. For every important topic on the global agenda, a Council has been formed, consisting of 15 to 30 of the most innovative and relevant minds from various stakeholder groups, disciplines and geographic perspectives. Members of the Network of Global Agenda Councils serve the global community by monitoring key global challenges, elaborating possible solutions and being available in crisis management situations. The activities of each Council are structured around four quarterly meetings, three of which are carried out virtually, through our WELCOM (World Economic Leaders COMMunity) system, with the fourth being a physical meeting, which constitutes the Summit on the Global Agenda.

This publication, *The Global Agenda 2009*, is a distillation of the highlights of the tremendously relevant discussions that transpired during the Summit. It is designed to serve as a springboard for the deliberations that take place during the Annual

Meeting 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 goes to eight Chairpersons who have provided thematic essays that synthesize the ideas that emerged from the Summit: David Bloom, John J. DeGioia, Luiz Fernando Furlan, Kishore Mahbubani, Christopher Murray, Suzanne Nora Johnson, Josette Sheeran and Paul Twomey.

As we look ahead to a year of profound transformation, we must be both proactive and long-term oriented, combining the urgency of restoring growth of the global economy with the need to advance on the long-standing global challenges. Let us seize the opportunity at this historic Annual Meeting to shape the post-crisis world with the kind of governance and leadership we have always aspired to have at the global, national, industry and organizational levels.

Introduction

Fiona Paua

Senior Director, Head of Strategic Insight Teams,
and Head of the Network of Global Agenda Councils

Recognizing the complexity of global challenges and the need for collaborative, innovative and integrated approaches, in 2008 the World Economic Forum created the Network of Global Agenda Councils. Professor Schwab's vision was to bring the very best minds from various stakeholder and geographic perspectives together to engage them in ways that not only allow for the best knowledge to emerge but also enable the exploration of the interlinkages across global issues. In a global environment often marked by short-term orientation and silo-thinking, the Network of Global Agenda Councils is intended to foster interdisciplinary and long-range thinking into the prevailing global challenges.

As envisioned, the Network of Global Agenda Councils is an integral part of the Forum's commitment to deliver value to its Partners, Members and other communities. The insights and undertakings of these Councils feed directly into the Forum's activities and processes, with the ultimate goal of realizing the Forum's vision of having a positive and direct impact in shaping the global, industry and regional agendas.

This publication provides an overview of the discussions that took place during the inaugural Summit on the Global Agenda. The Summit was uniquely structured to allow intense deliberations at the Council level, combined with opportunities for interactions across Councils and with the broader Network. Each Council deliberated on two fundamental questions: What is the state of the world in your issue? What needs to be done to improve the state of the world in your issue? The gist of these deliberations is distilled in the Global Issue Profiles section, which also exhibits links to related issues and lists relevant Annual Meeting sessions.

To synthesize the key messages from the Summit, we asked eight Chairs to contribute an article on one of the Summit's main themes based on their presentation at the Closing Plenary. Included in this volume, the essays highlight select insights but do not necessarily incorporate the work of all the Councils under that theme. For both the articles and the individual Issue Profiles, the opinions expressed and the data communicated do not necessarily reflect the views of the World Economic Forum or of all the Council Members.

We are most grateful to all the Chairs and Members of the Network of Global Agenda Councils who contributed their insights in the Council deliberations, both on the World Economic Leaders COMMunity (WELCOM) and during the Summit on the Global Agenda. It is their collaborative and collective intelligence that is reflected in this publication.

This book was produced with the contributions of the Managing Board of the Forum, particularly André Schneider who facilitated the synthesis of the thematic presentations. Many colleagues, particularly Senior Directors, Council Managers, Research Analysts and the core Global Agenda Council Team, were involved in its production. Special thanks to Martina Gmür for her leadership, Fabienne Stassen Fleming who managed the project, Kamal Kimaoui for the graphic design and Miguel Perez for mapping the interlinkages.

We hope that this publication will serve as a useful resource, enhancing your awareness of the urgency and interlinkages among global challenges and catalysing your thinking of possible solutions to the most pressing and longstanding issues on the global agenda.

Summit on the Global Agenda

On Economic Development and Growth

David Bloom

Clarence James Gamble Professor of Economics and Demography,
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Rapporteur of the Global Agenda Councils focusing
on Economic Development and Growth

The current global financial crisis is engendering an economic crisis and mounting calls for increased regulation and protectionism. Taken together with this summer's collapse of the Doha Trade Negotiations, reinforcing concern about the structure and operation of the international economy, and demographic shifts heralding growing old-age dependency ratios in both developed and developing countries, uncertainty about future economic growth and development abounds. At the outset of the World Economic Forum's Summit on the Global Agenda, many participants, the Members of the Global Agenda Councils, felt shaken in their confidence as to the nature of the global agenda and the proper role of key stakeholders with respect to it. Yet, through the discussions at the Summit, it became clear that the current crises do not require a fundamental redefinition of the global agenda, but rather a reaffirmation of well-established principles of economic growth and development, and a renewed effort to eliminate both regulatory inefficiency gaps, and greater impetus to conclude international agreements.

To steer financial markets and economies back onto an upward trajectory, individuals and governments must distinguish between economic systems that exhibit major structural flaws from those that are fundamentally sound but can be strengthened to avoid periodic "bad" outcomes. Notably, the current crisis does not reflect a fatally flawed economic system. On the contrary, the basic operating principles of the competitive market system have produced widespread and long-term improvements in living standards. Five principles central to development and growth were highlighted during the Summit:

- Countries benefit from engaging with the world economy
- Competitive markets are efficient means of allocating resources
- Investments in human capital are crucial for the growth and development of economies, both locally and globally
- Efficient functioning of economies requires investment in critical infrastructure
- Governments must operate so as to complement the market, particularly in terms of facilitating appropriate investments in human capital and infrastructure, and by defining regulations that enable markets to function efficiently and effectively.

These principles were resoundingly affirmed by Council Members focusing on issues related to the Summit's Economic Development and Growth theme. Using the financial crisis to justify backsliding on tariff reductions and other key aspects of trade policy, or to validate undertaking ill-founded and counterproductive regulatory interventions – perhaps reflecting excessive protectionism or resorting to extreme deregulation – will only worsen the situation. The crisis will best be addressed by operating within the framework of the market system to aggressively reduce inefficiency and promote institutional and technological innovation.

Near-term Issues

The unmistakable need for better oversight and regulation of the financial sector presents an immediate focus for government action. In this, as in all ventures, transparency in the agendas of both governments and businesses should be encouraged. Carried out effectively, improved oversight and regulation could stabilize and strengthen the financial sector, warding off future crises.

Council Members at the World Economic Forum's Summit on the Global Agenda emphasized international economic engagement as a key mechanism for development and growth. The finding of the Spence Commission on Growth and Development regarding the importance of trade to economic growth underscores the need to promote openness to trade and to eschew unnecessary protective measures in the current financial climate. Building capacity for trade, particularly in terms of infrastructure, will require governments to honour existing aid commitments to low-income countries. This is particularly vital as developing regions will likely suffer from the crisis' effects on remittances as emigrants find themselves unable to earn as much as in recent years.

In low- and middle-income countries, financial empowerment presents a fundamental and innovative approach to furthering development and growth, even in the midst of the current crisis. With more than 3 billion people around the world lacking access to formal financial services, increased access along with financial literacy programmes would promote saving, consumption smoothing, investment in both healthcare and education, and business growth. Particularly in low-income countries, women stand to gain from such initiatives as they dominate developing world microfinance and microenterprise.

Financial empowerment could also be encouraged through reform of antiquated regulations that undermine the expansion of cell telephony and mobile banking. These technologies can facilitate savings in relatively remote and underdeveloped regions. Entrepreneurship will, in turn, be spurred, which will directly generate new jobs. Since mobile technologies have substantial unrealized potential for drawing the bottom billions into the mainstream of the financial sector (through encouraging entrepreneurship and innovation by enabling access to modern credit, savings and insurance products), reducing barriers to these technologies could yield extensive benefits.

Reinforcing the underpinnings of trade networks through reform of national and international regulatory frameworks for transportation and postal services offers an opportunity to directly increase the efficiency and decrease the costs of business activities and trade. The current crisis places an especially high premium on concluding the Doha Trade Negotiations in order to advance international economic policy coordination, reducing the transaction costs associated with trade and increasing the integration of the global economy. As such integration drives development; the successful conclusion of the Doha Trade Negotiations would be expected to benefit all involved.

Developing better mechanisms for measuring and benchmarking performance with respect to market integration and the transaction costs associated with business activities and trade would also yield benefits by enabling policy-makers to better target those arenas most in need of improved regulation. As financial strain encourages decreased spending, governmental institutions will need to take a firm stance against statistical blackouts, that is, cutbacks on data collection associated with the expected tightening of government budgets or the desire to avoid the communication of bad news. Thorough, accurate data can guide policy by highlighting areas in which current policies fall short and enabling our understanding of the obstacles at hand and their causes. Promoting greater transparency and more rational decision-making requires more and better evidence, not excuses for getting by on less.

Medium-term Issues

Looking beyond near-term issues, a number of more medium-term issues and concerns should also be kept in mind. Included among these are the effects of demographic shifts, readdressing skills gaps and the development of international migration policy.

National demographic shifts throughout the world display heterogeneous trends. As populations in developed and some developing countries grow slowly or even decrease (e.g., Japan, Russia), many developing world populations grow robustly. By 2050, today's world population of 6.7 billion is projected to increase to over 9 billion, with the urban share growing as well. The year 2008 marks the first time in history that as many people can be found living in urban settlements as in rural ones. Another major trend is population ageing, which is occurring throughout the world, though at markedly different speeds in different countries, due to increases in longevity, fertility decline and the ageing of relatively large "baby boom" population cohorts.

Population ageing raises particular concerns about the nature and financial stability of public and private pension plans. Currently, these tend to provide incentives for early retirement instead of promoting longer working lives. Legal retirement age has risen little even in the face of sizeable increases in total life expectancy and in the healthy lifespan. The reality of lower birth rates generating smaller workforces relative to growing elderly populations raises further concerns about the burden of population ageing as well as financial security among the elderly. Combined with the high and rising level of healthcare costs for treating chronic diseases, these issues present a challenge for governments, employers and individuals of all ages in terms of ensuring healthy ageing, financial security for the elderly and business solvency in the face of rising pension commitments.

Although some interventions can be addressed at this time, it would be inopportune to address others given the current economic climate. Consider the legal age of retirement, which has been remarkably stagnant in the face of (1) a two-decade increase in global life expectancy in just the past 50 years, and (2) a demographic

shift that will see the global population aged 60 and over increase from 670 million to 2 billion between now and 2050. Incentives to retire at age 60 or 65 simply do not make sense in a world in which life expectancy has increased so substantially, and in which further increases are so widely projected. Yet, given extensive unemployment, efforts at redefining national retirement policies to raise the age of retirement (and thus increase the size of the labour force) are inappropriate at this time. On the other hand, efforts to strengthen financial literacy among prime-age and elderly individuals are always timely and desirable.

The skills gap, meaning the discrepancy between skills available in the labour force and skills demanded by prospective employers in specific markets, presents another medium-term challenge. Further data on and analysis of these gaps would be useful, as dissemination of this information to individuals and educational institutions could channel education and training programmes in a direction that matches market demand. Of course, assembling, analysing and disseminating these data will require a period of years to produce a tangible change in the skills gap. Once the economic environment makes it a feasible option, raising the retirement age should also help diminish skills gaps by expanding the number of workers with appropriate skill sets who are available to train new hires and by bolstering the supply of skilled workers for a period.

Insofar as it can enable the movement of appropriately skilled workers to regions in which those skills are demanded, migration policy is related to both skills gaps and economic growth and presents another medium-term issue. Economic and demographic pressures for migration are substantial. Less than 200 million people live in countries other than the one in which they were born. That represents less than 3% of the world's population, suggesting that freer mobility and resultant increases in remittance flows may be an especially potent channel through which globalization can enhance economic growth. However, as deliberations at the World Economic Forum's Summit on the Global Agenda made clear, there are an increasingly complicated set of political, social and economic impediments that must be navigated in addressing international migration. Insofar as increased unemployment is a likely prospect for the world, now is undoubtedly not the right time to take on this issue openly. Instead, now may be the right time to craft the architecture for a global system of international migration, fleshing out the logistical and political challenges as well as potential benefits so that a thorough and well-developed plan can be presented once a more suitable time arrives.

Opportunities

While the challenge of both near- and medium-term issues appears overwhelming, the current crisis also presents a distinct opportunity to tackle costly inefficiencies and missing markets that might otherwise go unaddressed. Promoting human capital investment and equal pay for equal work, especially for women and various racial, ethnic and other minorities, would reduce labour market inefficiencies and increase income per capita while simultaneously helping to close skills gaps and augment the skilled labour supply.

As philanthropy, foreign aid and remittances play key roles in promoting economic growth and development worldwide, there exist legitimate concerns that all of these flows will shrink as a result of the financial crisis. Existing inefficiencies lead to substantial underprovision or misdirection of development assistance. Knowledge gaps prevent donors from understanding which areas are most in need of funding and which means of giving produce the most benefit per dollar when directed towards a given issue. Closing these gaps through data production and analysis along with clear communication of the results could promote the scale and effectiveness of both official and private development assistance.

Conclusion

By the end of World Economic Forum's Summit on the Global Agenda, much of the uncertainty that many participants brought to the Summit regarding the nature of the global agenda and the role of key stakeholders in advancing it had been resolved. Through the delineation and application of the aforementioned five guiding principles for shaping economic growth and development, Council Members focusing on the Economic Development and Growth theme were able to distil both near- and medium-term approaches to reducing inefficiencies and furthering innovation. The many options identified for remedying gaps in financial regulation and eliminating market failures also highlighted the opportunity for positive change afforded by the current crisis. By working to address both near- and medium-term issues now, while vigilantly promoting transparency – including the development and dissemination of data to inform policies, programmes and investment decisions – and balancing regulation so as to avoid both over-regulation and the potential for an undue backlash against deregulation, the negative impacts of the current crisis can be steadily diminished, strengthening the foundation for renewed and vigorous economic growth and development.

Summit on the Global Agenda

On the Environment and Sustainability

Josette Sheeran

Executive Director, United Nations World Food Programme (WFP),
Rome; Rapporteur of the Global Agenda Councils focusing
on the Environment and Sustainability

Why We Should Not Waste a Good Financial Crisis

The Bubble Is Close to Bursting

The current financial crisis and looming world recession offer an opportunity for a structural change in how we manage our world economy, and not just in terms of our international financial institutions. For the past 50 years we have amassed unprecedented financial wealth, but have also chronically under-priced risk in terms of our natural resource base (our endowment of minerals, forests, fish, water and climate). We have financed our extraordinary growth in aggregate living standards while systematically under-pricing the goods and services we derive from our planet's natural resources, the negative externalities we create by polluting them and the future risks we face from their cumulative depletion and degradation.

The phenomenal economic growth we have enjoyed over the past 50 years has seen our world's built environment and transport networks expand in size and complexity at an unprecedented rate. We have developed a vastly more interconnected global human ecosystem to provide us with food, fuel, water, homes and transportation than has ever been. Winners and losers from our economic model jostle for short-term wealth maximization on the one hand, and simply survival on the other.

Here are some rather chilling observations from across the Environment and Sustainability theme:

- *Biodiversity*: Our ecosystems and biodiversity are being degraded at an alarming rate. An estimated US\$ 4.5 trillion is lost annually. Many of the losses are irreversible.
- *Food*: To feed ourselves, the world will need to double food production in the next 40 years to meet projected demand. Among the middle classes, global demand for meat alone is expected to increase by 50% between now and 2025. Among the poorest *today*, over 1 billion people – one-sixth of the world's population – do not have access to adequate food and nutrition. And an increase in 2 billion people is expected by 2025, with population growth highest in the poorest parts of the world. In contrast, an estimated 33% of food in richer countries gets wasted. Still, we will have to produce even more food in the future and food of higher protein content. But our ability to meet current and future production needs is seriously challenged by increasing water scarcity, climate change and volatile energy costs and supplies. Unless we change how we do it, we will not be able to supply our future food needs.

- *Water*: We are living in a water “bubble” as unsustainable and fragile as that which precipitated the collapse in global financial markets. We use water unsustainably. Groundwater levels drop; rivers dry up before they meet the sea; in many “hot spots” we have over-leveraged our water for the future; we have no means of paying this back. The bubble is already bursting in some places (China, the Middle East, the US south-west) with more to follow. Millions are estimated to die for lack of drinking water; ecosystems and food production are under threat. As we try to feed and fuel a growing and more affluent world, the water situation shows every sign of getting much worse. Simply augmenting water supply is no longer possible in most places – historical approaches to water use will not work in the future.
- *Energy*: The carbon based energy paradigm of the last century, upon which we have grown rich, now looks increasingly unsustainable due to concerns over energy security, climate change and energy poverty. Energy poverty in the world remains high and is a significant brake on development. Estimates suggest it will require up to US\$ 180 billion a year for the next 30 years to provide clean energy to all who (will) need it in the developing world. This is a major technological, financing and organizational challenge. Across both developed and developing country energy systems, we will need a fundamental shift – a new energy paradigm.
- *Cities*: For the first time in human history, over half of the world’s population lives in an urban environment. By 2050 this proportion is predicted to increase to anywhere from two-thirds to four-fifths of global population. At present, about one-third of the population of these city-regions lives in extreme poverty. Within the next quarter of a century this proportion will increase to about two-fifths if nothing is done. Complexity is endemic to the process of achieving sustainable urbanization. There is no one “correct” solution to the problem, but a transformation in how we manage the urban environment is needed.
- *Transport*: A crisis in transportation is looming. Over the past 50 years, passenger and freight transport have created significant benefits with regard to the world’s economy and social development. Transportation has become faster, more productive, cleaner, quieter, safer and cheaper. Combined with the Internet, it has enabled the creation of the so-called “flat world” many of us now enjoy. But we now face significant challenges. Transportation’s nearly complete oil dependence is raising concerns associated with energy (oil) security and greenhouse gas emissions. An effective paralysis of transport systems in cities and in the air, especially in fast growing developing countries, is also looming with requisite externalities for health, safety and the environment. Innovations across the transportation sector – in technology, pricing, systems management and government policy – are urgently needed.
- *Natural disasters*: The risks of natural disasters are large and rising. The cost of natural disasters from 1996 to 2005 can be seen from reinsurance losses in this period, which totalled about US\$ 500 billion. This large and growing risk is due mainly to increasing concentrations of people in areas with high natural risks; greater interdependencies among regions, sectors and components of human systems; and climate change. The antecedents driving these phenomena are systematic and systemic.

- *Humanitarian assistance*: The humanitarian assistance caseload will increase and become more complex. It is possible that it will include challenges of entirely unprecedented scale if, as commentators foresee, large scale migration, both cross border and internal, results from climate change. The International Federation of Red Cross and Red Crescent Societies estimate that the number of climate change refugees today ranges from 25 to 50 million, compared to the official refugee population of 28 million. The Intergovernmental Panel on Climate Change suggests that 150 million environmental refugees could exist by 2020.

This is a sobering set of observations from some of our Councils. Those of us in middle age today are the third successive generation to have benefited from the natural resource bubble that the world economy has been exploiting since the mid 20th Century. From what our Council experts are telling us, it is highly unlikely – unless we make some deep, structural changes to how we manage our economy – that our children and their children will experience the same sense of progress and wealth.

The overarching conclusion from our group of Councils is therefore clear: fundamental trends need to be reversed if we are to survive and thrive. This is not the same old sustainability challenge. Our economic system needs new software – new “rules of the game” and then a “re-boot” in order to fully address the systemic and comprehensive risks we face. We should not waste the wake-up call of the current financial and economic crisis. We need to take this opportunity to build back better. This is not the old environmental agenda of conservation or protection. It is a progressive risk management agenda to help improve the lives of everyone who participates in tomorrow’s global economy.

2008: The Year of the Three Canaries

2008 should be seen as the turning point, the year when warnings started to become reality. Early 2008 saw a fuel and a food price crisis; late 2008 saw the financial crisis. Although 2008 will go down in history as a painful year, it seems to us that these recent crises – fuel, food, finance – are simply the three canaries in the mine. These are the early warning signals that our current economic system is simply not sustainable.

Our theme Chairs suggest that 2008 could be the precursor to a perfect storm, the like of which we have never seen before. This is uncharted territory. We don’t know what will happen, but we do know these issues are interlinked as never before. We face a problem that is deeper, more fundamental, more complex and much more systemic than the financial crisis. While attention is focused on restructuring the rules that govern financial capital flows, a great opportunity exists to hardwire into the new system the importance of natural capital flows and their fundamental contribution as a driver of the broader economy and development. Importantly, this is not a fringe discussion anymore about using soft power to promote a feeling of environmental well-being in how we should run our lives. The systemic risks we face – and the urgency of the challenge – require application in the real economy to change how we do things and how we price things in the global economy. Sustainability is no longer a “nice-to-have.” It has become a human security and survival issue. And we must envision ways for humanity to thrive, not just survive.

Our Councils agreed that we must not be frozen by fear or complexity. We need to somehow turn this fear into confidence. As Jeffrey Immelt, Chairman and Chief Executive Officer of General Electric Company, said recently, "We need to have the confidence to build back better; in order to avoid much worse."

Build Back Better, in an Interconnected Way

If we are to build back better, our Councils feel that a number of interconnected issues must be addressed simultaneously:

- *Increase traction at the highest level.* Governments, business and civil society need to become much more aware of the severity of the risks we face from our current short-term approach to economic value creation. Better ways need to be found to raise awareness and articulate the problems in ways which resonate to the public. The role of the media and those with expertise in designing campaigns and movements must be harnessed more effectively.
- *Engage business in finding solutions.* Innovation and value creation when faced with resource constraints is what business does best. With the opportunities for new ways of doing things which results from a correction in price signals and smarter regulation, it seems clear that encouraging entrepreneurial talent around the world – from within large businesses to the most local community – holds the key to finding solutions to the growth challenge we face. A wealth of new large business and microenterprise opportunities could be around the corner, as we adjust to a resource constrained world.
- *Improve governance.* While entrepreneurial innovation is a critical part of the solution set, unfettered business activity is not the answer. The "rules of the game" for business will need to be re-orientated. A regulatory environment needs to be designed that prices scarcity, externalities and risk properly, but which also ensures finances flow to the poor as well as to the rich. All our Councils said that focusing only on the short term does not work. The state has a role to play. If we must change the incentives and correct the price signals, then smart state involvement, rather than no state involvement, will be the key. Ways to improve the quality and incentives of people attracted into the state sector to undertake these reform agendas, from global to local levels, need to be found. In climate change, for example, there is a very real diplomatic opportunity to engage in some "smart market" discussions, during the 2009 negotiations. In water, it is clear that while market mechanisms will help in many water operations, a dogmatic reliance on unfettered markets will not deliver the social, economic and environmental outcomes required. Water has potent social, cultural and religious dimensions. It can never be viewed as only a pure economic good. Again, smart governance solutions are required. In biodiversity, a new vocabulary that talks about the monetization of ecosystems, and further exploration on why this matters (and how it can deliver cash to local communities) will help communicate the issue to stakeholders in the public and private sectors, as well as individuals at the local levels. For food security, economic growth alone will not solve the problem – particularly for issues of child nutrition. New sets of governance checks and balances are also required.

- *Involve all stakeholders.* Every one of our Councils talked about the need for new partnerships. For food security, governments and private corporations must work in partnership with each other, and with small farmers and local entrepreneurs, to create a more inclusive and environmentally sustainable food ecosystem. In the mining and metals industry, important overlaps with capital flows, energy security, water security, ecosystems and biodiversity, among others, make increased collaboration and engagement with other stakeholders an imperative if jobs, wealth and environmental security are to be created and sustained by the industry. In urban management, there is no one “correct” solution, but crucial is work on softening the intersection of civil society with the formal structures of government and the private sector. For the future of transport, it is essential to encourage all stakeholders to create an integrated vision of a more sustainable future of transportation. While a “new blue deal” opportunity may exist in water (water pure play funds are a good pick, for example, despite the recent financial crisis), the Global Agenda Council on Water Security calls for a series of regional, multistakeholder conclaves, especially in the key hotspot or water bubble areas of the world, to discuss and develop reform agendas. It seems that all of our Councils call for a re-alignment in discussion and decision-making relationships. Importantly, these kinds of partnerships and collaborations should not be viewed simply as “talk shops” but much more as “new value creation models” (public and private), which are focused on finding solutions that have sustainable and restorative innovation embedded within them.
- *Develop tools to enable implementation.* Every Council called for more data, better analytics and new approaches to analysing their particular problem. For example, the Council on Sustainable Construction set out ideas on how to revolutionize the construction cycle in order to create positive economic impacts as well as social and environmental benefits. The Humanitarian Assistance Council called for the development of a new vulnerability and protection business model, including a comprehensive risk framework. It seems that while industries such as transport, mining and energy recognize the need for a paradigm change, stakeholders across many other parts of the environmental management and humanitarian assistance sectors also recognize that their historic “business models” need to adapt. New tools that better reflect today’s complexities, multistakeholder realities and the appreciation of far higher levels of interconnectedness than previously recognized are required across the board. The sustained encouragement of systems thinking within and across the analytics that the Councils are looking for exemplifies this new approach. New tools to find new ways to help provide solutions and create value are essential. The role of design to re-engineer how we think about our built environment, the products we consume, the business models we run, the programmes we deliver, the advertising campaigns we pursue and the policies and institutions we build is all pervading and critical. We need fresh perspectives that encourage innovations based on understanding interdependencies.

Transformational Transactions

Increasing awareness, involving businesses large and small, improving governance, involving all stakeholders, developing new tools and encouraging systems thinking – this is a complicated and potentially abstract set of recommendations. How to design and implement an urgent reform agenda for the systemic and systems-based challenges we describe? How to bring these various components together to help transform the paradigm we are in?

Our breakthrough idea is to call for sets of “transformational transactions”.

Not just market transactions, not just better regulations, but *transformational* market and policy transactions. Each a separate activity, but all interconnected. Our discussions identified many case studies and ideas, both issue and location specific, where strong potential lies for transforming the status quo in a way that brings together key stakeholders to focus on designing solutions that shift behaviours and that create lasting and long-term value. Water reform, innovative climate financing, new technologies for energy, urban and transportation solutions, new models for humanitarian assistance, disaster mitigation or food supply – all of these areas are rich hunting grounds for transformational transactions.

Our challenge as a network of Councils is to encourage the aperture of the many brilliant profit or policy minds that exist in the global economy to be opened a degree. Can we develop this idea of transformation transactions somewhat and place it within an overall systems frame? Can we create a network of minds able to identify the potential for transformational transactions across the natural resource and human security space, make them specific, identify clear returns for them, and have them enter the mainstream, have them crowd out the old way? Can we move beyond surviving to thriving?

How can professionals and peers be encouraged, every time they sit down to design a deal or develop a policy, to be as focused and disciplined as they were prior to 2008, but now to do so in a different kind of way? To consider new angles, new linkages, new coalitions, which reprise the services we gain or the risks we previously avoided from exploiting the natural world, but in a way which creates new markets and new values, especially for the poor. How can these changes be embedded into wider professional markets and policy-making behaviours? Our Councils recognize this will be hard, but it is exciting. The promotion of transformational transactions in the natural resources, food and humanitarian space can help identify new sources of value creation. It should inspire all of our imaginations.

This is the agenda I think the Councils focused on Environment and Sustainability issues have in effect set for themselves. The World Economic Forum needs to help nurture and sustain the enthusiasm and initiative that this theme – which contains over 120 leading minds – generated in Dubai. The Forum should think about how to create a frame for this potentially game-changing mobilization of minds, networks, influence and expertise and how it can use its industry and governmental partners to operationalize the plan, across all issue areas.

Where to Start?

The climate change agenda for 2009 is a good, specific place to start. The Network of Global Agenda Councils can support the official climate negotiations by identifying a set of clear, truly transformational transactions across the public and private space, in collaboration with the governments of the larger economies of the world. By identifying a set of transformational transactions on finance, institutions and technology development, this would certainly help transform the agenda – and prove, at the highest level, that these new coalitions can work. On a broader level, with the support of this group of Councils, the Forum should seize this agenda, the demand to develop this new theme. With the guidance of the Councils, the new networks and new public-private coalitions can be built, an overall frame of activity identified and various projects or initiatives set up. Let's make 2009 the year we discovered the hard power of transformational transactions to improve the state of the natural world and how we engage it in our economy.

Summit on the Global Agenda

On Finance and Business

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Introduction

The impact of the financial crisis on the global economy is likely to be severe, with a significant risk of a very serious world recession. The current financial crisis has made clear the degree of global economic integration that already exists and the limitations of the current regime of global financial coordination and regulation.

Current Status

The current crisis is rooted in a long period of global imbalances. These imbalances were characterized by multiple years of low interest rates and high asset prices, and trade and savings imbalances. In addition, a number of governments resisted exchange rate fluctuation.

At the same time, there was low worldwide inflation and substantial growth in cross-border capital flows, to the benefit of nearly all regions. Indeed, most asset classes also showed sizable valuation appreciation during this period. Low rates, low inflation, global growth and renewed confidence were all positive factors – but they led to overconfidence, excess leverage and a fundamental mispricing of risk. Capital markets were perceived to operate so efficiently that the implications of their structural weaknesses, concentrations of risk and interdependence were not fully understood.

The current financial crisis has been characterized by the following:

- Severe dysfunction in the banking sectors including interbank lending
- Disruption of world credit markets
- Reduction in residential mortgage financing, which is causing downward pressure on already weak housing prices
- The deterioration of capital flows and financing conditions for emerging economies
- Collateral damage to commercial real estate and other asset classes.

Risk assessment and management failed at all levels: governments, central banks, regulators, rating agencies, financial institutions, corporations, media and households. In addition, the feedback loop between the financial system and the real economy has likely intensified the systemic risk and has exacerbated the affects of the current crisis.

Crisis management has been extremely difficult as the financial landscape has continued to evolve. Conventional monetary and fiscal policy tools have had less impact in countering negative economic trends than in the past. Stabilization

measures may have unintended consequences that are not yet well understood and may introduce further adverse affects.

Serious gaps in the risks and activities addressed by regulatory organizations have been revealed. As financial markets and institutions became more complex and more global, the burden on financial policy-makers grew dramatically. A siloed, “local” approach to regulatory architecture evolved, which did not reflect the global nature of financial markets. Further, in some cases, the regulation of financial institutions was not unified – but rather fragmented and conflicting. In others, the failure to have comprehensive regulation probably exacerbated the issues. For example, the burgeoning credit default swap market produced systemic risks that were not adequately addressed by the insurance regulators overseeing the writing of these contracts, or by bank supervisors or securities regulators charged with limiting bank risk-taking.

In addition, in a number of countries, the crisis highlighted the inadequate communication and coordination among specialized policy-makers focusing on particular issues, including monetary policy, macroprudential regulations and the particular activities of financial institutions, including lending, underwriting, insurance, derivatives trading.

Significant gaps between private-sector and regulators’ understanding of product innovation, market knowledge, technological know-how and financial incentives contributed to the regulatory challenge of keeping pace with the changed market developments.

Corporate Governance

The current financial crisis also reflects a failure of corporate governance, especially in financial institutions. Ambitious shareholder return objectives, private incentives and public policies all encouraged excessive risk taking and systemwide leverage. The inability of management to deter individuals or business units from undertaking decisions that were contrary to the long-run viability of firms highlights the critical need for more effective corporate governance mechanisms.

Implications

The political repercussions of the crisis have been considerable. The crisis has undermined the perceived advantage of open financial and capital markets. In the past, there has been significant evidence demonstrating the generally positive roles of privately-owned financial institutions and market competition in promoting growth and security. However, in view of the financial crisis, the general view about the relationship between governments and financial markets is changing. Pervasive market failures and the resulting global economic decline have highlighted the value of domestic and global regulatory systems that limit systemic risk and that provide for more adequate supervision of private market participants. Government intervention in the financial institution sector has affirmed and expanded political expectations of the role of government in finance.

Potential Actions

The dimensions of the financial crisis and attendant global economic recession compel a coordinated international response. Coordination should involve advanced and emerging economies. The response needs to be immediate, substantial in size and scope and sustained over time. Outlined below are actions which should be considered in the short and long term.

Short Term:

1. Continue Market Interventions: Governments should continue to intervene to prevent further financial contagion and mitigate recession. Governments should work to maintain low interest rates, including aggressive quantitative easing if necessary. The short-term goal for government intervention is to restore confidence and reduce fear without compromising growth and increasing inflation in the long run.

2. Increase Capital Deployment: Governments should consider substantial fiscal stimulus programmes that provide the requisite capital foundation for renewed economic activity. Special attention should be paid to areas of the economy which will provide the physical or human “infrastructure” for renewed economic growth and employment.

3. Enhance Public Communications: Governments should better communicate their actions to fearful and anxious publics. The public needs to be better educated about the nexus between the financial and real economies as well as about the rationale for government interventions in the markets. A necessary condition for the success of financial system reform is public ownership.

Long Term:

1. Mitigate Global Imbalances: Governments should address global imbalances (e.g. trade, savings, exchange rate models). Regulatory and monetary policies to control bank leverage should be formulated to be countercyclical, allowing greater leverage in downturns and restricting leverage in upswings. A more flexible global exchange rate system should be encouraged.

Governments should return to the Doha Round of trade negotiations.

2. Improve Regulatory Architecture and Capabilities: There are different institutional forms for reducing the balkanization of financial regulation and enhancing the national and international assessment of financial risks. Regardless of the precise institutional form, the current crisis underscores the importance of developing greater capacity to evaluate risk across a wide range of financial market activities and markets. This includes the systematic monitoring and assessment of macroeconomic indicators as indicators of systemic risk.

Given the global nature of finance, close coordination and cooperation among financial regulatory bodies is imperative for effective regulation. There is the potential to fortify an existing international regulatory body or regulatory bodies (such as the

Financial Stability Forum) or create a new, more robust organization which would still allow for heterogeneity across domestic regulatory regimes. Features of this organization might include:

- Staffing depth to monitor development in global financial systems and coordinate responses, along with appropriate levels and structure of compensation to ensure the capacity to execute
- The development of a set of core principles of effective regulation which could be promoted and implemented in a consultative capacity to domestic regulatory bodies
- The discouraging of unhealthy and potentially destabilizing “regulatory competition” between countries as the steward of enhanced “Memoranda of Understanding” between countries
- The comprehensive monitoring of the full range of financial market activities (e.g., lending, securities underwriting, insurance, derivatives, etc.), perhaps working with existing specialized international bodies (e.g. IOSCO, IAIS, IASB).

At the global level, the representation of emerging market economies in international regulatory bodies will enhance the legitimacy and effectiveness of these bodies. The relevance of international bodies will be improved if there are mechanisms and incentives for domestic regulatory agencies to act on their recommendations. Greater accountability and participation of the full range of relevant domestic regulatory agencies, along with the cultivation of political support for this participation will enhance their effectiveness.

3. Avoid Protectionist Regulation or Legislation: While it is an important goal to de-risk and de-leverage the system, regulation and legislation that act as restraints on trade or capital flows or which induce regulatory arbitrage should be avoided. Regulatory measures and legislation regarding new financial instruments and products should be carefully crafted to be effective, without inhibiting innovation.

4. Improve Corporate Governance: Recent events demonstrate the urgent need to strengthen shareholder protection laws and empower shareholder governance over financial institutions. Furthermore, current corporate compensation structures should be redesigned to be effective as individual incentives without doing damage to systemwide stability. There is a need to structure incentives, in both developed and emerging markets, in a way that enables the financial sector to act in a manner that fosters systemic stability without excessive government intervention.

5. Improve Market Model: Various changes to financial markets should be made to improve their functionality and transparency and to prevent future crises. For example, centralized counterparty and clearing on exchanges should be considered so as to reduce counterparty risk for structured products. Improved transparency about off-balance sheet items and over-the-counter markets is also merited.

The competitive dynamics of the market place may change based on public sector ownership of private sector enterprises. Ongoing consultations between the public and private sectors will be important due to the transformation of the private sector. It will be crucial to develop clear government exit strategies over the longer term.

Summit on the Global Agenda

On Geopolitics and Global Governance

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21st Century Institutions, 21st Century Challenges

Global society faces challenges that question the way the planet is managed, the sustainability of industrial society and the survival of the world's people. We confront climate change, where business-as-usual scenarios point to a global environment that in the long run is unsustainable and whose most immediate and dire political and socioeconomic consequences will bear on countries and groups least able to manage them. We lack measures to manage weapons of mass destruction, and in particular the ability to accommodate legitimate desires for nuclear technology and energy in a current global nuclear order that should endorse the goal of a nuclear-weapons free world and draw down stockpiles but is, instead, fragile and at serious risk of failure and with more nuclear fuel to be controlled and regulated. We live in a dangerous world where the security of states, both stable and unstable, is now subject to the terrorist actions of private groups armed with ever more lethal technologies and able to easily recruit personnel to carry out these actions. We observe the failure of the Doha Round revealing an inability to agree on a trade system that, beyond tactics and short-termism, encourages the kind of development that alleviating global poverty will require. We face a financial crisis of unprecedented global implications. We have to acknowledge limitations and gaps in the international legal system at a regulatory level, and in international and domestic enforcement.

Existing institutions and processes of global governance have not completely broken down: the Law of the Sea, for example, has earned the acceptance and compliance of the major stakeholders; in healthcare the WHO serves as an effective organization for the management of the SARS epidemic; the public-private partnership Global Fund is making antiretroviral drugs increasingly available; private civil society organizations, such as Rotary International, have made a major contributions towards global governance including the near-eradication of polio. Private organizations like ICANN in the management of the Internet or ISO in quality standards have even directly solved problems of coordination that would typically be dealt with by intergovernmental agreement. Other existing institutions and processes of global governance are not working well but could be fixed or improved, for example, UN Resolution 1540 to secure radioactive sources and storage, or the UN Charter itself, which remains a beautiful document with a valuable store of strong and positive political capital.

However, on the economic, environmental, geopolitical, societal, technological issues of today, global governance fails as a generator of norms, underperforms as a mechanism of coordination and collaboration, stalls when it comes to enforcement and lacks adequate accountability.

Addressing the challenges of the 21st Century means addressing market, sovereignty, intergovernmental failures that are at the core of global governance. First, private markets do not sufficiently address externalities that are public and global in nature. Today's problems, as Kofi Annan once said, "do not come permanently attached to national passports". Second, sovereign states often do not adequately address problems reaching across borders. Third, intergovernmental institutions lack the necessary authority, vision, expertise and resources to govern the world.

In the meantime, over the last 50 years the world has changed dramatically. World leaders have started to come to terms with the rise of new centres of industrial and financial power, particularly in Asia, and a geopolitical and socioeconomic landscape that includes radically increased interdependence, both among countries and across issues, unthinkable in 1945. Moreover, with globalization, expectations that the voices of the people should be raised and heard at all levels have increased. Let's imagine, for example, as the Global Agenda Council on the Future of Governments suggested, what a Digital Marshall Plan taking broadband to every corner of the world would represent in terms of new models of business and political representation and how, in spite of the costs, such a plan would help develop better warning systems for problems in the global economy, and new forms of cooperation and governance.

Unfortunately, lack of vision and political will, and vested interests preventing from re-thinking the foundations of the international order and the responsibility that comes with them, further make global governance institutions poorly organized to deliver against objectives like environmental protocols, sustainable economic growth, poverty eradication and human security.

With this context in mind, the Global Agenda Councils focusing on Geopolitics and Global Governance looked at key principles and conditions of global governance in the 21st Century, and solutions that could help "reboot" or improve governance in key areas.

Extroversion

First, more extrovert leadership from outside the circle of established powers should be encouraged from a global pool of countries thinking of the wider good of the global commons and willing to sacrifice elements of self-interest and make a commitment to global public goods. This also implies new models of engagement being based on mutually beneficial and accountable compacts that promote effective and inclusive states, economic development and sustainable local capacity.

For example, dealing with conflict resolution and peacekeeping requires, in addition to new volunteers willing to provide leadership, both stronger regional organizations and more responsive global organizations. In this respect, the ongoing devastation of the Democratic Republic of Congo comes to mind as a de facto failure of global governance. Clearly, extroversion, especially in peacebuilding, implies adequate profile, recognition and strong negotiation and conflict resolution skills requiring capacity building in key conflict zones and groups like the police and the media, but also society at large on history, culture, politics and the "choreography" before and after agreements are reached. This takes time to achieve.

Moreover, the public regime may establish new and transparent frameworks of public-private partnership encouraging innovation and assigning responsibilities to local and global private actors that can be part of the solutions to climate change, for example, which imply hundreds of billion of dollars in new investments that cannot come from public finance.

Expertise

Second, we need a framework in which expert information, where it exists (as it successfully does at the Intergovernmental Panel on Climate Change), is mobilized to better define the many factors at play, reconcile divergent technical views and propose coherent strategies to solve problems. This challenge involves both formulating best practices and contesting them in a way that ensures an opportunity for continued experiment rather than premature closure.

Information and knowledge are key, for example, in complex areas like nuclear proliferation, where technological innovation is needed to improve verification and nuclear detection technologies, create proliferation-resistant facilities and promote peaceful uses of nuclear technology.

As a key general source and framework of information, the UN General Assembly should be a forum for genuine dialogue and norm setting available to all countries, large and small. To do this it needs a radical revision that removes it from the dialogue of the deaf to a dialogue that listens as well as it talks, raises questions no matter how controversial, and provides judgments that are coherent and useful.

Also in high demand is a greater understanding of the existing international legal system, in particular including compliance with existing norms.

Effectiveness

Third, in order to be effective, no matter how deliberative and responsible, global action is much needed and will continue to be inadequate without additional resources. These may come from partnerships, international taxation and other innovative forms of market solutions and financing that are designed to fit each particular crisis and to fit the real needs defined in a scale that suits the extent of the problem.

One of the effects would be making crisis management more effective and take place in a more timely fashion. It should incorporate the most essential stakeholders so that both understanding and action are enhanced. Solutions available soon, as imperfect as they are, are better than solutions wise only in hindsight. The current financial crisis threatens to evolve into “beggar-thy-neighbour” policies in the way in which the financial crises of the early 1930s produced the global depression of the entire decade.

Moreover, in light of global realities and the huge proliferation of players in the global trading regime, effectiveness means greater organizational flexibility while ensuring that the key principles remain strictly adhered to. To that end, for example, one critical element of effectiveness in the global trade regime is to ensure that the WTO agenda is not over-burdened.

Equally important, we should put the role and adequacy of the international legal system at the heart of our efforts to improve the world. We accept the rule of law at home to feel secure. Let us consider a stronger rule of law globally to address financial crises, nuclear proliferation challenges and pandemics in a manner that is rapid, fair, effective and efficient, and which can attract international support.

Key Recommendations: One Example

While ample space for follow-up discussions and further deliberations exists in all the themes of these Councils, in addition to important principles in light of an evolved international context, a set of interesting recommendations emerged in all the areas of concern. Most of the biggest problems are in fact problems of governance.

The Energy Security and Nuclear Global Agenda Council, for example, sketched the picture of a future characterized by the opportunity and challenge of nuclear energy. A more effective international system for promoting energy security includes organizations and rules that are rooted in collective self-interest and practical actions. The long road to achieving such a system would begin with strengthening the existing global organizations that promote dialogue among nations (such as the IEA, IEF, IAEA), complemented by a series of concrete measures that could be undertaken under the leadership of pivotal countries:

- Establishing a public-private initiative to create a multilateral nuclear fuel cycle
- Collectively managing strategic oil reserves
- Encouraging much higher investment in energy research, development and the demonstration of new technologies
- Promoting investment in fuel supply and infrastructure, even during an economic downturn
- Establishing a universal pricing of carbon.

The technical verification capabilities of the International Atomic Energy Agency (IAEA) could be enhanced, for instance, via international repository of sample materials, appropriate data sharing and prompt supply of analysis, and through a revamp of the Additional Protocol and the Nuclear Suppliers Group (NSG) to control the transfer of technological know-how and govern nuclear science and engineering.

Moreover, to secure the Nuclear Complex to make the world safer for nuclear energy, it is recommended to negotiate an effective fissile material cut-off treaty, banning production of highly enriched uranium (HEU) and plutonium for weaponization; consider a plutonium pause – because there is a stockpile which must be reduced significantly; remove the need for more national fuel cycles – through supplementing current supply via non-discriminatory international arrangements under international safeguards; reduce the existing supply of HEU, for example converting research reactors to run on low enriched uranium (LEU)/RERTR.

Moreover, current initiatives in trade, such as Aid for Trade and trade facilitation, should be continued. Other possible measures – upon more reflection and discussion – may involve the inclusion of business and aid agencies in future negotiations, the creation of a plurilateral structure with in-built flexibility to provide a greater time and scope for extending MFN, the infusion of a greater degree of vision in the promotion

of the trade regime, the imposition of rigorous disciplines in preferential trade agreements (PTAs) with the objective of making them ultimately collapse into a single universal global trade regime, the inclusion of other key areas that require close attention, such as anti-dumping.

A Political Challenge

The implications of institutions of global governance can be heavy for sovereign states. As current global governance problems come from market failures, sovereign failures and intergovernmental failures that cross boundaries, sacrificing sovereignty for greater gain may become an option. This principle is unthinkable now. But ask yourself one simple question: why is the trade world functioning and the financial world failing? Simple. The financial world has no global rules. The trade world has global rules which override our sovereignty. So if we can do it in trade, why not accept binding rules in other areas?

This is probably a rhetorical question as, not surprisingly, a recurring question in Dubai was whether addressing issues of global governance is a technical design problem or a political challenge. Looking to the future, although new approaches to problems may benefit from technical input, we see global governance less of a technical design problem and more as a set of political challenges calling for institutions that are effective in understanding the nature and main elements of a problem, clarifying who is in charge, developing strategies and processes, and raising and managing adequate resources.

These institutions must be legitimate to those affected by them and this is a matter, we realize, of trade offs. Sometimes effectiveness requires small and efficient management which can reduce the voice of those who demand to be heard; on the other hand there will be instances where effective management will only be realized with the willing support of all stakeholders. Whatever they are, new arrangements are often intrusive and difficult to accept. But today's world is in fact more intrusive than 50 years ago, and interdependence has increased, both positive and negative. Problems cross borders without passports but we expect solutions to cross borders with passports. We have to change this mindset if we want to address the critical problem of "a planet in peril". This is primarily a political and leadership challenge.

Summit on the Global Agenda

On Health

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Health is a central concern for each of us as individuals, for our families, for our communities and for the globe. The importance of health to create opportunities to pursue life ambitions cuts across individuals of all ages, young and old, and across all societies. In the 20th Century, we witnessed on average extraordinary progress in health; for example life expectancy for the world rose from 45.0 in 1950 to 67.2 in 2008. But the advent of the HIV epidemic, the rise of chronic diseases in middle-income countries and countries in transition, and the real risks of major pandemics demonstrate that reversals can and do happen. Progress in health, like financial markets, is fragile.

Understanding the challenges of human health and of the organized social response to health problems is challenging, especially for those who are not health specialists. There are thousands of different diseases that afflict man, hundreds of risk factors that determine disease incidence, duration and severity and a vast number of preventive, curative and rehabilitative technologies that can be used to tackle these problems. The very complexity of health problems and proposed solutions presents a challenge for the health community to communicate simply and effectively to other sectors. Yet, because of the interconnectedness between health and other sectors, success requires the ability to communicate with sound evidence the big picture about health and the most attractive options for action.

The global community has articulated a set of critical goals for development, namely the Millennium Development Goals. Three of the MDGs are health-related goals: MDG 4, reducing child mortality, MDG5, reducing maternal mortality, and MDG6, reducing major diseases particularly HIV/AIDS, tuberculosis and malaria. The health-related MDGs have been a rallying point for the global development community and have generated widespread policy discussion and focus in many settings. Real progress has been made on expanding access to antiretrovirals for individuals with advanced HIV disease, to insecticide treated bednets for children in areas with endemic malaria, and to Directly Observed Therapy, Short-Course (DOTS) for tuberculosis. However, much less progress has been made on reducing child and maternal mortality. We must not forget about this agenda, especially as progress on MDG 4 and 5 has lagged behind the other MDGs.

The agenda for global health is, however, much broader than the MDGs. In 2004, 59 million individuals died; 60% of these global deaths were from chronic diseases. Heart disease, cancer and obesity are rapidly increasing in middle-income and even some low-income countries. These increases will inevitably increase the share of deaths and disability-adjusted life years (DALYs) attributable to chronic diseases in the

future. The ageing of the world's population driven by the remarkable decline in fertility in many parts of the world will fuel the rise in the numbers of individuals suffering from chronic diseases even more in high-income and many developing countries. India, for example, has reduced its fertility rate by more than 50% in the last decades.

Left out of the Summit on the Global Agenda are the problems of mental health, especially depression and schizophrenia, and injuries, both intentional injuries such as suicide and homicide and unintentional injuries, particularly road traffic accidents. Together these two problems account for one-quarter of all years of healthy life lost in the world in 2004. We recommend that Councils on these two sets of health problems be created in the near future.

Health is valued by us all for its intrinsic worth but the powerful connections between health and the broader economy make it even more important as a social priority. Expenditures on public health and medical care now account for one-tenth of all global economic activity. Evidence in all high-income and many middle-income countries on the growth of the share of GDP spent on health demonstrate that health expenditure as a share of global economic activity will expand steadily in the coming decades. The Commission on Macroeconomics and Health and other academic researchers have demonstrated powerful linkages between levels of health and economic growth mediated both through enhanced productivity of the workforce and increased investment in healthier populations. Pandemics pose the threat of the ultimate social and economic crisis. In a world of just-in-time supply chains, the impact of a pandemic where social distancing requires the closing of schools, workplaces, public meetings, travel bans and quarantine would have an immediate and devastating impact on economic output. The impact of the financial crisis of this year would potentially be small in comparison to a full-scale pandemic.

A key message from the deliberations of the five health-related Global Agenda Councils is a paradox. Preparedness, prevention and promotion through multi-sectoral engagement is the key. Specific strategies have been demonstrated, for example for chronic disease prevention, to be effective, cheap and cost-effective. Yet, in all cases, preparedness, prevention and promotion are massively underused. Four problem-specific Councils made recommendations in this arena.

- 1) The HIV Council articulated a bold new vision of a generation free of AIDS. The critical strategies to achieve this paradigm shift will require the professionalization of prevention. In health, those charged with leading prevention programmes must learn from other disciplines to improve their effectiveness. Social marketing, branding, media, information technology all have insights that must be captured to raise the bar for prevention activities. By working collaboratively with these groups, the science of prevention can be advanced to create a generation free from AIDS.
- 2) Success in chronic disease prevention will require effective two-way working connections with agriculture, transport, sport, urban planning and other sectors. Simple effective proven strategies are ready for multi-sectoral implementation, including enhanced tobacco control, breast feeding promotion, reduction of salt in the national diet and working with sports, media and urban planning to promote a culture of physical activity. These and other efforts have been demonstrated to work at scale.

- 3) Pandemic preparedness requires action by government, the private sector, civil society, corporations and others to build systems that would be both effective and resilient when the next pandemic strikes. Resilience requires planning, building systems that can handle immediate supply chain interruptions and widespread recognition that all actors in society should develop preparedness plans.
- 4) The ageing of the world's population not only will accelerate the challenge of chronic diseases but requires preparedness for the inevitable transformation of economies and societies. Efforts to build new opportunities for the productive engagement of elder adults require a multi-sectoral approach. Health systems will need to adapt to the challenges of multiple simultaneous conditions. Effective response will require new mechanisms for ensuring financial security for the elderly along with education over the life cycle.

Health systems, which account for 10% of global economic activity, have a critical role to play in addressing health challenges. Most health systems face the challenges of exclusion of key groups from care and at the same time inefficient use of resources for those groups that are included. Nations need a new social compact which would operationalize lofty goals for health enshrined in many national constitutions by defining an essential core set of effective services. A clear entitlement for this core set of services should be created for everyone in a country. This entitlement should be guaranteed through a universal financing mechanism and should be contestable in national courts. Defining such an entitlement to a core set of services has been shown in countries such as Mexico to be an effective mechanism for enhancing both the universality and efficiency of health systems. The explicit set of services can be used to monitor and benchmark performance through metrics of intervention effective coverage. The choice of the core set of essential services should be informed by a health technology assessment as well as a consideration of other critical social objectives such as reducing health inequalities and social priority for certain health problems.

Underlying the efforts for multi-sectoral preparedness, promotion and prevention and the building of more efficient and universal health systems is one common theme: the critical need for better information. Surveillance systems that work, information on the effectiveness of strategies and programmes, performance benchmarking (from pandemic preparedness to overall health system performance) are examples of this need. The health Councils call on the World Economic Forum to lead a call for a Davos Information Charter. This charter would articulate and motivate a multistakeholder commitment to four principles. First, all institutions and actors should share a common data architecture which will facilitate the communication and sharing of essential health information. Second, all organizations, whether public or private, should commit to put health information, with appropriate safeguards for privacy, in the public domain. This includes unit record data, not just metadata. Data are the ultimate public good. Data holders cannot possibly have a monopoly on the ideas on how to analyse and learn from information insights that will save lives in the future. Sharing data is a moral imperative and not just essential for enhancing efficiency of systems. Third, we should all foster multiple competitive analyses of data and not single consensus analyses. Consensus will emerge when the scientific

evidence is compelling; before that point, it is in everyone's interest to encourage responsible debate and interpretation of the available data. Fourth, it will be critical to build the capacity of developing country organizations to analyse their own data to inform local decisions.

In summary, three themes dominated the health discussions. First, the need to build our capacity for strategic foresight through multistakeholder preparedness, promotion and prevention. Second, the urgent need to create a clear and well-defined guaranteed core set of health services that will enhance access and the accountability of health providers for achieving outcomes. Third, the need to foster a revolution in health information by articulating the principles of the Davos Information Charter.

Summit on the Global Agenda

On Regions

Luiz Fernando Furlan

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Rapporteur of the Global Agenda Councils focusing on Regions

Five Countries, Three Regions and One World

The Global Agenda Councils under the theme of “Regions” met in Dubai around five selected countries (Australia, China, Korea, Japan and Russia) and three regions (Africa, Latin America, the Middle East) to analyse current economic, political and social trends and propose priorities for action in the context of the international financial crisis.

While emergency measures were proposed, country and regional Council Members strongly believe that now is the time to place the foundations of a new development cycle, based on a sound international financial architecture, rooted on clean technologies and low-carbon efficient energy generation. The most immediate perception from all the regional Councils was that fear is dominating the international arena and that trust needs to be restored. However, the long-term and strategic challenges should be at the centre of concerns and the regions must take the opportunity presented by the crisis to lay the work for fundamental institutional and economic reforms.

The most important common concerns cutting across the regional Councils were the financial and confidence crisis, economic recession, energy security and environmental risks. An integrated approach to face up to current challenges was structured around three dimensions: Economic, Environment and Governance. To build a better future, Council Members proposed:

Economic: (1) To build confidence and restore trust through strong national leadership; (2) To promote a more stable international monetary system, including the capitalization of financial institutions; (3) To better represent emerging markets in international bodies as an integral part of the new international financial architecture; (4) To accelerate poverty reduction programmes. **Environment:** (1) To build up the green economy as a driving force for a new development cycle; (2) To reach a global deal regarding climate change by 2010; (3) To prioritize more energy diversification and efficiency.

Governance: (1) To work proactively towards a global and inclusive governance system; (2) To advance and enhance effective trade integration.

Three Regions

Africa is the second largest continent in area and population, and perhaps the richest of all in terms of natural resources, yet poverty remains widespread. Members of the Global Agenda Council on the Future of Africa propose to:

- Tackle the impact of the international financial crisis since global linkages mean that trade flows, credit lines and demand for commodities among others will be affected.
- Expand sustainable food production which is key to addressing hunger and poverty while stimulating economic growth and building food security in Africa. Solutions will include efforts like the recently launched Coalition for African Rice Development (CARD).
- Fix and expand ports, roads and infrastructure to boost the efficiency of connectivity within Africa and with other regions aiming at a significant increase in GDP growth rates with major social benefits within and across borders.
- Find ways to break resource-dependency, since much of the trade and investment are related to the extraction of non-renewable resources. Capital intensive extractive industries leave many African economies struggling to create enough jobs for youth.
- Face up to regional challenges which include jobs creation, skills development; governance improvement and transparency are among the major concerns of Council Members.
- Create Forums where heads of state can interact and agree on regional cooperation initiatives, without the interference of bureaucracies.

The interdependent nature of complex global challenges is affecting the **Latin American** economic outlook. Between 2002-2006, close to 10% of the population ceased to be poor and if development trends are maintained by 2010, the majority of the region's households are forecast to become middleclass. Members of the Global Agenda Council on the Future of Latin America propose to:

- Promote and secure financial systems that provide liquidity and credit, invest in infrastructure to respond to social demands and implement fiscal policies that result in better and fairer public expenditure focusing on efficient and progressive spending.
- Keep growing as Latin America represents a US\$ 3-trillion economy, generate innovative social, economic and policy institutions for poverty reduction and stay open to the world in order to enhance effective regional integration.
- Increase renewable energies in the energy matrix, leverage Latin American ecosystems to strengthen world food security, preserve water resources and biodiversity for the well-being of mankind and better coordinate efforts to preserve Amazon assets and other biome in the region.
- Induce developed countries to stay open to Latin America both in terms of trade and investments; reach a global deal regarding the Doha Round as soon as possible and conclude climate change negotiations by 2010 which should include financial compensation for ecosystem conservation.
- Request developed countries reduce demand for illicit drugs, regularize the status of Latin American migrants in Europe and the US and promote institutional reforms targeting international conflict resolution, delivery of services, international justice and rule of law.

With the global financial system in turmoil and oil prices declining from a long period of sustained increments, the **Middle East** is currently playing a key role in the global economy. Members of the Global Agenda Council on the Future of the Middle East propose to:

- Support reform to eradicate radicalism and encourage an evolution of the minds beyond the existing order. The process of reform must be peaceful and based on dialogue and inclusiveness and should include political, social, religious and educational reforms.
- Support a shift from conflict management to conflict resolution with regard to the Arab-Israeli conflict, under the auspices of a multilateral process. The goal is a two-state solution and a comprehensive just peace on the basis of international law between the Arab world and Israel.
- Change the role of the countries of the region in the international financial architecture from passive player to a regional and global stakeholder.
- Promote regional development and job creation resulting from economic diversification from oil. The security of supply must be reciprocated by fair access to global markets. The region should actively develop alternative energy industries to offset its carbon footprint as well as to generate new sources of income to replace expected losses for oil exports.
- Address issues of radicalism, Arab-Israeli wars, capital development, energy and diversification, to be able to create the jobs needed to minimize illegal migration and brain drain.

Five Countries

Australia has undergone significant shifts in foreign and domestic policy. It has withdrawn combat troops from Iraq, endorsed multilateral negotiations towards limiting greenhouse gas emissions and is planning to enact domestic legislation on climate change. Members of the Global Agenda Council on the Future of Australia propose to:

- Support sustained and sustainable globalization through the creation of a new coordinating framework to ease effective cooperation between national systems of wealth generation and regulation.
- Demonstrate practical means to achieve socially, environmentally and economically sustainable modes of wealth generation rooted in the concept of “green economy”.
- Share the lessons learned in Australia from both successes and failures, particularly in the strength of national macroeconomic frameworks, regulatory institutions and standards, environmental reporting, technological research, human rights and water management.
- Develop a model of indigenous economic development as a matter of justice and national opportunity.
- Broaden the capacity for deep regional engagement with Asia and the Pacific through education, cultural exchange, business, sport and the arts.

China's re-emergence as a major global power is a defining moment in history. Consensus – across business, trade, economics, energy, climate change, the environment, culture and society – indicates that China's influence on global decision-making is invariably growing as a measure of the country's size, economic reforms and overall dynamism. Members of the Global Agenda Council on the Future of China propose to:

- Speed up financial reforms, which include partial currency convertibility leveraging on Hong Kong's international financial centre status and cooperation with the global financial community towards international system-wide reform.

- Recommend the international community establish a World Central Bank that has limited roles which include setting norms and standards in financial instruments, granting liquidity to nations under specific conditions; and acting as an international liquidity clearinghouse/exchange.
- Strengthen Asian regional integration and cooperation via more formal mechanisms.

China has a climate change action programme under way but needs to do more to achieve real progress. An opportunity exists now to push the US-China dialogue on climate change to a new level. Working together on this key issue, China and the US can stimulate a substantially new outcome. The Council Members propose to:

- Redirect the development process and push for reform. An example is to use the trend towards urbanization to build up energy efficient and sustainable transportation systems.
- Establish specific and more ambitious targets for limiting greenhouse gas emissions.
- Work with the international community to develop breakthrough clean technologies, provide incentives and design new institutional capacity to implement such technologies.

Given the current crisis, China must also focus on improving efficiencies in the manufacturing sector through the right incentives. China can continue to be a manufacturing centre of the world but with leading edge technology, which is environmentally sound and energy efficient. To re-energize the Doha Round negotiations China, the United States and India should conduct trilateral talks to resolve the outstanding agricultural issues from the last round of talks.

Japan remains the second largest economy in the world; however, its profile and significance in global affairs seems to be challenged while other emerging Asian economies such as China and India are on the rise. Members of the Global Agenda Council on the Future of Japan propose to:

- Contribute by sharing its country experience of resolving the serious financial problem it faced up to a decade ago. Japan can contribute significantly to sharing best practices as well as the negative lessons to resolve the current world financial crisis.
- Contribute by capitalizing on excellent technologies in the area of energy and environment since Japan leads the rest of the world in energy efficiency calculated in terms of CO₂ emissions/GDP.
- Contribute by sharing best practices and collaborating with other nations to address ageing and the demographic shift as well as healthcare system designed for high life expectancy.
- Develop strategies and take proactive steps to strengthen the role of Japan as a global player enhancing its leadership role and awareness of its contributions and capabilities.

Korea, the Peninsula and North-East Asia have undergone dramatic changes over the past few decades. The uncertainty and complexity of the region's issues have important implications and influence on our interlinked and globalized world and

Korea is an actor in international affairs through its trade, financial systems, resource supply chain, climate change cooperation and cultural influence. Members of the Global Agenda Council on the Future of Korea propose to:

- Participate actively in constructing the new international financial architecture by multilateral cooperation (e.g., G20) and lead regional cooperation that complements the IMF system. (e.g., Asian Monetary Fund).
- Protect the global commons by developing and sharing green technologies with a convergence of IT (Information Technology), BT (Biotechnology), NT (Nanotechnology) and CT (Culture Technology), and improve and contribute to global environmental protection and expand global carrying capacity through energy efficient technologies and social systems.
- Reform education through greater competition, making use of global human resources, and increase labour market flexibility to tackle rapid demographic changes accompanied by Korea's expanded efforts for international social development.
- Help resume inter-Korean exchange and cooperation. As part of such efforts, North and South Korea should pursue common projects such as a trans-Siberian railroad system, the joint development of resources in North Korea and other economic projects in collaboration with other international organizations and NGOs. Such cooperation will eventually reduce tension, ensure peace and promote common prosperity in the peninsula.
- Enhance its global responsibility through an increase in official development assistance (ODA) and the strengthening of PKO activities, and improve the ethical attitude, trust, transparency and integrity of Korean firms.

Russia has re-established itself as a global player and strengthened its position as a regional leader. In foreign policy, relations with the West are at their lowest ebb since the collapse of the Soviet Union, due to geopolitical rivalries and value disagreements. Members of the Global Agenda Council on the Future of Russia propose to:

- Promote changes in the international arena as long as the West does not apply double standards to Russia or constantly lecture it on its inadequacies. Russia and its political leadership should relinquish what has become a habit of using nationalist sentiments to unite Russian diversified society and as a substitute for a constructive vision of the country's and the world's future.
- Pay attention to long-term remedies for long-term problems, with respect to the current financial and economic crisis, some of them unique to Russia and some faced by many emerging economies.
- Encourage its membership in the broader international community, accept the obligations that go with membership, achieve economic competition and efficiency, as well as political pluralism, governmental accountability and transparency.
- Continue generational change since new blood must be brought into systems of corporate governance and public administration. Young talents should be ready to work in an atmosphere of openness and competitiveness.

- Act on Russia's stalled application for WTO membership; begin a new round of arms-control negotiations and the design of a new security architecture for Europe as a whole. In this context, the West should realize that it needs a common, integrated strategy for both Russia and the newly independent states around it that will make the new states secure without making Russia insecure.

Conclusion

As the Summit on the Global Agenda in Dubai reached its conclusion, the outlook for the global economy deteriorated considerably as a result of the global financial crisis' recent escalation. While recession is evident, the next few years present a great opportunity to lay the foundations of a new form of economic development that can transform our societies. Members of the Region-oriented Councils believe that it is possible to grow out of this recession, reduce economic and environmental risks and spark off a wave of new investment to create a more secure, cleaner and more attractive economy for all.

Summit on the Global Agenda

On Society and Values

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on Society and Values

Introduction

As a result of the current global financial crisis, we realize that we are facing both unprecedented challenges and what, we believe, are truly unprecedented opportunities.

As we work to rebuild our international financial system, we must remember that this is not simply an economic crisis, but a crisis of exclusion, one which encompasses injustice and inequality.

Our Councils discussed the building of a culture of inclusion, and how we can promote and advance it, from the perspectives of: Human Equality; Respect and Diversity; Empowering Youth and the Welfare of Children; the Future of Journalism; the Role of Sports in Society; and the Perspective of Faith.

Current Reality

We must begin by recognizing that our current reality, whatever its challenges and faults, presents a wide range of positive aspects. Since 1980, globalization has cut in half the number of people in our world living on less than two dollars a day. We are the most “connected” people in history. We work in the most diverse workplaces in history. Being here in Dubai, we recognize the sheer level of development in our lifetimes.

Yet, we also know that globalization has produced staggering differences in wealth and well-being. Sixty percent of the world’s population still exists on only 6% of the world’s income, while entire communities are being exploited, marginalized and neglected.

In a world that is growing smaller, where nations are more interdependent and people more interconnected, we all share the moral imperative to develop the human potential – the promise of every human being. We will not be able to respond to the macroeconomic challenges of our time unless we respond to the need of developing human potential.

Blocks of Exclusion

Unfortunately, we recognize that there are blocks that are preventing many of the world’s people from reaching their fullest potential, and they are not only economic blocks; they are blocks that result from exclusion, from injustice and indifference. These blocks include:

- A widespread lack of concern for the neediest in our global community
- Enduring poverty
- The pervasive and continuing discrimination that prevents many, especially women, from engaging in activities that enable them and empower them to reach their potential

In a financial crisis, when we are already not on track to meet the Millennium Development Goals, it will be the most vulnerable who will be disproportionately impacted. If we recognize that we must help the neediest among us, women, children and minorities, then we should also recognize that they are among the most valuable resources we have to address our challenges.

A Culture of Inclusion

Given our challenges, opportunities and resources, we are proposing a culture of inclusion, one that embraces justice and equality, and one that especially recognizes the importance of education at all levels. This would be an education that acknowledges the full range of talents and abilities, competencies and capabilities that are needed in our society. Furthermore, we look for an education that includes vocational and technical learning opportunities, as well as training in all levels of literacy and numeracy that are necessary for individuals to realize their potential in our world.

Of course, we also believe that education must address the task of forging one's values.

Creating a Culture of Inclusion: The Councils

This is a new moment. We have unprecedented challenges. We have unprecedented opportunities, and unprecedented resources. How we best address this moment – in other words, how we best foster a culture of inclusion and promote the values of justice and equality – was what we discussed in our Councils:

Empowering Youth and the Welfare of Children

A crucial insight we wish to share is that, in order to foster this culture of inclusion, we must also be able to tap into the extraordinary creativity and the talent of all of our people. As noted before, they are among our greatest resources. All our people includes those experiencing discrimination, those who are most vulnerable and those who are marginalized, left out, left behind or left on the sidelines of our societies. We think of the billions of women who can be empowered. We think of one billion children as potential problem solvers. In this region alone, in the next decade, 1.2 billion youth will enter the labour market, the largest cohort in history. How will we respond to this opportunity? We cannot lose this resource. Without the full deployment of human potential, we all lose, in economic terms, and we lose the creativity and innovation that go undeveloped.

Human Equality, Respect and Diversity

We need to ensure that all human potential can be realized at the highest possible level, and ensure that no talents are excluded due to one's gender, ethnicity, race, religion or because of any form of discrimination. We need to define what culture, what leadership and what public policies are needed to foster inclusion. Moreover, we need to create vehicles that will allow the unheard to become part of a dialogue of inclusion.

Journalism

One vehicle that can help advance and promote this culture of inclusion, the values of justice and equality, is journalism. Journalism is at its best in a society when it informs, engages and helps build-up our communities. Media has the capacity to connect the world, bridging cultures and peoples, and telling us who we are and what we mean to each other. The media can also ensure that no voice goes unheard.

We believe that this new moment also calls for a new media platform, across all media channels, a global non-profit “CNN” providing a new form of independent journalism to inform, illuminate and deepen knowledge about issues that improve the state of the world.

Sport

While we acknowledge the unique potential of journalism to foster a culture of inclusion, we must also recognize the unique promise of sport. Sport not only creates economic value, at its best it positively impacts on the development, health and promotion of values among young people. Powerful measures and ideas can be communicated through sport, and we need to identify the most effective ways to harness the power of sport to effect positive change, and to help bring about a fair, just and inclusive society.

Faith

Of course, the best way to build a truly inclusive society, a society that embraces justice and equality, and a society better qualified to address the many challenges that face us at this moment in time, is to never lose sight of the deepest values that we share. Our religious traditions provide the home for these values. Never have we needed to rely upon the strength of our religious traditions, which are among our greatest resources, as we do today. We must acknowledge, articulate and share them. This requires that we find multiple ways to develop frameworks that can and must be in dialogue with one another.

Conclusion

The strongest acknowledgement of the depth of our commitment to our deepest values will be demonstrated by our commitment to developing the full human potential of every individual. We share a moral urgency to develop the promise and potential of all people. Moreover, in doing so, we will not only help create a culture of inclusion, a culture that embraces justice and equality, we will ensure that our societies are better able to address the unprecedented challenges, including the global financial crisis, which we all now face.

Summit on the Global Agenda

On Technology and Innovation

Paul Twomey

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Rapporteur of the Global Agenda Councils focusing on Technology and Innovation

Creativity and technology can provide solutions to many of the major and complex challenges facing the globe in such areas as education, climate change and issues related to water or even the future of entertainment. As such creativity and technology are enablers to the economy and to industry sectors. Technology can also be a catalyst to education, which is crucial to economic advancement. Additionally, entertainment can be considered as both an educational and cultural process. And innovation in technology and human capital coming out of the pipeline now may be an antidote to the economic downturn. But we also need to keep the pipeline full for the future.

The Internet ecosystem is a key enabler for today's technology development. It is growing rapidly and will grow more as billions of people in less developed countries come online. It is critical to the state of the world, as it is the major force for disruptive change, innovation and creativity.

While the Internet unites people, there are many problems that threaten fragmentation. One political driver is censorship, whether motivated by cultural norms or fear of dissent; it can be reinforced by linguistic fragmentation. There are also technical and business drivers. The boundary between the traditional PC-based Internet enjoyed by 1.3 billion people (largely in the developed world) and mobile communications (used by a further 2 billion in less-developed countries) is somewhat ragged. Other divisive forces are the trend to geo-located services, and the network neutrality debate – which is fundamentally a tussle between telecom and application providers.

The Global Agenda Councils focusing on the theme of Technology and Innovation identified four common themes. The first is that the expansion of global ubiquitous networks is a fundamental driving force for innovation – both in its development and in its consumption. The rapid expansion of networks, especially the Internet and its convergence with mobile communications, represents a revolutionary shift in the provision of information and empowerment to individuals throughout the world.

Ten years ago 100 million people used the Internet. Today that number is 1.4 billion. By the end of 2010, 5 billion people will have a mobile phone. Many of these will be Internet enabled. The consequences of this growth and convergence are enormous consumer and citizen engagement and the devolution of decision-making throughout the globe, especially within the developing world.

The global communications fabric enabled by the Internet has huge potential to provide wide participation and real-time feedback in solving a number of global challenges. Its ability to aggregate and share information will not only impact free speech, creativity and innovation, but many aspects of governance and global problem-solving.

Key factors driving the accelerated adoption of the Internet are affordability and scalability. From an affordability perspective, a key contributor for its widespread and inclusive growth (particularly with mobile communications) is scale economics. Unprecedented unit volumes continue to rapidly drive costs down. Devices are cheaper. Services are cheaper. The digital divide *is* disappearing.

In terms of scalability, the continued momentum for open and distributed platforms has catalysed the development of new capabilities and efficiencies on a global scale. Formerly proprietary operating systems are blending into more flexible and accessible ecosystems and the barriers to creating new services are reduced. This not only creates the ability to tap into the “long-tail” opportunity but also the establishment of a more robust global culture of innovation that will help bring forth the imaginative solutions we now require.

In this time of rapid growth, however, challenges exist. Certain stress fractures are appearing on the technology horizon. Limited access to capital will constrain investment. Supplying the demand may become a significant challenge.

In the current economic environment, where governments are recognizing the need to invest in ICT infrastructure as an economic catalyst, new models for private-public engagement will be essential. Policy frameworks will need to evolve to ensure growth, innovation, investment and competition.

One particular area where public-private partnerships will be important is in the field of education. Education is in a state of transition from a traditional model to one where technology plays an integral role. However, technology has not yet transformed education, nor has it yet embraced informal learning communities. Catalysts for its transformation include the acceleration of broadband penetration, the establishment of new incentives for expanding wireless connectivity, revisiting issues on intellectual property rights management and continued support for multistakeholder solutions. It must be remembered, however, that the technology to propel educational achievement can only be value-added if linked with creative pedagogy to educate students with 21st-Century skills and to train teachers to engage actively with students in interactive learning communities.

The second key theme and finding of the Councils focused on Technology and Innovation is that multidisciplinary approaches are essential for achieving solutions to many of the globe’s complex problems and opportunities.

One specific area where this insight is of particular relevance is related to the topic of nanotechnology. A key issue is resolving the confusion between nanotechnology and the *outcomes* of nanotechnology. As such, dialogue that facilitates an exchange of

information between stakeholders and enables informed decision-making needs to continue. Transparency over how and where nanotechnology is being used is essential for investor and user confidence. In order to fully understand the use, one needs to understand the application.

Applying cross-sector skills is necessary for all applications of technology and the talent pools must reflect this need. The supply of innovation talent is undergoing a dramatic shift with major changes to demographics, the number of returnees and cultural factors such as four generations in the same workplace. The demand for talent is also changing due to the increased need of technology skills in all sectors, cross-disciplinary skills, cross-sector skills and the changing needs of business.

The third dimension identified by this group of Global Agenda Councils – a theme highly related to multidisciplinary collaboration – is that multistakeholder models are essential for coordination and standards setting. One area where this is most relevant is in the evolution of the Internet. The Internet has succeeded because it is universal, open, standard and end-to-end. As its impact moves from that of technical change into social change, these principles must be safeguarded. The Internet should remain decentralized, with decision-making at the edge, to foster technological and business innovation – including disruptive change.

Another relevant area is entertainment. The world's stories are told through various media and in all cases the opportunity for positive influence exists. The power of media should not be underestimated. Now niche and discreet audiences can be targeted and reached. More stories can reach more people. By leveraging multistakeholder approaches, cultural norms, educational opportunities, health improvements and economic change can be affected.

The last theme is one of definitional clarity. We are in a global *networked* economy of innovation. The fundamental societal and economic transition we are undergoing is being driven (and accelerated) by ubiquitous connectivity. Our world and its institutions are flattening. We are moving from local to global, from top-down to bottom-up, from passive to engaged and from developed to developing.

Our Councils consider that the acceleration of innovation may well represent a step function change. But it is essential to stress the benefits of technology and innovation and not let perceptions of some of the inevitable risks paralyse society's and business' decision-making. Promoting the benefits of innovation is a key requirement of our leaders – especially in this time of economic crisis.

We see many considerable inhibitors to innovation around the world. These tensions include:

Global vs National: Innovations are increasingly carried out by distributed networks of talent and resources, to a large extent benefiting from, and further spurring, globalization. Global challenges (like climate change, pandemics and population), realities and needs are often at odds with national interests and concerns too often yielding policies that prevent real breakthroughs.

Incremental vs Disruptive: Innovation is not invention; it is a process more than an act. We don't want to rest content with catalysing incremental, linear innovation to the neglect of disruptive innovation.

Irrational vs Scientific: Unpredictable and constant change is our new reality. But rampant fear of the unknown exists, limiting the breadth and depth of any prospective innovation culture. This is very much due to math and science education's failure to emphasize universal evidence-based decision-making and critical and interdisciplinary thinking over facts and figures.

Advancement vs Cultural Norms: Innovations can come from any person, regardless of background or education. Fostering innovation implies class mobility. It requires infrastructure that supplies the requisite education, housing, power and transportation needs.

Given this general state of affairs, it is essential that we foster a society that permanently strives to create socioeconomic value through the creation and deployment of novel ideas in this new landscape. The aspirations, values, literacy and governance of these societies – regional, national or corporate – collectively foster an ecosystem that fuels innovation.

But we also realize that the cutting edge of innovation and technology can race ahead of the multidisciplinary and multistakeholder approaches needed for interaction, coordination and risk analysis and management. We need to get more comfortable with establishing these multidisciplinary and multistakeholder approaches swiftly and effectively.



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

Global Issue Profiles

Alternative Energies

Overview

Rather than only addressing “alternative” energy sources, the world needs a more ambitious approach to this issue that envisions a comprehensive and sustainable new energy paradigm. Such a paradigm includes, but is not limited to renewable energy technologies. In the developed world, this paradigm requires energy efficiency, smart grid technologies and grid-connected renewables. In rural parts of the developing world, which often lack access to grid power, great potential for transformative, low-carbon, off-grid solutions exists. The essential enabler for this sustainable energy paradigm is the adoption by governments of clear, long-term, stable, carbon-pricing mechanisms.

While the sector has grown dramatically since the oil shocks of the 1970s, it still has enormous potential for growth. What is more, the current energy paradigm looks increasingly unsustainable due to concerns over energy security, climate change and energy poverty. According to the IEA, an estimated 93% of global energy consumption is from non-renewable sources.

But sustainable energy is here to stay and should no longer be called “alternative” energy. Sustainable energy can account for over 50% of the world’s energy needs by 2050. However, substantial obstacles remain in the shape of perverse subsidies and other policy distortions that favour incumbent, usually dirty forms of energy. Barriers to entry are also posed by powerful incumbents holding legacy assets.

Renewable and distributed forms of energy have shown particular promise in addressing energy poverty among the many rural poor who today do not have reliable access to modern energy. However, a lack of financing has been a handicap to the advancement of the various innovative business models and bottom-up success stories seen thus far in this area.

In the short term, there is no doubt that this sector, like others, will be hurt by the ongoing credit crunch. Some companies will go bust and projects will be delayed, and again it is the poor who may suffer most. However, we remain optimistic that

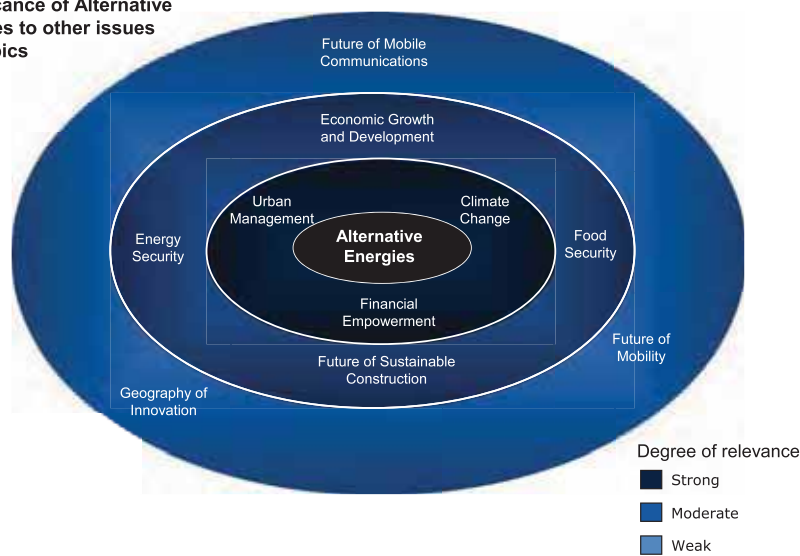
Sessions in the Annual Meeting programme related to Alternative Energies include:

- Update 2009: Managing Resources for the Long Term
 - Energy Outlook 2009
 - Dealing with Deforestation
 - Latin America: A Global Hub for Sustainability
 - Rising to the Challenge of Copenhagen
 - The Electric Vehicle Conundrum
 - Are Renewables the Silver Bullet?
 - From Green Tech to Growth Opportunities for the United States
 - Is the Right to Food an Illusion?
 - The Challenge of Sustainable Mobility
 - Update 2009: Controlling Climate Change
 - Update 2009: An Integrated Approach to Energy, Food and Water Security
-

from this crisis will come tremendous opportunity for sustainable energy, for the following reasons:

- A shift from an era and mentality of abundance to one of scarcity is likely to speed innovation and spur efficiency.
- A crisis is likely to encourage long-term thinking and a shift in the fundamental energy paradigm that goes beyond mere tinkering with the status quo or business-as-usual approach.
- The financial crisis may force a useful shakeout that weeds out unsustainable business models and leaves a stronger, more vibrant clean technology sector in its wake.
- There are signs that this sector may even attract a lot of private capital as an island of long-term promise in this ocean of turbulence.
- The increase in government spending and Keynesian stimulus expected during the coming recession are likely to prove a big boon to infrastructure projects related to sustainable energy (for example, smart grid infrastructure).
- Even in developing countries, the global downturn has led to an internal brain drain away from the IT industry towards energy innovation.
- The volatility in fossil fuel prices may even lead to investors and governments seeing value in renewable energy sources as a useful long-term hedge on energy prices.

Significance of Alternative Energies to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Alternative Energies proposes:

- At the national level: governments must formulate clear long-term energy plans.
- At the international level: it is vital that the Copenhagen summit produce a successor to the Kyoto Protocol that includes both rich and poor nations and that provides clear long-term policy certainty on carbon.
- IFIs: the World Bank and other international lending agencies must ensure their policies allow for a level playing field for sustainable energy.
- Experts: a panel of leading global experts must produce an authoritative study (along the lines of the IPCC or Stern Reports) to bust myths, benchmark technologies and provide a realistic estimate of the prospects for sustainable energy.
- Global Agenda Council: this Global Agenda Council can follow up on its report with evidence of global best practices and success stories that are scaleable.

Additional recommendations for improving the state of the sector:

- In rural areas of the developing world, successful approaches must be inexpensive, low-maintenance and accessible to local people.
- There must be an energy services perspective that places the end user, not suppliers, at the centre and that considers distributed solutions and efficiency as seriously as centralized supply.
- In developed markets, regulations and incentives must be changed so that utilities are no longer rewarded merely for pumping out more electrons but rather for providing energy services in the most sustainable fashion. Consumers must also be educated on this point.
- Competitive markets and entrepreneurs are much likelier to produce sustainable business models for the new energy paradigm than governments that pick technology winners.
- There is an important role for government in ending perverse subsidies, imposing externalities taxation, investing in enabling infrastructure and otherwise levelling the playing field.
- The most powerful change to advocate is a change in mindset away from the traditional stance taken by governments and industry lobbies to support more subsidies for more centralized supply.

Council on Alternative Energies

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Benchmarking Progress in Society

Overview

Good governance increasingly requires a data-driven and evidence-based approach to policy-making. Without proper data, indicators and analysis, policy decisions are often made on the basis of generalized observations and best guesses – or worse, on rhetoric and emotion.

Benchmarking (across countries or over time) is a fundamental tool to identify best solutions and drive evidence-based policy and decision-making. The current crisis is demanding the development of new policies and changes in individual behaviours; therefore, benchmarking is more important than ever. However, benchmarking is not a trivial activity: it can lead to great results, but also to misleading and wrong conclusions and actions. Therefore, it has to be carried out in the right way.

To usefully benchmark progress in society, it is necessary to answer three crucial questions: (1) what to measure (which is ultimately a political decision); (2) how to measure (which is more of a statistical problem); and (3) how to communicate the measures in a meaningful way so they might actually impact behaviour.

- 1) *What?* Measurement should go beyond economic measures, including wider measures of well-being, of social and environmental phenomena, as well as of governance aspects. Also a multistakeholder (including statisticians) and bottom-up approach should be developed according to national institutional and cultural environments.
- 2) *How?* Data on both quantitative and qualitative aspects of societal progress need to be considered, which should be collected according to common standards for quality and ethics. Public and private data producers and benchmarking agencies must be committed to improving their measurement standards over time.
- 3) *How to use the results?* We don't do benchmarking per se. Benchmarking is a step in a process which is a political one – with statistical, communication and people's engagement components. There is room for substantial progress in making benchmarking results more salient and understandable for decision-makers.

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

- Update 2009: Dealing with Dangerous Demographics
 - Managing Complexity: A Different Approach
 - Can You Trust Your Model?
 - Managing Global Risks
 - Reality Mining: Changing Behaviour
 - Science for World Leaders
-

The current crisis makes crucial the importance of data-driven decision-making. The risk is that it could reduce the national expenditures for collecting and analysing statistics. It is important – especially now – to continue to produce relevant data gathering and further develop our ability to engage in evidence-based policy-making. Countries could react to the crisis by too narrowly focusing just on economic indicators and not broader measures of well-being and societal progress.

Significance of Benchmarking Progress in Society to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Benchmarking Progress in Society proposes:

1. Information Charter: The Members of the World Economic Forum are among the largest and most powerful group of users of statistics. Therefore, the Forum could serve as a platform for all relevant public and private sector stakeholders to agree on the creation and dissemination of an “Information Charter” to guide researchers and organizations that create and/or maintain datasets to comply with a few core principles, such as: (1) the data should be maintained in an architecture that meets specific standards of quality and structure; and (2) the data should be publicly accessible via the Internet so that private and/or public actors could independently assess or reanalyse prior results. Such a Charter should support the “moral imperative” to promote public knowledge and contribute to the progress of societies. Databases that meet these compliants could display a “Charter Compliant” brand (analogous to “Creative Commons”) brand.
2. Accessible Database of Indicators: The “Global Project on Measuring the Progress of Societies” hosted by the OECD could create a utility (based on an Internet platform) where organizations and researchers can deposit “Charter Compliant” datasets. The utility would not only be a centralized data warehouse with freely accessible and downloadable data, but would include visualization and summarizing software that would facilitate the ability of analysts to easily manipulate and tell stories about the data series. We call on the maintainers of the 130 existing benchmarking indices to post their data – including the non normalized underlying data as well as the normalization methodology – so that it is available for free and unrestricted download from this utility. The utility would foster technological innovation for improving the use of data for debate and policy-making.
3. Best Practices Benchmarking Handbook: An international organization with expertise in benchmarking, such as the UNDP, should facilitate, in collaboration with all relevant stakeholders, the production of a Handbook to detail “Best Practices” in benchmarking. The Handbook would:
 - use concrete examples (possibly linked to the current crisis) to demonstrate the power of benchmarking to lead social change
 - include state of the art guidelines on best methods to test the quality of data and to create reliable indicators of various dimensions of welfare
 - describe standards for both reliable and consistent methods for variable definition (allowing for cultural and other differences) and data collection
 - propose common standards for quality and ethics, to be applied by both public and private data producers.
4. Package of Communication Tools: The Package would include case studies of success stories (and possibly failure stories) in which benchmarking positively influenced progress in different dimensions. An alternative and complementary approach would be to select a number of countries particularly stricken by the current economic crisis and benchmark the different approaches, to identify the most successful ones and those which have worked faster. These case studies would showcase the importance of utilizing data and benchmarking as a tool to monitor the progress in the different goals targeted. The Package would also include the best social science on how graphic and non-graphic display of information impacts the ability of decision-makers to consume benchmarking results.

Council on Benchmarking Progress in Society

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Challenges of Gerontology

Overview

Introduction

Gerontology and ageing are at the foundation of all human endeavours. For those able to survive the challenges of mortality risks early in life, the ageing of body and mind awaits us all. Several major gerontology-related transitions in human society have profoundly influenced our modern world, and will continue to influence every aspect of our lives in the future. They include the rapid increase in life expectancy in the 20th Century brought forth by advances in public health; associated reductions in infectious diseases and declining early age and maternal mortality; medical advances in recent decades that led to declining middle and old-age mortality; and rapid demographic shifts in the age structure known as population ageing. The cascading effects of these transitions have profoundly impacted every aspect of life across the globe – influencing national economies, personal finance, pension schemes of companies and governments, social institutions, medicine, science, technology, and basic principles involving quality of life.

As a global phenomenon, population ageing has barely been realized. This is the case because the extremely large cohorts born during the post World War II era will reach retirement ages in the year 2011, and from that year forward the age structure of our species will be permanently transformed. The issues forced upon us by gerontology-related challenges will confront developed and developing nations alike, and it will occur so rapidly that individuals and nations may have a difficult time coping unless a broad range of policies are enacted to address them. Some of the most difficult and urgent challenges will occur in developing nations where the largest number of older people will live – and there is reason to believe these nations are ill equipped to handle the forthcoming transition given the numerous other health, economic and environmental issues they face.

The complexity of the challenges and opportunities faced by gerontology is exemplified by the diverse backgrounds of the Members of the Council. There will be demographic shifts in the population to be sure, but the ageing of individuals and populations leads to complex issues involving the onset and expression of fatal and disabling diseases, the ageing brain, an understanding of how social institutions such as marriage and retirement will need to be transformed, coping with the unique needs of an older population in terms of the physical environments in which we live and work, avoiding the pernicious effects of ageism, identifying new and innovative technological fixes to extend and enhance the quality and duration of our lives, addressing the economic challenges and opportunities linked to the extension of life, and formulating new approaches to life-long learning and other enhancements to quality of life.

From the discussion that took place in the Summit on the Global Agenda plenary session after the Council meetings, it would appear that either gerontology itself is not recognized as an issue of relevance, or it is believed that the issues we face are all related to health.

Sessions in the Annual Meeting programme related to the Challenges of Gerontology include:

- Update 2009: Healthcare under Stress
- Update 2009: Dealing with Dangerous Demographics
- Live Long and Prosper
- The Future of Regenerative Medicine
- Creating Wealth through Health
- Brain Fitness

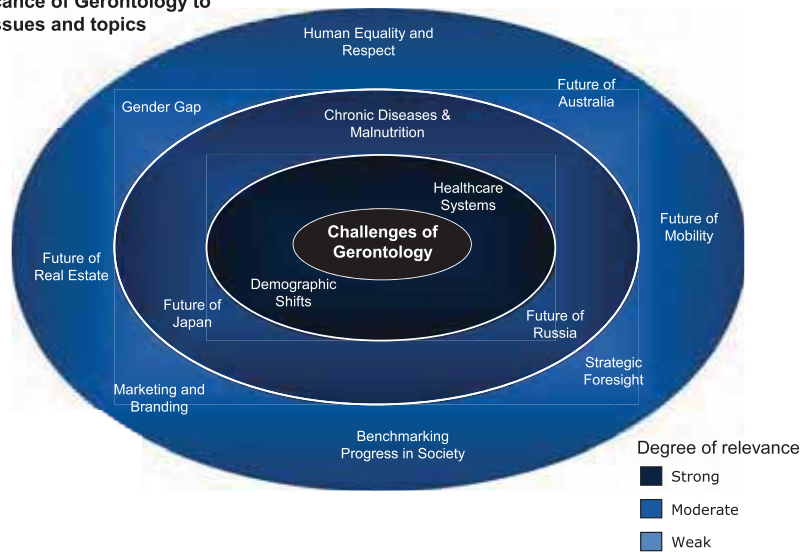
This is a reflection of a profound gap in understanding the broad range of issues faced by our Council.

The Linkage between the Economic Crisis and Issues Faced by the Council on Gerontology

The rise of gerontology as a field of scientific inquiry in the 20th Century may be viewed by many as a crisis in waiting, but it is worth emphasizing that if it were not for the advances in public health and modern medicine that enable many of us to live long enough to experience ageing, most people alive today would have died before the age of ten from an infectious disease. Longer and healthier lives are a product of our remarkable ingenuity in combating the forces of mortality that precluded survival to older ages for most people throughout human history. The need for gerontology is a product of success, not failure.

There are challenges brought forth by the extension of life – perhaps none clearer than the current crisis facing the automobile manufacturers in the United States who seek bailout money from the federal government first and foremost to pay off pension obligations to their unions. Other challenges await age-entitlement programmes such as Social Security and Medicare and their equivalents in nations throughout the world as people live longer than what was expected when the programmes intended to finance their retirement were first devised. However, economists already recognize that declining fertility throughout the world is going to create a shortage of human capital – the very same human capital that is enhanced by gerontology’s contribution to the extension of healthy life. The time has arrived for the world to recognize that gerontology and the demographic transformation of our species and forthcoming advances in public health and medical technology offer humanity an equal measure of opportunity. The difficulties we face now include learning how to confront the challenges without the prejudice that is often linked to a rising elderly population, and finding new and innovative ways to explore the opportunities that will allow us to celebrate and enhance the great success of our extended lives.

Significance of Gerontology to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Challenges of Gerontology proposes that:

The extension of a healthy life will pay a series of economic, health and other life course dividends. In order to experience these dividends, a global change of course is required. The change we propose is a series of global directions and initiatives that, if implemented, will benefit people of all ages, including older adults:

- Creating new generative roles and a host of opportunities for productivity and engagement by elder adults
- Creating a new health system that incorporates and integrates medical care and public health approaches to prevent and ameliorate chronic diseases and conditions, and which adopts a life course approach to health promotion
- Redesigning cities to support healthy ageing and independence and engagement
- Encouraging financial security for people in older ages
- Changing the current retirement paradigm and enhancing work flexibility
- Investing in education at every point in the life course, encouraging lifelong learning
- Developing a new healthy ageing research agenda
- Including this pressing issue as one of the Millennium Development Goals
- Enacting several steps in the business and government world:
 - Promoting health in the work place
 - Adopting flexible retirement policies
 - Defining new roles for older adults and civic engagement
 - Creating new products and services for an underserved market
 - Investing in lifelong learning
- Pushing the argument that a disease specific model needs to be supplemented by advancing research designed to slow the biological processes of ageing.

Council on the Challenges of Gerontology

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Global Agenda Council on the Challenges of Gerontology

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Challenges of Nanotechnology

Overview

The science and technology of the nanoscale are critical drivers of innovation. The resulting “nanotechnologies” have the potential to underpin solutions to a broad range of global challenges beyond what conventional technologies are able to achieve. Major global challenges that will be impacted by nanotechnologies include energy security (alternative energies), healthcare, microelectronics and quantum computing, and water provision (clean water and desalination even on a small scale).

Sessions in the Annual Meeting programme related to the Challenges of Nanotechnology include:

- How Does Science Happen?
 - The Ethics of Science
 - New Applications in Nanotechnology
 - Human Augmentation — From Imagination to Realization
 - Nanotechnology: A New Path for Curing Cancer?
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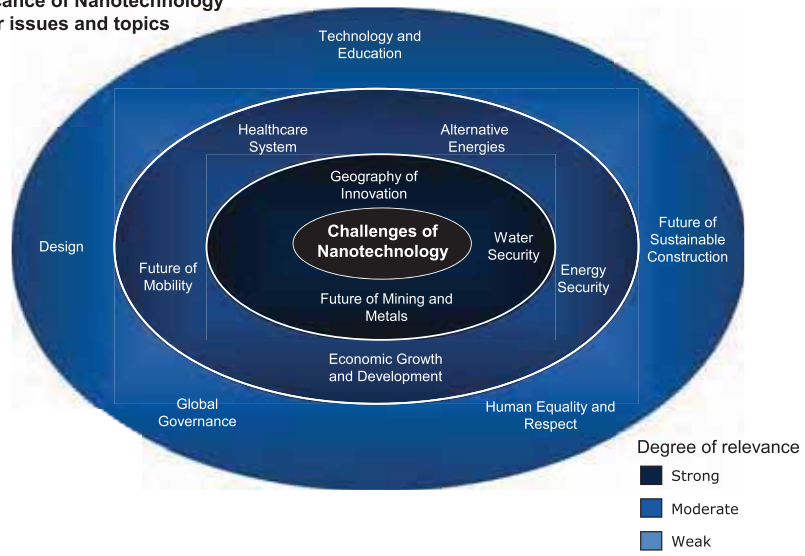
Many emerging nanotechnologies (21st-Century technologies) represent a radical departure from conventional (past) technologies in terms of their development, their use and their potential to lead to unconventional adverse impacts. As a consequence, non-conventional (21st-Century) approaches are needed for their development, commercialization and oversight, in order to foster sustainable innovation.

In particular, nanotechnology belongs at the interface between areas of expertise, bringing new challenges to interdisciplinary collaboration, and cross-disciplinary decision-making.

The successful implementation of nanotechnologies could be impacted by a lack of strategic funding, poor education of practitioners and decision-makers, limited engagement of key communities, outmoded business models and unresponsive approaches to risk assessment, management and oversight.

Nanotechnology transcends global boundaries and will require innovative approaches to global governance to underpin its long-term success.

Significance of Nanotechnology to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Challenges of Nanotechnology proposes the following:

- Resolving confusion between nanotechnology and the outcomes of nanotechnology. Nanotechnology is a toolkit, or a way of doing things, that is stimulating innovation. In contrast, the outcomes of nanotechnology are processes, materials and products that exploit the added value that results from engineering matter at the nanoscale.
- Educating developers and users of nanotechnology. New skill-sets are needed to develop and exploit the benefits of nanotechnology. These primarily involve bridging the gap between deep knowledge and broad knowledge, and enabling people to interface across very different disciplines. There is also a need to provide investors and users with an understanding of what the technology is, and what it can do. Education to avoid misconceptions surrounding the technology, both in terms of its potential uses and its potential impacts, is needed.
- Enabling effective engagement between stakeholders (including academics, policy-makers, industry and citizens). Dialogues need to be established that facilitate an exchange of information between stakeholders, and enable informed decision-making. Transparency over how and where nanotechnology is being used is essential for investor and user confidence. A key goal is to stimulate a culture of curiosity among potential investors in, developers of and users of nanotechnology.
- Developing innovative business, policy and financing models for the 21st Century. Going from basic research to market in nanotechnology generally requires more time and capital than in other technology areas, while also posing more risk. Conventional financing structures and start-up business models are ill-matched to these challenges, as attested to by limited returns from venture-backed nanotech start-ups to date. Meeting these challenges will require new financing approaches including incubator funds, participation from strategic investors and staggered exits to liquidity. It will also require start-up companies and large corporations to consider new, cooperative business models that jointly develop technology applications and share risk and reward across the value chain from materials through to end products.
- Enabling effective risk assessment and management. New nanotechnologies will come with new risks to human health and the environment. In some cases, these may involve risks that lie outside conventional understanding of how materials and products might cause harm. Ensuring that risks remain acceptably low will entail new research into understanding and addressing how nanotechnology-based materials and products cause harm, and how this harm may be avoided and/or controlled.
- Ensuring oversight clarity. Clarity is needed on how existing oversight mechanisms apply to new nanotechnology-based materials and products. These include hard mechanisms such as regulation and soft mechanisms such as voluntary codes – some of which exist, but limited knowledge of these highlight the lack of effective engagement between key stakeholders. Where existing oversight mechanisms are of limited applicability, new mechanisms are needed that minimize potential harm associated with nanotechnology-based products and materials, and that provide businesses with a clear regulatory framework within which to operate.

Council on the Challenges of Nanotechnology

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Chronic Diseases and Malnutrition

Overview

Good health leads to economic development; in turn economic development improves health. Bad health and poor nutrition rob the world of the full potential of all people.

Chronic diseases (heart disease, stroke, diabetes, cancer and lung diseases) and malnutrition (hunger, micronutrient deficiency and obesity) are the leading causes of death and disability globally.

Contrary to popular opinion, chronic diseases are not only diseases of the rich. Eighty percent of deaths due to chronic diseases occur in low- and middle-income countries and these countries suffer rapidly rising chronic disease health burdens. Between 2005-2015, income loss (in international dollars) related to chronic disease could rise to as much as \$558 billion in China, \$237 billion in India, \$303 billion in Russia, \$33 billion in the UK, \$49 million in Brazil.

Undernutrition causes major health risks and is associated, among others, with shorter adult height, less schooling, reduced economic productivity and – for women – lower offspring birth weight, mental illness and lower human capital. Undernutrition in early childhood will accelerate the severity of chronic disease in emerging economies. The costs of healthcare to deal with the consequences of vitamin and mineral deficiencies can be as much as 2-3% of a country's GDP; the cost of lost productivity has been estimated at US\$ 8 billion per year or up to 3% of GDP for some countries and the effects of undernutrition on intellectual development has profound societal impacts.

The current economic crisis will exacerbate the situation. Those able to afford food will be driven towards cheaper, poor quality diets, thereby increasing their risk for chronic disease with its economic impact. Those who cannot afford food will experience increased undernutrition with an associated impairment to intellectual capacity and physical disability, reducing the size of the productive workforce and increasing support costs to society.

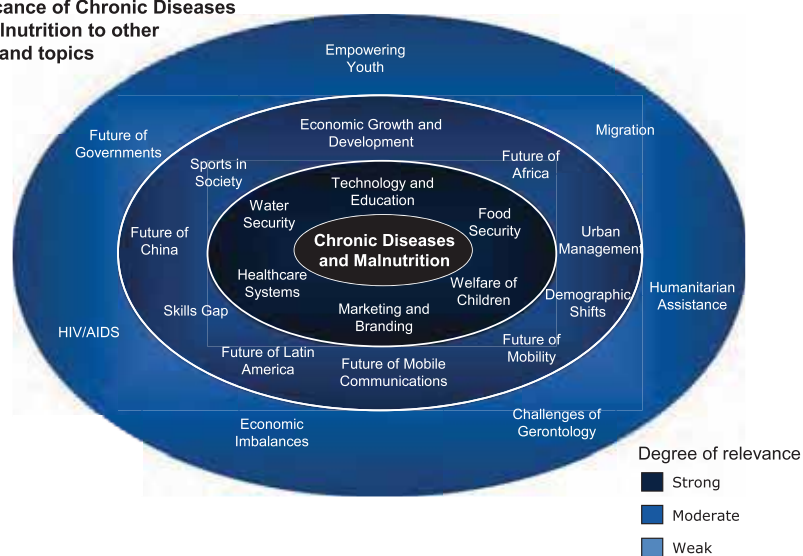
Sessions in the Annual Meeting programme related to Chronic Diseases and Malnutrition include:

- Update 2009: Healthcare under Stress
 - IdeasLab with MIT
 - Creating Wealth through Health
 - Preventing Cancer? Change Your Habits
 - The Cancer Epidemic
 - Nanotechnology: A New Path for Curing Cancer?
 - Completing the Malaria Mission
-

The following will cumulatively lead to a future where chronic diseases and malnutrition will affect over half of the world's population in their productive years and will impede economic development globally, leading to an increase in inequalities in health by country, region and social class:

- A disconnect between agricultural policies and the goals of healthy nutrition
- Industry and trade practices that are unresponsive to public health concerns
- Meat production and consumption increases in emerging markets
- Urbanization not designed to provide health promoting and active living environments
- Environmental pollution making air and water unsafe
- Climate change that reduces food production and its quality
- Social inequities that are not reduced by development
- Education that does not provide life skills to young persons
- Fragmented health systems that do not integrate nutrition and chronic disease prevention programmes
- Governments continuing to fail to invest in science, policy and effective actions.

Significance of Chronic Diseases and Malnutrition to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

According to the Global Agenda Council on Chronic Diseases and Malnutrition, these health and economic burdens can be substantially reduced through policies and programmes for which there is strong evidence of effectiveness but which presently have a low level of implementation.

A. There is no need to reinvent strategies. Adoption of the WHO Action Plan for the Global Strategy for the Prevention and Control of Non-Communicable Diseases (NCD) endorsed at the World Health Assembly 2008, and key international norms (such as the WHO Framework Convention on Tobacco Control and the Global Strategy on Infant and Child Nutrition) by governments, industry and NGOs provide a solid basis for integrated and separate activities.

B. Invest in specific cost-effective interventions across the human lifespan:

Infancy

- Improve maternal nutrition
- Advocate breast feeding at least to six months through large-scale social marketing
- Promote complementary feeding from six months to two years of age ("What's best after breast?")
- Fortify staple foods with micronutrients.

Childhood and adolescence

- Improve life skills education
- Promote physically active environments in school and society
- Restrict marketing of and access to food products high in salt/sugar/unhealthy fats
- Institute tobacco and alcohol controls.

Adulthood

- Implement tobacco prevention and cessation programmes (smoke free workplaces)
- Make available age appropriate, affordable diets
- Encourage physical activity (worksites, urban design)
- Restrict advertising and implement taxation to reduce the harmful use of alcohol
- Provide access to effective screening for selected risks and diseases.

C. Develop more effective means to strengthen governance and leadership on chronic diseases and malnutrition including:

- Investing in chronic disease prevention and nutrition science
- Strengthening public-private partnership with clear objectives.

Council on Chronic Diseases and Malnutrition

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***Thomas R. Insel**, Director, National Institute of Mental Health, USA

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***Jonathan T. Lord**, Senior Vice-President and Chief Innovation Officer, Humana, USA

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***Jay Naidoo**, Chairman of the Board, Development Bank of Southern Africa, South Africa

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***K. Srinath Reddy**, President, The Public Health Foundation of India (PHFI), India

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Climate Change

Overview

Climate change is a serious and urgent challenge for the international community with a strict timetable imposed by both the hard science and international negotiations. According to the Intergovernmental Panel on Climate Change (IPCC), limiting the global average temperature increase to 2° Celsius above pre-industrial levels would require that global emissions decline 50-85% by 2050. Failure to begin addressing climate change within the current efforts to address the financial crisis will set the conditions for future catastrophic crises. Without resolute action we face major asymmetric risks and irreversible changes to our planet's ability to sustain human development. Much of the technology required exists today and with the right support the rest will be developed, while delivering significant benefits.

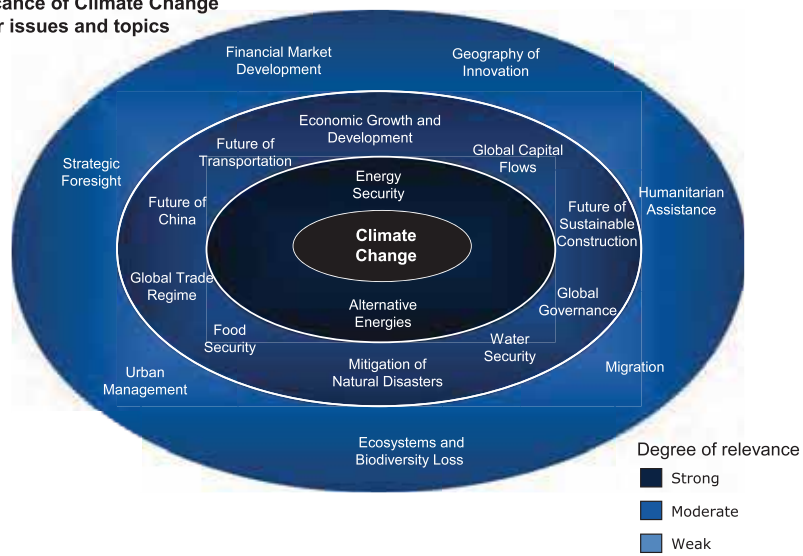
Within the context of the current financial crisis, the international community must integrate climate change considerations – and, more broadly, environmental and core sustainability issues – into the discussions around restructuring the international financial architecture. Overlooking the opportunity to take a long-term perspective would set us onto a predictable path of future economic and financial crisis.

A new international climate change framework is to be established in 2009. Although the elements of the new framework as laid down in the Bali Action Plan are clear and will be discussed and negotiated in the course of 2009, some important dimensions have not yet been agreed upon, including the broad contours of the framework and some specific elements.

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

- Update 2009: Controlling Climate Change
 - Update 2009: North America
 - Dealing with Deforestation
 - Global Solutions from the Past
 - From Science Fiction to Scientific Solution
 - Rising to the Challenge of Copenhagen
 - Brazil: A New Power Broker
 - The Electric Vehicle Conundrum
 - Will the Environment Lose Out to the Economy?
 - Are Renewables the Silver Bullet?
 - Climate Justice: Basis of a New Global Solidarity?
 - Is Emissions Trading The Carbon Solution?
 - From Green Tech to Green Jobs and Economic Growth
 - The Challenge of Sustainable Mobility
-

Significance of Climate Change to other issues and topics



Priorities¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Climate Change highlights the following:

1. A Broad Vision for the International Climate Change Framework

Climate change now presents a *diplomatic opportunity* – it represents a positive, unifying and long-term multilateral agenda that brings the USA, China and the rest of the world together around a shared set of objectives: delivering climate security (both mitigation and adaptation), energy security, economic security (along with improved food and water security) and creating a *de-carbonized world*. The global community sees the next 12 months as a twofold opportunity: to revisit global financial governance and institutions as well as explore how to redirect the multi-trillion dollar capital flows required to meet energy and infrastructure needs into low carbon choices. Consequently, the international climate change framework under discussion can be designed to stimulate economic growth, by exploring new commitments, finance, institutions and technology innovation. Setting the conditions that create a vested interest in reducing carbon emissions for business and society could unleash significant potential value.

2. Specific Elements

The Council identifies five key elements that need to be addressed in 2009:

a. Credible Commitments – immediate, obligatory and monetized, with clear, transparent pathways.

- Ensure their consistency with climate science to avoid an increase in temperature beyond 2°C
- For an agreement on a 2050 target, require detailed discussions on targets and milestones in the shorter time frame – of 2020 or 2025/2030 – as business needs predictability in the short to medium term, and establish five-year planning and commitment cycles
- Ensure comparability of efforts and fairness
- Improve dynamic standards of intensity/efficiency commitments
- Promote measurable, verifiable national plans for all countries
- Build on progress made in Reducing Emissions from Deforestation in Developing Countries
- Increase the scope for developing countries to adopt commitments that lead to low carbon advances that are appropriate for their level of economic development.

b. Finance

- Deliver mechanisms to provide a carbon price for increasing proportions of the global economy
- Redirect capital flows to low carbon and energy efficiency technologies/investment platforms
- Provide appropriate resources for adaptation and climate preparedness
- Enhance understanding of the scale of the finance and investment needed (an additional US\$ 45 trillion to green energy, according to the IEA), up to 80% of which needs to come from the private sector
- Deliver a predictable *range* for a carbon price – establish a floor and high ceiling price for carbon.

c. Institutions

- Re-structure or create the institutions that can be used to catalyse and channel both public and private sector finance to the scale and with the flexibility and efficiencies that will be required
- Explore new networks for mobilizing political will
- Ensure national capacity for the measurement (data collection, harmonization of reporting, etc.) of emissions and the enforcement of commitments
- Catalyse new systems thinking accounting for inter-related global challenges including the trade regime, health issues, food, water and energy security, biodiversity, mitigation of natural disasters.

d. Technology and Innovation

- Pursue sufficient technological breakthroughs and innovations since, even with clear commitments, sufficient low-carbon finance, the right institutions and high awareness, these are not guaranteed
- Place special focus on how to catalyse technology, innovation and new business models to the scale and speed that are required.

e. Awareness and Behaviours

- Achieve broad awareness of the scale and urgency of the challenge ahead
- Stimulate political will across multiple different domestic agendas
- Stimulate behavioural change across multiple cultural contexts.

Council on Climate Change

Members

Chair: ***Rajendra K. Pachauri**,
Chairman, Intergovernmental Panel on
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***Peter Bakker**, Chief Executive Officer,
TNT, Netherlands

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

James Cameron, Vice-Chairman,
Climate Change Capital, United
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***Yvo De Boer**, Executive Secretary,
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***Harish Hande**, Managing Director,
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Corporate Governance

Overview

Corporate governance defines the type of capitalism we have, as it shapes all aspects of how corporations interact within the society of which they are a part. Manifestations of failed governance include corruption, fraud, undue political influence, insider trading, egregious executive compensation packages, etc.

The current financial crisis is, in significant part, a failure of corporate governance. In particular, risk management failed at every level, including board supervision and tolerance of perverse incentives. The flood of governance scandals has weakened markets and eroded trust, threatening a backlash against the legitimacy of business. This could subject business to further stresses as they cope with the financial crisis.

Reform of governance must be part of the solution, as a crisis presents a good opportunity to reform. Enhanced governance practices should therefore be integral to an overall solution aimed at restoring confidence to markets and protecting against future crises.

So who is best placed to hold boards to account?

Some commentators have criticized shareholders for failing to make the necessary effort to be close to the companies they own and put proper resources into governance; they have been especially critical of institutional investors who have a fiduciary duty to their end-beneficiaries, the individual savers and pensioners.

An additional problem has been the failure of regulators. They did not respond decisively when it was realized that markets were mispricing risk. They allowed banks to operate with too little capital, with excessive leverage and too little attention to liquidity risk. They failed to pick up on poor risk management by boards and on poor lending practices in the mortgage market.

A regulatory response will certainly be needed, with heightened international coordination and one which encourages markets to take a longer-term perspective. A leading priority should be to highlight the supporting contribution of governance. This

Sessions in the Annual Meeting programme related to Corporate Governance include:

- Update 2009: The New Economic Era
 - Update 2009: Hard Lessons about Global Imbalances
 - CNBC Debate: No Way Back
 - Update 2009: The New Boundaries of Financial Governance
 - Update 2009: Can Corporations Turn the Corner?
 - 36 Hours in September: What Went Wrong?
 - The Values behind Market Capitalism
 - Renewing Trust in Corporations
 - Global Financial Crisis: What Lessons Should Be Learned?
 - Managing Global Risks
 - The Global Compact and the Corporate Citizen
 - How to Answer the Compensation Question?
-

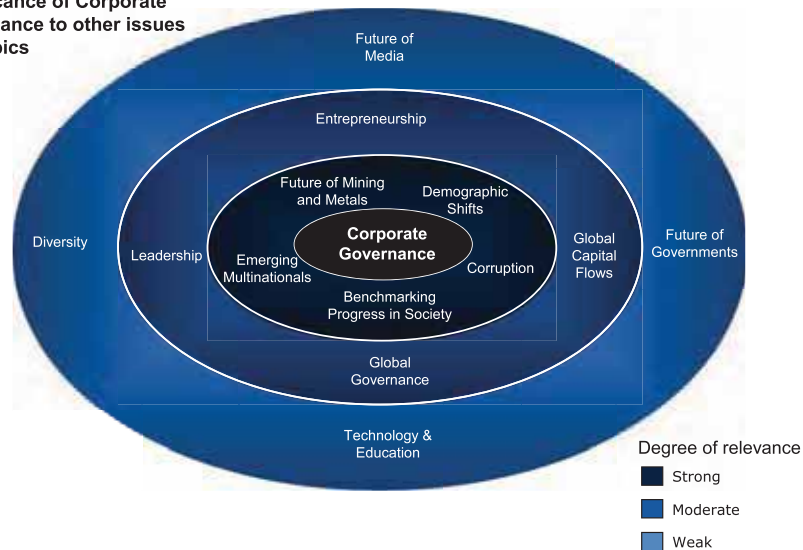
will help avoid a knee-jerk reaction that impairs the ability of markets to innovate and allocate capital efficiently, that adds unduly to the burden of red tape or that is protectionist in motivation. It is vital that regulatory reform enhance corporate governance solutions and does not aggravate existing weaknesses.

Broader questions are raised too. Over the last decades, the dominant question in Western capitalism seems to have become focused on “what is efficient”, rather than “what is right”.

The focus of corporate governance should not be limited to *maximizing* shareholder value, but *optimizing* value more broadly. Generally, *maximizing* shareholder value over the long run approximates optimizing societal value in the view of many. However, that is not the case when there are externalities, distributional effects or breakdowns and distortions in the accountability mechanisms. Thus, *optimizing* value broadly evokes the idea of more shareholder involvement in corporate governance.

Companies with comprehensive corporate governance have a significant competitive advantage over the long term. We are seeing this play out now.

Significance of Corporate Governance to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Corporate Governance proposes that:

- Corporate governance has an important role to play in overcoming the present crisis, restoring confidence for the future and preventing regulatory overkill that would damage the entrepreneurialism needed to secure economic growth. Global authorities should work with market participants to develop enhanced governance practices that will underpin other actions being taken to address the current problems.
- There is a need to (re)balance power in corporations. More specifically, there should be less discretion to managers, more oversight from boards and shareholders, better aligned compensations for managers.
- Categories of reform could span the full spectrum from private to public solutions, and there is much debate about which is the most effective approach. New models may be needed – and may be forthcoming by way of the increasing influence of state-owned enterprises and Sovereign Wealth Funds (SWFs). The new approach is especially important in the context of the conflict of interest; giving more authority to shareholders and making management and boards more accountable to investors (such as SWFs) will combine to produce frictions.
- The involvement of informed owners is one of the keys to durable change (i.e. investor governance). In particular, an effective mechanism is required whereby shareholders are obligated to hold the Board and CEO accountable. For example, operational models of this kind can be found in the Nordic countries (the “Third Way”), which could be supplemented by the enforcement of institutional owners’ fiduciary duties.
- Most importantly, this involves securing and maintaining the rights of shareholders and developing the transparency needed for them to exercise these rights in a responsible, informed and considered way. However, shareholders must also recognize that they should use their share-ownership rights responsibly in the interest of creating long-term value for their beneficiaries. If they do not act responsibly, their rights will be at risk.
- Holistic reporting and accounting is needed, with
 - Appropriate recognition of exogenous costs and stakeholder interests (“externalities”)
 - Aligning incentives for the long term (long-termism)
 - No political interference in setting accounting standards.
- Globally, we need a regulatory framework that ensures fair and transparent markets that inspire confidence in financial reporting. In addition, global markets demand coordinated efforts to avoid regulatory arbitrage.
- No matter which path is chosen by regulators and market participants, it should be recognized that previous responses have tended to lag events (solving the “last crisis”), and we must be ever mindful of unintended consequences.

Council on Corporate Governance

Members

Chair: ***Laura M. Cha**, Deputy Chairman, The Hongkong and Shanghai Banking Corporation, Hong Kong SAR

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* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on Corporate Governance

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Corruption

Overview

Corruption, the abuse of entrusted power for private gain, is the single greatest obstacle to economic and social development around the world. 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, and that because of corrupt practices half of each year's US\$ 50 billion in development aid does not reach its intended recipients.

Sessions in the Annual Meeting programme related to Corruption include:

- Update 2009: Threats to Society
- Global Organized Crime: An Offer that Many Can't Refuse
- Renewing Trust in Corporations
- How to Answer the Compensation Question?

The issue of corruption has many dimensions including:

Nature: Perceptions on the nature of corruption vary. What different forms of corruption exist and what are their underlying causes and drivers?

Cultural contexts: The nature and magnitude of corruption differ across cultures. Actions that are perceived corrupt in some cultures might be accepted or even expected in other cultures. What is acknowledged as good ethical conduct within and across cultures?

Metrics: Corruption can hardly be measured. Most statistics on the issue are based on surveyed perceptions. What is or should be measured, and how? How can progress be determined? Is there a correlation between levels of good governance and economic growth/foreign direct investments? And between a company's systems and controls and its financial performance?

Role of businesses: Companies are both part of the problem and its solution. An increasing number of companies are demonstrating leadership in fighting corruption. What are companies doing? What are the best practices? What is the business case? How can more companies be incentivized to fight corruption? How can the prisoner's dilemma be overcome? How can good ethical business conduct be turned into a competitive business advantage?

Role of governments: The international legal framework has been strengthened during recent years with the adoption of the OECD and UN Conventions on corruption. Most governments also have anti-corruption legislation in place but few effectively enforce it. Why is existing legislation often not enforced? What are the best practices? Who are the central players to ensure effective enforcement, and how can they be incentivized to demonstrate leadership?

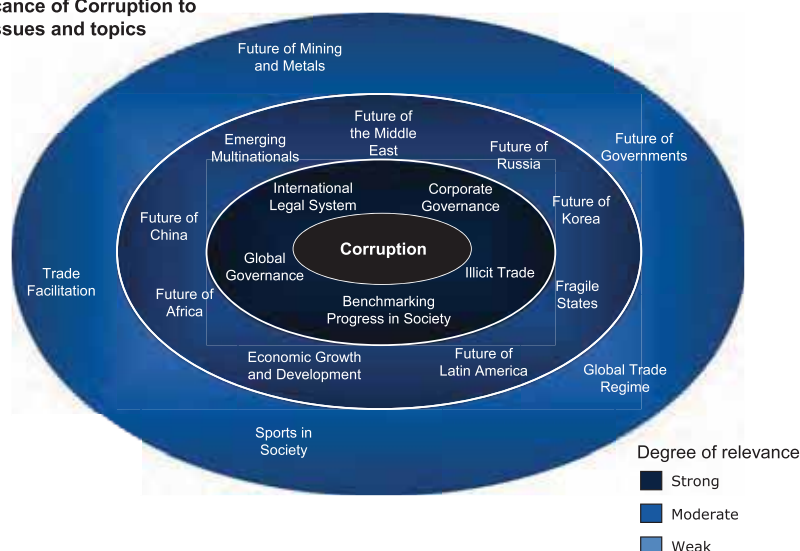
Role of civil society: Civil society organizations, including the media and academia, play a key role in incentivizing businesses and governments to fight corruption. Who are the central players? What are their best practices? How can they be supported? How could they make use of new means of increasing transparency such as the Internet?

Collective solutions: The most effective solutions to fighting corruption are often collective in nature. Such initiatives focus on public and/or private sector solutions at a country, regional and/or global level and/or at an industry, cross-industry or multistakeholder level. What are the initiatives? What are the best practices? How can initiatives be supported? How should they work together? How should initiatives be held accountable?

The fight against corruption is going alarmingly slowly. Sustained and strong leadership in this fight is needed, particularly in the following areas:

- building public-private partnerships to strengthen anti-corruption initiatives
- creating and strengthening incentives which will encourage the fight against corruption by all stakeholders
- grounding anti-corruption measures in accountability established through democratic empowerment of the public
- establishing national strategies and promoting measures for combating corruption which are implementable and robust and take into account the state of development of the jurisdiction concerned
- ensuring that the current financial crisis does not impede progress in the fight against corruption.

Significance of Corruption to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Corruption urges:

- Governments participating in World Economic Forum activities to 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
- Corporate Members of the World Economic Forum to demonstrate strong leadership by becoming signatories to the Partnering Against Corruption Initiative (PACI) and fully implement the principles of the Initiative.

Over the year the Council committed to:

- formulating a time specific and detailed action plan
- expanding its private sector membership
- exploring issues such as political finance and the relationship of transnational crime and corruption
- exploring possible actions on coalition-building, accountability and incentive mechanisms.

Council on Corruption

Members

Co-Chairs:

Cobus de Swardt, Managing Director, Transparency International, Germany

***Mark Pieth**, Professor of Criminal Law and Criminology, University of Basel, Switzerland

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Mo Ibrahim, Chairman, Mo Ibrahim Foundation, United Kingdom

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Global Agenda Council on Corruption

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Demographic Shifts

Overview

Global demographics continue to undergo a major upheaval. Populations in developed countries are growing slowly or even decreasing, as in Japan and Russia, whereas the population of the developing world is growing robustly. World population, which stands at 6.8 billion today, is projected to increase to over 9 billion in 2050. The urban share of global population continues to grow as well, with 2008 marking the first time in history that as many people can be found living in urban settlements as in rural ones.

Another major demographic shift concerns population ageing, which is occurring throughout the world, though at markedly different speeds in different countries. Population ageing is the result of decreasing fertility, increasing longevity and the arrival of large-sized cohorts at older ages. These developments owe much to the technological and institutional innovations of the past half century, such as improved access to sanitation and safe water, childhood vaccinations, antibiotics and contraception and family planning.

Population ageing is challenging governments, employers and individuals to make a deep set of social and cultural changes. The legal retirement age, for example, has risen little despite increases in healthy life spans. Lower fertility eventually means smaller work forces in relative terms. Furthermore, pension plans are often set up in ways that provide incentives for early retirement instead of promoting longer working lives.

Parts of the developing world face different challenges. In Africa, for instance, life expectancies have not increased as dramatically and fertility remains high, leading to high population growth and exceedingly young populations.

Worldwide, the number of children, adolescents and young adults is expected to remain high over the coming decades. Youth bulges are common in poor countries where fertility remains high, some of which are fragile states.

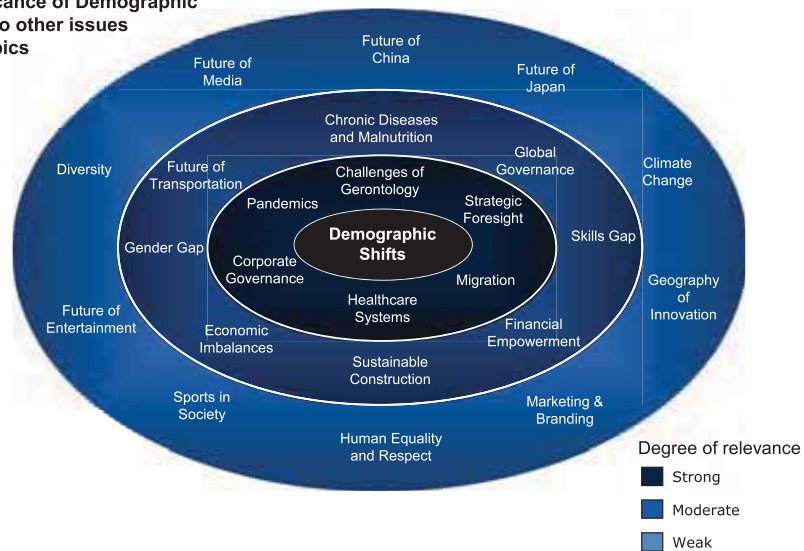
Sessions in the Annual Meeting programme related to Demographic Shifts include:

- Update 2009: Dealing with Dangerous Demographics
 - Update 2009: The Global Talent Equation
 - Live Long and Prosper
 - Rising Population: Overload or Opportunity?
 - Creating Wealth through Health
 - Youth Culture: A Heatmap
-

Despite the persistence of major economic disparities among countries, the number of international migrants remains relatively low (under 200 million or barely 3% of world population). International migrants are becoming increasingly concentrated in the richer countries of the world.

Today's financial crisis exacerbates the challenges posed by an ageing population, especially in ensuring financial security in old age. The most affected individuals will be those nearing or in retirement. The economic climate may induce higher labour force participation rates among the elderly, a development that would – in the short run – alleviate the negative effect the financial crisis has had on the funding status of certain types of pension plans. However, individuals may also become more sensitive to risk, slowing down economic recovery. Because of required funding levels for pension plans, capital will be withdrawn from the market to fund liabilities, which will tend to depress business activity and the rate of economic growth.

Significance of Demographic Shifts to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Demographic Shifts proposes:

- *Ensuring financial security in old age:* Pension systems are changing, mostly moving from defined benefit plans to defined contribution plans. This transformation will likely be slowed but not halted or reversed as a result of the financial crisis. Governments and employers are urged to strengthen personal decision-making and responsibility by ensuring individual ownership of accounts, providing a range of investment choices within a regulated framework and promoting financial literacy among pension plan participants.
- *Ensuring healthy ageing:* As the relative size of the older population swells, healthcare spending will rise, perhaps heightening interest in a system of government-financed universal healthcare. Efficient provision of a basic package of healthcare will be a hallmark of this system, with individuals retaining the option of paying for additional care.
- *Increasing age at retirement:* Although increasing rates of unemployment may make it difficult, raising the mandatory age at retirement is an option that must be pursued. Allowing people to work longer will reduce the level of economic dependency in an ageing population and contribute to reducing the skills gap.
- *Establishing an elder corps:* Social engagement benefits older people and societies. There may be special roles retired adults can play that directly address problems of youth. An international elder corps can provide needed skills in developing countries.
- *Working to improve the health and financial security of future generations:* There is a general lack of health and financial “literacy” among young people today. The private sector in partnership with governments could promote education on healthy behaviours, nutrition and lifestyle among children and youth as well as the promotion of financial literacy both among the young and their parents. The aim of these activities would be to ensure that future generations have better health and are better prepared to work towards their financial security than today’s elderly.
- *Encouraging the migration option:* Ageing populations need prime-age migrants. In this time of crisis, governments should avoid restricting migration opportunities. Migrant remittances constitute an efficient way of targeting needed funds to poor populations, and fill some of the skill gaps in richer countries.
- *Rebuilding trust:* The financial crisis has caused a loss of trust in financial institutions. Governments and institutions have to give urgent attention to ways of rebuilding trust.

Council on Demographic Shifts

Members

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* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on Demographic Shifts

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Design

Overview

Throughout history, design has been an agent of change. It helps us to understand the changes in the world around us, and to turn them to our advantage by translating them into things that can make our lives better. Now, at a time of crisis and unprecedented change in every area of our lives – economic, political, environmental, societal and in science and technology – design is more valuable than ever.

The crisis comes at a time when design has evolved. Once a tool of consumption chiefly involved in the production of objects and images, design is now also engaged with developing and building systems and strategies, and in changing behaviour often in collaboration with different disciplines.

Design is being used to:

- Gain insight about people's needs and desires
- Build strategic foresight to discover new opportunities
- Generate creative possibilities
- Clarify, illustrate and communicate complex information
- Invent, prototype and test novel solutions of value
- Deliver solutions into the world as innovations adopted at scale.

In the current climate, the biggest challenges for design and also its greatest opportunities are:

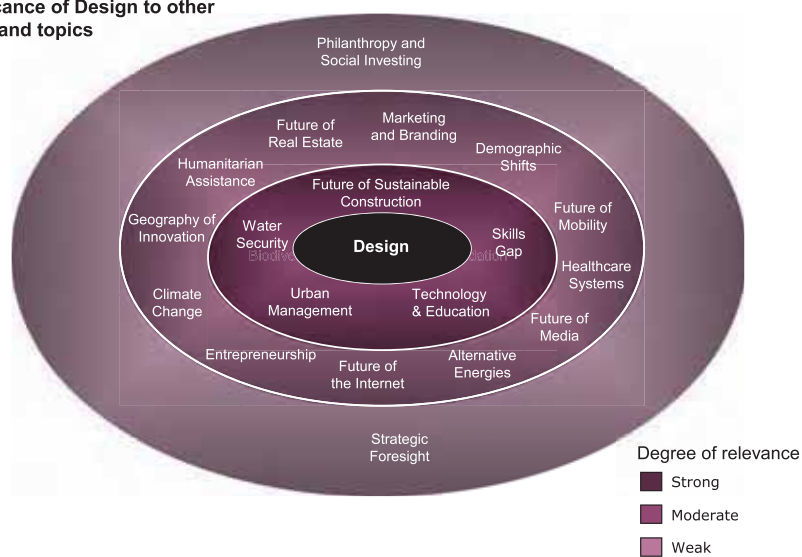
- **Well-being** – Design can make an important contribution to the redefinition and delivery of social services by addressing acute problems such as ageing, youth crime, housing and health. Many designers are striving to enable people all over the world to lead their lives with dignity, especially the deprived majority of the global population – “the other 90%” who have the greatest need of design innovation.
- **Sustainability** – Designers can play a critical role in ensuring that products, systems and services are developed, produced, shipped, sold and will eventually be disposed of in an ethically and environmentally responsible manner, thereby meeting – and surpassing – consumers' expectations.

Sessions in the Annual Meeting programme related to Design include:

- Update 2009: Managing Resources for the Long Term
 - What Is Good Design?
 - Design for Good
 - The Design Flaws of Governance
 - The Challenge of Sustainable Mobility
 - Visualizing Complexity
 - Growth through Innovation
 - Innovation: The View from Asia
 - Technologies Supporting Creative Leadership
 - Changing the Culture of Consumption
 - Right Brain Crisis, Left Brain Recovery
 - Rising Population: Overload or Opportunity?
-

- **Learning** – Design can help to rebuild the education system to ensure that it fits its purpose in the 21st Century. Another challenge is to redefine or reorient the design educational system at a time of unprecedented demand when thousands of new design schools are being built worldwide and design is increasingly being integrated into other curricula. Designers are also deploying their skill at communication and visualization to explain and interpret the overwhelming volume of extraordinarily complex information.
- **Innovation** – Designers are continuing to develop and deliver innovative new products at a turbulent time when consumer attitudes are changing dramatically, thereby creating new and exciting entrepreneurial opportunities in the current crisis. They are increasingly using their expertise to innovate in new areas such as the creation of new business models and the adoption of a strategic and systemic role in both the public and private sectors.

Significance of Design to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Design proposes that:

Confronting today's complex global challenges requires creative solutions, collaborative action and, most importantly, a systematic approach to implementation. Business, government and other stakeholders need to redesign their strategic models to withstand modern-day risks and resist technological, economic, social, environmental and political shocks to the system.

Members of the Global Agenda Council on Design have begun the process of assembling an archive of relevant case studies to illustrate design's impact in all of these fields. This information will be disseminated to other Councils using the WELCOM platform.

During the Summit on the Global Agenda in Dubai, the Council was approached by numerous other Councils individually and collectively and asked to engage with them on different issues of common concern. For example, the Global Agenda Council on Climate Change invited us to help them raise public awareness of the gravity of global warming by developing imaginative and inspiring ways of visualizing the problem. The Global Agenda Council on Demographic Shifts was especially interested in the development of design-led solutions to problems of ageing. Similar requests were made by the Global Agenda Councils on Terrorism, Global Governance, Water Security, Future of Entertainment and HIV/AIDS, among others.

The Council on Design also developed plans for an important educational initiative to encourage design schools all over the world to address the specific problems faced by each of the World Economic Forum's Global Agenda Councils. Individual members made commitments in Dubai for their organizations to collaborate with local design schools on this project and will now encourage colleagues to follow suit.

By working in collaboration with fellow Councils and the World Economic Forum, the Members of the Global Agenda Council on Design are committed to ensuring that design fulfils its potential to help stabilize the current crisis and build a better world.

Council on Design

Members

Chair: ***Chris Luebke**, Director, Global Foresight and Innovation, Arup Group, United Kingdom

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Dan Ariely, Professor, MIT - Media Laboratory, USA

Christopher E. Bangle, Director, Design, BMW Bayerische Motoren Werke, Germany

***Tim Brown**, President, Chief Executive Officer and Partner, IDEO, USA

***Brian Collins**, Chairman and Chief Creative Officer, Collins, USA

***Hilary Cottam**, Founding Director, Participle, United Kingdom

Olafur Eliasson, Artist, Olafur Eliasson, Germany

***Kigge Mai Hvid**, Chief Executive Officer, Index: Design to Improve Life, Denmark

Chris Jordan, Photographic Artist, Chris Jordan Photographic Arts, USA

Larry Keeley, Innovation Strategist, Doblin, USA

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***John Maeda**, President, Rhode Island School of Design, USA

***Toshiko Mori**, Robert P. Hubbard Professor in the Practice of Architecture, Harvard University Graduate School of Design, USA

***Bruce Nussbaum**, Assistant Managing Editor, BusinessWeek, USA

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Global Agenda Council on Design

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Diversity

Overview

In today's multicultural world, the demand for greater diversity is rising. Societies and workforces are becoming more diverse. Demographics, ageing societies and migration patterns make the diversity issue global – although its implications are also domestic. Solutions to today's interdependent challenges can only be generated through diverse approaches and perspectives.

Diversity is in the game. Organizations that build diverse workforces and create conditions that allow all people to learn from each other and develop their full potential – from the factory floor to the boardroom – are believed to be better equipped to address globalization's challenges. They tend to perform better, grow faster and innovate more. Diversity contributes to a more positive public image and reputation, and catalyses efforts to recruit, retain and promote the best people. Numerous case studies prove that bigger workforce inclusion produces positive results: reduced biases, limited disparities and reduced social tensions, as well as creativity, innovation, bottom-line results, sustainability, reduced attrition, strengthened employee engagement, easier access to new markets.

However, only true diversity – as opposed to façade diversity – can be a source of strategic competitive advantage. In fact, popular definitions (gender, race, etc.) may limit people's understanding. Implicit biases are part of human nature. Biases tend to be more severe and deep than we think they are. The notion of diversity must be broader and include profiles and cultural backgrounds, age and disabilities. North American and Western Europe centric research, programmes and policies do not always work well in emerging economies, where the perception of diversity, its value and importance, are different.

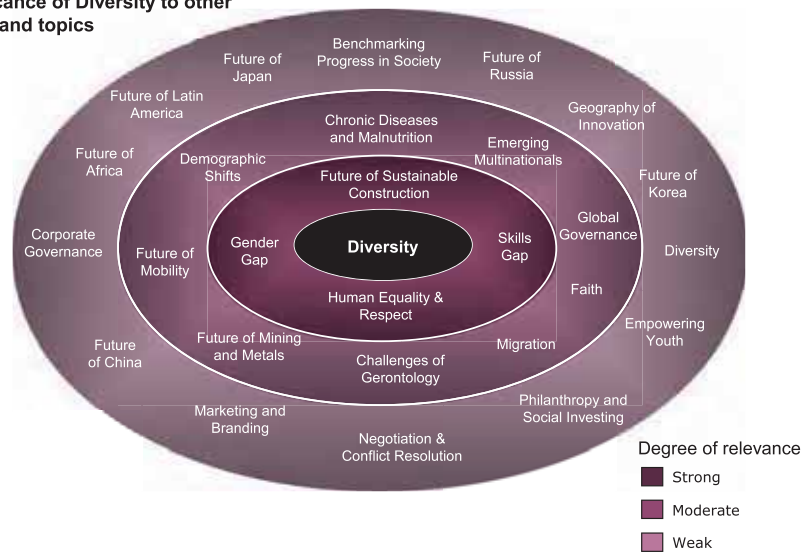
The current financial and economic crisis will have an impact on workforce diversity. The current downturn increases existing disparities and gaps, and disadvantages underprivileged groups further. As disparities among different groups increase, inequalities and gaps grow. Unless this trend is stopped, growing inequalities may lead to tensions and conflicts within society. Majorities may feel threatened by efforts focused on including minority groups into the workforce, potentially increasing protectionist pressures and tighter immigration policies. This is a real threat, not only to diversity but for economic growth and social development.

Sessions in the Annual Meeting programme related to Diversity include:

- Believing in the Dignity of All
 - Increase Your Cultural Literacy
 - Leadership in Teamwork
 - The Girl Effect on Development
 - Update 2009: Dealing with Dangerous Demographics
 - Update 2009: Migration and Multiple Identities
 - Update 2009: The Global Talent Equation
 - Values, Vision and Leadership
 - Youth Culture: A Heatmap
-

Diversity is a test of meritocracy. Diversity is often not reflected at the top of the organization. The greatest level of diversity tends to be among low- to mid-level, non-critical jobs. But in times of crises, diversity does not rate as a first priority. Organizations forced to reduce employment may first cut non-essential positions, which can substantially decrease workforce diversity. However, during an economic slowdown, it is particularly important – and difficult – not to lose a long-term perspective on sustainable employment and talent strategies.

Significance of Diversity to other issues and topics



Recommendations¹

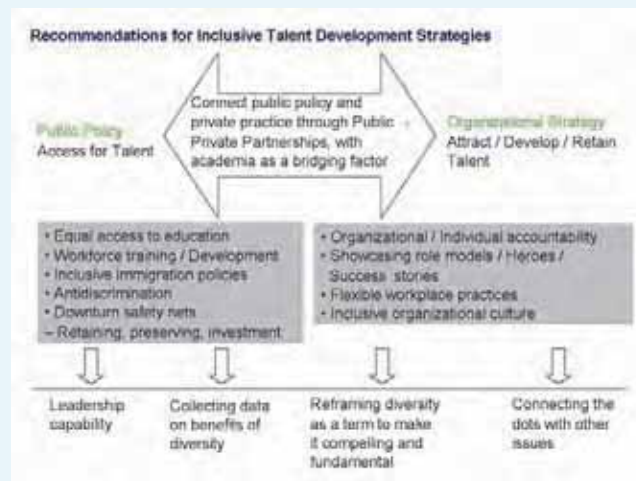
¹ The views expressed here emerged from the Council meetings and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members, who are the foremost experts on the topic.

The Global Agenda Council on Diversity proposes that:

Diversity as a term has run its course as organizing rhetoric. It follows such terms as “affirmative action” and “antidiscrimination” and is associated with related connotations.

Fundamentally, this is about talent. It is time to tell a more compelling and fundamental story about substantial talent management, inclusion and capitalizing on workforce’s potential. It is about maximizing brain capacity in organizations. There should be a shift from thinking about diversity as a set of boxes to tick to thinking about the management of human capital in business and society.

In order to improve the situation, a number of actions are needed. A social change can only be introduced when public policy, private practices and organizational strategies are connected.



***Not just a
set of activities but a
new way of thinking...***

Despite a positive notion of diversity, numerous questions still need good answers, including:

- how to capitalize on diversity and on differences
- how to create a culture and environment that foster different viewpoints or a culture of global diversity
- how to promote leadership that advocates diversity

Council on Diversity

Members

Chair: **David A. Thomas**, H. Naylor Fitzhugh Professor of Business Administration;
Unit Head, Organizational Behavior, Harvard Business School, USA

Carlos Arruda, Professor of Innovation and Competitiveness, Fundação Dom
Cabral, Brazil

Martha C. Artiles, Global Chief Diversity Officer, Manpower, USA

Subha Barry, Managing Director and Head, Global Diversity and Inclusion, Merrill
Lynch & Co., USA

***Marilyn Carlson Nelson**, Chairwoman, Carlson, USA

***Caroline Casey**, Founding Chief Executive Officer, Kanchi, Ireland

***Katherine Garrett-Cox**, Chief Executive Officer, Alliance Trust, United Kingdom

***Timothy Garton Ash**, Professor of European Studies, University of Oxford, United
Kingdom

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Harry Holzer, Professor of Public Policy, Georgetown University, USA

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Global Agenda Council on Diversity

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Forum Lead: David Aikman

Managing Director: Robert Greenhill

Economic Growth and Development

Overview

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. Each of these has strong conceptual foundations, and some have even found empirical support – there is an embarrassment of riches in plausible explanations. This also makes this Global Agenda Council a point of integration for many other Councils, since so many of their themes feed into (and out of) development and growth.

These potential drivers of development and growth are by no means mutually exclusive – many may be true simultaneously – and they are interdependent, often in complicated ways. This makes it difficult to put forth a “grand unified theory” of economic growth – different circumstances may call for different levers to be pulled, and many open questions remain. Yet guiding principles that are largely accepted tenets of good policy do exist:

- International economic engagement – This includes, but is not limited to, openness to trade. The Spence Growth Commission found that no country has successfully developed without trade.
- Competitive markets – Where possible, competitive markets are the most effective means of resource allocation.
- Human capital investment – While there are debates on which types of skills and education are most important, no country has developed without such investments.

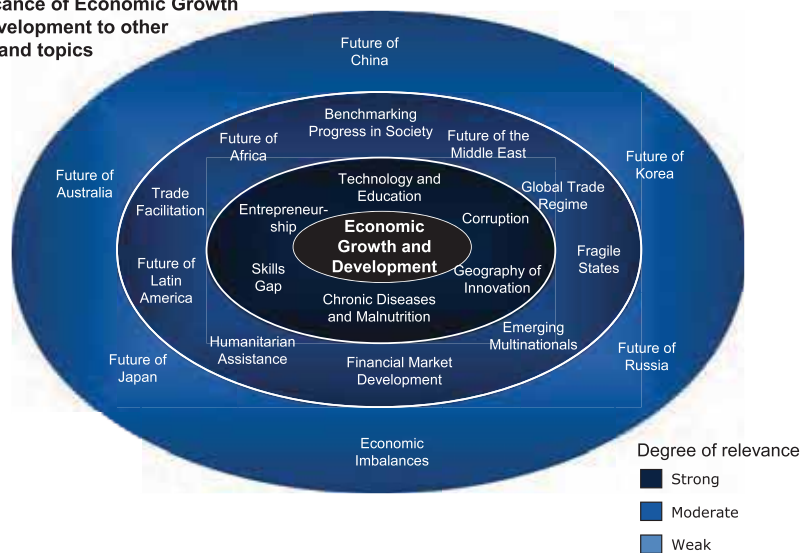
Sessions in the Annual Meeting programme related to Economic Growth and Development include:

- Update 2009: The New Economic Era
 - Update 2009: Hard Lessons about Global Imbalances
 - CNBC Debate: No Way Back
 - Update 2009: Africa
 - Update 2009: North America
 - 2009 World Economic Brainstorming: Navigating the New Economic Landscape
 - Update 2009: The Return of State Power
 - 36 Hours in September: What Went Wrong?
 - Business Becoming Social Entrepreneurs
 - Can the World Live with the Frugal American?
 - Changing the Culture of Consumption
 - The Mystery of the Dollar
 - Death of the Washington Consensus?
 - Global Financial Crisis: What Lessons Should Be Learned?
 - The Economic Governance of Europe
 - Managing Global Risks
 - Global Solutions from the Past
 - A Silver Lining to the Financial Cloud?
 - Financial Recovery: A Long Journey Ahead?
 - The Global Economic Outlook
 - Sustaining Civil Society in an Economic Downturn
-

- Investment in critical infrastructure – For the economy to function effectively, “networked” industries like telecom, transportation and energy must be developed.
- Government complements the market – Good government increases private sector productivity; bad government reduces it. Government sets the “rules of the game” and may facilitate investment in infrastructure and human capital. Human capital and networked infrastructure are two sectors where the government may have a particularly beneficial or detrimental role.

The recent economic crisis has generated distrust in some of these basic principles – in many countries there are calls for strengthened regulation and a return to trade barriers. Some regulation is clearly useful – this is a critical complementing role of government – and the global banking system may well be in need of regulatory tightening. Yet many countries in the midst of this deregulation backlash are starting from positions of already very high levels of bureaucracy, countries which furthermore have a tradition of strong government intervention. The danger thus exists that over-regulated economies may be about to become even more regulated.

Significance of Economic Growth and Development to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

According to the Global Agenda Council on Economic Growth and Development, a key advantage of the Forum is that it affords unparalleled exposure to high-level leaders in business, government and civil society, and also lends a sense of credibility to Council recommendations. Given this, the Council's three key roles are:

- **Advocating against the deregulation backlash**

Given the Forum's high level of visibility and connections to global leaders, the Council has an important role in advocating against this backlash. The Council advocates for market allocation of resources, while understanding the crucial role played by government.

- **Putting forth a list of economic best practices, both "macro" and "micro"**

Our principles may sound like old news – they are mostly accepted by economists. But sometimes old news is new news. Many worthwhile reforms do not take place, and these ideas must be communicated in a manner that is readily comprehensible and broadly understood. Further, beyond these big picture principles, many specific policy innovations have succeeded in practice. Again, it is important to broadly disseminate the ideas behind these success stories. The Forum is uniquely positioned to provide an audience.

- **Collaborating in developing further best practices**

Many prescriptions for economic growth are still poorly understood and remain untested. By creating opportunities for policy and business leaders to engage with economics researchers, we can further the frontiers of our understanding of what works in development. The Forum can facilitate this type of dialogue.

Using the Forum's Annual Meeting in Davos and Regional Meetings as focal points, the Council proposes:

- Providing a number of action- and advocacy-oriented documents to advocate the above agendas:
 - "10 interesting facts about growth and development"
These facts should be surprising and provocative, relating to the larger themes listed in the first section. The proposal is to put together a short list of such facts, paired with attempted real-world solutions (both successful and failed).
 - Measuring country capabilities – How long does it take for a letter to get from a country's capital to its second-largest city? What is the probability that the letter gets lost? The Forum may develop a set of development metrics, based on objective data, to make comparisons across countries. Note that this would be clearly differentiated from the Doing Business reports, which focus specifically on barriers to business, and *The Global Competitiveness Report*, which relies on survey data.
 - Short, single-topic development primers that give the state-of-the-art in development practice for leaders.
- Creating one-on-one networking opportunities between development experts and leaders. This can facilitate a two-way exchange of information on what we know, and what issues are seen as being most important. Further, these exchanges can set the stage for collaboration on best practice development.
- Sending experts to Regional Meetings. In addition to one-on-one interactions, these may also be useful fora for providing larger information sessions on the state of the art in development.

Council on Economic Growth and Development

Members

Chair: ***Xavier Sala-i-Martin**, Professor, Economics Department, Columbia University, USA

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Global Agenda Council on Economic Growth and Development

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Economic Imbalances

Overview

Imbalances are major distortions within and between key markets. The key subsisting global economic imbalances identified by the Global Agenda Council on Economic Imbalances are:

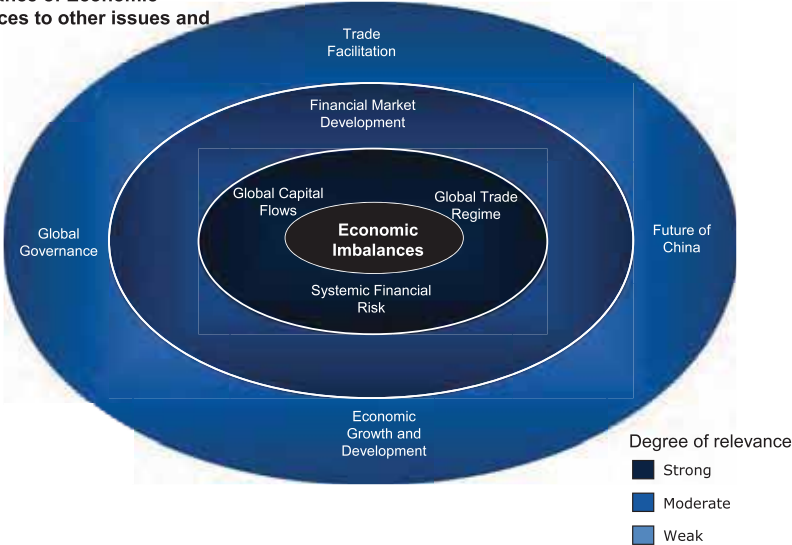
- Continuing, severe dysfunction in the banking sector in inter-bank markets (e.g. credit squeeze, de-leveraging) and other financial institutions (hedge funds, insurance companies)
- The global exchange rate system that, as a whole, is not flexible enough
- The financing of residential housing which is still impaired, causing downward pressure on housing prices; the looming refinancing problems in commercial real estate
- Deterioration of capital flows and financing conditions for emerging economies
- Distortions in credit flows to non ring-fenced countries and economic sectors (non-financial corporations).

These problems are currently being exacerbated by the sharp economic downturn. How can this process of unravelling be managed in order to mitigate the negative impact on output and employment?

Sessions in the Annual Meeting programme related to Economic Imbalances include:

- Update 2009: The New Economic Era
 - Update 2009: Hard Lessons about Global Imbalances
 - CNBC Debate: No Way Back
 - Update 2009: North America
 - 2009 World Economic Brainstorming: Navigating the New Economic Landscape
 - Update 2009: The Return of State Power
 - Update 2009: Europe
 - 36 Hours in September: What Went Wrong?
 - Can the World Live with the Frugal American?
 - Death of the Washington Consensus?
 - Global Financial Crisis: What Lessons Should Be Learned?
 - Managing Global Risks
 - A New Financial Architecture
 - A Silver Lining to the Financial Cloud?
-

Significance of Economic Imbalances to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Economic Imbalances proposes the following:

In the short run

- **Address the credit squeeze.** Further measures are still urgently needed to address core dysfunctions in the banking system and credit underwriting.
- **Maintain low policy interest rates,** including aggressive quantitative easing if necessary. Low interest rates will help to stimulate demand and the resulting upward sloping yield curve helps financial institutions and strengthens their balance sheet.
- **Stimulate aggressive macroeconomic measures** where possible and feasible. But care must be taken not to create bad incentives and recreate bubble conditions.
- **Promote greater transparency in the objectives** of the plethora of emergency liquidity facilities and in the valuation of financial instruments.
- **Encourage international cooperation** for interim measures to strengthen financial regulations.
- **Clear exit strategies** from the emergency liquidity facilities that have been put in place over the past five months (e.g. government equity in the banking system, distressed asset purchase programmes) must be defined.

In the longer run

- **Asset prices can matter for monetary policy.** The present financial crisis demonstrates that it is necessary for monetary policy to take into account developments in credit growth and asset prices.
- **Greater international cooperation** in the reforms and redesign will strengthen the new global financial architecture. Reduce incentives for regulatory arbitrage. Governments need to coordinate their actions (e.g. deposit guarantees, stricter capitalization regulations, bail outs) to ensure a level playing field in the banking and shadow-banking sectors.
- **A more flexible exchange rate system** and less management of exchange rates for large economies and regions are needed.
- **High level (heads of state) commitment is sought to:**
 - maintain an open financial market system
 - engage in serious cooperation efforts to reform the global financial architecture: capital adequacy, consistency in soundness principles, stronger consolidation practices, better valuation.
- **Redesign the governance of global bodies** to be more efficient and more representative.

In taking all these steps, it is important to keep an eye on the longer-term challenges facing the world (e.g. poverty, social imbalances, demographic shifts, climate change).

Council on Economic Imbalances

Members

Council Chair: ***Lawrence H. Summers**, Charles W. Eliot University Professor, Harvard University, USA

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***Moisés Naim**, Editor-in-Chief, Foreign Policy Magazine, USA

Danny Quah, Professor of Economics, London School of Economics and Political Science, United Kingdom

***Kenneth Rogoff**, Thomas D. Cabot Professor of Public Policy and Professor of Economics, Harvard University, USA

***Nouriel Roubini**, Chairman, Roubini Global Economics, USA

***Dennis J. Snower**, President, The Kiel Institute for the World Economy, Germany

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Global Agenda Council on Economic Imbalances

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Ecosystems and Biodiversity Loss

Overview

Healthy ecosystems – natural areas such as forests and oceans – provide essential services for the global economy. In addition to their inherent value, they provide water, fuel, food, health, recreation and climate stability for everyone on the planet. Moreover, the livelihoods of more than 1 billion people depend directly on these services. However, ecosystems and biodiversity are being degraded at an alarming rate, and much of this loss is irreversible. Given the wide scope and seriousness of this impact, people and organizations from all sectors and all societies need to act urgently.

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

- Update 2009: Controlling Climate Change
 - Update 2009: Managing Resources for the Long Term
 - Dealing with Deforestation
 - Global Solutions from the Past
 - Latin America: A Global Hub for Sustainability
 - Will the Environment Lose Out to the Economy?
-

Building on years of scientific research, issues of ecosystem and biodiversity loss need to be reframed. There is an enormous need to raise awareness of the poor state of the world's ecosystems and better communicate to leaders at all levels the impact resulting from the destruction of these natural assets.

A new vocabulary and new research, based on the monetary value of ecosystems, will help communicate the issue to stakeholders in the public and private sectors, as well as individuals at local levels. In addition to new messaging, the sense of urgency must be underscored. The world's ecosystems are being damaged at unprecedented rates: according to one current study, preliminary estimates (for forest biomes only) value losses of natural capital between US\$ 2-4.5 trillion per year.¹ This is happening *now*.

There are several causes of ecosystem and biodiversity loss:

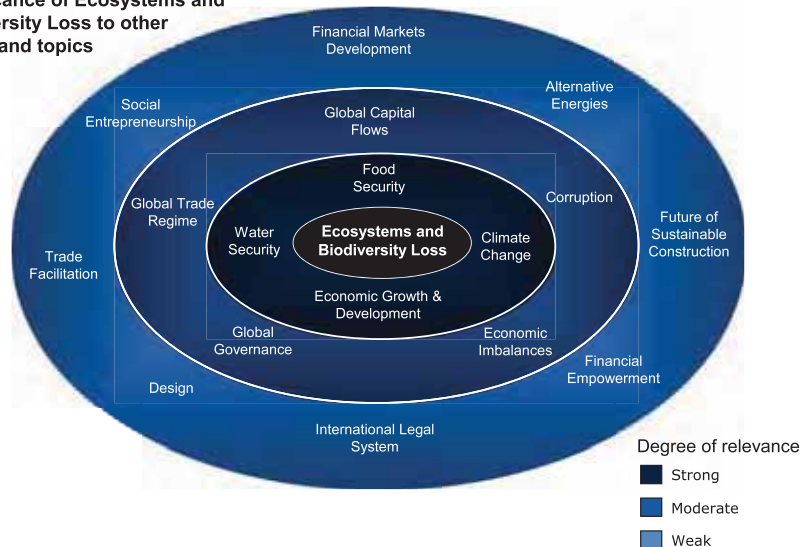
- Infrastructure and urban land use change, including human settlements which continue to take over natural ecosystems
- Agricultural land use change, including deforestation for pasture and cropland, aggravated by the growth of some biofuels and food for the changing diets of a growing population

¹ The Economics of Ecosystems & Biodiversity, An Interim Report; P. Sukhdev, European Communities, 2008.

- Overfishing, mostly by industrial fleets, and some forms of aquaculture, stimulated by the need to provide an important source of protein for 1 billion people
- Climate change, expected to become one of the most significant factors in ecosystem degradation over the next 40 years.

The consequences of ecosystem and biodiversity loss are not just environmental; they have fundamental social and economic impacts. The financial crisis risks providing a false reprieve as reduced global consumption slows resource use and development. At the same time, many of the world's poor risk falling off the bottom of the economic ladder and returning to subsistence living with an increase demand on natural resources. With any restructuring of the rules that govern financial capital, there is a strong argument to acknowledge the importance of natural capital and its fundamental contribution as a driver of economic development.

Significance of Ecosystems and Biodiversity Loss to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Ecosystems and Biodiversity Loss proposes that six areas need high-level attention to reduce ecosystem and biodiversity loss on a global scale:

- 1) Increase awareness and traction at the highest level** - Ecosystems and biodiversity loss belong, along with climate change, at the top of global agendas. There is a need to raise awareness of the magnitude of the threat to economic well-being and the urgency for effective action before losses become catastrophic.
- 2) Engage business in finding solutions** - Business relies upon natural capital to deliver products and services that create customer and shareholder value, supporting an important role for market mechanisms to encourage responsible business practices.
- 3) Improve governance** - It is acknowledged that, despite all efforts, the current global governance system is ineffective and has not proved capable of protecting ecosystems and biodiversity. There is a need to urgently evaluate the relevance of existing governance structures and rapidly establish how to ensure that issues are addressed with decision-makers at the international, national and local levels.
- 4) Involve all stakeholders** - While national regulation may drive the implementation of conservation programmes, ultimately these need to be appropriately scaled to the local level, and converted into tangible value for local stakeholders, with an acknowledgement that these are most often the world's poor.
- 5) Develop tools to enable implementation** - Implementing solutions across different ecosystems will require well-designed tools and measurable indicators, which can lead markets and individuals to improve their resource efficiency and decrease their impact on natural capital.
 - **Government subsidies** for agriculture and fisheries often destroy ecosystems and biodiversity, while subsidy elimination would help reduce overfishing and unsustainable agricultural practices.
 - **New markets** for environmental services, highlighting a variety of mechanisms, show great potential and important lessons to be learned from existing success stories.
 - **Appropriate pricing of assets** using a variety of market mechanisms can be modelled after best practices used for carbon, waste and water.
 - **Certification** of products harvested without damaging ecosystems, with related information campaigns, can help shift consumer behaviour towards such products.
 - **Renewable energy sources**, including biofuels, must be developed in a manner that does not harm ecosystem health.
 - **Common metrics** are needed for more complete environmental accounting for business and individuals as well as countries and governments.
 - **Global assessments** are needed to ensure that continued scientific and economic information is available. Existing and ongoing assessments need to be better linked to policy processes.
- 6) Encourage systems thinking** - Although ecosystem preservation, climate change, energy security, food security and poverty eradication are critical issues in their own right, solutions are intimately and inextricably linked. Opportunities to design solutions should be sought that have multiple positive impacts, build on proven successes and more efficiently deploy investments.

Leveraging the intangible: The emotional imagery and the inspiration of our natural planet cannot be underestimated. As Global Agenda Councils discuss the reform of global and regional capital systems, there is an opportunity to value not just financial capital but also the human and natural capital, which offer us so much more than we are able to measure. This presents an opportunity to reward good behaviour and embrace the intangible blessings of the natural world. Perhaps it is time for a new capitalism – one which values natural beauty, moral imperative and a deeper cultural identity with our planet.

Council on Ecosystems and Biodiversity Loss

Members

Chair: ***Frances Cairncross**, Rector, Exeter College, United Kingdom

Mubariq Ahmad, Executive Director, WWF - World Wide Fund for Nature, Indonesia

Yann Arthus-Bertrand, President, GoodPlanet.org, France

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***Jamshyd N. Godrej**, Chairman and Managing Director, Godrej & Boyce Mfg Co., India

Claes Johansson, Statistician, UNDP Human Development Report Office, New York

***Ethan B. Kapstein**, Paul Dubrulle Professor of Sustainable Development, INSEAD, France

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***Julia Marton-Lefèvre**, Director-General, International Union for Conservation of Nature (IUCN), Switzerland

Ronald G. Prinn, TEPCO Professor of Atmospheric Science, Department of Earth, Atmospheric and Planetary Sciences, Massachusetts Institute of Technology, USA

Bud Ris, President and Chief Executive Officer, New England Aquarium, USA

Martha I. Ruíz Corzo, Founder, Grupo Ecologico Sierra Gorda, Mexico

David Runnalls, President and Chief Executive Officer, International Institute for Sustainable Development (IISD), Canada

Carl Safina, Co-Founder and President, Blue Ocean Institute, USA

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Global Agenda Council on Ecosystems and Biodiversity Loss

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Emerging Multinationals

Overview

Emerging multinationals are reshaping industries and creating new dynamics in the global competitive landscape. These new, fast-growing business champions come primarily from rapidly growing emerging markets, such as Brazil, China, India, Mexico and Russia, but also include fast movers from developed economies. They often operate in markets where regulatory conditions and the general business environment are challenging. They have managed to thrive and grow by developing reliable, easy-to-use goods and innovative services at low prices. Working from a solid base in home markets, they have been gaining market share and entering foreign markets at an unprecedented pace in the past decade.

Sessions in the Annual Meeting programme related to Emerging Multinationals include:

- Update 2009: The New Boundaries of Financial Governance
 - Update 2009: Can Corporations Turn the Corner?
 - Renewing Trust in Corporations
 - The Global Compact and the Corporate Citizen
-

The current financial crisis, which has hit the developed world and established multinationals, is also affecting emerging multinationals. The impact of the crisis is reflected in:

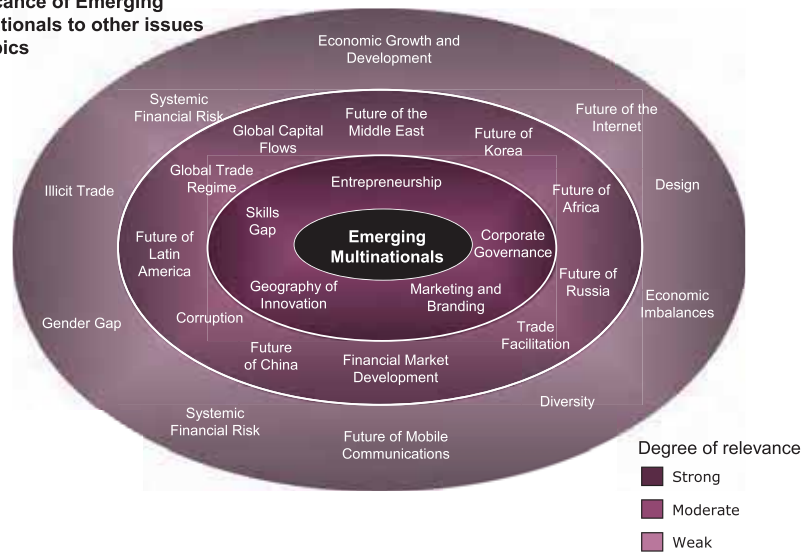
- the shrinking of export markets
- the massive withdrawal of institutional money and the loss of equity valuation as currency
- significant withdrawal of finance and credit
- potential additional barriers to expanding their business in other markets, as governments may introduce protectionist measures.

Internally, several emerging multinationals face a unique situation going into the current financial and economic crisis: many of them are either relatively young and therefore hadn't experienced a global crisis previously or had operated out of sheltered markets. They may not have the expertise in-house to manage such a crisis but they can shape and be quicker than larger corporations in responding to it.

But emerging multinationals also have some unique opportunities:

- They are used to operating in lower cost environments and are used to being the underdog, so they are scrappy competitors
- As there is more equitable access to interesting international deals, emerging multinationals can benefit in their expansion plans
- Valuations are relatively low, so market assets are cheap
- Labour markets are less contested, so emerging multinationals can more easily attract global talent.

Significance of Emerging Multinationals to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Emerging Multinationals proposes that:

Emerging multinationals must respond to the crisis innovatively, as the traditional strategies used during sheltered or booming periods will not work any longer.

Examples include:

- Engage in active risk analysis and management, assessing the level of the company's entire exposure
- Manage internal and external stakeholders actively, as solid leadership will be crucial during the crisis
- Understand operating risk everywhere, including in other emerging markets
- Realize that "cash is king", especially for state-owned enterprises that have used "debt as equity"
- Change the organizational structure to achieve more transparency and improve corporate governance
- Build a global talent machine and acquire best practices to manage a truly multicultural workforce
- Set foundations to build a global brand, starting by differentiation.

Emerging multinationals have been a key driver of world economic growth. The way they respond to this crisis will also have an effect on their home market's recovery and on building the global brands of emerging markets. The crisis offers emerging multinationals the chance to make a difference in their ecosystem:

- *Address and improve their home country situation*
Emerging markets are characterized by investment needs, both in the lack of hard infrastructure (roads, power plants and telecommunications) and soft infrastructure (education and healthcare). As local governments cannot address these challenges alone, emerging multinationals have the opportunity to invest to fill in the gap, while at the same time building up their brand.
- *Counter the ambient protectionism*
Emerging multinationals have a chance to emerge as two-way ambassadors of responsible globalization, making their voices heard in international trade discussions while also being advocates for fewer barriers in their home markets.
- *Start adapting and disseminating good practices*
The current crisis offers the opportunity for emerging multinationals to complement other restructuring and positioning efforts by adopting best practices that will position them competitively in the future, such as the promotion of gender diversity, corporate social responsibility and corporate governance.
- *Foster a culture of innovation and create the basis for clusters*
Emerging multinationals can become innovation poles in their home markets, as studies predict an increasing share of innovation will come from emerging markets.

Council on Emerging Multinationals

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Global Agenda Council on Emerging Multinationals

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Empowering Youth

Overview

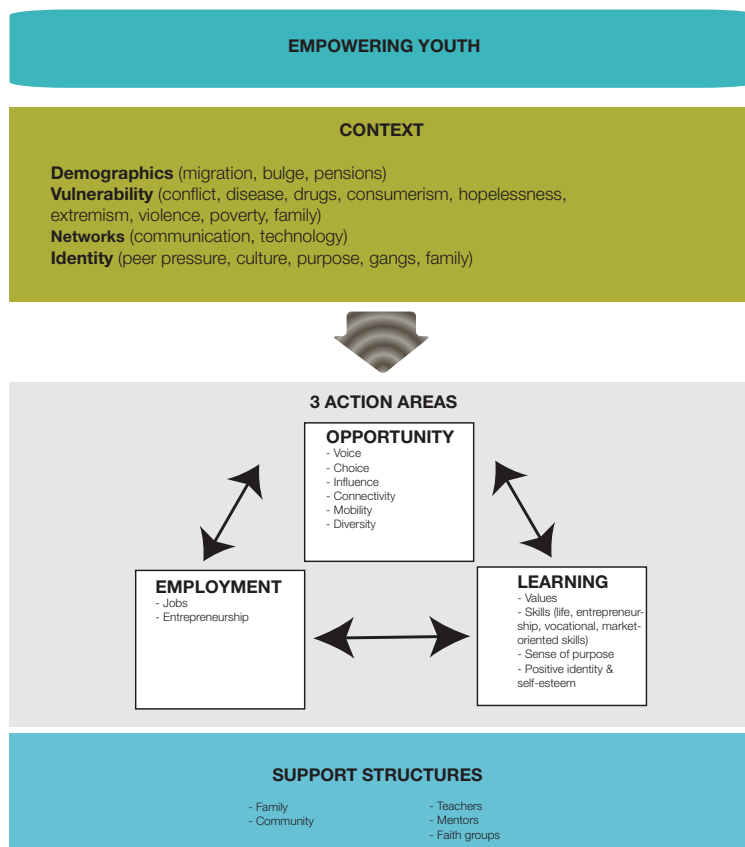
Youth is one of the world's most precious resources. In the next ten years, according to the ILO 1.2 billion young people will enter the global labour market.

The global perception of youth in policy, academic and public circles is that they are a problem rather than a solution to a problem. This perception has influenced both the debate and actions aimed at them.

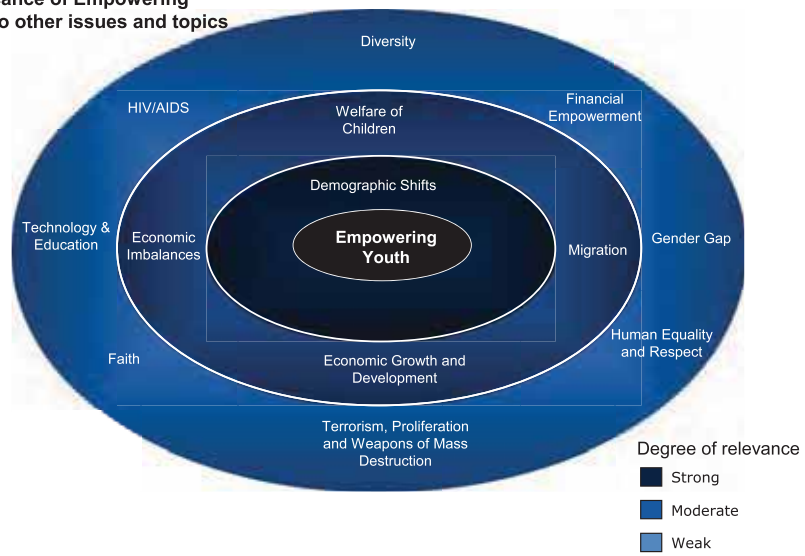
A host of structural and policy factors affect the opportunities for empowering youth. The following chart organizes these factors into three key areas which should be prioritized for action and intervention.

Sessions in the Annual Meeting programme related to Empowering Youth include:

- Update 2009: Dealing with Dangerous Demographics
- Update 2009: The Middle East
- Africa: Uniting the Continent
- Power to the People – Politics in the Internet Age
- Update 2009: Migration and Multiple Identities
- Fixing the Low-Skill, Low-Opportunity Trap
- Rising Population: Overload or Opportunity?
- Shaping the Post-Crisis World: Views from the Next Generation
- Youth Culture: A Heatmap
- The Girl Effect on Development



Significance of Empowering Youth to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Empowering Youth proposes that:

- Certain principles should guide action aimed at empowering youth, including:
 - **Holistic approaches** to address the multitude of dimensions and issues within and across cultures and regions
 - **Public-private-civil society partnerships** to ensure ownership, coordination and coverage
 - **Sustainability and scale considerations** to expand the scope and the span of effective interventions
 - **Innovation** in approaches and techniques and **experimentation** with policies and programmes
 - **Impact evaluation** to measure effectiveness and to disseminate best practice.

- The areas of action that should be considered include:
 - **Research of best practice** at the policy and programme levels in order to avoid duplication of efforts and identify effective interventions
 - **Major shifts in government policy** across sectors and ministries that target the challenges in the three action areas (opportunity, employment, learning)
 - **Public and private investment** to scale up identified best practices and to ensure the availability of funding and resources across regions
 - Addressing the **attitudes and mindset** of policy-makers and business leaders to realign perceptions and direct action.

- Relevant actors include:
 - Youth
 - Governments
 - International institutions
 - Private sector
 - Civil society
 - Other relevant Global Agenda Councils

Council on Empowering Youth

Members

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Global Agenda Council on Empowering Youth

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Energy Security

Overview

Economic development and population growth is expected to lead to strong growth in energy demand, doubling over the next 30 years. Most of that growth will be in developing countries.

Reliable and affordable energy systems are essential to a healthy economy. The energy system is also pivotal to other social objectives, such as protection of the climate. Under current trends, fossil fuels will continue to provide the great majority of the world's energy for the foreseeable future. There are still abundant fossil resources; utilizing them, however, depends on extracting, delivering and using them at reasonable prices and in manners consistent with sound environmental objectives.

Fossil fuels are unevenly distributed geographically. This, and other factors, has led to an increase in the global trade of energy resources; that trade is a source of perceived energy insecurity.

“Energy security” means the reliable, stable and sustainable supply of energy at affordable prices and social cost. All nations and groups should be taken into account when considering energy security – rich and poor; developed and developing; producing and consuming. Often there is confusion between energy security and energy independence. These are two different issues. Energy security can only be efficiently achieved through global cooperation.

No single solution to energy security challenges exists. It is possible to imagine a large number of secure energy systems at varying costs. A mix of demand reduction (efficiency and conservation) as well as supply diversification will be needed. Few of these will occur on their own (even where they are cost effective) without clear regulatory, infrastructure and market incentives. Moving from one energy system to another can be extremely difficult and requires highly capable governments and institutions and clear long-term policies and strategies.

Energy security is a dynamic optimization process between market and (regulatory) institutions and a function of space (region) and time (ever changing). This necessitates a continued dialogue between consuming and producing countries aiming to improve energy security.

A link exists between energy security and a wide range of other social, environmental, economic and political issues, including food, water and health security as well as such classic security issues as violent conflicts and the protection of human rights. These need to be harmonized.

Energy systems broadly fall into two categories: liquid fuels, which dominate the transportation sector, and the power sector.

Fuels for Transportation

There is no shortage of geological resources, but the challenges are growing related to mobilizing the investment in a timely manner. The financial, technological and human resources needed are massive but manageable. Whether this happens hinges on

Sessions in the Annual Meeting programme related to Energy Security include:

- Update 2009: Crises to Prevent at All Cost
- Update 2009: An Integrated Approach to Energy, Food and Water Security
- Energy Outlook 2009
- Financing Industry in an Era of Capital Scarcity
- The Electric Vehicle Conundrum
- Are Renewables the Silver Bullet?
- The Challenge of Sustainable Mobility

producers being confident about the level of future demand. Many nations have viewed oil security as a geopolitical issue, when in fact security is an intrinsically global phenomenon.

Additional sources of liquid hydrocarbons as well as non-liquid (e.g., electric) sources should be developed. These range from advanced biofuels and electric vehicles; some are carbon-based fuels such as heavy oils and coal-based liquids. Attention is needed to ensuring these liquids are economic and attentive to a wide range of environmental and other consequences.

The Power Sector

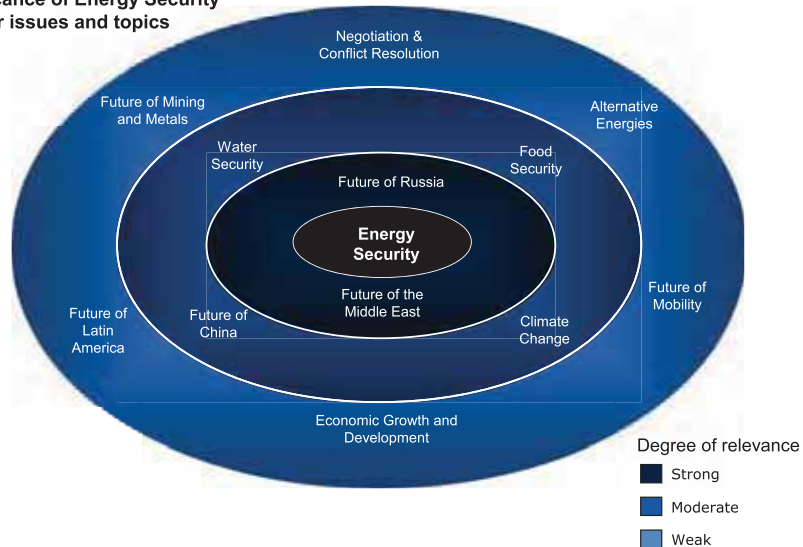
The demand for power in most societies is expected to grow faster than the demand for other energy uses. Energy security in the power sector hinges on the grid that connects suppliers and end-users. The system could be designed for much greater efficiency.

The electric power system should play a central role in de-carbonizing the future economy. While there are many options for reducing emissions, for the next few decades the main economic options are likely to be wind, clean-coal technologies (e.g., CCS), gas and nuclear. Coal with carbon storage is promising but poses very big regulatory and technological challenges. In the longer term, it is possible that other sources of energy will be developed (including solar power), provided that an adequate R&D&D framework is in place.

It is necessary to make the production and sale of nuclear fuel, as well as the storage and monitoring of spent nuclear fuel (SNF). In fact, the current model of sales and supplies of nuclear fuel should change. The creation of a major public-private international partnership (organization or company) could become the new model for leasing (not selling) nuclear fuel and safely storing and monitoring SNF. The central issue for nuclear power is the creation of a more secure and legitimate fuel cycle.

In some regions natural gas supplies are causing growing concern. While many institutions have been created, what can be done to improve the confidence of both natural gas consumers and producers?

Significance of Energy Security to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Energy Security proposes that:

The mutual interdependence of producing and consuming nations and the rising anxiety about the reliability of energy supplies imply the need to develop a much more effective international system for promoting energy security. Such a system could include organizations and rules that are rooted in collective self-interest and practical actions. The road to achieving such a system will be long and begins with practical steps that are in the interest of all major countries. It would begin with strengthening the existing global organizations that promote dialogue among nations (such as the IEA, IEF, IAEA). In addition, a series of concrete measures could be undertaken under the leadership of pivotal countries, including:

- establishing a public-private initiative to create a multilateral nuclear fuel cycle
- collectively managing strategic oil reserves
- encouraging much higher investment in energy research, development and the demonstration of new technologies
- promoting investment in fuel supply and infrastructure, even during an economic downturn
- establishing a universal pricing of carbon

The World Economic Forum can be instrumental in beginning the process of establishing the global system for energy security by bringing together countries to outline specific measures in each of these pivotal points of cooperation.

Council on Energy Security

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Entrepreneurship

Overview

Entrepreneurship is the key driving force behind economic growth and innovation around the world. Entrepreneurs have the ability to turn new ideas into breakthrough solutions while creating employment and spreading prosperity. They create innovative solutions to global problems as well as new products for consumers, industry and government.

But entrepreneurs alone cannot make change happen, no matter how visionary and persistent, unless they operate in an environment that supports and rewards risk-taking. An underlying question is what enables and/or facilitates entrepreneurship, in relation to problems of access to financing, rewards for entrepreneurs, systems of entrepreneurship education, and the kinds of entrepreneurial ecosystems that nurture entrepreneurship in a limited number of universities and regions. An improved understanding of the types of regulatory and cultural environments that foster entrepreneurship can help develop policies designed to advance continuous innovation and new business creation.

The status of entrepreneurship globally:

- United States: Boston and Silicon Valley continue apace, with concerns about Venture Capital (VC) and angel capital availability, but the health of entrepreneurship in the rest of the US is less sure.
- Europe: Strong support from government exists in some European countries for what has become lifestyle entrepreneurship but VC funds are lacking to build major firms. The UK is creating copies of existing firms but is not doing much with significant innovation. Family-friends funding is prevalent. Risk-taking is less bold in Europe.
- Middle East: Much of the Arab Middle East primarily uses family-friends financing; most people work for the government and little effective education of entrepreneurs exists. Anti-entrepreneurial attitudes persist, but some progress is being made with the INJAZ programme by Junior Achievement, aimed at teenagers. Non-oil producing countries differ from oil-rich countries, where entrepreneurship is least prevalent. Israel presents the opposite case in the neighbourhood, but with a different culture and results.

Sessions in the Annual Meeting programme related to Entrepreneurship include:

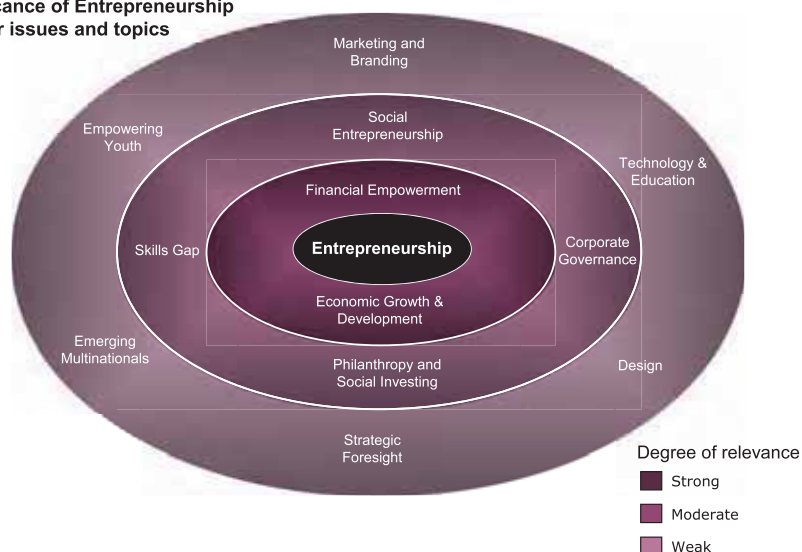
- Update 2009: The New Boundaries of Financial Governance
 - Update 2009: Can Corporations Turn the Corner?
 - Business Becoming Social Entrepreneurs
 - Keeping an Entrepreneurial Edge in Tough Times
 - Restoring Growth through Social Business
 - Educating the Next Wave of Entrepreneurs
 - A Silver Lining to the Financial Cloud?
 - Infrastructure for the Developing World
 - Addressing the Employment Challenge
-

- Asia: In Asia, the issues are very diverse. Entrepreneurship in China is booming, despite nearly two generations without any entrepreneurs at all. Korea and Japan have a different situation. Is the key problem there the lack of tolerance for failure? Very few if any real VCs exist although there is plenty of private equity.
- Africa and Latin America: In Africa one finds needs-based entrepreneurship but less “creating innovative business” enterprises. There is poor access to capital and few role models exist. The situation is somewhat better in Latin America, and changes are occurring in both regions.

The need for entrepreneurship, both to solve problems as well as to provide jobs, is greater now than at any time previously. Long-term economic growth cannot take place without “game-changing” entrepreneurial innovation. But this is a difficult time for advocates of capitalism in many regions and countries. One of the threats of the current global financial crisis is that it may legitimize massive government intervention with new regulations that could thereby stifle entrepreneurs. It is necessary to maintain incentives for entrepreneurs and their investors and to maintain government support for entrepreneurs – both to encourage entrants as well as firm growth.

The world faces a unique nexus of interconnected global challenges, including poverty, global climate change, economic development and crises in financial markets. The key to meeting these challenges is to harness the potential represented by entrepreneurs. The time for entrepreneurship has come because entrepreneurs are the drivers of economic growth, the originators of new jobs, the providers of opportunities for individuals and a source of possible solutions to global challenges.

Significance of Entrepreneurship to other issues and topics



Recommendations¹

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The Global Agenda Council on Entrepreneurship proposes that building entrepreneurial capacity in five dimensions is key:

1. *Markets*. Because they pioneer new approaches, entrepreneurs need clear and transparent regulatory frameworks that set them free. Well defined yet flexible rules must encourage innovation and opportunity-seeking.
2. *Human Capital*. Business-building skills are critical for creating/building growth-oriented enterprises. Making people with these skills available to those who are the sources of technology solutions can enable a focus on the global problems identified above. Company founders depend upon the encouragement and aid of helpers, including lawyers, accountants, bankers and business advisers. Those who start firms that succeed in growing have individual confidence, a willingness to take risk and an orientation towards partnering.
3. *Societal Capital*. Regions and nations need to cultivate: (a) values and attitudes in support of business (and profits) as being legitimate and important; (b) an appreciation of the risks involved in business creation and that failure necessarily accompanies success at the societal level; and (c) the rules and regulations that support both the entry and growth of new firms. We need to recognize that long-term persistence is required.
4. *Risk Capital*. This capital is essential for entrepreneurs to succeed. This is especially true on a global basis for early stage capital which is in short supply. In developing countries the shortages persist even for established firms that need capital in the range of US\$ 10,000 to US\$ 1 million. Risk capital will be most effectively placed and used when provided by knowledgeable investors, and when accompanied by strong linkages to experience-based involvement, skill-building and mentoring. Governments and foundations have an important role in supporting programmes that stimulate the provision of that capital and that help provide those business-building skills.
5. *Women*. Women are a major resource that is underengaged in growth-oriented entrepreneurship. In contrast they dominate the world of microfinance and microenterprise, and contribute strong leadership to starting and running these micro businesses, especially in the developing world. The movement of these women upward towards larger impact enterprises needs to be strongly encouraged, in actions by government, foundations and multinational corporations.

Council on Entrepreneurship

Members

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Global Agenda Council on Entrepreneurship

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Faith

Overview

Religion is high on the global agenda. The claim that religion would inevitably decline with modernity – the core of the secularization thesis – has been proved wrong. Today's global challenges of war and peace, democracy and human rights, and economic and social development all have an important religious dimension. Indeed, the resurgence of religion in world affairs over the past decade has unsettled the widespread view that politics, business, society and faith are distinct spheres.

Faith is often part of the problem; tensions among religious communities can impede international cooperation, political stability, social cohesion and economic growth. But it is also potentially part of the solution: these communities are often among the most important forces mobilizing around core values such as human dignity, solidarity and social responsibility.

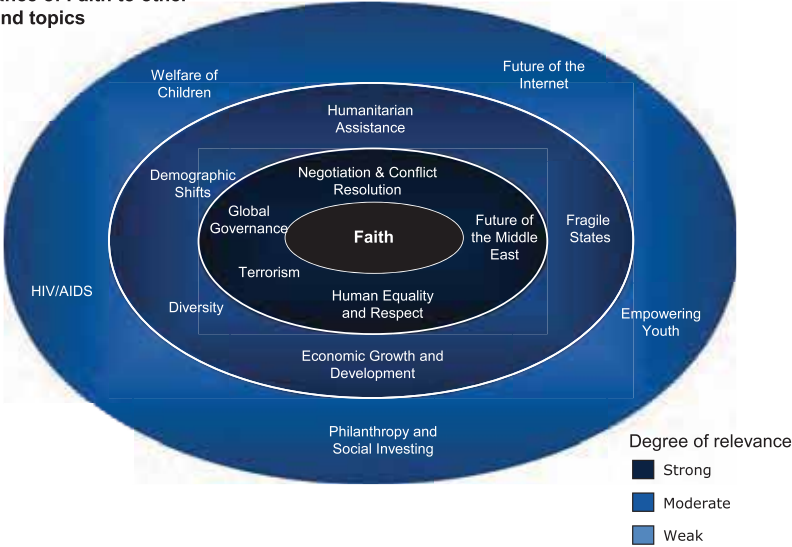
More than 80% of the world's population identifies with a religious tradition. The ethical resources of faith communities – a source of transcendent values – and their social influence are underutilized resources in building coalitions for positive change. Religious traditions prioritize human flourishing, a core value for the creation of a durable and legitimate global economic and social order. Faith communities have also been active in providing healthcare, promoting primary and secondary education and contributing to peacebuilding efforts.

No effort to grasp the evolving global agenda can dispense with religion. Any such effort must involve religious leaders in deeper dialogue with leaders in other sectors, including business, government, academia and the media.

Sessions in the Annual Meeting programme related to Faith include:

- Update 2009: The Middle East
 - Africa: Uniting the Continent
 - Update 2009: Migration and Multiple Identities
 - The Middle East: Owning Its Challenges
 - Cultural Literacy: How to Develop It
 - Faith in Religion
 - Religion and Human Rights: A Contradiction?
 - Reconciling Religion and Science in Society
-

Significance of Faith to other issues and topics



Recommendations¹

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The Global Agenda Council on Faith proposes that religion can contribute in three key areas:

1. For business: The current global economic crisis extends beyond markets. It is also a crisis of confidence and a failure of values of transparency, integrity and the public good. Religious traditions are reservoirs of ethical resources. Each tradition has its own perspective, but all speak to core values of economic and social life.
 - Dialogue among religious, political and business leaders can engage differences and highlight the shared values that inform the emerging global economic order.
 - Educational institutions and the media should place more emphasis on the role of values alongside material forces in economic life.
2. For society: Globalization has spurred an exchange of ideas, including values of individualism and equality often in tension with established social norms and cultural practices. Religious responses to globalization vary, from defensive reaction to positive embrace. Key issues include: gender, multiculturalism and the role of the media in shaping perceptions.
 - Leaders and citizens should develop new strategies for dialogue and cooperation that engage religious and cultural differences in building their societies. Secular leaders and citizens must make more room for faith-informed discourse in the public sphere.
 - This dialogue must be carried on within religious communities as well as with secular actors. The value of respect for difference is often underdeveloped among people of faith.
3. For conflict prevention and peacebuilding: The world's faith traditions embrace the values of reconciliation and peaceful conflict resolution, even where they accept recourse to violence in defence of human freedom of dignity. Violence in today's world has many roots, including economic resentments, ethnic hatreds and political grievances. Religious passions are often a contributing factor.
 - Through the promotion of interfaith dialogue and concrete peacebuilding activities, faith-based organizations can promote the negotiation of differences.
 - Education at all levels is a critical tool. It can promote religious literacy and a fuller understanding of what unites and divides the world's religious traditions, making the political exploitation of religious differences more difficult.

Over the next year, the Global Agenda Council on Faith intends to:

1. Pursue Council development tasks
 - Disseminate results of the Summit for input from other Council Members
 - Approve new name and promote the Global Agenda Councils
 - Determine the future configuration of the Council to be more representative
2. Explore spiritual capital and educational resources for: business, society and conflict prevention and peacebuilding. This exploration is to be conducted via:
 - An inventory of institutional research capacities around faith and the global agenda: consulting with other Global Agenda Councils regarding areas of engagement of religion and possible strategic partnership; circulation of a document for comment. The Councils to include are: Global Governance, Human Equality and Respect, Future of Governments, Future of the Middle East, Negotiation and Conflict Resolution
 - Possible consultation with government and business, also on areas of engagement and making religion a strategic partner
3. Publish a report (content to be determined by the results of the consultation)
4. Promote multi-faith educational materials for the Forum community

Council on Faith

Members

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Global Agenda Council on Faith

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Financial Empowerment

Overview

More than 3 billion people around the world lack access to formal financial services. These individuals live in predominantly cash economies, which are considerably more costly and insecure and offer limited opportunity to leverage income or assets for growth. Surprisingly, many of these individuals are living in countries that would not necessarily be considered “poor.” For example, regions like Latin America and Eastern Europe have a growing middle-class that has not been able to enter the financial system. Further, in light of our current financial crisis, the condition also applies to millions who in the United States and Western Europe find themselves underserved or underbanked.

Access to financial services and the corresponding financial literacy programmes gives people the ability to save for lean times, smooth consumption, provide better healthcare and education for their children, and allows entrepreneurs to start and grow new businesses. An inclusive financial system that allows the participation of billions broadens the economic base and diversifies risk.

Microfinance has opened the door to credit and savings for over 100 million people worldwide and demonstrated the power of extending financial services for the economic advancement of individuals under various sustainable models, which range from the development-based to the commercial and profitable. Building on the success stories, financial empowerment has now been expanded to include basic non-cash payment systems, affordable person-to-person transfers, effective savings schemes, accessible credit, investment and asset-building opportunities, insurance and financial literacy programmes. Yet, we have more to accomplish.

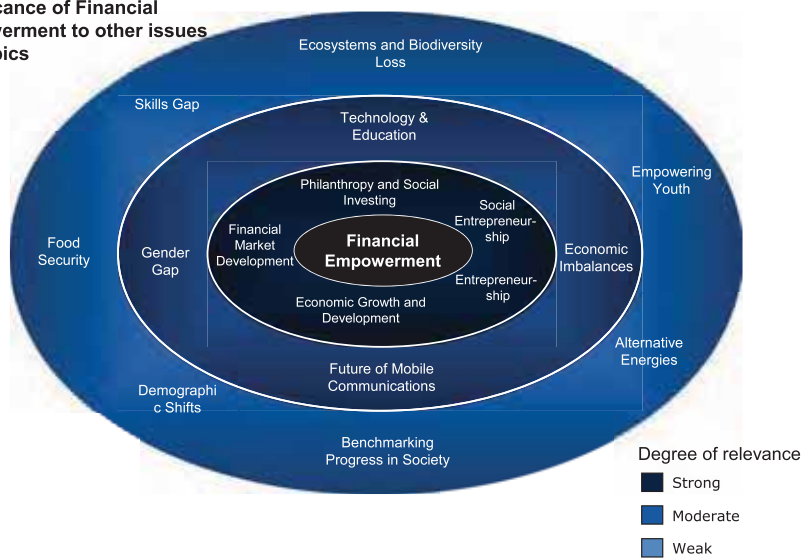
The opportunity for expanding the reach of financial markets has never been greater than it is today, and the goal of creating inclusive financial markets never more attainable. For example, the rapid penetration of mobile phone technology has created a far-reaching distribution channel unmatched by any preceding technology, setting off a rush of innovation in mobile payment solutions. Expanding global networks are reducing transaction costs so that businesses can now profitably serve customers in market segments they previously ignored.

Sessions in the Annual Meeting programme related to Financial Empowerment include:

- Update 2009: Hard Lessons about Global Imbalances
 - Update 2009: Helping Others in a Post-Crisis World
 - Business Becoming Social Entrepreneurs
 - Keeping an Entrepreneurial Edge in Tough Times
 - Fixing the Low-Skill, Low-Opportunity Trap
 - A Matter of Financial Empowerment
 - Returning to the Base of the Pyramid
 - Sustaining Civil Society in an Economic Downturn
-

The delivery of financial empowerment is limited, however, by inadequate business models and outdated regulatory frameworks that need to be adjusted to better accommodate models that are geared to the billions who were previously not considered by the traditional banking models. These banking models have relatively high fixed set-up costs that limit access to lower income consumers. For example, in some countries in Sub-Saharan Africa, it takes an average of US\$ 700 to open a checking account, and banks require applicants to provide at least four documents. Not surprisingly, only 20% of households in the region have an account at a financial institution, and in some countries account ownership is as low as 5%. This pattern persists not only between countries, but within them. As examples of alternative financial service models, partnerships between financial institutions, retailers and mobile operators can provide the opportunity to reach these underserved customers in an economically sustainable manner.

Significance of Financial Empowerment to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Financial Empowerment proposes that:

On the regulatory front, the regulatory bodies supervising the telecommunication and banking industries, especially in low- to middle-income countries must review and update the corresponding policies in light of the opportunities for financial inclusion brought forth by the new technologies and business models. While government regulation plays a crucial role for creating stability and averting financial crises, they often inadvertently hinder the expansion of financial services to the poor. For example, deposit and transaction taxes can keep people from moving away from an informal and inefficient cash economy, and extraneous “know-your-customer” rules for small transaction accounts make it more difficult for virtual banking to develop. Unless countries start to examine how their existing policies hinder this type of entrepreneurship, they will fall behind this revolution.

The Council proposes to compile a set of principles together with regulators and other actors that outlines best practice for regulation of financial services, in order to allow maximum access to financial services by all groups of society.

New technology, especially mobile communications, should be used to make financial services accessible to currently underserved groups of society. Governments and multilateral organizations have an important role to play in stimulating this type of private sector innovation. For example, by moving their existing transfer programmes into an electronic platform, local governments can encourage the adoption of new systems while providing the scale that is necessary to bring transaction costs down.

During the Summit on the Global Agenda, the Council for Financial Empowerment also identified the need to create and innovate in conjunction with the Councils for Financial Market Development, Economic Growth and Development, Future of Mobile Communications, Entrepreneurship and Food Security. Through our collaboration, we hope to address some of the challenges outlined above, particularly those related to the redesign of regulations and the development of innovative business models that promote inclusion, financial literacy, the expansion of delivery channels and the lowering of transaction costs.

Council on Financial Empowerment

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* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on Financial Empowerment

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Financial Market Development

Overview

For emerging markets, there are two broad policy areas related to the development of their financial systems: post-crisis models for financial system development and the integration of these financial systems into the international regulatory architecture.

Empirical findings illustrate the beneficial impact of financial market development on overall economic growth and improved economic opportunity for individuals. In light of the financial crisis, a reassessment of the relationship between governments and financial markets has begun. Research supports the generally positive roles of privately-owned financial institutions and market competition in promoting growth and opportunity. Nevertheless, pervasive market failures and the global reverberations of the current crisis highlight the value of domestic and global regulatory systems that provide sound incentives for private market participants and that limit systemic risk. Government intervention to save an unprecedented range of financial institutions has affirmed and expanded social expectations of the role of government in finance.

Recent developments warrant a sober review of financial policies along multiple dimensions.

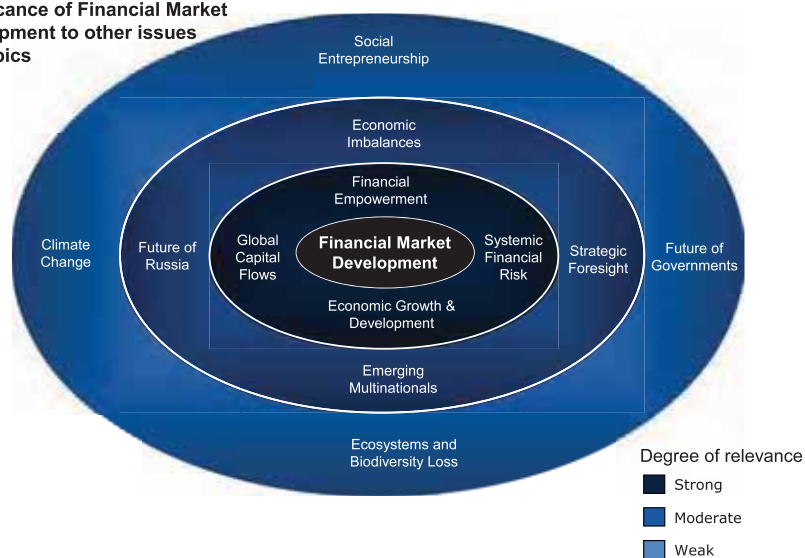
1. Legitimacy and accountability: The crisis has shaken the overall legitimacy of national and international financial policies and institutions. The recent crisis has exposed sizable gaps in the risks and activities addressed by regulatory organizations.
2. Global regulatory architecture: Financial markets are global, suggesting the value of a regulatory architecture that looks beyond national borders. One of the persistent problems in international organizations is to balance legitimacy, which requires wide membership, with agreement, which typically becomes more difficult as a group expands. Within finance, a second problem is that regulatory authority is, and is likely to remain, national due to deeply ingrained differences in legal systems.
3. Multidisciplinary nature of financial policy: The crisis advertises inadequate communication and coordination among policy-makers focusing on particular issues, including monetary policy, macro-prudential regulations and the particular activities of financial institutions, including lending, underwriting, insurance, derivatives trading, etc. For example, the burgeoning credit default swap market produced systemic risks that were not adequately addressed by the insurance regulators overseeing the writing of these contracts, or by bank supervisors charged with limiting bank risk-taking.

Sessions in the Annual Meeting programme related to Financial Market Development include:

- Update 2009: The New Economic Era
 - Update 2009: Hard Lessons about Global Imbalances
 - CNBC Debate: No Way Back
 - 2009 World Economic Brainstorming: Navigating the New Economic Landscape
 - Financing Industry in an Era of Capital Scarcity
 - Financial Recovery: A Long Journey Ahead?
 - Scenarios for the Future of the Global Financial System
 - The Bank of the Future
-

4. Regulatory system adaptability: Regulation must adapt to financial innovation to maintain sound incentives. For example, credit rating agencies worked well for much of the last century. However, the boom in structured products and the hiring of credit rating agencies to both create and rate those products produced powerful conflicts of interest. Credit rating agency profits and employment boomed. Regulators did not adapt.
5. Capacity of regulators: As financial markets and institutions become more complex and more global, the burden on financial policy-makers has grown dramatically. Those involved in financial policy-making must assess the incentives of individual actors, as well as systemic risk. Financial policy analysts must examine national economic conditions, international developments, and also write very detailed laws and regulations regarding contracts, markets and transactions. Thus, financial policy involves the involvement of macroeconomists, financial economists, lawyers, regulators, political scientists and private market participants. There is a growing concern, in developed and emerging economies alike, about the capacity of financial policy-makers to obtain and marshal these skills effectively, quickly and on an ongoing basis.
6. Governance of financial institutions: Recent visibility of “non-correlated” executive bonuses are symptoms of the larger failures of shareholder governance over financial institutions. The inability of owners to deter individuals or divisions from undertaking decisions which are contrary to the long-run profitability of firms highlights the need for better private governance mechanisms.

Significance of Financial Market Development to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Financial Market Development proposes the following:

1. **Legitimacy and accountability:** At the global level, the representation of emerging market economies in international regulatory bodies as commensurate with their economic importance will enhance the legitimacy of these bodies. The relevance of international bodies will be improved if there are mechanisms and incentives for domestic regulatory agencies to act on their recommendations.
2. **Global regulatory architecture:** There is the potential to fortify an existing international regulatory body or regulatory bodies (such as the Financial Stability Forum) or create a new, more robust organization which would still allow for heterogeneity across domestic regulatory regimes. Features of this organization might include:
 - Staffing depth to monitor developments in global financial systems
 - The development of a set of core principles of effective regulation implemented in a consultative capacity to domestic regulatory bodies
 - The discouraging of unhealthy and potentially destabilizing “regulatory competition” between countries
 - The comprehensive monitoring of the full range of financial market activities, perhaps working with existing specialized international bodies.
3. **Multidisciplinary nature of financial policy:** Regardless of the precise institutional form, the current crisis reminds us of the importance of developing greater capacity to assess risk across a wide range of financial market activities. This includes the systematic monitoring and assessment of macroeconomic indicators as indicators of systemic risk.
4. **Regulatory system adaptability:** Regulation should not thwart financial innovation, which is a crucial input into technological innovation and entrepreneurship – it should move in tandem. The international community needs to help countries overcome the political challenges of creating financial regulators powerful enough to adapt to financial innovation, yet not so strong as to abuse those powers and distort the effectiveness of the financial system.
5. **Capacity of regulators:** Effective financial policy involves the coordinated deployment of an integrated range of skills spanning such areas as macroeconomics, law and corporate governance. This capacity is needed at both the domestic and international levels and can assist emerging market countries in learning from the current crisis, assessing systemic risks and limiting excessive risk-taking within a competitive, market-oriented system.
6. **Governance of financial institutions:** As emerging market financial institutions become more widely-held, rather than having large, controlling owners, recent events advertise the urgent need to strengthen shareholder protection laws, empower shareholder governance over financial institutions and reform management incentives.

Council on Financial Market Development

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* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on Financial Market Development

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Forum Lead: Kevin Steinberg

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Food Security

Overview

Food security and adequate nutrition is a fundamental human need. Over 1 billion people are now hungry – a number which rose by nearly 120 million in 2008 due to the food crisis. It is unacceptable that one-sixth of the world's population does not have access to adequate food and nutrition.

Food security is likely to further deteriorate in the coming five years, due to the dual impacts of the food crisis and the global financial crisis. These are likely to constrain economic development in general, and agricultural investment specifically. Following the difficult years ahead, global food security could either improve steadily or worsen dramatically, depending on the actions we take now.

Food security has substantial impacts on economic growth, human health and productivity – as well as political stability and security. In 2008, more than 60 countries experienced food-related protests and riots.

The world will need to double food production in the next 40 years to meet projected demand. However our ability to meet current and future production needs is challenged by increasing water scarcity, climate change, and volatile energy costs and supplies. New, environmentally sustainable solutions for food production must be developed to jointly address food, water and energy needs in an integrated way.

Economic growth can improve food security, but growth alone will not solve the problem – particularly for issues of child nutrition. For example in India, despite impressive rates of economic growth and poverty reduction in recent years, child malnutrition remains at around 45%. In Africa, growth in the agriculture sector is central to both food security and economic growth. The strong potential to create such agriculture-sector growth is now constrained by the financial crisis and economic recession, which will bring reduced income and employment as well as capital constraints. Stakeholders will need to operate within and develop new ways of overcoming these constraints.

New solutions must address the needs of those who lack access to affordable food and adequate nutrition. A new architecture of food production and distribution systems must be developed, integrating local communities and smallholder farmers into larger production and distribution systems. Women, who make up the majority of farmers and entrepreneurs in many areas, are central in implementing such solutions.

Sessions in the Annual Meeting programme related to Food Security include:

- Update 2009: Helping Others in a Post-Crisis World
 - Update 2009: Managing Resources for the Long Term
 - Update 2009: An Integrated Approach to Energy, Food and Water Security
 - Mending the Holes in the Food Safety Net
 - Fresh Solutions for Food Security
 - Unlocking the Food Chain
 - Is the Right to Food an Illusion?
-

Recommendations¹

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- I. Expand capacity to address the urgent needs of the most vulnerable
 - Engage the private sector to address children’s nutritional needs in partnership with community organizations and the public sector. Establish multi-stakeholder dialogues to address the critical nutrition needs of children under two years of age; further promote breastfeeding; explore lessons learned and new pathways to appropriate distribution and use of complementary foods
 - Establish a negotiation process on key agricultural trade issues that directly affect food security, especially to allow emergency food-crisis provisions for grains. This could form part of a new Food Aid Convention.

- II. Leverage greater productivity of food and agriculture systems
 - Prioritize agricultural technologies needed to improve food security, and accelerate R&D efforts to develop and deploy them
 - Build critical mass in improving food value chains by focusing a “grand coalition” of key private and public actors on efforts in 6-10 countries
 - Develop rural private-sector services in the financial ICT and logistics sectors, to leverage agricultural productivity by smallholder farmers, particularly women
 - Engage youth in agriculture by strengthening entrepreneurship, capacity-building and outreach targeted to business opportunities along the food value chain
 - Establish a “talent exchange” to engage private-sector specialists in organizations working along the food value chain, targeting concrete needs.

- III. Improve leadership focus and decision-making in addressing food security
 - Establish an annual report-card for food production systems at the country level, based on specific indicators of food value chain functions, to measure, rank and track progress on issues
 - Develop food security strategies in close collaboration with the energy and water sectors to ensure a sustainable, mutually complementary and reinforcing approach that jointly addresses climate change
 - Develop codes of conduct for best practices for large-scale investments in food and biofuel production in developing countries to be win-win for the investor and the local communities
 - Support government leadership to both highlight successes (e.g. food production in Ghana, Malawi, India, Vietnam) and to support governments in addressing gaps (e.g. malnutrition in South Asia)
 - Support decision-making through improved information systems on national and community food security status supported by ICT access and content
 - Develop a shared advocacy strategy to advance key action priorities through global and regional leadership fora and events.

Council on Food Security

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***Carl Hausmann**, Chief Executive Officer, Bunge North America, USA

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***Trevor Manuel**, Minister of Finance of South Africa

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***Kendall J. Powell**, Chief Executive Officer, General Mills, USA

***Geeta Rao Gupta**, President, International Center for Research on Women, USA

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Fragile States

Overview

Fragile states lack the capacity or willingness to preside over development, reduce poverty, ensure security and defend the basic rights of citizens. As a result, they pose serious threats to global stability and prosperity, as well as to the well-being of their own citizens. In the decades to come, the world is likely to see increasing state fragility, particularly in the global South.

Key “drivers of fragility” are:

Underdeveloped economy: Fragile states are characterized by low levels of economic growth, structural inequalities and lack of economic opportunities.

Exclusionary elites: Fragile states are often characterized by patterns of elite coalitions, which are exclusionary, thus creating conditions for aggravated conflict.

Divided societies: Problems of social exclusion and horizontal inequalities will continue to plague these societies and create conditions for exacerbated conflict.

Health: Fragile states face the brunt of the socially and economically degenerative impact of malaria, tuberculosis and HIV/AIDS with little access to basic healthcare for large percentages of their populations.

Demographic trends: In many fragile states, high fertility remains in conditions where populations remain largely rural and exist on extremely low bases of agricultural productivity.

Criminality: Because of weak capacity in security and policing and due to porous borders, fragile states are often havens for criminal activity that further weakens state and societal institutions.

Environment: Fragile states by definition are among those likely to be hardest hit by processes of climate change, not only due to their geographical location, but also because they have limited capacity within the state and weak economic foundations to confront problems of climatic volatility (floods, droughts, etc.).

Remittances and migration: Many fragile states depend on remittances as a major source of foreign exchange and investment. Opportunities for migration out of fragile states have acted as an important safety valve for poor and unemployed populations. The economic crisis is likely to see fewer opportunities for people to emigrate, fewer employment opportunities abroad, and an overall decline in remittance earnings.

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

- Update 2009: Crises to Prevent at All Cost
 - Update 2009: Africa
 - Update 2009: The Return of State Power
 - Update 2009: Threats to Society
 - The Future of Development Assistance
 - Afghanistan and Pakistan: Key Countries on the Global Agenda
-

Infrastructure: Fragile states are in dire need of infrastructure creation as the basis to expand economic production. Investment in infrastructure projects, with the decline in demand for primary commodities, is likely to dry up in the foreseeable future.

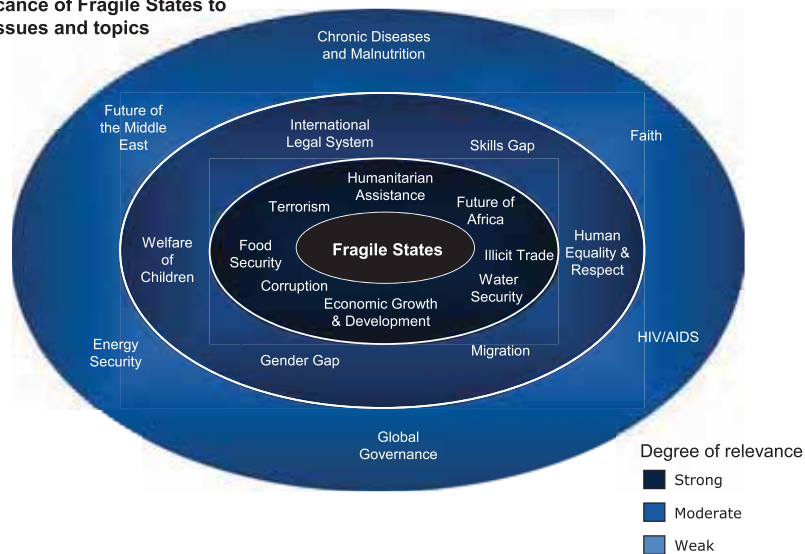
The current economic crisis will fuel further state fragility. It is likely to have major implications for fragile states that might cut in more than one direction, representing both threats and opportunities. In terms of aid, there is a real danger that OECD countries may reduce their planned expansion of foreign assistance. This could have a devastating impact in fragile states that are heavily dependent on budget support. At the same time this may precipitate the more efficient deployment of scarce aid resources.

The crisis will also usher a rethinking of the role of the state. The intervention by major OECD countries in their financial systems looks set to provoke a reconsideration of the role of the state in regulating markets and ensuring they serve the goals of development. This could have major knock-on effects in fragile states, as a changing paradigm of state-market relations allows new efforts for state intervention to promote business and economic growth. This needs to be pursued without suffocating market opportunities.

The crisis may bring in new globalization regulation, thus mitigating those dimensions of globalization least favourable to the global South. The crisis also suggests new forms of governance of the global system. The G7 is inadequate and a move to a G20 model now seems imperative. Such a move could be favourable for addressing the conditions of state fragility.

Demand for primary commodities is likely to decline; as many fragile states are exporters of primary commodities, the expected boom in demand which it was hoped would fuel economic growth is likely to disappear, at least in the near future. A decline in primary commodities will represent loss in investment and in what most fragile countries rely on as their major source of revenue.

Significance of Fragile States to other issues and topics



Recommendations¹

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The Global Agenda Council on Fragile States proposes that:

The drivers of fragility are context-specific and require context-specific responses, not simplistic institutional transfers or “one-size-fits-all” reform templates. Responses to state fragility should recognize the interconnections between the local and global drivers of fragility (environmental, economic, health, conflict, migration, employment, etc.).

Investing in effective and inclusive states must be at the centre of any response and requires action at the national, regional and international levels. Responses should avoid the temptation to bypass states and focus solely on civil society institutions, which are important, but can only themselves function within a framework of minimally effective state institutions. Effective states must perform core functions including security, taxation and the rule of law, and develop a capacity to generate political and social compacts to promote inclusive economic and social development. The existence of state institutions capable of performing these functions is necessary to diminish fragility and reduce the risk of state failure.

Action Agenda:

Both state and non-state actors need new models of international engagement. These should be based in mutually beneficial and accountable compacts that promote effective and inclusive states, economic development and sustainable local capacity. When it comes to promoting inclusive growth and marginalizing criminal and corrupt activities, global private actors can be part of the problem – but they can also be part of the solution.

- The aid reform agenda should be pushed vigorously. Aid practices that displace local capacity, create high coordination costs and block the emergence of effective local public management systems have to change. The first option for donors must be to use local systems and budget and accountability processes. Technical assistance must be jointly managed and monitored by the donor and beneficiary state for effectiveness and efficiency.
- At both the national and international levels, states and private actors should work together to develop stronger and more comprehensive normative and legal frameworks relating to corporate behaviour in fragile states. Such frameworks should encourage transparency and accountability, e.g. voluntary standards like the Extractive Industries Transparency Initiative and legal frameworks such as anti-bribery legislation. Corporate actors from emerging economies should be brought into these frameworks. An effort should be made to strengthen the accountability of accountants and lawyers working for the corporate sector.
- Private philanthropic actors should abide by the same standards as official development aid and development sectors.
- Developed countries should remove trade barriers and distortions that hold back exports from fragile states.
- We need to reassess approaches to security sector reform (including disarmament, demobilization and reintegration programmes, which have rarely been effective). The international community should develop uniform standards to ensure common approaches embedded in a rule of law framework. In particular, military assistance standards should be developed to ensure coherence in doctrine, training and equipment, and to ensure that military assistance promotes the creation of militaries that are capable both of national defence and social protection, within a framework of civilian control, transparency and the rule of law.

Council on Fragile States

Members

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Global Agenda Council on Fragile States

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Future of Africa

Overview

The future of Africa is relevant to both Africans and non-Africans. The fate of about 1 billion people who live in Africa today is clearly tied to the fortunes of the continent. For many of the non-Africans however, it is simply unconscionable that fellow human beings live in conditions that others left behind generations ago. Many challenges persist and damning statistics underline the urgency: every 3.6 seconds someone dies of hunger; of the 1 million people who die of malaria each year, Africa accounts for some 90%. Research points to poor governance, to corruption, to the fact that medical research needed against African diseases is simply unprofitable. Africa is the second-largest continent in area and population, and perhaps the richest of all in terms of natural resources, yet its people are among the poorest in the world.

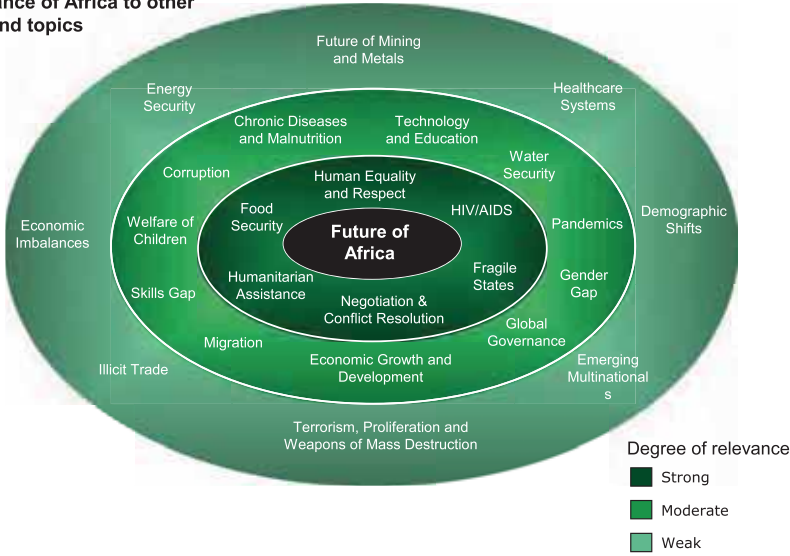
Recent trends look promising however. Over the past decade, Africa's real GDP has risen steadily: 4.3% (2003) to 5.7% (2007). This growth has come with much optimism but it remains to be seen whether it will indeed transform the region or whether a slump in global demand for commodities will see a return to the atrophy of the 80s. Yet there is reason to smile: of the 18 non-oil producing economies that have been growing at an average of 5.5% over the past decade, 12 are fully-fledged democracies that have experienced a significant increase in development assistance flows over the same period. These trends have supported or been supported by other trends including a continuous rise in investments in Africa and burgeoning trade relationships.

Some of the biggest challenges today include finding a way to break resource dependency. Much of the trade and investment is linked to the extraction of resources. Capital intensive extractive industries leave many African economies struggling to create enough jobs for the youth. Without these jobs, returns to education are low, creating a vicious cycle of low education and low employment. Nonetheless, a recent Economist Intelligence Unit forecast suggests that 15 out of the 20 fastest-growing economies in 2009 should come from Africa while only one African country (Zimbabwe) is expected to be among the slowest-growing 20 economies.

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

- Update 2009: Africa
 - Africa: A Safer Bet than Most
 - The State of Africa
 - The Africa You Don't Know
 - Infrastructure for the Developing World
-

Significance of Africa to other issues and topics



Recommendations¹

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The future of Africa lies in the hands of its peoples. Its development is primarily the responsibility of Africans themselves. All engagement by outsiders should recognize this fundamental principle contained in the NEPAD declaration.

The Global Agenda Council on the Future of Africa proposes that:

- On the current financial crisis: African governments should resist over-reaction against market forces, The impact on Africa should be considered in discussions on the financial crisis; the donor community should not renege on aid commitments
- On business and the economy: Increase international investments in Africa and create a fund to support African enterprises; Propose that Sovereign Wealth Funds spend at least 1% of their funds in Africa
- On trade: Eliminate tariffs on intra-African trade and factor in adjustment costs; Negotiate trade with the EU at the African Union level; Deliver on Aid for Trade pledge; Conclude the Doha deal
- On governing Africa: Take ownership of challenges facing African countries; Support and strengthen NEPAD and boost the Peer Review Mechanism; Strengthen civil society across Africa; Craft a lasting response to emerging crises and protracted stalemates; Name and shame in cases of corruption
- On global governance: Increase Africa's voice in global governance institutions
- On infrastructure: Build more ports in Africa and increase efficiency, build roads, railways and other land transportation infrastructure; Focus on supporting the recently launched pan-African infrastructure fund
- On education and skills: Ensure that foreign investors engage in skills transfer; Commit to universal primary education and engage in specific efforts to boost education for girls; Promote real partnerships between African and other universities
- On agriculture: Eliminate developed market subsidies on domestic farm produce; Open global markets to agricultural produce from Africa; Invest in agriculture in Africa; Support the German proposal for getting funds from OPEC for investment in African agriculture
- On food security and hunger: Maintain the discourse on the very relevant food and fuel crises
- On the media: Create a pan-African newspaper and create an "IRIN"-type distribution for good news stories from Africa (a good-news story published every week from each of Africa's 53 nations); Support the BBC World Service Trust's Media Fund for Africa
- On branding and perception: Share Africa's positive stories and reinforce the desired brands
- On aid: Advocate for increases in aid (scale up what works) and reform of the aid architecture and publish what donor agencies "fund"
- On human rights, humanitarian assistance and conflict resolution: Improve early detection of crises and conflicts, and ensure continued support for UN/AU missions through advocacy
- On mining and resource extraction: Consider the impact of the economic slowdown on communities that depend on the activities of mining companies for their livelihoods
- On China: Engage Chinese leaders in dialogue about their investments in and approaches to Africa
- On energy: Facilitate coordination on the management of Africa's energy resources, and advocate major concentrated solar/thermal investments to provide benefits for Sub-Saharan Africa
- On sports: Ensure that all of Africa enjoys the benefits of South Africa hosting the 2010 World Cup; Support the Class of 2015 proposal to use the World Cup to promote universal primary education; Support improved organization of sports in Africa and leverage Africa's athletes to highlight the continent
- On culture: Create a greater understanding of the diversity of culture in Africa
- On philanthropy and social investing: Identify African high-net-worth individuals and ask to engage
- On climate change: Establish carbon measuring and monitoring capacity and link the Doha Financing for Development process with the Copenhagen process to advocate for carbon finance for development
- On migration: Support efforts to create jobs in Africa.

Council on the Future of Africa

Members

Co-Chairs:

***Graça Machel**, Chairperson, Foundation for Community Development (FDC), Mozambique

***Nkosana D. Moyo**, Partner, Africa, Actis, United Kingdom

Tajudeen A. Adeola, Founder and Chairman, Fate Foundation, Nigeria

David K. Adomakoh, Managing Director, TisoGroup, South Africa

Richard Dowden, Director, Royal African Society, United Kingdom

Jamie C. Drummond, Executive Director, DATA (DEBT, AIDS, TRADE, AFRICA), United Kingdom

William Easterly, Professor, Economics Department, New York University, USA

Obiageli Katryn Ezekwesili, Vice-President, Africa Region, World Bank, Washington DC

Mo Ibrahim, Chairman, Mo Ibrahim Foundation, United Kingdom

Samuel E. Jonah, Chairman, Jonah Capital, South Africa

Calestous Juma, Director, Science Technology and Globalization, Belfer Center for Science and International Affairs, Harvard University, USA

***Donald Kaberuka**, President, African Development Bank, Tunis

Stephen Lussier, Executive Director, De Beers Group of Companies, United Kingdom

Miles Morland, Chairman, Blakeney Management, United Kingdom

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

***Maria Ramos**, Group Chief Executive, Transnet, South Africa

Salim Ahmed Salim, Member of the Board, International Crisis Group, Belgium

***Michael W. Spicer**, Chief Executive Officer, Business Leadership South Africa, South Africa

***Peter Sullivan**, Group Editor-in-Chief, Independent Newspapers, South Africa

***Raenette Taljaard**, Executive Director, Helen Suzman Foundation, South Africa

***Jubril Adewale Tinubu**, Group Chief Executive, Oando, Nigeria

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Africa

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Future of Australia

Overview

Today, Australia has the most robust economy in the OECD and is one of the world's oldest democracies. Australia's relative isolation and challenging environment have led to a history of social, political, scientific, artistic and economic experimentation. Success has neither been consistent nor guaranteed – growing out of hard lessons learned through a fair share of failures. The result has been a diverse yet cohesive society.

The Global Agenda Council on the Future of Australia rejects the language of fear that infects the global response to current economic circumstances.

Australia believes in pragmatic optimism founded on:

- confidence in the power of good leadership
- confidence in both Australia's and the world's popular capacity
- confidence in the existence of real options and opportunities.

No longer isolated by time or distance, the future of Australia will shape and be shaped by the region and the wider world. Australia is willing and able to play an active role in facilitating a response to current and future challenges with the following guiding principles:

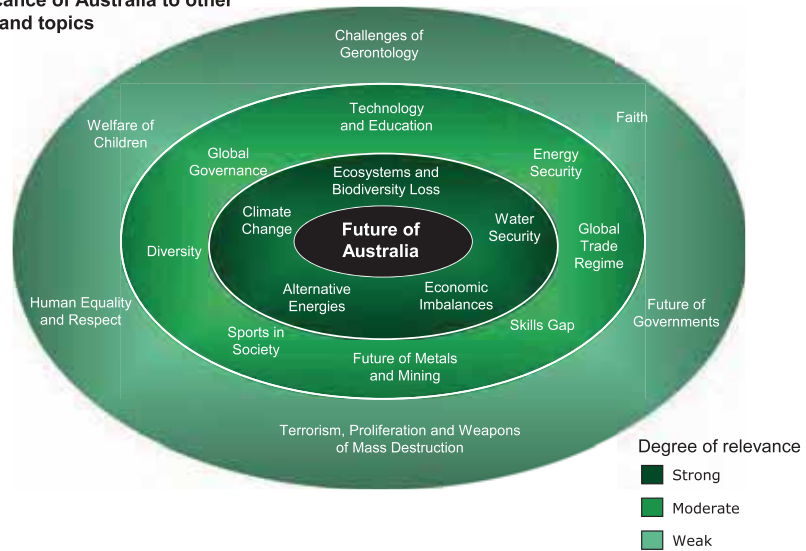
- The future of Australia is inextricably linked to the future of the world and global solutions
- The financial crisis hasn't overtaken other global issues – we must reject the “parochialism of the present”
- Continued experimentation and learning is valuable
- There is a need for firewalls (but not protectionism) in a globalized world
- Globalization does not equal universalism
- A stable future must be designed and built – recognition and conversation are key, particularly on the issue of Asian security
- Australian culture must be balanced as a diverse, multilingual society that is old and wise as well as young and free.

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

- Update 2009: The Global Talent Equation
 - Update 2009: Controlling Climate Change
 - Update 2009: Dealing with Dangerous Demographics
 - Update 2009: Asia
 - Dealing with Deforestation
 - China, India and Japan: Asia's Big Three
 - Growth via Travel and Tourism
-

Current global institutions are inadequate for contemporary challenges. The world is ill-served by political, business and community leaders who are mastered by fear, abandon their capacity for vision and lose themselves in petty detail. Demonstrably successful solutions do exist.

Significance of Australia to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Australia proposes the following:

1. A New Overarching, Coordinating Global Framework

Australia will support sustained and sustainable globalization through a new coordinating framework to facilitate effective cooperation between national systems of wealth generation and regulation. Based on robust international institutions, representation should reflect the realities of economic power.

2. New Sustainable Modes of Wealth Generation

The current situation requires a better approach to economic development. Australia must seek to meet human needs within the limits of natural systems, and demonstrate the practical means to achieve socially, environmentally and economically sustainable modes of wealth generation.

3. Value in Experimentation, Failure and Learning

Australia has significant experience with social and institutional design as well as considerable success in addressing difficult development issues, including HIV/AIDS and water security. Australia can contribute by experimenting and sharing lessons from both successes and failures, particularly the strength of the country's macroeconomic frameworks, regulatory institutions and standards, environmental reporting, technological research, human rights and water management.

4. Indigenous Economic Development

Australia should develop a model of indigenous economic development as a matter of justice and national opportunity. The rural indigenous populations of Australia, while poor and lacking social, technological and economic capability, own 20% of Australia's land mass in a variety of titles. Integrating welfare reform initiatives with economic development and the potential for indigenous Australians to participate in the "green economy" through taxation reform and economic incentives will result in durable outcomes.

5. Deep Regional Engagement through Dialogue, Education, Culture, Business, Sports and the Arts

The global financial turmoil has accelerated the shift of economic and associated power from the North Atlantic to the Asian region. This creates challenges, particularly for failed/failing states, and will require sacrifices from all affected countries, if geopolitical arrangements are to adjust peacefully to new realities. Australia will contribute actively to discussions around a new framework of regional and global governance. Regional institutional development within the Asia-Pacific region is necessary and requires thoughtful design and pragmatic conversations between all relevant players.

Council on the Future of Australia

Members

Chair: ***Michael J. Roux**, Chairman, Roux International, Australia

Douglas N. Daft, Director, Wal-Mart Stores, USA

Paul Dibb, Director, Research School of Pacific and Asian Studies, Australian National University, Australia

Allan Gyngell, Executive Director, The Lowy Institute for International Policy, Australia

Marcia Langton, Foundation Professor of Australian Indigenous Studies, University of Melbourne, Australia

Simon Longstaff, Executive Director, The St James Ethics Centre, Australia

Ian Lowe, President, Australian Conservation Foundation, Australia

Donald McGauchie, Chairman, Telstra Corporation, Australia

Warwick McKibbin, Executive Director, Centre for Applied Macroeconomic Analysis, Australian National University, Australia

Terry Moran, Secretary, Department of the Prime Minister and Cabinet of Australia, Australia

Doug Rathbone, Managing Director and Chief Executive Officer, Nufarm, Australia

John M. Schubert, Chairman, Commonwealth Bank of Australia, Australia

Hugh White, Professor of Strategic Studies, Australian National University, Australia

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Global Agenda Council on the Future of Australia

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Future of China

Overview

China has the largest population, the fastest growing economy and the largest foreign currency reserves in the world. As a result, its society and economy are changing dramatically at home and it is exerting a profound impact on the global system. Despite this dramatic increase in both power and prestige, China still retains the qualities of a developing country. This makes thinking through China's role and responsibility in the global system particularly interesting and challenging.

It is evident, however, that the world is not only in the midst of a financial crisis but is also facing significant challenges in the form of global climate change and rising protectionism throughout the world.

China has naturally been focused on its domestic development, but as the world has changed it has begun to place more demands on China, particularly in light of the recent financial crisis. The world should appreciate China's domestic development needs. At the same time, the idea that the way China changes the world by changing itself may have worked over the past three decades may not be sufficient for the type of strategic thinking necessary to deal with the number and range of crises at hand. China should realize that if it wants to play a constructive role in the future, it will have to participate now.

In looking ahead, continuing efforts to promote understanding and cooperation in the China-US relationship will be especially important. With China's rapid development and growing influence, the US may feel threatened at its loss of global leadership, and the relationship may become more difficult. Therefore, it is important to expand efforts to promote understanding and cooperation in the bilateral US-China relationship. At the same time, we recognize that the current international system is in flux and increasingly multipolar, and that all the large economic and political powers – the EU, Russia, Japan, China and the US – must work together.

The key topics identified for future consideration are China's role in addressing the global financial crisis, its participation in advancing consensus on global climate change through the next round in Copenhagen and its efforts to promote free trade.

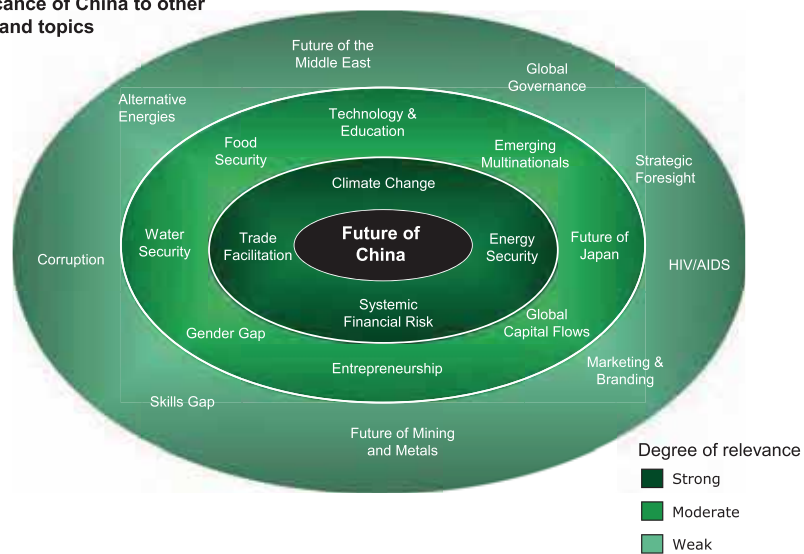
Sessions in the Annual Meeting programme related to the Future of China include:

- Update 2009: The Global Talent Equation
 - Update 2009: Controlling Climate Change
 - Update 2009: The New Boundaries of Financial Governance
 - Update 2009: Asia
 - Digital Asia: A World unto Itself
 - China's International Agenda
 - Innovation: The View from Asia
 - China, India and Japan: Asia's Big Three
 - Growth via Travel and Tourism
-

On the domestic front, China faces both danger and opportunity with the current financial crisis, and it needs to develop a strategy for the next stage of its development including industrial restructuring, talent management and social welfare issues such as social security. The demographic shift under way in China is also a critical transformational issue in this regard. Thinking through the balance between the market and regulation as well as decentralization and centralization are central points.

Fundamentally, for issues both of China's participation as a responsible global leader and in terms of addressing its domestic economic and social pressures, good governance within the domestic political system will also be a cornerstone of a responsible China today and a future leader of tomorrow. These include issues of the rule of law, transparency and official accountability.

Significance of China to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of China proposes that:

The current severe crisis has already caused China to review its domestic financial policies, encouraged China to participate in global cooperation efforts, promoted greater regional financial coordination and integration (e.g., the Asian regional credit swap facility now under consideration) and pushed China to consider improvements on the existing reform process.

Given the importance of the challenge, however, even more action needs to be taken, which might include:

- Accelerate financial reforms in China because the worst of some of the advanced capital market instruments have been fully revealed through the crisis
- Allow currency to become partially tradable, leveraging on Hong Kong's international financial centre status
- Recommend the establishment by the international community of a world central bank that has certain roles: adopting international standards in financial instruments, providing liquidity to nations, acting as an international liquidity clearinghouse/exchange
- Strengthen Asia's regional integration and cooperation via more formal mechanisms
- Cooperate with the global financial community to participate in international, systemwide reform

Regarding the challenges from Climate Change, China is a major producer of carbon emissions and recognizes that it must participate in global efforts to resolve this issue. China has a climate change action programme under way but needs to do more to achieve real progress:

- Use the trend towards urbanization to ratchet up building energy efficiency and new transportation
- Establish specific and more ambitious targets for limiting greenhouse gas emissions
- Work with the international community to develop breakthrough technologies such as carbon capture and sequestration and provide incentives and develop the institutional capacity to implement such technologies
- Apply good experience acquired from past Sino-US Strategic Economic Dialogue on collective actions to tackle the Climate Change issue. Fresh hope looms large as the new US President takes office.
- In technical terms, mount a major multidisciplinary effort by China and the US to develop low carbon funds – and jointly design a new platform to make it attractive for companies to comply with new standards.

International trade is critically important for China and, given the current crisis, China must focus on improving efficiencies in the manufacturing sector through the right incentives. China can continue to be a manufacturing centre of the world but with leading-edge technology that is environmentally and energy friendly. China shall also play a significant role in reviving the Doha round of talks.

Council on the Future of China

Members

Chair: ***Cheng Siwei**, President, China Association for Soft Science Studies, China Association for Soft Science Studies, People's Republic of China

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Hu Shuli, Editor, *Caijing* Magazine, People's Republic of China

***Jean-Pierre Lehmann**, Professor of International Political Economy, IMD International, Switzerland

Kenneth G. Lieberthal, Professor of Business Administration, University of Michigan, USA

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Eberhard Sandschneider, Director, German Council on Foreign Relations (DGAP), Germany

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Yuan Ming, Director, Institute of American Studies and Vice-Dean, School of International Studies, Peking University, People's Republic of China

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* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of China

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Future of Entertainment

Overview

From “The Way We Were” (or “Million Dollar Baby”) to Where We Are Now (or “The Perfect Storm”)

The entertainment industry is experiencing a significant reduction in ad revenues and a reduction in funding for new productions. But since people are spending more time consuming media of all kinds, some revenue streams are holding up. Traditional product gatekeepers have a significantly challenged business model (e.g. record companies) and the industry is moving from a distribution model to a consumer driven model. More media consumption and, increasingly, creation are now performed by online communities/grassroots: it is much more difficult to market to these communities. Production costs are decreasing – resulting in the growth of the semi-professional market (e.g. Nollywood).

The financial crisis has accelerated pre-existing trends and will continue to force costs out of the entertainment industry, resulting in a process of creative destruction and greater industry efficiency.

Negative influences (or “*The Times They Are a Changin’*”):

- the reduction in subsidy/philanthropy/public funding
- the question of where “quality” content will come from if traditional broadcasters and producers are in a funding crisis
- the role of regulation in creating space for new quality content – or is the free market more powerful or a complementary solution?
- whether training can help; who will fund the training?
- the reduction in public goods provided by the industry

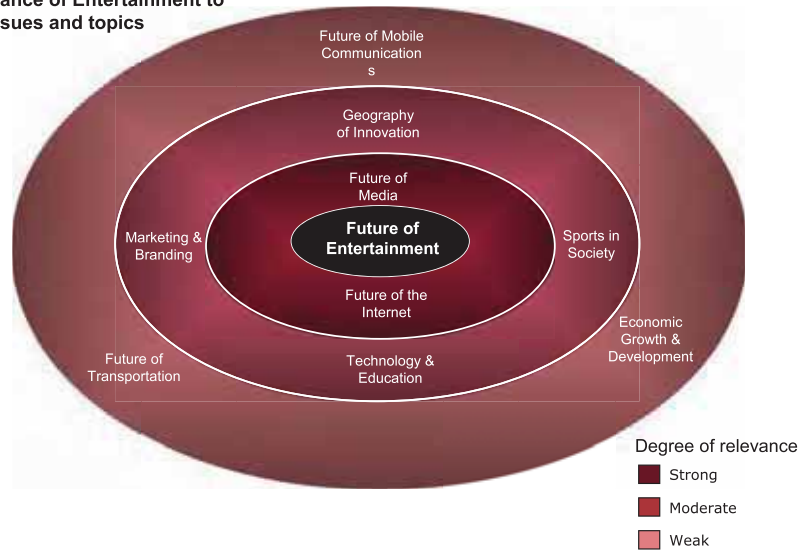
Sessions in the Annual Meeting programme related to the Future of Entertainment include:

- Digital Asia: A World unto Itself
- Update 2009: Digital Convergence Continues
- Fragility in the Fourth Estate
- From Adoption to Diffusion: Technology and Developing Economies
- Cloud Computing: The Next Big Thing?
- A New IP Strategy for Growth
- The Next Digital Experience

Positive influences (or “I Am a Camera”):

- frictionless access to audiences
- the plummeting cost of creation
- talent learning to work for less
- social networks creating new forms of demand by “word of mouth” communities, leading to new content – a possible virtuous circle
- learning from the emerging market model of low-cost, high-volume production

Significance of Entertainment to other issues and topics



Recommendations¹

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The Global Agenda Council on the Future of Entertainment proposes:

Time to do some good? (“The Greatest Story Ever Told”):

- Recognize the power of media, noting that people spend on average 8 hours consuming media (according to Veronis Suhler Stevenson)
- Acknowledge what Media & Entertainment does best: make them laugh, make them cry – Media & Entertainment as storytellers
- Influence – the Media & Entertainment industry is “the largest” influencer
- Target/reach discrete niche audiences
- Distribute more stories to more people to influence positively and to help the world understand itself through storytelling in all its forms (e.g. the performing arts, film, TV, video games)

How?

a) Call upon the world to support a new global partnership

- The development of a new conversation is needed:
 - tools to help the world tell stories using creative know-how
 - more stories = more content = more money?
 - sharing stories for mutual understanding

b) Include multimedia competence in 21st Century literacy – the next generation will communicate via multimedia; people need to be taught how to communicate/use the language of multimedia

Champions and tools are needed to achieve this vision, providing content people do not know they will love.

Examples:

- Warner Bros. Entertainment PPP with the “President’s Emergency Plan for AIDS Relief” in The Fight Against HIV/AIDS, <http://www.medicalnewstoday.com/articles/97698.php>
- World without oil, <http://worldwithouthoil.org/>
- Darfur is dying, <http://www.darfurisdying.com/>

But this change needs to be industrywide, and embedded in every organization.

Council on the Future of Entertainment

Members

Chair: ***Elizabeth Daley**, Dean, School of Cinematic Arts, University of Southern California (USC), USA

Juliet Asante, Producer, Eagle Productions, Ghana

Saul J. Berman, Partner and Global Executive, IBM Global Business Services, USA

***Sandy Climan**, President, Entertainment Media Ventures, USA

Mark Frauenfelder, Writer, Illustrator, Boing Boing, USA

Ulrik Haagerup, Head, News, National Danish Broadcast (DR), Denmark

Sherry L. Lansing, Founder and Chief Executive Officer, The Sherry Lansing Foundation, USA

Michael Lynton, Chairman and Chief Executive Officer, Sony Pictures Entertainment, USA

Daniel Sandelson, Partner, Clifford Chance, United Kingdom

David Sanderson, Partner and Global Head of Bain's Media Practice, Bain & Company, USA

Neal B. Shapiro, President and Chief Executive Officer, Thirteen / WNET, USA

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* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Entertainment

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Future of Governments

Overview

Democracy around the world is in danger. A serious crisis is in the making, due to four challenges:

1. *Collapse*: the best predictor of democratic survival is per capita income, which may fall dramatically in many countries due to the economic crisis
2. *Capture*: by interest groups, such as the capture of regulators by industry groups or the capture of governments by the military, organized crime or tribes
3. *Competition*: fairly stable authoritarian regimes exist that make the case that democracy is an unnecessary luxury or inferior
4. *Constraints*: the current economic crisis shows that national governments and domestic regulation are inadequate to deal with the challenges of the global economy. There is also a danger of protectionism and isolationism that could further undermine democratic institutions.

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

- Update 2009: The Return of State Power
 - Power to the People — Politics in the Internet Age
 - When Business as Usual Is Not an Option
 - Managing Global Risks
 - Financing Industry in an Era of Capital Scarcity
 - Design for Good
 - The EU — Model without Citizens?
-

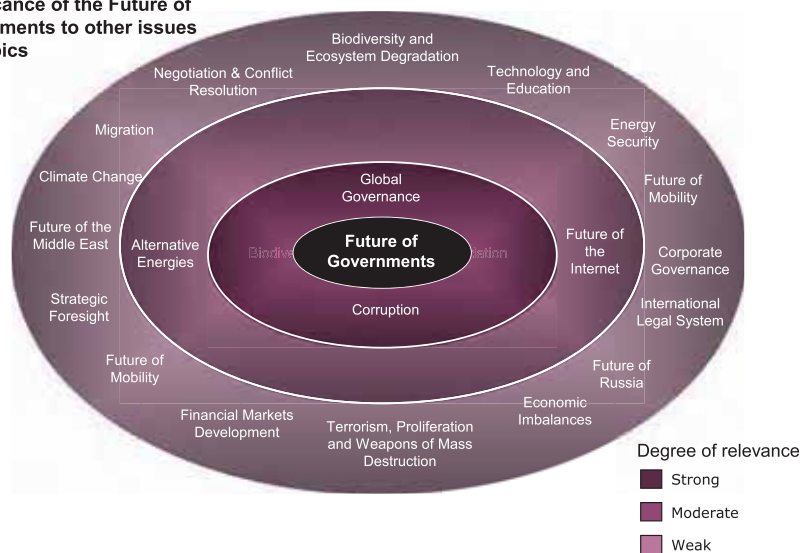
Meanwhile, the state of government services and operations are facing crises on five fronts: funding, regulation, talent, service quality and leadership:

1. *Funding Crisis*: The current economic situation and the need to underwrite the financial services industry are depleting government coffers. In many countries citizens lack basic services. Cutting costs is difficult without cutting critical government services. Government bureaucracies have proven hard to change. Costs continue to rise.
2. *Regulation Crisis*: Laws and regulations are not adequate; regulations are often interest-group controlled. In many countries adequate regulations or enforcement mechanisms do not exist. Corruption continues to be a major problem.
3. *Talent Crisis*: Governments need to compete and win the war for talent. This situation is most severe in Western Europe and Japan where there is a relative dearth of young people. A huge income gap between senior government managers and senior managers in the private sector exists. Outsourcing government services has created additional problems. Governments do not pay senior staff enough to attract them and as a result outsource to private companies – at huge costs.
4. *Service Quality Degradation*: Evidence indicates that the quality of government services is static or declining around the world.
5. *Leadership Crisis*: Trust in government has been declining for 15 years. Transforming government's operations and structures is proving to be an intractable challenge. Deep and resilient traditions combine to frustrate progress, including conflicting time frames and motives, a lack of incentives in the system to innovate, and deeply engrained cultural and institutional legacies.

The current global crisis provides not only profound dangers to governments and democracy but also creates a burning platform for change, and brings the urgency of public sector transformation to the fore. Four new forces enable a transformation of government:

1. *A Technology Revolution – Web 2.0:* The static, publish-and-browse Internet is being eclipsed by a new participatory Web that provides a powerful platform for the reinvention of governmental structures, public services and democratic processes.
2. *A Demographic Revolution – The Net Generation:* While a severe digital divide still exists, the first generation to grow up immersed in digital technologies is coming of age and emerging as a major force. Hundreds of millions of young people think differently about the role of government in society and will demand increasingly speedy, responsive and customizable public services and engaged citizenship.
3. *A Social Revolution – Social Networking:* Online collaboration is exploding and citizens increasingly self-organize to peer produce everything from encyclopaedias to operating systems to advocacy campaigns to stop global warming.
4. *A Business Revolution:* As the current economic crisis creates a crisis of government and governance, the private sector has embraced new business models that enable enterprises to innovate, orchestrate capability and engage with the rest of the world in profoundly new ways. Networked business models pioneered in the private sector hold promise for the public sector.

Significance of the Future of Governments to other issues and topics



Recommendations¹

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The Global Agenda Council on the Future of Governments proposes that:

Initial positive experiences suggest that a new kind of public sector organization is required. The breakthrough enabled by new technologies is found in collaborative, cross-organizational governance networks that leave behind outmoded silos and structures. We call this Government 2.0.

1. The Transformation of Democracy

- *A Digital Marshall Plan.* World leaders should launch a global initiative to take broadband to every corner of the world. This infrastructure can enable the adoption of collaborative innovation and new business models required for economic growth and development. It is required for an architecture of Government 2.0 and the new models of democracy. It would help develop better warning systems for problems in the global economy and enable new forms of global cooperation and governance.
- *Digital Brainstorms.* As a step towards Democracy 2.0, each government leader should create a bold citizen engagement initiative, beginning with a three-day “citizen jam” inviting all citizens to participate in a discussion on an important issue. This will lead to other programmes to engage citizens in solving important issues such as the economic crisis, climate change, corruption or other issues on the global agenda. This is not direct democracy: it is about a new model of citizen engagement, decriminalization of politics, policy development, collaboration, learning, mobilization and building up the capacity.
- *A New Accountability Paradigm for Business.* To address the current economic crisis and create sustainable businesses, governments should use their leverage as the insurer of last resort to achieve accountability of corporations. When governments underwrite financial institutions they should demand shareholder accountability. Information and communications technology can be used to achieve this.

2. The Transformation of Government

- *Reinvent Public Service Achievement to Networked Government.* A fundamental change in how governments orchestrate capability to deliver government services and operate is required. Rather than creating and delivering services through traditional structures, governments need to change the division of responsibilities in society regarding how to create services. The Web 2.0 enables governments, companies, civil society organizations and individual citizens to cooperate in forging “governance networks” that create and deliver superior services at lower cost, even on a global basis.
- *Rethink and Re-architect Human Capital.* Every government needs to develop a strategy to attract and retain talent. Governments need to hire young people, because in their culture is the new culture of work. Governments need an increased level of technology sophistication.
- *Create the Infrastructure for Accountable Government.* Consistent, reliable and transparent data is critical for accountability and to increase performance. Good comparative data drives change.

3. The Challenge of Leadership for Achieving Government 2.0.

We call on world leaders to convene a world congress on 21st-Century Government – a 10th anniversary of Al Gore’s historic Global Conference on Reinventing Government. Government 2.0 is now an idea whose time has come. Don’t regress to Government 0.0. We are proposing a new paradigm in government. It can only be achieved by strong and thoughtful leadership.

Council on the Future of Governments

Members

Chair: ***Elaine C. Kamarck**, Director, Visions of Governance for the Twenty-First Century, John F. Kennedy School of Government, Harvard University, USA

Guido Bertucci, Director, United Nations Programme on Public Administration, Finance and Development, New York

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Jane E. Fountain, Founder and Director, National Center for Digital Government and Professor of Political Science and Public Policy, University of Massachusetts, USA

***Pekka Himanen**, Philosopher, HIIT, Finland

Yuri Hohlov, Chair of the Board of Directors, Institute of the Information Society, Russian Federation

Yasar Jarrar, Partner, PriceWaterhouseCoopers, United Arab Emirates

Mart Laar, Chairman, Pro Patria and Res Publica Union, Estonia

Bruno Lanvin, Executive Director, eLab, INSEAD, France

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Toshio Obi, Director, Waseda University, Japan

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Ian Shapiro, Sterling Professor of Political Science and Director, Macmillan Center for International and Area Studies, Yale University, USA

***Donald Tapscott**, Chairman, nGenera Insight, nGenera, Canada

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Governments

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Forum Lead: Martina Gmur

Senior Director: Fiona Paua

Future of the Internet

Overview

The state of the Internet is healthy – it is growing rapidly and will grow more as billions of people in less developed countries come online. It is critical to the state of the world, as it is the major force for disruptive change, innovation and creativity. On the political front, the Internet is the refuge of free speech wherever it's under threat; and even where freedom is well embedded, the Internet empowers us to organize ourselves and our societies better.

The economic crisis may have some direct impact on the availability of capital for infrastructure investment. The business model for funding infrastructure is not always clear; telecommunications regulation is hard. However there are deeper and more subtle issues. These arise from the fact that the Internet increasingly reflects the world.

Stresses on the Internet exist: deeply transformative technologies are always disruptive, and there are losers as well as winners; several industries blame the Internet for undermining their business models. Online crime is also a growing problem. Fear of change can affect governments as well as businesses.

While the Internet unites people, many of the problems emerging from these stresses threaten fragmentation. One political driver of fragmentation is censorship, whether motivated by cultural norms or fear of dissent; it can be reinforced by linguistic fragmentation. There are also technical and business drivers. The boundary between the traditional PC-based Internet enjoyed by 1.3 billion people (largely in the developed world) and mobile communications (used by a further 2 billion in less-developed countries) is somewhat ragged. Other divisive forces are the trend to geolocated services, and the network neutrality debate – which is fundamentally a tussle between telecom and application providers.

Under pessimistic assumptions – if the economic crisis were to move the world in the Smoot-Hawley direction of protectionist fragmentation – we might easily see a similar fragmentation of the Internet. This will not just impact the trade in services and intangible goods, but also do grave harm to political freedom, artistic creativity and the community of all human beings.

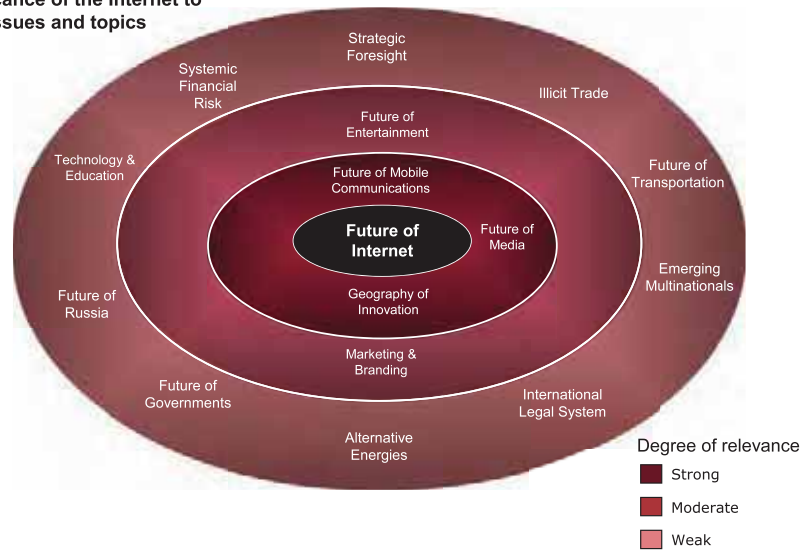
Sessions in the Annual Meeting programme related to the Future of the Internet include:

- Digital Asia: A World unto Itself
 - Power to the People – Politics in the Internet Age
 - What Was Privacy?
 - Update 2009: Digital Convergence Continues
 - Social Computing – Transforming Corporations and Markets?
 - From Adoption to Diffusion: Technology and Developing Economies
 - Innovation: The View from Asia
 - Cloud Computing: The Next Big Thing?
 - A New IP Strategy for Growth
 - Reality Mining: Changing Behaviour
 - The Next Digital Experience
 - Sociology and the Internet: A Marriage Made Online
 - New Frontiers of Conflict
 - Is the Internet at Risk?
-

But if we can maintain the Internet as the forum of the world – the place where people meet to trade, to organize and to discuss – then we can reap ever more benefits from the more perfect distribution of information to multiple points of decision-making, from the resulting more efficient production, and from growth in trade and employment. The move of many human activities online also has a huge potential to decrease the energy intensity of economic growth and development.

It is vital that we expand networks (Internet, mobile and other) beyond their current reach so as to spread these benefits more widely.

Significance of the Internet to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of the Internet proposes that:

The Internet has been one of the great economic and social success stories of our lifetime. It is not just about static information, but interaction; people can easily create networks that are independent of existing structures. It is a platform for social and technical innovation, as it has huge potential to provide wide participation and accurate feedback in solving a large number of problems. In years to come its ability to aggregate and share information will touch not just free speech, creativity and technology, but many aspects of governance and global problem-solving. To achieve this potential everywhere, the Internet must become pervasive, ubiquitous and accessible – which in turn means freedom for firms and social entrepreneurs to create the necessary tools.

The Internet has succeeded so far because it is universal, open and end-to-end. As it moves from the world of technical change into social change, these principles must be defended more than ever; it must continue to be driven by market forces and open innovation.

- The Internet should remain decentralized, with decision-making at the edge, to foster technological and business innovation – including disruptive change.
- The Internet should remain a single global interoperable set of protocols and networks with no central control and no barriers to innovation at the edge.
- Everyone should have open access to the Internet.
- Governments should therefore ensure that their telecommunications regulatory regime fosters a market for fixed and mobile network service provision that is competitive, has low barriers to entry and can sustain growth.
- Governments – like businesses – should understand that disintermediation comes with online participation, and should embrace the benefits of more modern organizational structures rather than fighting them.

As with democracy, the implementation of these principles may never be perfect, but they must remain the yardstick by which we judge our progress.

Council on the Future of the Internet

Members

Chair: ***Paul Twomey**, President and Chief Executive Officer, Internet Corporation for Assigned Names and Numbers (ICANN), USA

Chris Anderson, Editor-in-Chief, Wired Magazine, USA

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

***Winifred Mitchell Baker**, Chairman of the Board, Mozilla Corporation, USA

Robert Cailliau, Co-Developer of the World Wide Web, CERN, Switzerland

Manuel Castells, Professor, Internet Interdisciplinary Institute, University of Catalonia (UOC), Spain

Vinton G. Cerf, Internet Chief Evangelist, Google, USA

***Chris DeWolfe**, Founder and Chief Executive Officer, MySpace.com, USA

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

Robert E. Kahn, Chairman, Chief Executive Officer and President, Corporation for National Research Initiatives (CNRI), USA

***Jun Murai**, Professor, Faculty of Environmental Information, Keio University, Japan

Tim O'Reilly, Founder and Chief Executive Officer, O'Reilly Media, USA

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

Bruce Schneier, Chief Security Technology Officer, BT Counterpane, USA

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

***Jimmy Wales**, President, Wikia, USA

***Jonathan Zittrain**, Professor of Internet Governance and Regulation, Oxford Internet Institute, United Kingdom

Ethan Zuckerman, Co-Founder, Global Voices, USA

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of the Internet

Council Manager: Martin Nägele

Forum Lead: Martina Gmur

Senior Director: Fiona Paua

Future of Japan

Overview

A clear disparity exists between the global perception of Japan and its actual position and strength when examined based on objective and quantifiable criteria. For example, Japan is the world's second largest economy; Tokyo has the highest concentration of headquarters of *Fortune* 500 global companies (i.e. 50); Japan has highly advanced technologies in energy efficiency and the environment; it ranks high in development assistance to Africa. Despite this, the international media coverage of Japan is much more limited than other major economies', and Japanese government activities, such as Official Development Aid, and other actions by the private sector in Africa, for example, are not widely disseminated even in Africa.

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

- Update 2009: The Global Talent Equation
 - Update 2009: Dealing with Dangerous Demographics
 - Update 2009: Asia
 - Digital Asia: A World unto Itself
 - Innovation: The View from Asia
 - China, India and Japan: Asia's Big Three
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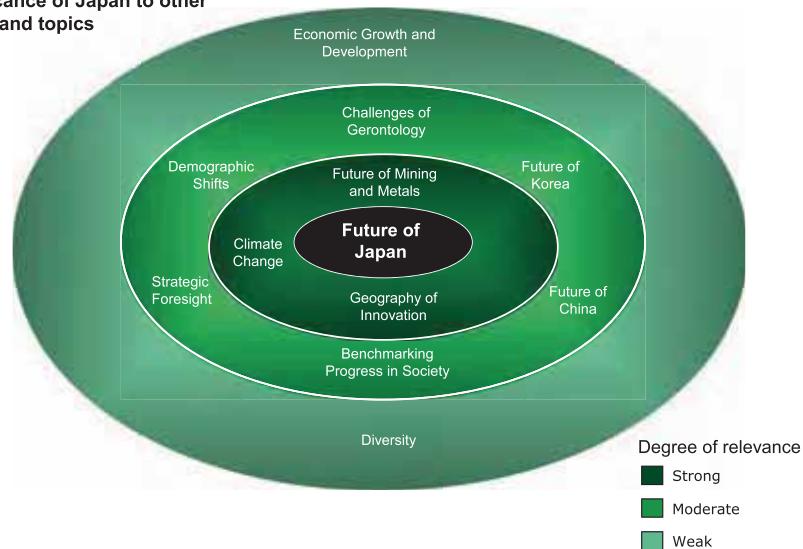
Japan is a *global player* in various fields that address global challenges but its role should be strengthened. Japan can do so at present, particularly by taking full advantage of its G8 presidency in 2008. The current global economic crisis is one of the most serious and significant in memory. The shift from the rapid economic growth that the world has enjoyed in the past decade to the current economic downturn raises the following concerns, not only for the developed world, but also for emerging economies: 1) increasing protectionism and the need to reinforce the importance of free trade; 2) challenges to international institutions such as the International Monetary Fund, the World Bank, and the World Trade Organization as well as the United Nations; 3) potential political instability in the developing world triggered by the downturn; and 4) the absence of a clear leader/country/economy that speaks for Asia as the global community seeks solutions to these problems.

As the world confronts the economic crisis, Japan should contribute to reducing the negative impacts of the crisis on the global economy, including the emerging economies of Asia and other parts of the developing world. As a leading nation with advanced technologies and know-how in the area of energy and the environment, Japan should play a critical role in addressing the challenges posed by high energy prices, climate change and other global agenda issues.

More specifically, Japan should significantly contribute by: 1) setting an example in promoting domestic demand-led growth and in fighting protectionism; 2) sharing practices and collaborating with economies in Asia to grow domestic market demand in a sustainable manner, instead of depending too heavily on the export market, particularly the United States; 3) sharing practices to address structural issues such as ageing and demographic shifts, taking advantage of its own experience as the most advanced ageing society with a low birth rate; and 4) as global governance issues are further developed, playing a constructive role in promoting Asia's regional participation and in addressing issues relating to global imbalances and disparity.

At the same time, Japan can do more to utilize best practices available from the rest of the world, for example, with respect to models from the US and Europe of economic growth and development based upon strong entrepreneurship (not only limited to the Silicon Valley model), corporate social responsibility and conflict resolution based upon the win-win principle.

Significance of Japan to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Japan proposes that:

- Japan should contribute to the world by sharing experiences of resolving the serious financial problem it experienced a decade ago. Japan has not suffered from the current financial crisis as seriously as the United States and Europe, as it worked over a decade to strengthen its financial system in response to its own financial crisis. Japan's structural condition prevented the Japanese financial service industry from having similar problems again. Hence, Japan can contribute significantly to sharing best practices as well as negative experiences to resolve the current crisis.
- Japan should contribute to the world by capitalizing on its excellent technologies in energy and the environment. For example, Japan leads the world in energy efficiency calculated in terms of CO₂ emission/GDP. By providing such energy efficient technology to the rest of the world, it can be a global leader in addressing the current energy and environmental crisis. However, this fact is not well known to global stakeholders due to the inadequate way these technologies have been showcased. Hence, Japan should re-examine the way these technologies are presented to the world and marketed.
- Japan should contribute by sharing its best practices and collaborating with other nations in areas where Japan is a global leader. These areas include measures to address ageing and the demographic shift, and its healthcare system that contributes to long life expectancy, among others. By spearheading the problem-solving in these areas, Japan can become a role model for other countries as the need to address these world issues intensifies.
- The Council on the Future of Japan will develop strategies to strengthen the role of Japan as a global player. The Council will hold further meetings to develop these initiatives and discuss ways to enhance Japan's leadership role and the awareness of its contributions and capabilities. The Council will also consider the possibility of holding a gathering of Japanese leaders from government, business, media, academia and civil society to discuss how Japan could enhance its leadership role as a global player. Council Members will share articles and papers written by its Members on the WELCOM platform to disseminate their knowledge and best practices to key stakeholders.

Council on the Future of Japan

Members

Co-Chairs:

***Kiyoshi Kurokawa**, Science Adviser to the Prime Minister, Cabinet Office of Japan, Japan

***Heizo Takenaka**, Director, Global Security Research Institute, Keio University, Japan

***Yuichiro Anzai**, President, Keio University, Japan

Ichiro Fujisaki, Ambassador of Japan to the United States of America

***Motohisa Furukawa**, Member of the House of Representatives, Japan

Yoshinori Imai, Executive Vice-President and Executive Editor for Global News, NHK Japan Broadcasting Corporation, Japan

Yoko Ishikura, Professor, Graduate School of International Corporate Strategy (ICS), Hitotsubashi University, Japan

***Takatoshi Ito**, Professor, Graduate School of Economics and Public Policy, University of Tokyo, Japan

Motoshige Itoh, Professor of Economics, University of Tokyo, Japan

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

Yuriko Koike, Member of the House of Representatives, Japan

***Hiroshi Komiya**, President, University of Tokyo, Japan

M. James Kondo, President and Vice-Chairman, Health Policy Institute, Japan

***Charles D. Lake**, Chairman and Representative, Aflac Japan, Japan

Oki Matsumoto, Founder and Chief Executive Officer, Monex Group, Japan

Makio Miyagawa, Ambassador and Deputy Permanent Representative of Japan to the United Nations, Geneva

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

***Hirota Takeuchi**, Dean, Graduate School of International Corporate Strategy, Hitotsubashi University, Japan

***Akihiko Tanaka**, Professor of International Relations, Institute of Oriental Culture, University of Tokyo, Japan

Naoki Tanaka, President, Center for International Public Policy Studies (CIPPS), Japan

***Junichi Ujiie**, Chairman, Nomura Holdings, Japan

***Hiromasa Yonekura**, President and Chief Executive Officer, Sumitomo Chemical Company, Japan

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Japan

Council Manager: Akira Tsuchiya

Research Analyst: Liana Melchenko

Managing Director: Borge Brende

Future of Korea

Overview

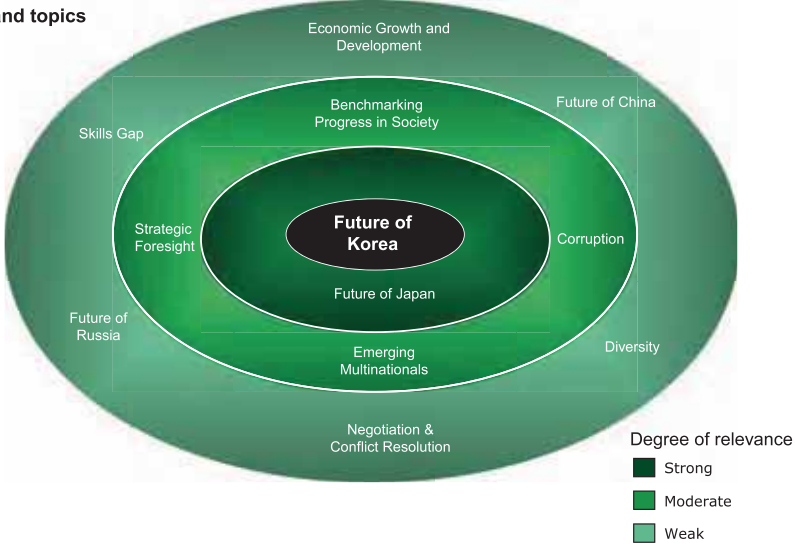
South Korea underwent three major economic crises (in 1973, 1979, 1997) and was able to translate them into new opportunities and improvements for structural changes. Whereas Korea emerged as a bigger and qualitatively upgraded economy from the first and the second crises, the third crisis offered South Korea new momentum to undertake corporate, banking and financial as well as labour reforms, heralding an outstanding economic comeback.

The global financial crisis, accompanied by a major credit crunch and a recessionary trend, is eroding confidence in markets. Korea must now move forward on internationalization, liberalization and the development of the financial system, while recognizing the negative consequences of such reforms. Korea also needs to formulate counter-cyclical macroeconomic policies. Internationally, it will actively participate in constructing the new international financial architecture through multilateral cooperation (e.g. G20) and lead regional cooperation that complements the IMF system (e.g. Asian Monetary Fund). The private sector (banks and firms) needs to have a global mindset to proactively adjust to the changing global environment and hence maintain the legacy of multinational corporations.

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

- Update 2009: The Global Talent Equation
 - Update 2009: Dealing with Dangerous Demographics
 - Update 2009: Asia
 - Digital Asia: A World unto Itself
 - Innovation: The View from Asia
 - China, India and Japan: Asia's Big Three
-

Significance of Korea to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Korea proposes the following:

1. From High-Carbon Industrialization to the Green Growth Initiative. Korea's economic growth has evolved as a high carbon input economy, deteriorating the environment. Korea has recently adopted an innovative approach integrating somewhat antithetical concepts of environmental protection and economic growth: the Green Growth Initiative.

Korea needs to lead global society in protecting the global commons by developing and sharing green technologies. Particularly, Korea needs collaborative innovation between government and companies to improve and contribute to global environmental protection and expand global carrying capacity. It is also important to develop energy efficient technologies and social systems while providing education on the green growth paradigm.

2. Opening New Technological Frontiers. Korea now needs new growth engines and frontiers: IT (Information Technology), BT (Biotechnology), NT (Nanotechnology) and CT (Culture Technology). These 4 Ts will provide ample ground for new frontiers. For Korea's fourth industrial revolution, it must combine R&D investment with responsible administrative support and management skills. The future of Korea and its growth engines will depend upon the convergence of the 4 Ts (hardware) and 2 Ts (software: administrative technology, management technology), and expanded efforts for international cooperation.

3. Demographic Changes and Human Resource Development. Korea's economic miracle was mainly derived from its high quality human resources. But too much emphasis on equality in education has retarded Korea's further economic and social development by lowering the overall competitiveness of its human resources. The basic approach ought to be opening the education market and promoting more competition. However, to prevent the polarization of the rich and poor in access to high quality education, the government needs to discern an innovative policy to produce winners in diverse fields. Korea can make use of global human resources, including overseas Koreans. In addition, as labour market flexibility is vital for Korea's competitiveness, the government must apply greater effort to strengthening life-time vocational education. Developing female human resources and helping the female labour force participate actively in the economy by providing them with social infrastructure including childcare is equally important.

4. Democracy, Corporate Social Responsibility and the Global Compact. South Korean firms have shown good performance in improving social responsibility, measured in terms of the financial contribution made to society. But improvement is needed in the ethical attitude, trust, transparency and integrity of South Korean firms. To upgrade the status of Korean society even further, it needs to create a "social trust ecology" surrounding people, companies and the society as a whole. This will lead to a low-transaction cost and high-trust based economy.

5. Enhancing South Korea's International Brand Value. A significant gap between South Korea's economic strength and its national brand value has been noted. Given its industrial and cultural competitiveness, South Korea's brand value is underestimated. Two strategies have been suggested to improve South Korea's national brand value: (1) a public sector strategy based on global responsibility enhancement through an increase in official development assistance and the strengthening of peacekeeping operations; (2) a private sector strategy founded on translating corporate and cultural assets into the national brand, and promoting international understanding and cooperation in the civic minds of the Korean people.

6. Newly Emerging Order and the Future of the Korean Peninsula. With Barack Obama's election as the new US president, the overall milieu surrounding the Korean peninsula is expected to improve. Taking advantage of this change, the North and South Koreas should resume inter-Korean cooperation. As part of such efforts, the Koreas should pursue common projects such as the trans-Siberian railroad system, joint development of resources in North Korea and other economic projects. Such cooperation will eventually reduce tension, ensure peace and promote prosperity on the peninsula. A suggested action plan is the establishment of a North Korean Development Council in collaboration with other international organizations and NGOs.

Council on the Future of Korea

Members

Co-Chairs:

***Charles Ahn Cheol-Soo**, Founder, Ahnlab, Republic of Korea

***Moon Chung-In**, Professor of Political Science, Yonsei University, Republic of Korea

Cho Dong-Sung, Professor of Strategy and International Business, Seoul National University, Republic of Korea

***Cho Hyun-Sang**, Executive Vice-President and Board Member, Hyosung Group, Republic of Korea

Kim Sang-Hyup, Secretary to the President for Long-Term Assessment, Office of the President of the Republic of Korea, Republic of Korea

Kim Sung-Joo, Chairperson and Chief Executive Officer, Sungjoo Group and MCM Group, Republic of Korea

Kim Hyun-Chong, Minister for Trade of the Republic of Korea (2004-2007)

Lee Geun, Professor of International Relations, Graduate School of International Relations, Seoul National University, Republic of Korea

Lee Sang Yup, Distinguished Professor, Director and Dean, Korea Advanced Institute of Science and Technology (KAIST), Republic of Korea

Moon Kook-Hyun, Member, National Assembly, Republic of Korea

Wang Yun-Jong, Vice-President, Research Institute, Supex Management, SK Telecom Co., Republic of Korea

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Korea

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Research Analyst: Liana Melchenko

Managing Director: Borge Brende

Future of Latin America

Overview

Latin America is not a homogeneous entity. Mexico is greatly tied to the US, with around 80% of its exports going there; Central America, more diversified, has less than half and South America 25%. South America's intraregional trade is higher and Asia has become more important.

Decreasing remittances from the US represent 2% of Mexican GDP, while Central American countries are more exposed since remittances are more significant. In the southern cone, the situation is different.

Latin America is comparatively less influential than other regions in many ways: it is not poor enough to receive the aid Africa receives, and potential market growth is smaller than in Asia and thus attracts less investment. It is a region where the argument of economy is an argument of state.

With three Latin American countries, Argentina, Brazil and Mexico, a part of the G20, the region could wield greater influence in making its interests prevail in the global arena and could take better advantage of this opportunity. Also, tight credit is inhibiting exports to a shrinking international market and flow so regional tourism is diminishing.

Growth in 2009 will decline sharply. The situation in 2010 is still unclear but elections (the political cycle) will take place by the end of next year. Political stability will largely be influenced not only by economic indicators but also by the hope (or despair) of the younger generations as to their own future.

The crisis offers an opportunity for addressing long-term challenges, specifically:

Fiscal policy: Achieving better and fairer spending. In Latin America, before and after taxation there is almost no change in the Gini coefficient, which is a widely used measure of inequality. By comparison, within OECD countries such redistribution reduces the Gini by 20 percentage points. There is no redistributive capacity (fiscal policies are mostly regressive) and the return on public investment to generate public good is very low. The pending issue is an efficient and progressive fiscal policy, which does not necessarily imply greater expenditure.

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

- Update 2009: Latin America
 - Dealing with Deforestation
 - Latin America: A Global Hub for Sustainability
 - Brazil: A New Power Broker
 - Latin America's Economic Imperative
-

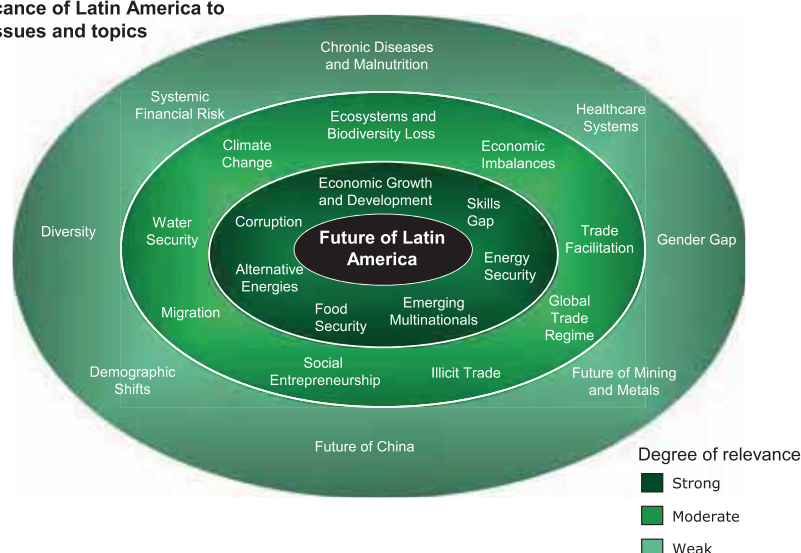
Education: Increasing efficiency. Increasing the education budget exclusively is not a solution if the expenditure is quantitatively driven (e.g. a linear increase in teachers' salaries) rather than qualitatively driven. Regarding the education of screen-savvy youths, a reconnection to real societal issues is needed. Most countries in the region suffer from poor quality education. In general concerning education and other social priorities, the Americas need greater integration through the region's civil societies and business communities.

Infrastructure: Boosting the needs. Interesting infrastructure mechanisms (reverse concessions) have recently made important investment possible, principally benefiting the user. A much higher investment rate needs to be achieved, especially geared towards innovation and R&D and less on basic commodity exports.

Governance: Improving institutions. Populism is not the result of economics, but rather of institutional deficiencies. The current economic crisis can be used as an opportunity to reassert the role of the state as a market regulator and to build appropriate institutions.

Environment: Capitalizing on natural resource endowments. Latin America can be an important part of the solution to reducing greenhouse gas emissions and to climate change. One of Latin America's biggest endowments is water (with about 20% of the world's freshwater reserves), but the region is not using this resource properly, for example in irrigation. Another endowment is the region's tropical forests.

Significance of Latin America to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Latin America proposes:

➤ **Latin America for Latin America**

- *Economy*
 - Promote and secure financial system liquidity and credit (central banks, local, regional institutional investors and development banks)
 - Invest more in infrastructure, both with public resources and using concession mechanisms, giving priority to productivity and efficiency (ports, airports, telecoms, etc.) and social demands (education, housing and sanitation)
 - Implement fiscal policies that result in better and fairer public expenditure, focusing on efficient and progressive spending (education, health, social security)
- *Environment*
 - Better coordinate efforts to preserve Amazon assets and other biome in the region
- *Governance*
 - Advance and enhance effective regional trade integration

➤ **Latin America for the World**

- *Economy*
 - Continue to grow as Latin America represents a US\$ 3-trillion economy (about the size of China) and stay open to the world (trade and investments)
 - Take a greater leadership role in multilateral organizations such as the UN, IMF, G20, OECD
- *Environment*
 - Increase renewable energies in the energy matrix
 - Leverage Latin American ecosystems to strengthen world food security
 - Preserve water resources and biodiversity for the well-being of mankind
- *Governance*
 - Keep generating innovative social, economic and policy systems (conditional cash transfer programmes for poverty reduction, public-private equity diversification, pension funds, etc.).

➤ **The World for Latin America**

- *Economy*
 - Provide short-term liquidity for cash-squeezed countries through bilateral and multilateral systems (the Federal Reserve, World Bank, IMF, IDB, CAF)
 - Stay open to Latin America both in terms of trade and investments
 - Place Latin America's middle-income countries among the priorities of international development finance institutions
- *Environment*
 - Reach a global deal regarding climate change by 2010
 - Provide financial compensation for ecosystem conservation
- *Governance*
 - Conclude the Doha Round
 - Reduce the demand for illicit drugs in developed economies
 - Regularize the status of Latin American migrants in Europe and the US
 - Promote institutional reforms targeting conflict resolution, the delivery of services, justice and the rule of law

Council on the Future of Latin America

Members

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

Alicia Bárcena Ibarra, Executive Secretary, United Nations Economic Commission for Latin America and the Caribbean (ECLAC), Santiago

Mauricio Cárdenas, Director, Latin America Initiative, The Brookings Institution, USA

Pamela Cox, Vice-President, Latin America and the Caribbean, World Bank, Washington DC

Clarisa Estol, Chairwoman and Chief Executive Officer, Banco Hipotecario, Argentina

Leonel Fernandez Reyna, President of the Dominican Republic

Enrique García Rodríguez, Executive President, Corporación Andina de Fomento (CAF), Venezuela

Peter Hakim, President, Inter-American Dialogue, USA

Ricardo Kirschbaum, Executive Editor, Clarin, Argentina

***Rolf Kuntz**, Editoralist and Special Correspondent, O Estado de São Paulo, Brazil

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Jacques Marcovitch, Professor, Universidade de São Paulo, Brazil

***Luis A. Moreno**, President, Inter-American Development Bank, Washington DC

***Alejandro Ramírez**, Chief Executive Officer, Cinépolis, Mexico

***Javier Santiso**, Director and Chief Development Economist, Organisation for Economic Co-operation and Development (OECD), Paris

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***Andrés Velasco**, Minister of Finance of Chile

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Latin America

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Future of Media

Overview

We live in an over-connected, under-informed world.

The revolution in information technology and communications has probably hit no sector harder than the news media itself. No other business has found its role so fundamentally challenged, its value and worth called into question and its organization and business models threatened to the point of extinction.

The same technology that has allowed people to create and share content has also undercut the media providers that served their communities with information. As blogs and social networks shine a light on new parts of the world, in other parts newspapers are turning the lights out, cutting reporting jobs and coverage.

But throughout that change, the professional, public purposes of journalism – to stimulate, educate and inform public debate, and to call to account – remain vital to the process of improving the state of the world. Journalism fosters civic engagement. It provides much of the raw material for the public sphere. The question that faces us now is how we pay for that, when good journalism is no longer good business.

Journalism is vital to help societies develop. The challenges facing news media are not just financial. They are also educational, legal and social. The world is not an open book. Much that should be made public remains hidden, or is only discoverable with time and effort.

The news media helps contest and scrutinize decision-making – or at least offer the potential for scrutiny – and that remains crucial in both a positive sense, and in a negative sense as a check on corruption. Intervention by journalism helps keep societies open. But that intervention can also threaten the people and the publications (in whatever media) that produce it.

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

- Digital Asia: A World unto Itself
 - Power to the People — Politics in the Internet Age
 - Update 2009: Digital Convergence Continues
 - Fragility in the Fourth Estate
 - Social Computing — Transforming Corporations and Markets?
 - From Adoption to Diffusion: Technology and Developing Economies
 - Mobile Revolutions in the Developing World
 - A New IP Strategy for Growth
 - The Next Digital Experience
-

Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Media proposes the following:

A new value proposition for journalism and its mission in society. The Council is championing a new global, independent news and information service whose role is to inform, educate and improve the state of the world – one that would take advantage of all platforms of content delivery from mobile to satellite and online to create a new global network. It could bring together journalists and citizens, aggregating content to create new communities of interest that cross the boundaries already crossed by companies and NGOs and that eliminate the barriers that so often frustrate truly global responses.

And how do we advance the proposals of the Network of Global Agenda Councils if not through an ambitious act of journalism itself?

It will take innovative public-private funding to provide that global voice, one that can both generate content and imagine a new global community in which people can share, participate and disagree, with a focus on mission rather than the bottom line. That voice, and the content it creates, will act as a focus for providing education, campaigning for access and championing empowerment.

If we are going to create a global voice, we need to empower it by removing the restrictions on story-telling. To do that, businesses, governments and institutions need to embrace both transparency and a readiness to be open to information provision.

Why is something new required in a world seemingly awash with information? In a world where there are calls for global governance as a response to a global financial crisis, where scientific research, capital flows and production chains are globalized, the media and the communities in which we imagine ourselves remain fiercely localized.

Even the media voices we think of as international come from London, Qatar or Atlanta. Via the World Economic Forum committed to improving the state of the world, the agenda that will deliver those improvements needs a genuine, global voice that shares that fundamental commitment.

The Forum was created to bring a space for international debate and cooperation where global stakeholders could talk about global issues. In a world facing global problems but with little to match in global governance, its foundation was an act of imagination.

Communicating a global agenda, and motivating and mobilizing people to support it, requires an initiative of global imagination, and why shouldn't such an initiative come from the World Economic Forum and its Members?

Council on the Future of Media

Members

Chair: ***Pat Mitchell**, President and Chief Executive Officer, Paley Center for Media, USA

Amadou Mahtar Ba, President, AllAfrica Global Media, USA

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

Tyler Brûlé, Chairman and Creative Director, Winkreative, United Kingdom

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

***Thomas H. Glocer**, Chief Executive Officer, Thomson Reuters, USA

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

Susan King, Director, Journalism Initiative, Special Initiatives and Strategy, Carnegie Corporation of New York, USA

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

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

Adrian Monck, Director, Journalism, City University London, United Kingdom

Betsy Morgan, Chief Executive Officer, The Huffington Post, USA

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

Oh Yeon Ho, Founder and Chief Executive Officer, Ohmynews Co., Republic of Korea

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

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

Wilfried Rütten, Director, The European Journalism Centre, Netherlands

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

Orville H. Schell, Director, Center on US-China Relations, Asia Society, USA

Zafar Siddiqi, Chairman, CNBC Arabiya, United Arab Emirates

Aidan White, General Secretary, International Federation of Journalists, Belgium

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Media

Council Manager: Cristiana Falcone

Research Analyst: Guido Battaglia

Managing Director: Robert Greenhill

Future of the Middle East

Overview

The Middle East is facing a series of challenges on various fronts. These challenges are the result of rigid political systems, the lack of empowerment for youth and women, limited social mobility, vanishing middle classes, limited freedom of expression, weak educational systems, dominant orthodox interpretations of Islam, failed secular parties, tensions in majority-minority relations, and a crisis in leadership. The recent economic financial crisis, if mishandled in the region, will exacerbate all of these issues, fostering instability, political violence, failed states and a crisis of legitimacy.

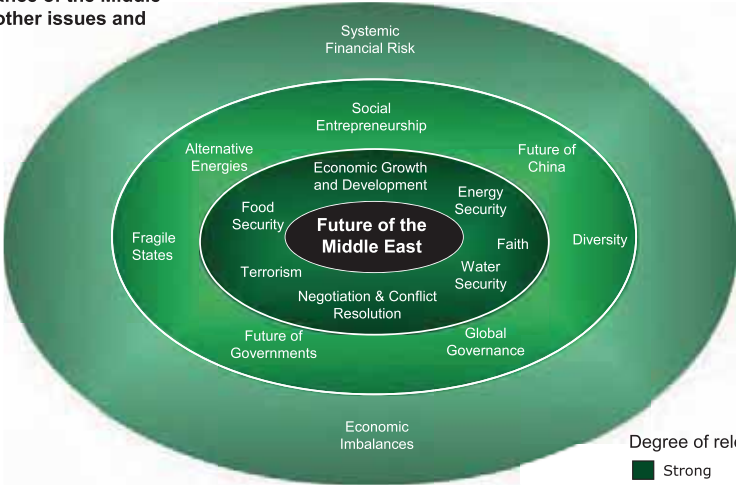
The Middle East has many forces including a liberal force and a more dominant conservative Islamist movement. The two components will continue to express their agenda in dealing with the challenges of reform in the Middle East. What is at play in the region is the existence of two competing cultures, one more religious and orthodox, and the other more secular and liberal. The two components are essential to the reform agenda.

As a result of the financial crisis, the Middle East has shifted quickly from boom time to recession. The full impact of the crisis on the region is yet to be seen. Arab economies open to the international system will suffer from the global slowdown. International banks are pulling out of projects and commitments in the Middle East. There is an important loss of revenues, up to 60% in Gulf countries, due to the decrease in the prices of commodities. This will lead to government budget cuts.

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

- Update 2009: Dealing with Dangerous Demographics
 - Update 2009: The Middle East
 - Afghanistan and Pakistan: Key Countries on the Global Agenda
 - The Middle East: Owning Its Challenges
 - Is There a Solution for the Middle East?
 - The Gulf's New Economic Agenda
 - Taking Success to Scale in the Middle East
 - Energy Outlook 2009
-

Significance of the Middle East to other issues and topics



Degree of relevance

- Strong
- Moderate
- Weak

Recommendations¹

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, who are the foremost experts on the topic.

The world tends to view the Middle East through the prism of radicalism and Islamophobia, the Arab-Israeli conflict, energy, capital and migration. To deal with these challenges, the Council on the Future of the Middle East recommends the following on:

Radicalism

The region is in dire need for grand reform that contains an evolution of the minds beyond the existing order. The process of reform must be peaceful and based on dialogue and inclusiveness. This should include political, social, religious and educational reforms. These reforms must emphasize values of pluralism, inclusion and peaceful means when addressing the issues of quality of life, women's empowerment, youth, merit, social mobility, political violence, civil society, issues presented by failed states, governance accountability, rule of law, corruption and the role of the media.

The Arab-Israeli Conflict

A fast track that will take us from conflict management to conflict resolution under the auspices of a multilateral process is needed. The goal is a two-state solution and a comprehensive just peace on the basis of international law between the Arab world and Israel. We also need to develop people-to-people diplomacy.

Capital

It is necessary to change the role of the region's countries in the international financial architecture from a passive player to a regional and global stakeholder. This should mean the collective democratization of the financial international system. Regional public and private sector institutions must encourage creativity, entrepreneurship and corporate engagement in society. The region must be able to come up with ways of addressing its economic challenges resulting from the financial crisis.

Energy

Regional development and job creation are dependent on economic diversification. The security of supply must be reciprocated by fair access to global markets. The region should actively develop alternative energy industries to offset its carbon footprint as well as to generate new sources of income to replace expected losses for oil exports.

Migration

By addressing the issues of radicalism, the Arab-Israeli wars, capital development, energy and diversification, the region will be able to create the jobs needed to minimize illegal migration and the brain drain. We must create the right conditions for brain gain.

Council on the Future of the Middle East

Members

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* Registered to the World Economic Forum Annual Meeting 2009

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Future of Mining and Metals

Overview

The economic crisis has profoundly (and disproportionately) impacted commodity prices, especially given that the industry is highly capital intensive and has long-term investment horizons. The resulting risks include:

- underinvestment in corporate social responsibility (CSR) / sustainable development
- a race to the bottom with respect to CSR standards and performance
- underinvestment in exploration (which will ultimately impact future supply)
- underinvestment in R&D (which impedes the industry's ability to increase production in a responsible manner)
- underinvestment in human resources
- potential increases in resource nationalism
- difficulty for some new entrants, who may be ill equipped to manage cyclical impacts
- deterioration in the capacity of fragile governments and the revenue streams of their economies, thus potentially leading to greater conflict
- negative impact upon the industry's ability to undertake long-term planning
- reduced effort devoted to communicating the impacts and benefits of mining.

But the crisis also offers opportunities to the industry to:

- demonstrate how mining contributes to social and economic development; mining as a way for local communities to achieve their economic development objectives
- provide the public and civil sectors with a broader understanding of the important role that mining can play in economic development, which could lead to more openness among local communities and a greater sharing of potential benefits thereby improving the alignment between NGOs and communities
- learn from past mistakes
- provide incentive for closer cooperation between different countries, between junior and major players, between NGOs, communities and mining companies, as allies rather than opposing parties
- enhance and improve the transparency and reputation of the industry.

Amid the risks and opportunities emerging from the crisis, certain conditions will remain the same:

- scrutiny/surveillance by NGOs and other interested parties
- consolidation of the industry, which could be a healthy development leading to the "survival of the fittest".

Sessions in the Annual Meeting programme related to the Future of Mining and Metals include:

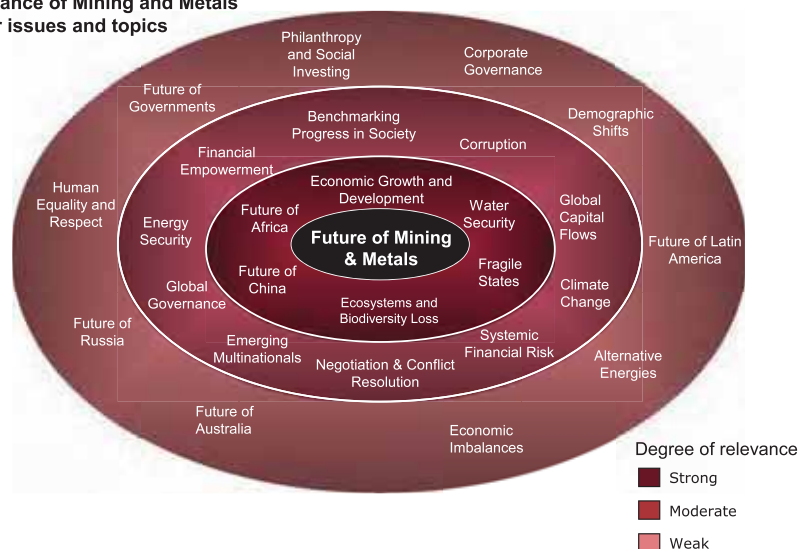
- Update 2009: Managing Resources for the Long Term
 - Update 2009: Managing Assets in a Correlated World
 - Financing Industry in an Era of Capital Scarcity
 - Cool Ideas from Older Industries
 - Global Industry Outlook 1
 - Leading through Structural Change
-

The Council on the Future of Mining and Metals has important overlaps with Councils that are addressing capital flows, energy security, water security, ecosystems and biodiversity, among others. Based on the interactions with these other Councils, it became apparent that the mining and metals industry needs to do a more effective job of explaining our potential contributions to communities of interest, opinion-makers and thought-leaders.

Mining makes a vital contribution to economic and social development and poverty alleviation, particularly in developing countries. Given the long investment cycles of the industry and its extensive economic multipliers, policy-makers need to be aware that if mining investment is constrained due to the current financial crisis, there will be significant medium-term impacts on the stability and well-being of these countries. Furthermore, underinvestment now could lead to supply shortages and high prices, thus destabilizing the global economy at a fragile period.

These conditions present an opportunity, in fact an imperative, for increased collaboration and engagement with other interested parties on these issues.

Significance of Mining and Metals to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Mining and Metals proposes:

Specific solutions:

1. Further develop and disseminate best practices (for example, in environmental stewardship and biodiversity, water management, community engagement, the development of policy frameworks), and reach out to the whole of the global industry (both private and state-owned) to join in these efforts
2. Improve the building of alliances with communities of interest and thought-leaders
3. Continue to develop frameworks for public reporting, third-party assurance and accreditation, including accurate assessments of community engagement
4. Enter into collaborative relationships and projects with interested institutions to develop tools to assess the full social, economic and environmental contributions and impacts that accrue through the mine life cycle
5. Move towards a long-term systems approach in our project planning and development, with an eye towards learning from ecosystems thinking.

The systemic underpricing of risk has led to significant asymmetric consequences in the collapse of financial and credit markets. We should learn from this and not underestimate the risks that would follow from curtailing needed minerals-driven economic, social and environmental investment.

Council on the Future of Mining and Metals

Members

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Karen Poniachik, Special Envoy to the OECD, Government of Chile, Chile

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Yan Yanovskiy, Managing Director, Member of the Board and Head of Investment Strategy, United Industrial Corporation (OPK), Russian Federation

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Mining and Metals

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Forum Lead: Alex Wong

Managing Director: Robert Greenhill

Future of Mobile Communications

Overview

Approximately 60% of the world's population has a mobile device used predominately for voice communication; data still remains a small component. Mobile communications are a delivery and transactional vehicle that fosters job creation in emerging economies and can transform other industries such as health, banking or education. A direct correlation exists between increased mobile phone penetration and increased macro- and micro-economic development.

The vision for the future of mobile communications is a fully interconnected world where every citizen will access, create and use content. This is the fastest growing technology in the history of mankind and is also the most effective technology known to date to enable individuals, particularly those at the base of the pyramid, to participate in the global economy. The nearly 4 billion mobile phone subscribers in the world are realizing multiple macro- and micro-economic and social benefits. This will only continue as more individuals become connected to the global economy and more products and services are deployed. Council Members coined the phrase "Humanity's Nervous System" to describe this interconnected and highly personalized world.

As an industry, mobile communications are relatively recession-proof and will continue to experience growth, create jobs and unlock innovation. Economic crises result in change – as such, mobile communications will play a huge role in reducing current inefficiencies and raising the productivity of both individuals and businesses.

Three fundamental dimensions impact the future of mobile communications:

1. Access: the ability for individuals to utilize both voice and data mobile communications ubiquitously
 - Key enablers for access include:
 - cost reduction of services (infrastructure sharing, handset recycling)
 - a global regulatory framework with the removal of mobile specific taxes and over-regulation
 - Key uncertainties include:
 - whether universal access is a fundamental human right
 - whether we should strive for regulated universal access or defer to market forces
2. Applications/Platforms: the value added services and capabilities available to end-users which would be an extension of the larger public Internet
 - Key applications for improving the state of the world would include health, education and financial services.
 - Key enablers include:
 - an open and interoperable system which creates opportunities for "bottom-up" innovation
 - the increasing sophistication of handsets and user experience

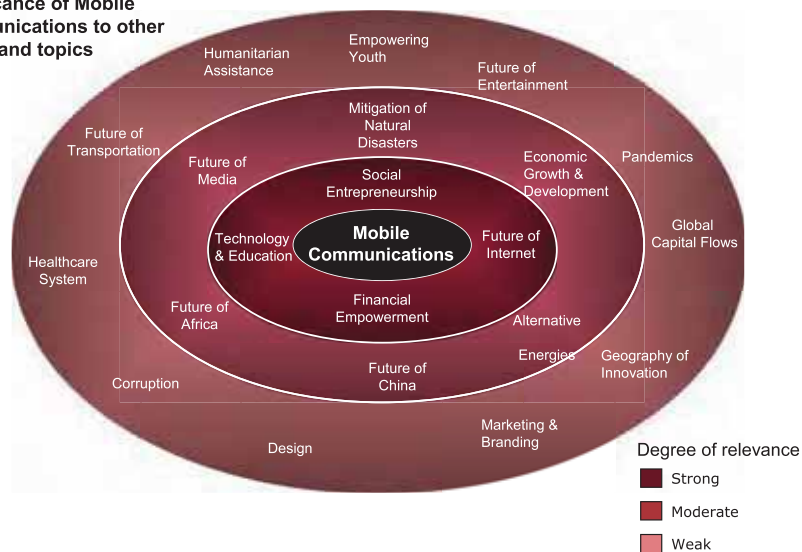
Sessions in the Annual Meeting programme related to the Future of Mobile Communications include:

- Digital Asia: A World unto Itself
- Power to the People — Politics in the Internet Age
- Update 2009: Digital Convergence Continues
- Social Computing — Transforming Corporations and Markets?
- From Adoption to Diffusion: Technology and Developing Economies
- Mobile Revolutions in the Developing World
- Reality Mining: Changing Behaviour
- Global Industry Outlook 3

- Key uncertainties include:
 - why there hasn't been greater uptake in health, education and financial service mobile applications given rapid global subscriber adoption
 - regulation with mobile banking and financial services
 - who pays: financing for health and education
 - the literacy challenge of those who only require a phone for voice services
3. Data Ownership (and Associated Personal Rights): the information generated and gathered on individual behaviours and transactions
- This wealth of information holds tremendous transformative potential but clear rules and transparent regulatory frameworks are needed to ensure personal wealth creation and the prevention of abuses.
- Key enablers include:
 - ownership: you own your own data
 - accountability: a “post-privacy view” using watermarks to create an audit trail of who uses it
 - use of anonymous and aggregated data to create new socially intelligent applications (i.e. health, urban logistics, government services)
 - Key challenges include:
 - establishment of a global framework for data usage and protection
 - general awareness of this dimension and its broad and fundamental power
 - privacy and security of data and application
 - liability of data ownership or management

Of these issues, three are not sufficiently addressed by existing stakeholders or global governance institutions: (1) the standardization process could be streamlined to be more effective and efficient; (2) inter-industry challenges and regulatory constraints (particularly in banking, healthcare) are not sufficiently addressed; and (3) an international framework for personal data ownership needs to be created. If these issues are not properly addressed, fragmentation will continue and a unique moment in time to realize an integrated approach could be missed.

Significance of Mobile Communications to other issues and topics



Recommendations¹

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The Global Agenda Council on the Future of Mobile Communications proposes that:

Currently there is low understanding of the enabling abilities of mobile communications to address a broad array of global challenges (e.g. economic empowerment, hunger, poverty, healthcare, education, logistics and climate change). To address this issue, a sustained awareness campaign should be created to educate key stakeholders from industries and governments as to how services and products can be tailored to meet specific needs. In parallel, benefits can be gained from a wider publicity campaign to educate end-users on the impact of mobiles. Specific stakeholder groups that need to be targeted to improve the understanding of this issue include industry regulators and business leaders outside the telecommunications arena (e.g. healthcare, pharma, media and banking), NGOs and the international development community and social entrepreneurs.

- Immediate actions identified:
 - Define the dimensions of the data ownership problem statement with greater precision to stimulate awareness of its scope and potential
 - Collect best-in-class case studies and pilots which demonstrate a proven ability to scale
 - Create an environment that encourages and supports entrepreneurs and small and mid-sized enterprises in launching and maintaining SMS-based services (e.g. through standardized SMS codes, access to gateways)
 - Create a calendar and communications plan for events at which this Council could convene and promote key industry messages.

- Long-term actions identified:
 - Resolve the issue of who “owns” the personal data (individuals, businesses, institutions or governments)
 - Continue to reinforce the long-term transformative opportunity of mobile communications to regulators and governments, trade associations, cross industry consortia, NGOs
 - Reinforce to mobile operators the importance of leveraging a unique ID created with each subscriber and the ability to use this asset to connect individuals to the global economy
 - Get to an IP-based world as soon as possible
 - Regulators to enable one player (in a competitive marketplace) to create an open, IP-based network
 - Create linkages with leading universities in the developing world to establish programmes that drive innovation and solutions for the developing world.

Taking into account the membership of this Council and its advisory role to the World Economic Forum, the Council recommends deeper engagement at Regional events (with tangible demonstrations of the capabilities), tighter linkage with Industry Partnership workstreams and better leveraging work done in *The Global Information Technology Report*.

Council on the Future of Mobile Communications

Members

Chair: ***Alexander V. Izosimov**, Chief Executive Officer, AO VimpelCom, Russian Federation

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***Peter B. Gabriel**, Musician, Real World, United Kingdom

Dawn Haig-Thomas, Development Fund Director, GSMA Development Fund, United Kingdom

Paul Meyer, Co-Founder, Chairman and President, Voxiva, USA

***Takeshi Natsuno**, Senior Vice-President, NTT DoCoMo, Japan

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Global Agenda Council on the Future of Mobile Communications

Council Manager: William Hoffman

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Forum Lead: Silvia von Gunten

Managing Director: Robert Greenhill

Future of Real Estate

Overview

A fundamental mismatch in the value of real estate assets relative to income levels/profit levels drove market prices too high. The regulation of financial institutions and financial markets is inadequate to prevent the development of this mismatch. In particular, the lack of regulation and oversight in the US residential lending sector led to unethical practices and inadequately secured loans. The challenge for the institutions in the real estate industry and the economic system in general is to facilitate a readjustment of asset prices to levels that are supportable by income levels and profits.

The fundamentals of the residential real estate market are severely depressed and have brought the economy down across a large number of national economies. Residential real estate finance in the US has been supported because of federal intervention, but capital is not flowing to the commercial sector. Conditions in the commercial real estate market are stable now but will deteriorate quickly as the global recession deepens.

The current economic crisis will create a constraint on supply that will hamper future growth. The allocation of resources to housing in many parts of the world is often not sufficiently linked to demographic demand. In some national housing policies, provisions for the production of affordable housing are indirect and inefficient.

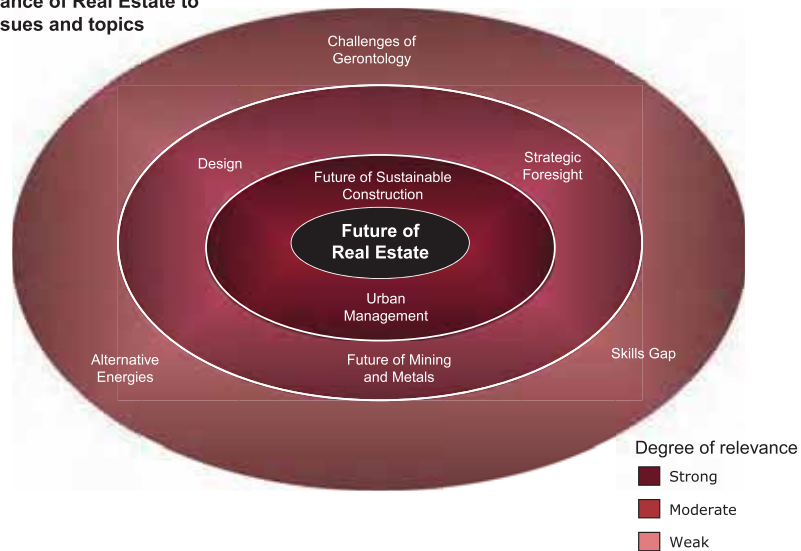
Sessions in the Annual Meeting programme related to the Future of Real Estate include:

- Update 2009: Managing Resources for the Long Term
 - Update 2009: Managing Assets in a Correlated World
 - Global Industry Outlook
 - Financing Industry in an Era of Capital Scarcity
 - Shaping the Post-Crisis World: Report from the Global Agenda Councils
 - Scenarios for the Future of the Global Financial System
 - Urbanization: The Unstoppable Global Trend
 - Will the Environment Lose Out to the Economy?
-

In terms of sustainability, real estate costs fail to take into account all the social, environmental and economic costs. The incorrect pricing of real estate costs leads to the inefficient use of resources and extra costs on governments and society, thus leading to a loss of economic productivity. Governments are often not organized to recognize the fiscal, environmental and health benefits of sustainable development. Buildings are only one part of the larger urban fabric, leading to an emphasis on sustainable buildings rather than sustainable communities.

The current economic crisis also threatens progress towards greater corporate social responsibility in the finance, development and operation of real estate assets.

Significance of Real Estate to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

According to the Global Agenda Council on the Future of Real Estate, the industry has two major challenges:

1. To encourage efficient capital flows into real estate, thereby providing a more reliable source of funding for the industry, which is the foundation of all economic activities and productivity
2. In light of the current crisis, to assure that the long-term goal of achieving sustainable real estate development and operation is not relegated to a secondary role or none at all

In order to address these challenges, the Council recommends that the following steps, among others, be taken:

- The global financial system needs to begin functioning again on a more normal basis.
- In order to compete with other capital needs, the real estate industry needs transparent valuations and an origination and funding system where the interests of all parties are aligned. A reinvention of securitized lending or the creation of new structures to access cheaper, diversified capital will be critical, not only for the US and many European markets but for developing ones as well if the housing deficit is to be addressed and other real estate needs are to be satisfied. For example, in order to better align the interests of investors and originators of securitized products, issuers could be required to retain substantial interests in the securitization, and the incentive compensation for originators and underwriters could be similarly rethought. The role and compensation of rating agencies will also need to be reformulated.
- The role of regulation in achieving these goals will also need to be revisited both as it impacts the provision of debt capital and in balancing the needs of society for sustainability and the needs of real estate to continue attracting private risk capital. This will require governmental recognition that the real estate industry alone cannot achieve these goals and that all costs and benefits of sustainability must be accounted for and apportioned equitably.
- The real estate industry has been an inefficient user of capital and other scarce resources. The Council on the Future of Real Estate must encourage ideas for efficient uses of all scarce resources as impacted by real estate development and operations: capital, tax revenues, energy, social services, natural resources, etc.
- Carbon negative new construction is an economic feasibility.
- The Council can create a process of benchmarking globally acceptable (priority) sustainable models.
- Social – affordable – workforce housing is to be encouraged by the real estate industry; the World Economic Forum can facilitate this by being a resource of exemplary public-private endeavours.
- A review of the SlimCity model from an economic (capital markets) point of view is needed. To the extent that sustainable development needs to attract private capital or to become a public priority, then in addition to the other more qualitative value propositions, sustainable development needs to address the more quantifiable ones such as profit and enhanced tax revenues. Another way to approach this question is to identify which places have retained the highest real estate values and assess how they measure up on a sustainable basis – more broadly defined. It should be noted, however, that this analysis may ignore the concept of the efficient allocation of capital to real estate and the overall goal of creation of economic (financial, fiscal, productivity), social and environmental sustainability. Also, not explicitly addressed is the argumentation and steps needed to bring public policy and practices to bear in addressing sustainability and apportioning the costs and benefits of creating and maintaining sustainability.

Council on the Future of Real Estate

Members

Chair: ***Steve Wechsler**, Chief Executive Officer, National Association of Real Estate Investment Trusts (NAREIT), USA

***Mohamed A. Alabbar**, Chairman, Emaar Properties, United Arab Emirates

Peter Baccile, Vice-Chairman, Investment Banking, JPMorgan Securities, USA

Anthony Downs, Senior Fellow, The Brookings Institution, USA

S. Richard Fedrizzi, President, Chief Executive Officer and Founding Chairman, US Green Building Council (USGBC), USA

Barden Gale, Vice-Chairman, Real Estate, Starwood Capital Group, USA

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Kenneth W. Hubbard, Executive Vice-President and Chief Executive Officer, East Region, Hines, USA

Yuichiro Kawaguchi, Professor, Waseda University, Japan

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* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Future of Real Estate

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Future of Russia

Overview

Russia, like the rest of the world, is facing a grave financial crisis. It has been triggered by external events, but domestic factors are aggravating and expanding it into a general economic crisis. Four main components are affected: liquidity, credit, capital and trust.

The specific features of the Russian financial crisis include:

- Lack of long-term credit
- Weak and fragmented financial infrastructure
- Excessive and highly leveraged borrowing by industry
- Changing external perceptions of Russia resulting from the war in Georgia and from projections of future economic growth
- Small and undeveloped securities market
- Current management crisis – the skills of the past boom are not transferable to this cost-cutting period
- Heavy reliance on revenues from commodity exports, where prices are currently falling sharply.

The effects of the crisis are expected to be unusually severe and far-reaching in Russia. Its present governance model, especially the close relationship between power and property, non-transparency and the lack of checks and balances, are ill suited to deal with such problems.

The predicted manifestations of the Russian crisis will include:

- Bailouts and equity acquisition – the government has begun to take major stakes in companies and will be pressured to continue
- Increased role of the Russian Central Bank
- Consolidation of the banking system, including bankruptcies of smaller and medium-sized banks
- Bank failures, which will lead to increased social tensions and a resurgence of the barter and non-monetary exchanges common in the 1990s
- Changes in ownership of key assets, sometimes by means reminiscent of the discredited loans-for-shares scheme of the 1990s
- Crisis in management.

The effects on the real economy will most severely harm construction and real estate, retail trade and banking, and manufacturing.

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

- Update 2009: Controlling Climate Change
 - Update 2009: Dealing with Dangerous Demographics
 - Update 2009: Asia
 - Update 2009: Europe
 - The Economic Governance of Europe
 - The World According to Russia
 - NATO: Will It Survive Another 60 Years?
 - Europe's Place in the World
-

Russia is so rapidly spending its accumulated reserves on crisis management that it could deplete them in under a year (currency and gold reserves have decreased from an estimated US\$ 600 billion to US\$ 450 billion over the last two months). This will have negative consequences for future modernization.

Impending economic trends will likely affect the popularity of the present political leadership and regime.

In the short term, Russia's hard times may reinforce the intimate and closed relationship between the government and business elite and increase the state's role in the economy. In the longer term, however, if political leaders have the vision and will to undertake necessary political and economic reforms, the crisis could catalyse a long-needed breakthrough. This change from a rapidly expanding economy to understanding the need for a cost-saving and efficiency-driven economy will require major adaptation on the part of the elites, businesses and society.

In foreign policy, relations with the West are at their lowest since the collapse of the Soviet Union, due to geopolitical rivalries and value disagreements. The tendency to focus on past mistreatment and neglect, rather than positive priorities and needs, makes it difficult for the rest of the world to understand Russian aspirations. At times, Russian statements imply a desire to return to a Yalta-like division of Europe, which undermines trust in Russia as a responsible global partner.

Significance of Russia to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Russia proposes that:

- With respect to the current financial and economic crisis, the government of Russia has been making urgent decisions and must continue to do so. Over and above these decisions, however, Russia must pay attention to long-term remedies for long-term problems, both unique to Russia and faced by many emerging economies.
- Working through these problems, Russia should be encouraged to do so as a member of the broader international community and to accept the accompanying membership obligations. Additionally, other countries should forego stereotypes and clichés in dealing with Russia, which are often out of date and impede joint problem-solving. For Russia, anti-Western and anti-globalist slogans stand in the way of cooperation with others and the country's modernization strategy, which cannot be realized in isolation from the rest of the world. The post-industrial development that Russian leaders are eager to achieve requires economic competition and efficiency, political pluralism, and governmental accountability and transparency.
- Whatever the exact nature of its political regime, the current crisis underlines the importance of continued generational change. New blood must be brought into systems of corporate governance and public administration, to create an atmosphere of openness and competitiveness. No such atmosphere can be created without significant institutional change.
- In the international arena, changes are needed on all sides for these internal changes to occur. The West should not apply double standards to Russia or lecture it on inadequacies. Russia and its political elite should relinquish the use of nationalist sentiments to consolidate society or as a substitute for a constructive vision of the future.
- The Council recommends rapid action on Russia's stalled application for WTO membership and initiation of a new round of arms-control negotiations. There is promise in President Medvedev's proposal for discussion of a new security architecture for Europe as a whole. The West needs a common, integrated strategy for both Russia and the newly independent states that will provide security without making Russia insecure.
- No single contemporary issue, from terrorism to climate change, can be resolved without Russian participation. Russia has been and is a challenge for the global community. To deal with it adequately, the West must invest in Russia and find ways to encourage Russia's inclusion in world systems.

Council on the Future of Russia

Members

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Future of Sustainable Construction

Overview

“We cannot move to a positive future without revolutionizing construction.”

The social, environmental and economic consequences of the construction cycle are considerable and have a global impact. It

- Contributes 5-44% of national GDP
- Affects 40% of global greenhouse gas
- Affects 70% of cities' greenhouse gas
- Sends 40% of its waste to landfills
- Consumes 12% of the world's water
- Has a major impact upon quality of life (we spend a considerable amount of time indoors)
- Employs 10% of the world's workforce
- Is the largest employer of micro-firms which employ less than 10 people
- Has broad social, labour and human rights impacts
- Occurs in hazard prone geographies
- Sits typically on the most productive land (~250 million hectares worldwide, most of it primary agricultural land)
- Contributes to the loss of biodiversity and ecosystems
- Consumes 30% of world resources

The current global financial crisis has already and will continue to:

- Impact the budget of the construction industry and create a significant slowdown in private sector development, and focus attention on short-term horizons
- Initiate a redirection of capital into public infrastructure in an attempt to initiate economic recovery

The global slowdown provides a breathing space to re-examine the direction, role and impact of the construction industry so the mistakes of the past may be avoided. We should take this opportunity to move to a new future vision by revolutionizing the construction cycle to enable net *positive* impacts on all aspects of our lives: the economy, society, the environment and its ecosystems.

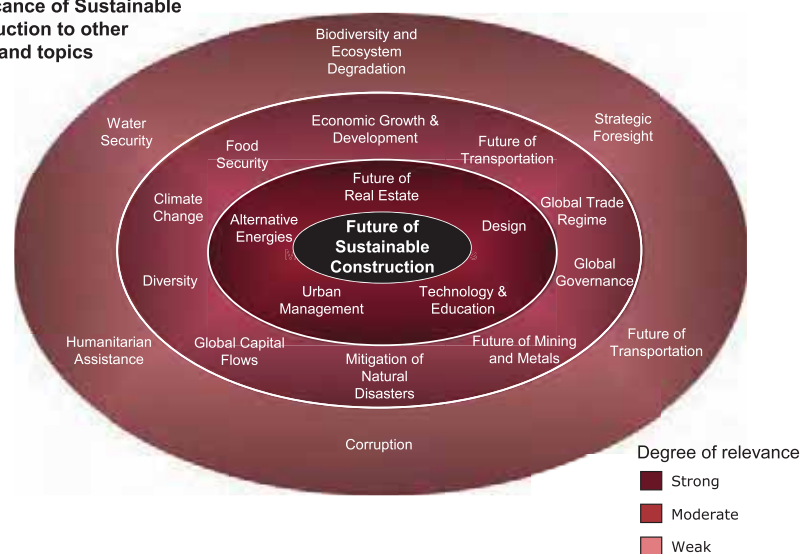
This process must begin by recognizing the difference between good (net positive impact) and bad (net negative impact) infrastructure solutions and advance our goal to encourage investment into positive infrastructure initiatives such as:

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

- Update 2009: Managing Resources for the Long Term
 - Are Renewables the Silver Bullet?
 - Leading through Structural Change
 - Will the Environment Lose Out to the Economy?
 - What Is Good Design?
 - From Green Tech to Green Jobs and Economic Growth
-

- Optimizing low carbon logistics
- Optimizing existing infrastructure
- Retrofitting and upgrading existing buildings (residential/commercial/mixed use, etc.), particularly by making them radically more resource efficient
- Improving healthcare and education facilities (and making them disaster-proof)
- Enhancing or restoring natural infrastructure such as flood plains, mangrove forests, watershed restoration and afforestation
- Promoting energy efficient and decarbonized energy infrastructure: renewable energy sources such as wind parks, sensitive hydropower, utility grids that allow for feed-in and decentralized electricity generation
- Optimizing new road and airport construction and avoiding traditional power plants/utilities where possible
- Expanding public/mass transport
- Creating integrated energy, water and waste utilities
- Creating sustainable waste management solutions
- Optimizing urbanization (optimal density of ~150 people per hectare, residential/work/leisure/services and connectivity)
- Reducing the impact of the supply chain
 - Only certified timber - Forest Stewardship Council
 - Low carbon lifecycle material
 - Carbon positive data centres
 - Non-toxic, safe and renewable materials

Significance of Sustainable Construction to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Sustainable Construction proposes that:

The future depends on sustainable construction. This revolution is founded on a construction cycle that is integrative and regenerative. Decision-makers must plan at the macro and micro levels, monitor and report against those plans while respecting limits and embracing opportunities.

Sustainable construction will support a more resilient society, if these 10 biomimicry-based principles are applied:

1. Enhancing the systems of which it is part (financial, human and natural capital)
2. Running on clean, renewable energy
3. Recycling and reusing everything
4. Using only the resources it needs (better than zero carbon, water neutral)
5. Contributing to biodiversity and food security
6. Celebrating form and function in response to environmental forces
7. Making the best use of local resources
8. Adapting and evolving with climate, economic and social change
9. Ensuring human health and well-being
10. Facilitating the effective movement of people and goods

Next Steps

- Expand the definition of *positive infrastructure* and add further to the list of possibilities
- Translate the principles above into goals, strategies and metrics
- Determine how to make positive infrastructure happen: what is the deal flow to support its implementation (i.e. incentives, regulation, new market models)?

The ideas for the Annual Meeting in Davos

1. Given that the economic slowdown will bring about a higher volume of public spending on infrastructure, seize the tremendous opportunity that exists to ensure positive infrastructure is being built (i.e., infrastructure that does not lock us into resource consumptive lifestyles but reduces our resource dependency) and ensure investments will flow to positive, rather than negative infrastructure projects
2. Develop the guiding principles into a structured delivery plan that can be developed by government and planners worldwide.

Council on the Future of Sustainable Construction

Members

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Future of Transportation

Overview

A crisis in transportation is looming. The state of transportation is not sustainable if current trends continue. Without a doubt passenger and freight transport have created significant benefits with regard to the economy and social development. They have become faster, more productive, cleaner, quieter, safer and cheaper. But significant challenges exist. The sector's nearly complete oil dependence is raising concerns associated with energy (oil) security and greenhouse gas emissions. Further concerns include safety, traffic congestion and security. One reason for this crisis is that the full costs of transport are not visible to users (while the full benefits are not visible either). The transportation crisis is especially imminent in the developing world, where rapid motorization leads to traffic paralysis, huge road infrastructure costs, safety problems, air pollution and other externalities. In both developing and industrialized countries, the main component of this crisis is related to road and, increasingly, air transport.

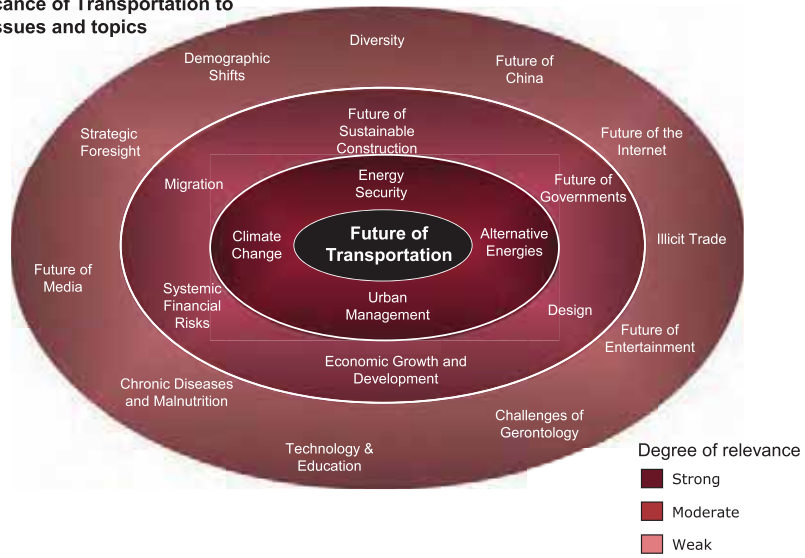
Sessions in the Annual Meeting programme related to the Future of Transportation include:

- Update 2009: Managing Resources for the Long Term
 - Update 2009: Managing Assets in a Correlated World
 - Financing Industry in an Era of Capital Scarcity
 - Cool Ideas from Older Industries
 - The Electric Vehicle Conundrum
 - Are Renewables the Silver Bullet?
 - Leading through Structural Change
 - Infrastructure for the Developing World
 - The Challenge of Sustainable Mobility
-

Notable trends in the future of transportation:

- Rapid motorization and urban mobility: The 800 million cars and trucks on the world's roads today are forecast to surpass 2 billion in 2030. Rapid motorization is especially relevant for cities because about 4.9 billion people will live in cities by 2030 – roughly 50% more than today.
- Oil dependency: Transport is 97% dependent on oil and accounts for roughly half of global oil use. Demand for petroleum and other liquid fuels will increase more rapidly in the transportation sector than in any of the other end-use sectors over the next 25 years.
- Impact on global climate change: Although sources vary, transport accounts for roughly 25% of global CO₂ emissions.
- Safety and security: Each year there are over 1.2 million vehicle-related fatalities, the vast majority in the developing world.

Significance of Transportation to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Future of Transportation proposes that:

This crisis in transportation can be avoided. Important opportunities for reducing energy use and CO₂ emissions via technological improvements and behavioural changes exist. Innovations that are about to become available in vehicle technology and mobility (system) management need to be commercialized. These include vehicle technology alternatives, e.g. electric drive vehicles (battery-electric vehicles and hybrid-electric vehicles) and the integration of IT technologies into road vehicles and mobility management. Large government investments in public surface transport alternatives are unlikely to solve the problem.

1. Increase innovation in the transport sector

- Use IT and telecommunication technologies to create new services and new choices, including smart paratransit, smart car sharing, dynamic ridesharing, telecommunication substitutes (“telepresence”)
- Integrate land use and transport via governance/planning, design

2. Encourage the electrification of transport

- Encourage a paradigm change: transform energy supply and vehicles (reduce carbon and oil use)
- Action 1: Promote R&D for battery incentives to industry, basic science for government
- Action 2: Implement policies that internalize carbon and energy security costs via market instruments and/or performance standards
- Action 3: Design charging infrastructure (smart charging)

3. Account for full costs of transport in infrastructure investments, policy-making and consumer choice

- Incorporate costs of crashes, carbon, pollution, congestion
- Use regulation and/or market instruments

4. Improve measurement (analytics and data)

- Precondition for good decision-making for government and consumers (instrumentation in vehicles, eco-driving)
- Benchmarking companies, cities, activities
- LCA, social costs, value of mobility

5. Encourage all stakeholders to create an integrated vision of a more sustainable future of transportation

- Create a roadmap vision document with stakeholder input
- Develop a forum for the transport leaders of tomorrow

Council on the Future of Transportation

Members

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Gender Gap

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. There are two types of market failures associated with gender inequality:

- 1) Market failures to invest in women – i.e. failure to provide the basics (health, safety, education, micro-businesses)
- 2) Market 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.

Financial and economic crises can lead to high risk aversion. We know from experience in other times of economic downturn that there is the danger of less development aid, less philanthropy, less investment in women/girls and that women's employment could shrink as women may be pushed out (or take themselves out) of jobs.

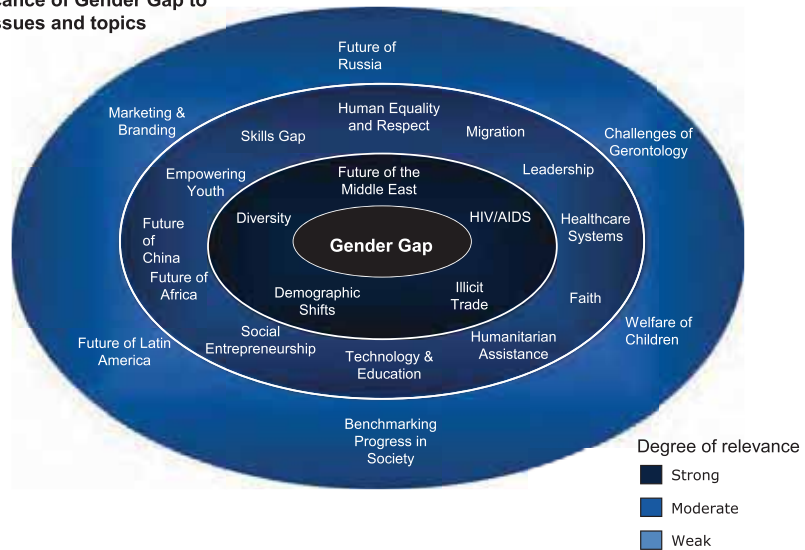
But we also know that crisis situations can lead to greater openness to alternative problem-solving, solutions and actors. So while there is a danger of relapse in the efforts to close gender gaps, there is also a major opportunity to reboot these efforts and make a quantum leap.

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

- Update 2009: The Global Talent Equation
 - Update 2009: Dealing with Dangerous Demographics
 - A Matter of Financial Empowerment
 - The Girl Effect on Development
 - Update 2009: Threats to Society
-

Policy-makers, academics and gender experts representing different geographies need to make use of this new opportunity to re-examine systems of global governance by engaging with each other to articulate a new and more inclusive agenda for designing and implementing gender-sensitive policies, including all those described above.

Significance of Gender Gap to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Gender Gap proposes the following:

How should we address the market failure to invest in women? The most basic things – the right to health and safety, the right to education, the right to earnings and the right to decision-making, the right to property, the right to vote – are missing.

- Begin with human rights: Implement existing international conventions (regulation); Give and implement property rights; Invest in civic education, through the formal and informal systems that will improve the ability of women and men, girls and boys, to secure their rights and entitlements as enshrined in national laws and policies
- Identify and address gender specific barriers in education and health: For education, provide hygiene facilities for girls in schools and cash transfer programmes to create incentives to send girls to school; Globally, make the education of girls an international priority, recognizing the returns on investment in food security, child and maternal health, environmental sustainability and economic progress; Close the health gaps through access to food security, safe drinking water (since getting water is women's/girls' work) and through access to safer cooking equipment (since cooking is usually the woman's job)
- Focus on getting women to vote: Identify local role models; Benchmark successful countries; Target women through media and communications
- Look beyond traditional microfinancing mechanisms to bring small enterprises to scale: Use phone banking to facilitate a creditworthiness ratings mechanism based on some of the same successful principles as microfinance (copy the key features of group lending schemes, namely, risk spreading and establishing creditworthiness through third parties, but make it more efficient – less time-consuming, faster, without requiring face-to-face interactions); Provide training in business, IT and negotiating skills
- Create awareness and recognize those countries that do well: Include the gender dimension in national competitiveness measurements; Establish an international fund/award that helps recognize those countries that meet certain benchmarks (MDGs)
- Develop gender-sensitive policies around development initiatives, e.g. in initiatives that provide resources to girls and women, take account of the imbalance in power between male officials and women themselves, in order to protect girls and women from the threat or reality of sexual exploitation

How should we address the market failure to reap the returns on investment in women?

- Identify mechanisms to increase the number of small women-owned businesses that become high growth ventures; Overcome gender-based barriers in access to the network of players involved in the scaling of businesses (e.g. venture capital, mentoring, expertise, information networks, incubators)
- Put more women on corporate boards and thus break the glass ceiling from the top – this has top-down effects on overall gender equality in companies; Introduce tradable permits for gender equality on company boards
- Re-invent the workplace for the digital age: Re-train managers, change the infrastructure and modify corporate law to reflect today's mobile workforce (e.g. 39% of IBM's employees do not work at the office)
This intervention helps businesses make overall efficiency gains while taking into account the arc of women's careers. It also has other associated positive externalities: it can help reduce traffic congestion, reduce energy use, improve work/life balance and it can help older-age employment
- Take a lifespan approach to flexibility, leadership development and talent management: Facilitate second starts for women who experience breaks in their careers – these should be second chances not just to return to work and have a job but second chances also for ambition
- Create gender-literacy in graduate and professional schools: Recruit and admit a higher proportion of women; Enhance faculty awareness and representation; Mainstream gender issues across the curriculum; Support alumni throughout the arc of their careers
- Do not underestimate the power of eliminating gender bias from basic human capital practices, including performance evaluation and succession planning mechanisms.

Council on the Gender Gap

Members

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Geography of Innovation

Overview

The last decade has seen a significant rise in talk of “innovation”. This is perhaps not surprising given the general state of the world. The very foundations of our financial markets, political systems and multilateral institutions are being reconsidered and new ideas are being sought. The complexity and interdependence of the challenges we face in the world require that we solve problems and arrive at game-changing breakthroughs at an unprecedented scale and pace. While innovation is commonly associated with growth, it is now more correctly pinned to survival.

Government policies can encourage innovation and help ensure that it is given the best chance to develop into new products and processes. The trend is in reorienting innovation policies away from subsidizing research to alternative instruments, such as tax relief on R&D, and reinforcing the links between industry and public research organizations to ensure that science is put to good use. In addition, a debate is beginning on intellectual property laws: relaxing these laws potentially removes R&D investment incentives while excessive intellectual property protection potentially disadvantages developing countries and stifles innovation.

Many companies recognize that developing innovation “in-house” is not necessarily sustainable or productive in the longer term. Corporations are moving towards networked innovation, extending the search for innovation across the globe. Yet open innovation still faces many challenges.

We see many considerable inhibitors to innovation around the world. These tensions include:

- *Global vs National*: Innovations are increasingly carried out by distributed networks of talent and resources, benefiting to a large extent from, and further spurring, globalization. Global challenges (like climate change, pandemics and population), realities and needs are often at odds with national interests and concerns too often yielding policies that prevent real breakthroughs.
- *Incremental vs Disruptive*: Innovation is not invention; it is a process more than an act. We don't want to rest content on catalysing incremental, linear innovation to the neglect of disruptive innovation.
- *Faith vs Science*: Unpredictable and constant change is our new reality. But rampant fear of the unknown exists, limiting the breadth and depth of any prospective innovation culture. This is very much due to the failure of math and science education to emphasize universal evidence-based decision-making and critical and interdisciplinary thinking over facts and figures.

Sessions in the Annual Meeting programme related to the Geography of Innovation include:

- Digital Asia: A World unto Itself
- Power to the People — Politics in the Internet Age
- Update 2009: Digital Convergence Continues
- From Adoption to Diffusion: Technology and Developing Economies
- Innovation: The View from Asia
- China, India and Japan: Asia's Big Three
- Cloud Computing: The Next Big Thing?
- Mobile Revolutions in the Developing World
- Growth through Innovation
- Human Augmentation — From Imagination to Realization
- Leveraging Mass Innovation

- *Advancement vs Cultural Norms*: Innovations can come from any person regardless of background or education. Fostering innovation implies class mobility. It requires infrastructure that supplies the requisite education, housing, power and transportation needs.

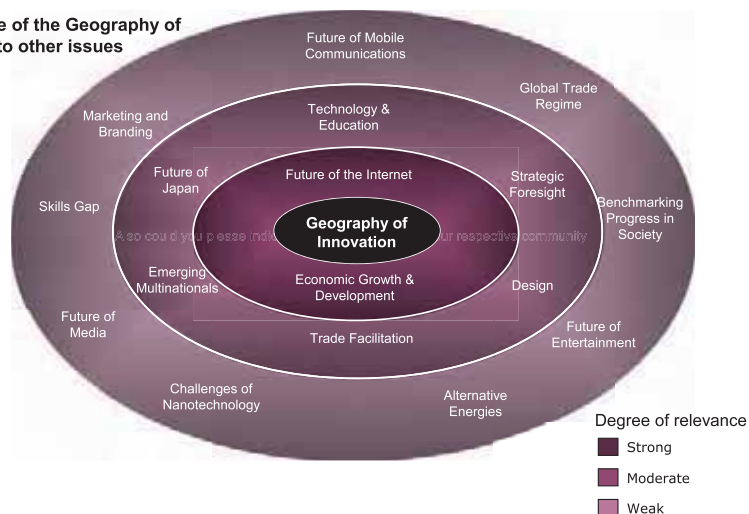
The supply of innovation talent is undergoing a dramatic shift, with major changes to demographics, the number of returnees and cultural factors such as four generations in the same workplace. The demand for talent is also changing due to the increased need of technology skills in all sectors, cross-disciplinary skills, cross-sector skills and the changing needs of business.

Given this general state of affairs, it is essential that we foster a global culture of innovation. A society that permanently strives to create socioeconomic value through the creation and deployment of new ideas is most competitive in this new landscape. The aspirations, values, literacy and governance of these societies – regional, national or corporate – collectively foster an ecosystem that fuels innovation.

In his first speech as President-elect, Barack Obama laid out a vision for a world “connected by our science and imagination”, capable of great things. The establishment of a more robust global culture of innovation will help bring forth the imaginative solutions we now require.

Innovation needs to happen now and the Geography of Innovation Council Members urge world leaders to use innovation as a proactive and systemic policy; it can mitigate the global financial crisis. Innovation must, however, be ready when the economy inevitably picks up again in the future. Today’s global challenges can be met through the benefits of innovation (alternative energies, health systems, communications, etc.). Therefore a systemic approach is key to a successful innovation strategy and for its benefits to be enjoyed globally.

Significance of the Geography of Innovation to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Geography of Innovation proposes the following:

- Establish global coordination of the innovation community via the World Wide Web
- Engage IP holders to reset the IPR framework and valuation system and open up IP to solve problems in the developing world
- Restructure education to emphasize systems thinking and multidisciplinary problem-solving
- Re-architect science literacy for the 21st Century to encourage critical thinking and establish universal science literacy as a global priority for the World Economic Forum Annual Meeting community in Davos
- Urge world leaders to seize their responsibility and opportunity to genuinely inspire, to present the opportunities indigenous to our challenges and to encourage a new global Enlightenment founded on science and imagination and directed towards improving the world
- Urge government leaders to allow for failure. Real innovation comes from those willing to take risks and learn from failure. Business environments, including taxation, need to be structured to enable risk-taking.

Council on the Geography of Innovation

Members

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Global Capital Flows

Overview

Over the past decade, there has been a phenomenal growth in cross-border capital flows, to the benefit of nearly all sectors, regions and asset classes. Cross-border capital flows are the oxygen for the entire economic system, from consumer purchases to funding infrastructure in developing countries. If the flow of international capital stops, all areas of the global system will wither. This Council advocates cross-border capital flows and a regulatory system that protects without being protectionist.

Despite the positive aspects of the growth in capital flows (from US\$ 1.5 trillion in 1995 to US\$ 8.2 trillion in 2006), the system may have been a victim of its own success. Capital markets were perceived to operate so efficiently that they became taken for granted. This made the system susceptible to its most fragile aspects, and made diagnosis to stop contagion difficult.

The current crisis began with the housing slump in the US, but quickly became a global crisis for three reasons. Accelerated mortgage creation and sale to securitizers by government incentives led to increasing use of securitized mortgage backed securities (MBS), financed off-balance sheets and sold around the world. Finally, MBS securitization was overlaid with credit default swaps (CDS) and instruments that added leverage and amplified risk.

The crisis played out from there:

1. *Lack of transparency and accountability*: When mortgages began to default, no one knew where the losses would be taken, because the hyper-efficiency had resulted in such extensive division of financial assets into securities that it became difficult to find information. In addition, actors made decisions that would benefit them in a bonus-cycle to the detriment of the long-term health of the institution or ultimate owner(s) of an asset.
2. *Freeze in short-term lending*: The lack of transparency led to a freeze in short-term lending, especially after Lehman Brothers was allowed to fail in September.

Sessions in the Annual Meeting programme related to Global Capital Flows include:

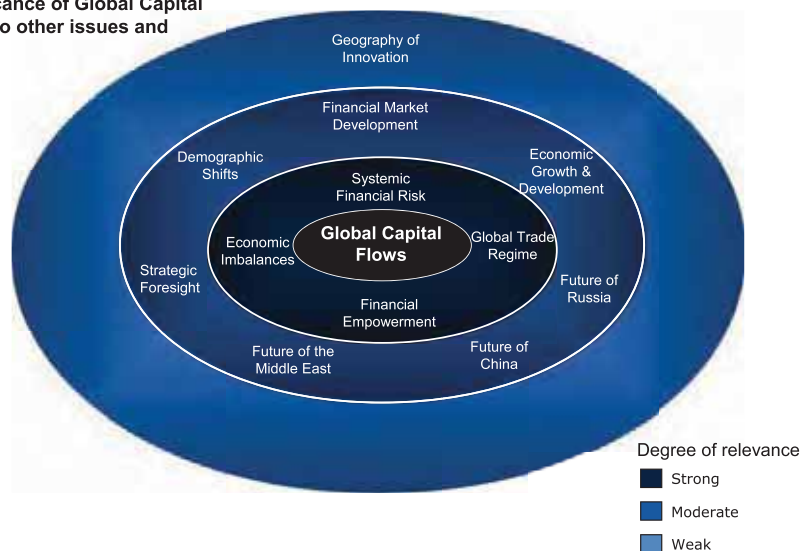
- Update 2009: Hard Lessons about Global Imbalances
 - CNBC Debate: No Way Back
 - Update 2009: Managing Assets in a Correlated World
 - Update 2009: Can Corporations Turn the Corner?
 - 36 Hours in September: What Went Wrong?
 - Financing Industry in an Era of Capital Scarcity
 - Financial Recovery: A Long Journey Ahead?
-

3. *Demise of institutions*: A number of subsequent factors led to the demise of AIG and Washington Mutual, and the conversion of Morgan Stanley and Goldman Sachs into bank holding companies.
4. *Amplification*: The greater interconnectivity of markets as a result of increased capital flows led to increased negative reverberations once the crisis started. As investors avoided risk, by investing in short-term treasuries, the emerging markets suffered and businesses in many countries could not get their hands on enough money to fund their operations or pay debt.
5. *Real economy impacts*: This is still unfolding, but is tangible in the sharp decline in auto sales – and subsequent cuts in jobs – partly driven by consumers' limited ability to access loans to finance purchases.

Additional factors are the misalignment of incentives in business and regulators, failures of management and corporate governance, the chase for high returns in a low-interest rate world leading to over-leverage and the natural cyclical nature of economic activity.

As a result of the crisis, a protectionist and regulatory backlash is likely. However, it is critical that we identify the types of capital flows that should be fostered to benefit global economic growth. If capital flows are not restored, everything from the normal flow of commerce to the building of critical infrastructure in developing economies hangs in the balance.

Significance of Global Capital Flows to other issues and topics



Recommendations¹

¹ The views expressed here emerged primarily from the Council meeting in Dubai and do not necessarily reflect the views of the World Economic Forum or those of all the Council Members, who are the foremost experts on the topic.

The Global Agenda Council on Global Capital Flows proposes that:

Capital flows can be thought of in four tiers:

- The payments system (the daily flow of settlements and clearance representing the “plumbing” of the financial system)
- Foreign Direct Investment (FDI)
- Cross-border bank lending
- Debt and equity markets (portfolio flows)

The priorities for action include:

- Keeping the “plumbing” working
- Ensuring capital flows to vulnerable portions of the economy
- Protecting capital flows, prioritized per the tiers above. Protection should target:
 - Encouraging inflows from “new capital” sources, by setting the conditions to favour long-term investors and large share holders. These are the stakeholders with the greatest vested interest in long-term success and stability
 - Ensuring capital flows for both capital projects as well as working capital requirements for companies in the real economy
 - Mitigating reverberations and contagion
 - Protecting without being protectionist

The governing principles are to regulate well, without over-regulating, and to protect, without being protectionist. Specific financial sector, private sector and economic policy elements follow:

<p>Financial Sector Regulatory Principles</p>	<p>Promote principle-based regulation with the teeth to enforce; inhibit regulatory arbitrage Standardize financial products and ratings, where appropriate, much as gold is measured in standard quality and weights Base regulatory rules and oversight on the type of activity vs the type of institution Differentiate based on goals of regulation (consumer protection, system stability, etc.) Ensure compensation, stature and accountability of regulators are comparable to the private sector Migrate towards an international collaborative framework that leverages existing institutions</p>
<p>Private Sector Incentive Principles</p>	<p>Align incentives so risks and rewards have appropriate timeframes Ensure technical expertise on the boards of financial institutions Eliminate conflicts of interests and moral hazard (e.g., M&A arbitrage) Ensure risk management takes liquidity risk, not just credit and interest rate risk, into account Incorporate the value of avoiding risk into compensation and valuation Enforce more stringent lending targets and leverage ratios Match the timing of assets and liabilities to account for liquidity risk (e.g., no funding land deals with overnight paper)</p>
<p>Economic and Financial Policy Principles</p>	<p>Avoid erecting barriers to the free flow of capital Avoid government guarantees that crowd out private flows Exercise extreme caution when considering further downward action on interest rates Encourage new intermediaries and capital sources through open policies</p>

Council on Global Capital Flows

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Global Governance

Overview

Global governance exemplifies challenges to the sustainability of industrial society and the survival of the world's peoples.

In some areas effective solutions to address these challenges exist. The Law of the Sea, for example, has earned the acceptance and compliance of the major stakeholders; the WHO serves as an effective forum for the management of the SARS epidemic; public-private partnerships including the Global Fund are making antiretroviral drugs increasingly available; civil society organizations like Rotary International have made major contributions towards global governance including, in this instance, the eradication of polio. Private organizations, for example ICANN on Internet management and ISO in quality standards, have solved problems of coordination that would typically be handled by intergovernmental agreement.

However, today's challenges are more complex and, as Kofi Annan says, have no passport attached:

- We confront climate change, where business-as-usual scenarios point to a global environment that in the long run is unsustainable and whose most immediate political and socioeconomic consequences will bear on countries and groups least able to manage them.
- We lack measures to manage weapons of mass destruction, and an ability to accommodate legitimate desires for nuclear technology and energy in a fragile global nuclear order with more nuclear fuel to be controlled and regulated.
- We observe the failure of the Doha Round revealing an inability to agree on a trade system that encourages the kind of development that alleviating global poverty will require.
- We face a financial crisis of almost unprecedented proportion and global implications.

Sessions in the Annual Meeting programme related to Global Governance include:

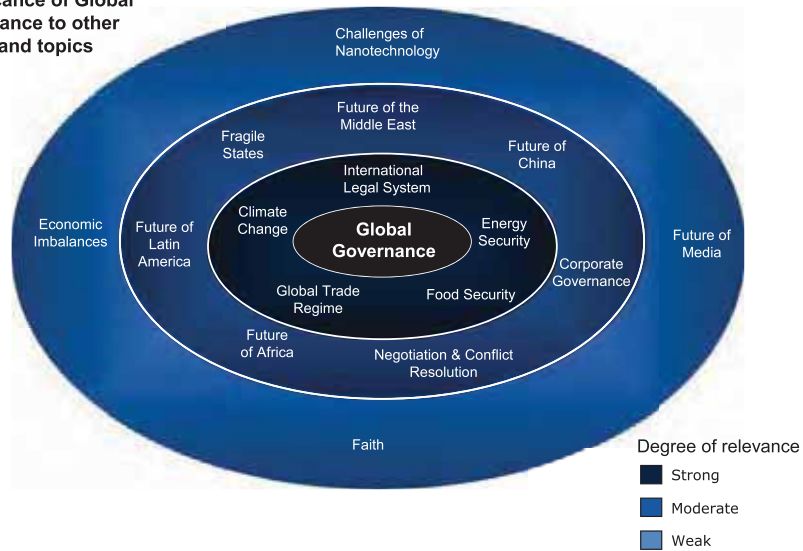
- Update 2009: Controlling Climate Change
- Update 2009: Crises to Prevent at All Cost
- Update 2009: Managing Resources for the Long Term
- Update 2009: North America
- 2009 World Economic Brainstorming: Navigating the New Economic Landscape
- 36 Hours in September: What Went Wrong?
- How Do Leaders Learn?
- When Business as Usual Is Not an Option
- Crisis, Community and Leadership
- The Values behind Market Capitalism
- Death of the Washington Consensus?
- Global Financial Crisis: What Lessons Should Be Learned?
- The Economic Governance of Europe
- Managing Global Risks
- The New US Administration: Can It Meet the Expectations of the World?
- The Global Compact and the Corporate Citizen
- Global Solutions from the Past
- The World According to Russia
- China, India and Japan: Asia's Big Three
- Africa: A Safer Bet than Most
- NATO: Will It Survive Another 60 Years?
- Crisis, Collaboration and a Connected World
- The Design Flaws of Governance
- Mending the Holes in the Food Safety Net
- Climate Justice: Basis of a New Global Solidarity?
- Global Challenges: Group Genius Required?
- The Global Economic Outlook

Issues like these are correlated, and their effects are observed across countries, groups, sectors. Addressing them means addressing global market failures, sovereignty failures and intergovernmental failures: private markets do not sufficiently address externalities that are public and global in nature; sovereign states can provide legitimate order at home but do not adequately address problems reaching across borders; intergovernmental institutions lack the necessary authority, vision, expertise and resources to govern the world.

Failures of imagination and political will underlie these problems. As a result, in too many areas global governance today fails as a generator of norms, underperforms as a mechanism of coordination and collaboration, stalls when it comes to enforcement and lacks adequate accountability.

What is new is a global context that is radically more interdependent both among countries and across issues, and which sees the rise of new centres of industrial and financial power, particularly in Asia, whose role fails to be reflected in global institutions and practices.

Significance of Global Governance to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Global Governance proposes global governance solutions to incorporate principles of genuine dialogue and explore new synergies. In particular:

- Existing institutions and new fora should encourage more extrovert leadership from outside the circle of established powers. To be effective, this leadership needs to be explicit in making these commitments. There needs to be a global pool of countries thinking of the wider good of the global commons and willing to sacrifice an element of self-interest and make a commitment to global goods.
- A framework is needed in which expert information, where it exists as it does at the Intergovernmental Panel on Climate Change (IPCC), is mobilized to better define the many factors at play and propose standards and strategies to solve them. But realizing that the scientific community is sometimes divided and technical solutions are sometimes fraught with narrowing definitions of the problem, we also require a framework of deliberation and contestation that includes voices too long excluded from global public policy-making. How problems are understood is also a political matter as different understandings and approaches to challenges often reflect vested political interests between and within nations.
- Public and private partnerships will need to exploit the synergies between public authority and regulation, on the one hand, and private entrepreneurship and resources, on the other. In this way, serious and large problems can be addressed by leveraged solutions.
- Existing international institutions need reform in order to ensure that genuine global demands are better met. We need a UN Security Council that better reflects the 21st Century and, because it does, is more legitimate and better able to elicit respect and mobilize the resources that conflict resolution and peacekeeping require.
- As the forum for genuine dialogue and norm setting available to all countries, large and small, the UN General Assembly needs radical revision that changes its dialogue from that of the deaf to a dialogue that listens as well as it talks, raises questions no matter how controversial, and provides judgements that are coherent and useful.
- No matter how deliberative and responsible, global action is much needed and will continue to be inadequate without additional resources. These resources can come through partnerships, international taxation and other innovative forms of market solutions and financing.

In addition, the Council highlighted the evident gap in crisis management at the global level, reiterating that crisis management must take place in a much more timely fashion and incorporate the essential stakeholders to enhance understanding and action. Solutions available soon, as imperfect as they are, are better than solutions wise only in hindsight. The global financial crisis roiling the world threatens to evolve into “beggar-thy-neighbour” policies in the way in which the financial crises of the early 1930s produced the global depression of the entire decade. Institutions such as the IMF and the WTO need restructuring to better represent new stakeholders and existing rules, regulations and fora need rethinking to embody insights pertinent to today’s world.

No quick fix to the immense set of global governance failures that we now face exists. Failures are not just technical matters, they are deeply political and the current framework of global governance is as much the problem as it is the solution. Solutions will need to draw upon many different disciplines, but also the political leadership of inspiring leaders supported by more effective institutions and a deeper public understanding of globalization. Effective and legitimate solutions are then a matter of trade-offs. Effectiveness may require small and efficient management, but there will be instances where effective management is realized with the support of all stakeholders.

Council on Global Governance

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Global Trade Regime

Overview

The rules-based multilateral trading system instituted after World War II has been a successful case of institution-building and institutional innovation in modern history. The principle of non-discrimination is its shining hallmark. The great success can be seen in many ways. While for several decades it was mostly the exclusive preserve of the first world, in the last 20 years virtually all countries from the second and third worlds have joined it. At the beginning of the 21st Century, the reality is a global market of unprecedented scope and depth. Furthermore, in many cases, the countries that adopted the reform policies of trade liberalization are also those that have witnessed the greatest amount of poverty reduction.

A major objective in the policy arena should be to ensure that these great achievements are not destroyed but instead are built upon.

Over the past decade, trade and growth have boomed while the policy process has stagnated, but this dichotomy mattered little given the buoyant environment. The trade system is also far more resilient than the financial system; despite the crisis we have seen the trading system continue to work. We have a financial system that lags behind in governance and a trading system with rules that work. Regrettably, the global trade regime does not receive the attention of political leaders that it deserves and is often deemed to be a low priority.

The financial crisis is having a huge impact; we are now clearly in a completely different global economic environment. The current crisis's impact on trade, aside from the consequences of lower growth, is difficult to measure. However, various elements of turbulence could potentially (perhaps inevitably) have negative consequences. The turbulence includes significant volatility in exchange rates, the fall in commodity prices, the dearth of trade finance and hence the squeezing from the global trading system of possibly many relatively new entrants primarily composed of SMEs.

The risks in 2009 are therefore arguably much greater than at any time since World War II, or at least since the oil crisis of the 1970s. Political leaders might resort to various protectionist, or disguised protectionist, measures as a means of gaining political support. This is all the more the case as, even before the crisis, no strong liberalization wind was blowing in the political arena, especially among industrialized countries.

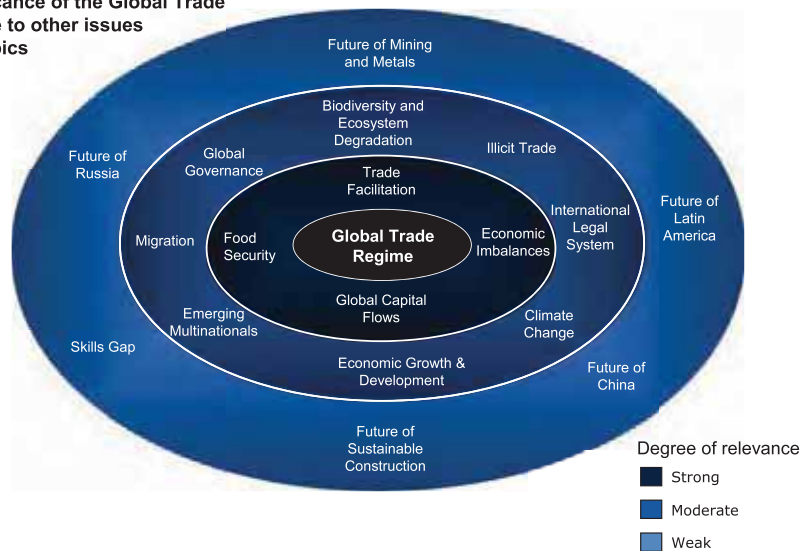
Sessions in the Annual Meeting programme related to the Global Trade Regime include:

- 2009 World Economic Brainstorming: Navigating the New Economic Landscape
 - Update 2009: Managing Assets in a Correlated World
 - Update 2009: The Return of State Power
 - Can the World Live with the Frugal American?
 - The Fight against Protectionism
-

In assessing risks, and seeking to mitigate them, the question to ask is why the process has stalled. Why have advocates of the multilateral trading system been unsuccessful in advancing the public policy process and gaining popular support? One reason is the significant failure of education and public relations when it comes to trade. This has been both caused and exacerbated by a significant amount of confusion over the scope of trade policy and the effects that trade can have. In particular, the labelling of this round as the Doha “development” round has potentially raised unwarranted expectations as to what trade can and cannot do in terms of development.

It must be recognized that there are fairly widespread perceptions that incompatibilities exist between an open trade regime and some of the other key global issues, such as climate change, poverty, disease and hunger. Policies urgently need to be put in place to repair the situation and mitigate the risks.

Significance of the Global Trade Regime to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Global Trade Regime proposes that:

There is an urgent need to address the risks and to better articulate a coherent message on the global trade regime. However, effective remedies and policies can only emerge from the highest levels of political leadership (heads of state). This is especially important as the multilateral trading system that has served the world so well is in danger of being eroded by diverse forces, including not only protectionism but also the rise of preferentialism. And in this context, it would be dangerous for policy-makers to take the global trading system in its current rules-based multilateral form for granted.

The G20 meeting in Washington on 15 November presented an opportunity for the assembled political leadership to express their commitment to conclude the Doha round and move the global trade agenda forward. A commitment to the trade regime would be an important signal to restore confidence. This commitment could potentially include a general statement of commitment comparable to the ones that are usually provided at the conclusion of G8 meetings. It can also include the experts' commitment not to engage any act of domestic policy that would contravene obligations and commitments to the WTO, including commitments not to raise tariffs or erect trade barriers. The meeting also offer a "seize-the-moment" opportunity to commit to closing Doha within a specified period of time. This could consist of formalizing what's already on the table and efficiently resolving some of the outstanding issues.

Beyond the tactical short-term objective of closing Doha within a time frame to be clearly determined, in the long term the most fundamental challenge is what happens after Doha. How can the multilateral trading system be made much more productive?

Measures for Improvement

Measures for improving the global trade regime to correspond to the new realities of the 21st Century could be predicated on the concept of the kind of vision one would wish to have for the global economy in 2030.

In looking at the next 20 years, undoubtedly there will be a number of very challenging issues, such as changing global demographics, geopolitical instability, climate change, etc. These and other threats could seriously destabilize the global trade regime, so it is all the more imperative that measures be taken to continue to strengthen it. In light of global realities and the huge proliferation of players in the global trading regime, a very important consideration in this context is that there must be greater organizational flexibility while ensuring that the key principles remain strictly adhered to. To that end, one critical element is to ensure that the WTO agenda is not over-burdened. At the same time, policy-makers need to approach discussions on the trade regime in a holistic context.

Some of the current initiatives, such as Aid for Trade and trade facilitation, should be continued. Other possible measures that require more reflection and discussion include:

- the inclusion of business and aid agencies in future negotiations
- the creation of a plurilateral structure with inbuilt flexibility to provide a greater time and scope for extending MFN
- the infusion of a greater degree of vision in the promotion of the trade regime
- the imposition of rigorous disciplines in preferential trade agreements with the objective of making them ultimately collapse into a single universal global trade regime
- the inclusion of other key areas that require close attention, such as anti-dumping.

Council on the Global Trade Regime

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Healthcare Systems

Overview

Health is valued both in its own right, and as a major contribution to human capital and productivity.

The health system comprises all the actions undertaken with the prime intention of maintaining and improving a nation's health. It can therefore embrace many actions beyond conventional healthcare, including health promotion, prevention and preparedness for health emergencies. It also includes coordinating and influencing cross-sectoral actions to improve health.

Even allowing for different stages of development, health systems vary dramatically in performance. Such variations in performance appear to be driven not only by system design issues, but also by governance structures, information flows and managerial competence.

The governance of a health system has a crucial impact on its performance, measured in terms of its outcomes, in terms of length and quality of life, health equality, efficiency and financial protection for citizens from healthcare expenditure. Good governance is needed at every level, including national and local government, the institutions of healthcare, the medical professions, private providers and civil society.

Governments have a key role in protecting the health of their populations, and putting in place mechanisms to ensure that health systems function as intended.

Major challenges confronted by health systems include:

- Rapidly increasing expenditure on healthcare
- Increasing numbers of older people
- Weak or absent performance measurements in many settings
- Policy that develops incrementally in an *ad hoc* fashion, often in response to interest groups
- Slow diffusion of efficient practice and new technologies
- Considerable difficulty in assigning adequate priority to prevention and surveillance

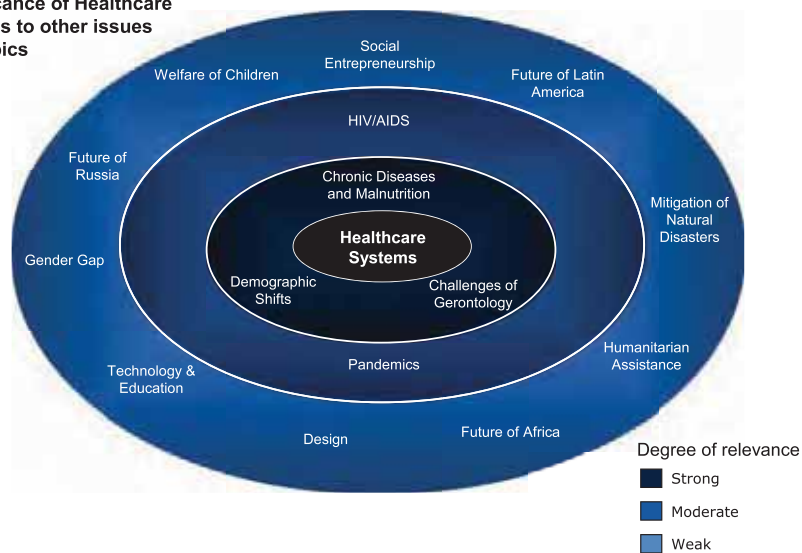
Sessions in the Annual Meeting programme related to Healthcare Systems include:

- Update 2009: Healthcare under Stress
 - Live Long and Prosper
 - IdeasLab with MIT
 - The Cancer Epidemic
 - Creating Wealth through Health
 - Personal Genetics — Revolutionizing Healthcare?
 - Completing the Malaria Mission
 - Live and Let Die
-

- The growth of chronic disease
- Great diversity of providers and settings, leading to fragmentation and information asymmetries
- Access to healthcare for disadvantaged groups.

In low-income settings, agendas are being driven by the Millennium Development Goals. These have been helpful in focusing policy attention, but may also have distracted from other important objectives and emerging challenges.

Significance of Healthcare Systems to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Healthcare Systems proposes that:

There is scope for promoting improvement in many aspects of health system functioning. However, three fundamental levers exist that offer the most important and practical promise for systemwide improvement.

1. Create an information infrastructure

The availability of information is a constraint to improvement in all health systems. It is needed prospectively, to set priorities and inform system design, and retrospectively, to assess performance and promote accountability. Information is a public good, and can challenge vested interests. Government therefore has a central role in ensuring that necessary information is collected, analysed, disseminated and understood. It should be possible to address any privacy or ethical concerns. The benefits of an enhanced information base include:

- Helping patients to make better choices about their healthcare
- Providing the ability to evaluate investments in health
- Benchmarking within and across health systems
- Enhancing the policy-making process
- Helping providers improve their performance
- Improving accountability to citizens and patients throughout the health system.

The Council urges the Forum to develop a Charter that promulgates four key principles:

- Adoption by all public and private sector actors of a common data architecture including standardized nomenclature and interoperability standards
- Recognition that data are a public good; with due provisions for the protection of privacy, all health data sets should be in the public domain
- Acknowledgement that everyone benefits from a multiplicity of independent analyses of health data rather than forcing a single view
- Investment by the global health community in enhancing the capacity of developing countries to analyse their own health data.

2. Guarantee entitlement to a core package of health services

Most health systems seek to deliver a core package of health services to all citizens, funded by taxation, donor funds or social insurance payments. We believe that major benefits can accrue if this package is framed as an entitlement to which all citizens have a right, and created as a social compact. This will require explicit setting of priorities, using criteria such as cost-effectiveness, equity concerns and social acceptability. The package could be delivered by providers in public, private or voluntary sectors. However, the benefits are:

- The package can be designed to secure maximum effectiveness for the funds available
- Governments can be held to account for the health system
- All citizens understand their rights to healthcare
- Vulnerable groups can be targeted
- The system is not unduly influenced by particular patient groups
- Employers and private health insurers can create a market in insurance for those able and willing to purchase a broader benefits package that complements the core package.

3. Prioritize health promotion, disease prevention and disaster preparedness

Many health systems have considerable difficulty in assigning adequate priority to disease prevention and other public health initiatives. Yet, viewed in the longer term, these can be among the most cost-effective use of limited funds. Health systems need to be strengthened to enable them to address the determinants of health using interventions within the health sector and cross-sectoral interventions of proven cost-effectiveness. There is a case for treating health promotion, disease prevention and disaster preparedness as capital investments rather than current expenditure, both in formal accounting terms and in the policy-making process.

Council on Healthcare Systems

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HIV/AIDS

Overview

The AIDS epidemic continues to be one of the most devastating in the history of humankind, with an estimated 33 million people living with HIV in 2007, 2.7 million new HIV infections and 2 million AIDS-related deaths. AIDS is the leading cause of death in Sub-Saharan Africa and is expanding in many regions, including the former Soviet Union and Asia.

Because HIV kills people in their most productive years, not just the young or the elderly, it has a multiplier effect on businesses, economies and societies. And prevention efforts are lagging, particularly in critical at-risk groups, as new infections outpace the number of people receiving treatment globally.

However, the global community is not powerless against the epidemic, and there has been encouraging progress in recent years. Treatment works, and important successes in scaling up have been noted. Global investments to fight the epidemic have grown from millions to billions of dollars per year. We face many AIDS epidemics – among different at-risk populations, among those co-infected with TB, and in different cultural, social and economic contexts – and this heterogeneity requires multiple responses, with attention to the ways in which HIV/AIDS reaches beyond health into all sectors of society and is shaped by cultures and economies as well as epidemiology. Increases in funding and coordinated responses by communities, national governments, bilateral agencies and multilateral organizations have led to improved outcomes, with fewer deaths and fewer new infections.

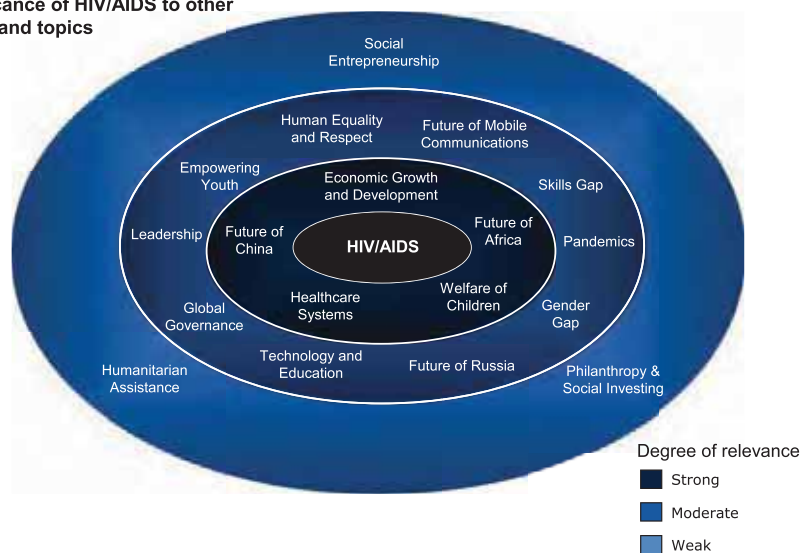
“Good politics saves lives, bad politics kills people.” We have seen the importance of responsible leadership in stopping the spread of HIV infection – not just by politicians, but also by religious, community, business and youth leaders. Effective leadership on HIV/AIDS requires sensitivity to cultural issues and a willingness to confront stigma and discrimination, as well as complacency and inertia.

Sessions in the Annual Meeting programme related to HIV/AIDS include:

- Update 2009: Healthcare under Stress
 - IdeasLab with MIT
 - Creating Wealth through Health
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We can't let the global financial crisis blind us to the continued need for long-term thinking. There has already been a crisis for the billion people who live on less than one dollar per day. At the same time, the economic crisis facing developed economies is likely to have a predictable impact on available donor funding for HIV/AIDS within the next three years, so that implementers will need to plan for resource constraints. Strong reasons to invest in the response against HIV/AIDS still exist, so the progress of recent years is not lost. We should seize opportunities to look for greater efficiencies and more effective delivery mechanisms, with a focus on improved health outcomes through solutions based on real evidence.

Significance of HIV/AIDS to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on HIV/AIDS proposes that:

To build on the encouraging results in the global AIDS response and to achieve a new level of effectiveness, we need to adopt twin goals. It is important to continue to scale up treatment, so that those who are already HIV-positive can live well with the disease. This should be coupled with an ambitious new goal of achieving an HIV-free generation – a world in which no one need die from HIV infection, where HIV transmission is halted, no babies are born HIV-positive, and children don't become orphans because of AIDS. To reach this future state, we need what might be termed “combination therapy” by governments, the private sector and civil society organizations working together, pooling complementary skills and resources to find and implement sustainable solutions across the spectrum of HIV prevention, care, treatment and support.

How can we achieve an HIV-free generation? New investments in novel approaches to HIV prevention are absolutely necessary. Two elements of the new paradigm were the focus of our Council's discussion: (1) drawing on the skills of business to scale up the global response; and (2) engaging and empowering young people as architects of a new HIV-free generation.

First, the business case. There is emerging consensus that HIV is everybody's business – and companies need to assess and address the impact of HIV on their workforces and customer base. It's clear that HIV affects business in many countries and across industries. But how can business affect the global response to HIV? There's an opportunity to mobilize the use of basic business skills to improve the global response by employing the “excess capacity” of the private sector to fight HIV on a broader front. Examples include:

- marketing and branding expertise to drive behaviour change
- using new information technology applications and global connectivity (e.g., gaming, mobile technology) for behaviour change and HIV prevention interventions
- integrating HIV care and treatment into employee services and human resources management
- applying systems approaches to human resources, financial management, logistics and supply chain management, etc.

Businesses can encourage both their customers and their suppliers to get involved. And by contemplating the use of incentives and even profit-making opportunities, we envisage a new collaboration between the private sector, the public sector and civil society to reach the goal of an HIV-free generation. To enable greater business engagement, donors will need to be more open to working with the private sector in these ways.

Second, engaging and empowering young people must be a new priority if we are to achieve an HIV-free generation. By designing new interventions that take advantage of Internet applications (e.g., massively multiplayer role-playing video games and social networking sites) that already attract the attention of youth, we envision the possibility of designing environments that will attract participation, while providing platforms to link youth to prevention education and services that can stop the further spread of the HIV epidemic.

To begin to implement these ideas, the HIV/AIDS Global Agenda Council will reach out to other relevant Councils to design an Annual Meeting Davos event for a “call to action” on the HIV-free generation, as well as incorporate these perspectives into the work of the Global Health Initiative, the Young Global Leaders and the agendas of the World Economic Forum's Regional Meetings.

Council on HIV/AIDS

Members

Chair: ***Peter Piot**, Senior Fellow, Bill & Melinda Gates Foundation, USA

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

Pamela Barnes, President and Chief Executive Officer, Elizabeth Glaser Pediatric AIDS Foundation, USA

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Mark R. Dybul, US Global AIDS Coordinator, US Department of State, USA

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Frika Chia Iskandar, Coordinator, Woman Working Group, Asia Pacific Network of People Living with HIV/AIDS, Thailand

Andrew Jack, Pharmaceutical Correspondent, Financial Times, United Kingdom

***Michel Kazatchkine**, Executive Director, Global Fund to Fight AIDS, Tuberculosis and Malaria – GFATM, Geneva

Charles M. Mbire, Chairman, MTN Uganda, Uganda

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***Mabel van Oranje**, Chief Executive Officer, Open Society Institute, United Kingdom

Joy Phumaphi, Vice-President, Human Development Network, World Bank, Washington DC

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Global Agenda Council on HIV/AIDS

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Human Equality and Respect

Overview

Questions of human equality and respect must be made a priority in a moment of global economic crisis.

The current economic crisis and the context of globalization in which it has occurred has exposed more vividly than ever the costs of discrimination, indifference, hatred and inequality. A great gap exists between political and economic leaders and ordinary citizens. In addition, economic inequalities compound the divisions between racial, ethnic and religious groups and vice versa. The current crisis suggests the possible benefits of incorporating the perspectives and talents of those who have been excluded from the process of policy-making and leadership.

Many people in the world feel that they are losers in the process of globalization – they suffer extreme poverty and lack basic human security. At the extreme, there is a hierarchy of human worth, one reflected in the treatment of human beings as commodities. To them, the march of economic globalization appears threatening. Many economic and political leaders offer a defence of globalization, but do not explicitly address the perspectives of those whose daily lives are negatively affected by it.

Proclamations of human rights are far more commonplace than practices of mutual respect among individuals and groups. Our 21st-Century world is still home to the humanly devastating problems of slavery, ethnic and religious conflict, genocide, domestic violence, extreme poverty and illiteracy, along with the crippling deprivations of healthcare. Systematic discrimination on the basis of sex is widespread. Many suffer from the humiliation and dehumanization that result from oppression and marginalization. Ultimately, a society is defined by its attitude towards its most vulnerable members.

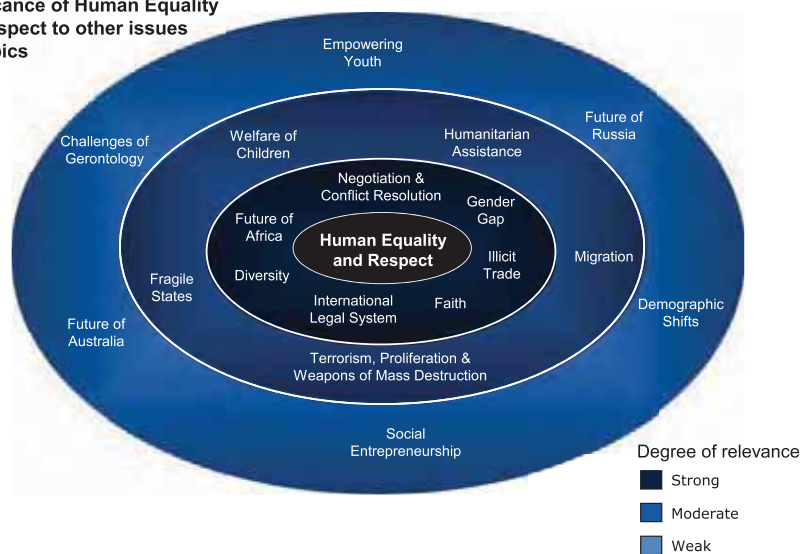
Sessions in the Annual Meeting programme related to Human Equality and Respect include:

- Update 2009: Crises to Prevent at All Cost
 - Update 2009: North America
 - Africa: Uniting the Continent
 - How Do Leaders Learn?
 - When Business as Usual Is Not an Option
 - Update 2009: Migration and Multiple Identities
 - Crisis, Community and Leadership
 - The Values behind Market Capitalism
 - The Ethics of Science
 - Rising Population: Overload or Opportunity?
 - Shaping the Post-Crisis World: Views from the Next Generation
 - Cultural Literacy: How to Develop It
 - Faith in Religion
 - Religion and Human Rights: A Contradiction?
 - Reconciling Religion and Science in Society
 - Live and Let Die
 - Values, Vision and Leadership
-

Exclusion, indifference, racism, gender discrimination and hate limit access to the talent pool to address pressing social problems and improve human security nationally and internationally. In every sector of society, there are future leaders of enormous potential whose talent has not been recognized by those in power – who must be recruited, nurtured and cultivated. The lack of inclusive leadership narrows the range of resolutions to social problems, limits our creative potential and breeds hatred, violence, indifference and inaction that impede practical progress on the most pressing issues of our time.

Inequality and discrimination foster distrust. A fundamental lack of trust and the failure of institutions to foster trust exacerbate the economic crisis.

Significance of Human Equality and Respect to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Human Equality and Respect proposes the following:

- Ethical Education

A significant dimension of the problem is ignorance and the lack of access to education. Education that combats ignorance is a necessary starting point. Every child needs access to education that provides the skills necessary to be self-sustaining. But we also call for ethical education, formal and informal, that fosters respect among people of diverse backgrounds and opens their minds to both economic opportunities and, just as importantly, to the equality of human beings. Faith can play a role in ethical education, but it is not a necessary prerequisite. The ideals of human equality and respect are compatible with different religious and secular perspectives that emphasize the fundamental dignity and humanity of all human beings. Beyond literacy, numeracy and skills development, ethical education must emphasize the skills and virtues of collaboration and critical thinking. It is essential to educate to overcome indifference and hostility by emphasizing human interrelationships and their history. We must encourage this kind of education not only in classrooms but in museums, libraries and on sports fields.

- Councils of Inclusion

We propose the creation of Councils of Inclusion, consisting of leaders of governments, corporations, NGOs, international agencies and social movements. They will provide a voice to individuals from a wide range of groups, especially those who have been victims of past discrimination and are most vulnerable to discrimination in the future. On a wide range of local and global issues, these consultative bodies would offer creative ideas for developing new policies and institutional and legal reforms that mitigate the discriminatory effects of existing policies. They would commission investigations, hold hearings, prepare reports, make recommendations and periodically issue “discrimination impact statements” about particular policies.

- Inclusive Leadership

We need a more inclusive form of decision-making that does not rely solely on economic expertise, but also gives voice to those who feel excluded from the political process. To combat racism, inequality and hatred, it is important for leaders to challenge barriers and to bridge the boundaries of difference and distrust. It takes transformational leaders – with the ability to speak for a wide range of people – to accomplish fundamental change. At every level of society, current leaders should be on the lookout for exceptional potential leaders who are diverse and innovative – who do not look, think or talk like them – especially from excluded or marginalized groups.

Higher education must play a critical role in this process. Professional education, especially in business, public policy and the law, must emphasize the necessity of equality and respect, creating ethical leaders who will put a priority on inclusive rather than exclusive decision-making.

Council on Human Equality and Respect

Members

Co-Chairs:

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Global Agenda Council on Human Equality and Respect

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Humanitarian Assistance

Overview

Over the past two decades, the international community has significantly improved its humanitarian response capabilities through actions such as the development of best practices, standards and codes, and the creation of coordinating institutional structures, among others. Despite such developments, the humanitarian sector requires additional strengthening, and even more so now as it faces an unprecedented increase in crises around the world.

The humanitarian caseload will increase and become more complex. It is possible that it will include challenges of entirely unprecedented scale if, as commentators foresee, large scale migration, both cross-border and internal, results from climate change. This increased caseload stems from such factors as:

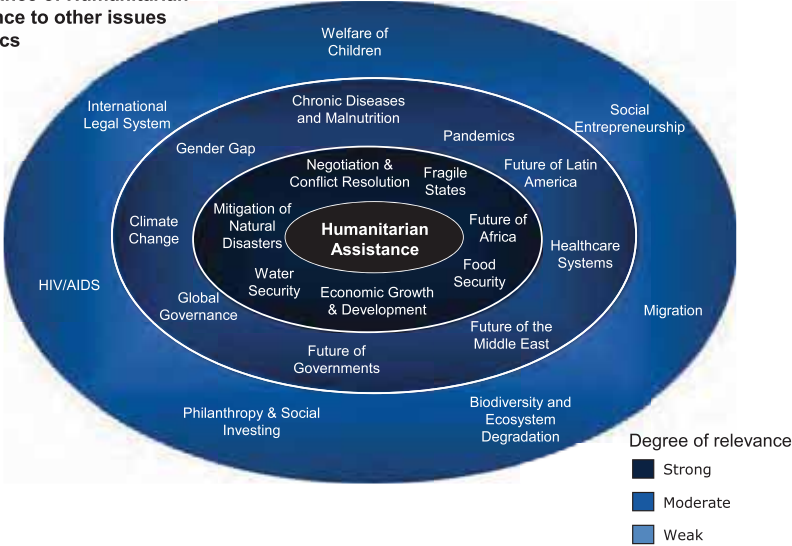
- In a 2-4 year time frame, the pressure of the economic crisis on poorer societies (due, for example, to declining levels of investment, trade and remittances, potentially less ODA than foreseen, an inward-looking turn in rich country policies)
- In an 8-10+ year time frame, the social impact of both sudden shocks and slow onset change resulting from climate change
- Growing population growth and stress on resources including greater food insecurity
- The likelihood of pandemics
- The heightened political instability and conflict risk that result from the above
- The impact of these factors on already unstable states and regional inter-state relations
- Their interaction with economic developments (even in times of recovery from recession there are losers as well as winners), state fragility, the effects of conflict, etc.

Vicious feedback loops and risk of downward spirals are anticipated, as each risk factor exacerbates the others. The greatest intersection of risks today is found in poor countries characterized by state fragility.

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

- Update 2009: Helping Others in a Post-Crisis World
 - Afghanistan and Pakistan: Key Countries on the Global Agenda
 - Rising Population: Overload or Opportunity?
 - Global Solutions from the Past
 - Extreme Events: Why the Surprise?
 - Sustaining the Non-Profit Sector
-

Significance of Humanitarian Assistance to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Humanitarian Assistance proposes that:

The international community needs a new Vulnerability and Protection “Business Model”. This has six requirements:

- A comprehensive risk framework
- A reworked balance of spending between response and prevention-recovery
- A big investment in national and local capacity for response, prevention and recovery
- Fuller engagement of the private sector
- Linkage of the humanitarian to broader social and economic development issues
- Regional and international readiness to address cross-border humanitarian issues.

The first requirement is a comprehensive risk framework. Climate change introduces fundamental uncertainties into future projection. We enter an enterprise of risk management without hard facts about how things will unfold. We must plan to be ready for events for which we cannot plan.

The second requirement of the new approach is to rework the balance between disaster response and the upstream and downstream issues of prevention and recovery. More resources are needed both to reduce risk in the first place, and reduce the risk of relapse after the event.

The default mode of the current humanitarian model is external assistance; the default mode of a new vulnerability and protection model is self-reliance. The third requirement is to enhance the capacities, readiness and resilience of exposed societies so they can better handle extreme events. Ensuring that civil society and local communities are involved will make it possible to identify and meet the differential needs of groups (differentiated, e.g., by gender, age, social class).

The fourth requirement is to engage the private sector more fully, not just as a source of donations but also as a source of key skills and technologies, during and after disaster. We commend the World Economic Forum’s initiative on the private sector in humanitarian relief. Governments should support local business and donors could offer tax breaks to companies that invest in risky regions.

The fifth requirement is to link the humanitarian concern to broader development issues, strengthening social safety nets and supporting resilience.

Finally, cross-border challenges will grow. Regional organizations backed by the UN need to be able to mediate and mitigate these problems as they arise.

Council on Humanitarian Assistance

Members

Chair: ***Simon Maxwell**, Director, Overseas Development Institute, United Kingdom

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Andy Bearpark, Director-General, British Association of Private Security Companies (BAPSC), United Kingdom

Andrea Coleman, Co-Founder and Chief Executive, Riders for Health, United Kingdom

***Gareth Evans**, President, International Crisis Group, Belgium

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

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

Jean-Marie Guéhenno, Undersecretary-General and Adviser to the Secretary-General for Regional Cooperation, United Nations, New York

***Antonio Guterres**, UN High Commissioner for Refugees, Geneva

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

Ahmad Mohamed Ali, President, Islamic Development Bank, Saudi Arabia

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Monique Villa, Chief Executive Officer, Thomson Reuters Foundation, United Kingdom

***Bart Weetjens**, Founder and Director, HeroRAT, Belgium

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Global Agenda Council on Humanitarian Assistance

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Research Analyst: Zarine Rocha

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Illicit Trade

Overview

Illicit trade encompasses not only that which is illegal but also that which causes direct human, social, political or environmental harm. There are three broad categories of illicit trade: (1) victimless crimes (e.g. counterfeiting luxury goods); (2) crimes leading to human, social and environmental damage (trade in narcotics, arms, counterfeit medicine or food and human trafficking); and (3) legal trade that is not a crime but that should be (e.g. trade in “conflict” resources, e.g. conflict diamonds).

Sessions in the Annual Meeting programme related to Illicit Trade include:

- Update 2009: Crises to Prevent at All Cost
- Update 2009: Threats to Society
- Global Organized Crime: An Offer that Many Can't Refuse

Estimates on the prevalence of illicit trade, which ranges from 7-10% of global trade, do not convey the severe harm resulting from the trade or the urgency of the problem. Illicit trade is not evenly distributed across the world's regions, it has devastating impacts on diverse elements of society, particularly in developing and conflict regions. Examples of the diverse consequences of this trade abound:

- A WHO study demonstrated that out of 104 malarial medicines circulating in Asia, 38 did not contain any active substance and, therefore, had no effect. Out of every million people who die annually from malaria, 200,000 could have been saved with genuine medication.
- There have been more deaths from gun violence in El Salvador since the end of the Civil War than during the years of actual conflict. The guns left over from the Civil War and the criminality of the post-conflict society have contributed to record rates of homicides and domestic violence.
- Between 2001 and 2003, the illegal exports of timber from Liberia (not considered illegal at the point of import in Europe) were a key revenue generator for arms purchases flowing into Liberia for the Civil War. This trade resulted in massive forest destruction and the loss of tens of thousands of lives – there have been no consequences for the importing European-based timber companies.

Illicit trade is perpetrated by a variety of criminal actors, not just traditional criminal organizations but also diverse networks that often include a range of individuals including high-ranking government officials. Corruption is the major facilitating mechanism for this trade to function.

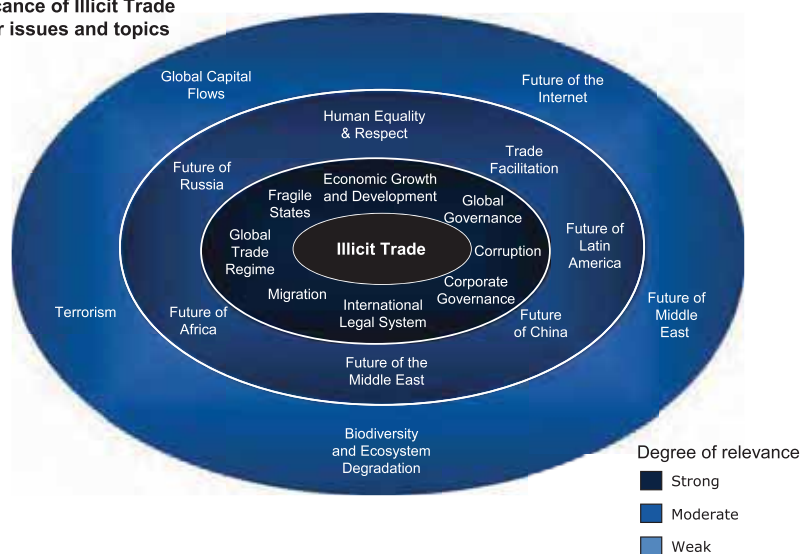
Illicit trade has grown with particular speed in this recent wave of intensified globalization. Its cross-border growth has been driven by enhanced communication and transport systems and enabled by state-based legal systems that cannot respond to growing transnational crime. The global financial crisis is likely to exacerbate it further because of the increased pressure to lower prices and the greater desperation of individuals in impacted economies.

Criminality is morphing and is transforming more rapidly than a state or multinational system can respond. Policies at the state and multinational levels have failed to stop growth. Gaps in international law, law enforcement and cyclical efforts against one element of illicit trade have permitted crime groups to move their bases of operation and to change their illicit commodities. Uncoordinated responses merely result in illicit trade moving from one region to another. The drug trade has moved to West Africa from the Caribbean to transport Latin American drugs to Europe. Only selected traffickers get caught and the networks are not disrupted. Moreover, governments pick and choose policy responses: they may sign a convention on human trafficking but ignore broader issues of migrant rights.

The scale, impact and cost of illicit trade require an urgent response by governments, business, civil society and consumers. It is both a driver and consequence of failed states, which are most often the source of production. The trade needs to be addressed in countries and regions of supply, transit and demand, each recognizing its share of responsibility. Different forms of the trade – arms, endangered species, counterfeit pharmaceuticals and human beings, to name but a few – must be addressed in a holistic, non-fragmented way.

Required responses include closing the significant gaps in the international legal framework, reducing corruption, fighting organized crime, increasing the engagement of the business community and raising public awareness of the human, social and environmental costs of this form of transnational trade and the urgency with which it needs to be addressed.

Significance of Illicit Trade to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Illicit Trade recommends the following:

Raising Public Awareness

- Create and sustain a sense of urgency on the severity of the issue
- Establish an informational platform within the World Economic Forum for statistics, qualitative and quantitative evidence of the scope, pattern and impact of illicit trade
- Create a definition of conflict/asset stripping resources

Sustained Engagement

- Find a comprehensive way of addressing the offshore havens and international money laundering
- Research illicit trade in different regions of the world including an analysis of cases
- Encourage public-private partnerships – private sector engagement, chain of supply (self-regulation), secure tracking and tracing regimes
- Use the human trafficking issue as a wedge to mobilization on illicit trade
- Support and engage stakeholders in the source regions of illicit trade
- Integrate illicit trade issues into global trade talks
- Integrate human trafficking and smuggling within the broader migration policy debate
- Integrate the weapons trade within analyses of conflict and social violence
- Educate, support and protect watchdog organizations and investigative journalism
- Identify the weakest link in absence of enforcement, where there is too limited response or an absence of response

Council on Illicit Trade

Members

Co-Chairs:

***Moisés Naim**, Editor-in-Chief, Foreign Policy Magazine, USA

***Simon Taylor**, Director, Global Witness, United Kingdom

Marc Perrin de Brichambaut, Secretary-General, Organization for Security and Cooperation in Europe (OSCE), Vienna

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Global Agenda Council on Illicit Trade

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International Legal System

Overview

The international legal system has an important role to play in addressing current challenges, from the environment (climate, water) to financial services and markets, from security to terror and international crime, from torture to trade.

Current challenges (the realization of basic human rights, financial, climate related, the balance between national security and fundamental rights, etc.) focus attention on the deficiencies of the international legal system. Ever more areas require international collaboration, as state-based systems are increasingly unable to address key issues without effective global cooperation. Serious doubts exist that the international legal system that evolved in the 1940s can address the issues of the early 21st Century, given the gaps in the system, the inadequacies of many of the rules and of the law-making process, and the absence (in many areas) of effective international and domestic enforcement mechanisms.

Global systems – finance, criminality, investment, environment, etc. – are increasingly complex, interrelated and unpredictable. The challenge for the international legal system is to address areas that are or may be determined to fall within the ambit of international cooperation or regulation. That challenge is made all the more complex by the unpredictability of international events and, in some cases, by a lack of political will and resources.

There are more international agreements, more actors, more disputes, greater access to information on international law and compliance and non-compliance, more demands on the international legal system and greater reliance on international rules before national courts. Yet the international legal system is ever-more fragmented into self-contained areas, which leads to an absence of integration and potential inconsistency.

There is a broad need to develop greater understanding of the strengths and weaknesses of the existing international legal system, including compliance with existing norms in particular. Developing the perception that a system of international rules is able to deliver can itself build confidence.

There is insufficient awareness of the extent to which effective international rules are a function of political will and available resources. A lack of awareness also exists of the efficacy of many international rules, and of the failure of others.

Our globalizing world is no longer constructed on a system of states alone. The full range of actors (states, IOs, civil society, the corporate sector, etc.) needs to be fully involved in the design and implementation of an upgraded and reconfigured international legal system, as it is done, for example, in the field of international

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

- Update 2009: The Return of State Power
 - The Global Compact and the Corporate Citizen
 - The Design Flaws of Governance
 - Climate Justice: Basis of a New Global Solidarity?
 - Religion and Human Rights: A Contradiction?
 - Update 2009: Threats to Society
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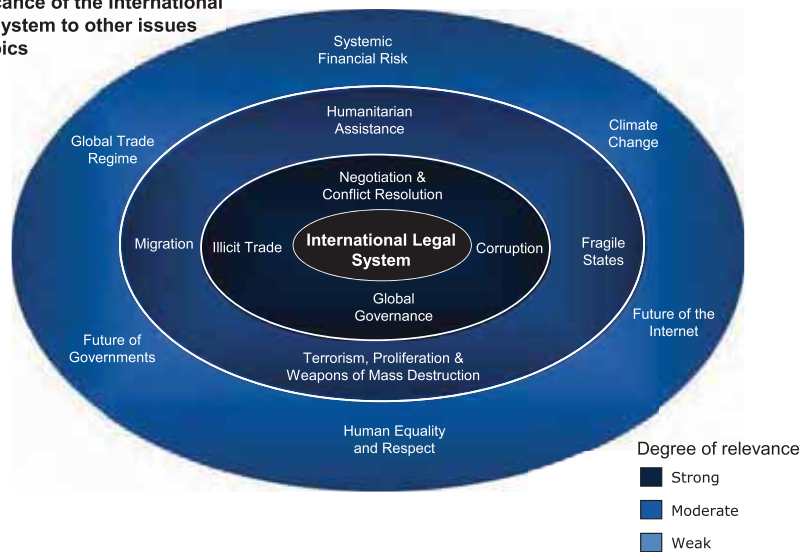
criminal law through the adoption of the Rome Statute creating a system of international criminal justice involving the International Criminal Court and national jurisdictions.

The international legal system is fragmented and decentralized; linkages between different areas are limited and, in some cases, non-existent. The urgent need exists to develop a more integrated approach (e.g. trade/foreign investment/environment/climate). It is sharply apparent that some of the most important areas – e.g. financial services – are considered to have been insufficiently regulated at the international level.

An urgent need to strengthen the international legal system exists, and a failure to take on this objective will make it more difficult to address current challenges in an effective, timely and efficient way. This moment in time – with a range of major global issues – provides major challenges but also an opportunity to rethink the post-World War II settlement in the context of new paradigms. In an increasingly globalized world, national and international standards and regulatory systems have not kept pace with the major financial and social challenges we face.

The current financial crisis focuses attention on the challenges facing the international legal system and points out the gaps in that system, namely the inadequacy of the rules, the limits of the law-making process and the absence of effective international and domestic enforcement mechanisms. The rush to regulatory reform will have to consider the broader, systemic implications of whatever changes may be made. The complexities of globalization indicate that many issues – from terrorism to financial crises – require an international legal system that can anticipate and address unforeseen events in a manner that is rapid, fair, effective and efficient, and which can attract international support. This moment provides an important opportunity for the World Economic Forum and its membership to contribute to global well-being.

Significance of the International Legal System to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

To this end, the Global Agenda Council on the International Legal System proposes that:

- Each Global Agenda Council should identify the two most pressing requirements for the enhancement of the international legal system.
- The World Economic Forum should place the role and effectiveness of the international legal system at the heart of its efforts to improve the state of the world.
- The World Economic Forum should identify principles and practices to address the current financial crisis, as well as labour, environmental, human rights and other social concerns.
- The next Annual Meeting in Davos should, as a central issue, address the role and effectiveness of the international legal system and proposals for its reform and enhancement, including implementation, to address the current financial crisis and other pressing social concerns.

The work of the Council on the International Legal System connects directly with that of many other Councils. Enhancing the international legal system should be central to the work of the World Economic Forum, and has the capacity to contribute to the aims and objectives of the Forum if done correctly.

Council on the International Legal System

Members

Chair: ***Luis Moreno-Ocampo**, Prosecutor, ICC-International Criminal Court, The Hague

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Global Agenda Council on the International Legal System

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Forum Lead: Martina Gmur

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Marketing and Branding

Overview

Marketers have long been accused of creating a desire for goods that are not needed. More recently, there is discussion whether marketing and advertising have contributed to creating, and possibly distorting, the American Dream of ownership and consumption. The current financial crisis has shaken and changed the world as we know it. Are we entering an era of fiscal responsibility, where "excess is out, and frugality is sexy"? How will marketers redefine marketing and brand building in a new era defined by new economic conditions, new digital media and new values?

Digital media has forced corporations to become more transparent. Building trust with consumers and engaging them in a conversation is necessary. In order to do so, you have to trust your consumer, and therefore give up control. The more you disclose about your company, the more trust you earn. Google gained brand strength and trust, without spending one marketing dollar, by trusting people.

The role of advertising is changing: a whole economy (mobile, media, entertainment) is dependent on advertising, which will not grow as fast, as advertising is not always trusted. So advertisers and their agencies will have to become more integrated in content creation, sponsorships, products. They have to be focused on the product rather than on the communication. Agencies are going to look more like investment banks: managing risk, bundling content, staying close to the product development (not communication) process. They will play a role that adds value in an imperfect market. Agencies, however, cannot integrate as closely in the creation of journalistic content because advertisers cannot be so closely involved in product creation or the product will lose credibility. It is unclear what the business model for journalism will be.

A common immediate reaction to the current crisis is to slash marketing spending. Research on marketing spend in recessions over the last 100 years has shown that companies that invest in their brands during a downturn gain market share shortly after the crisis is over. The key to success during a downturn is maintaining focus. Keep your wits about you and focus on five things: your product, your competition, your brand, your customers and your communication. If you have a strong, successful brand, focus on what has worked for you so far. If your brand is in a relatively weak position, focus on systematically exploiting what strengths you have while addressing your weaknesses. For marketers, it also means tapping in to the cultural shift in behaviour that is personified by this New Era of Fiscal Responsibility – and building integrated marketing strategies to deliver on the emotional brand value that consumers are looking for.

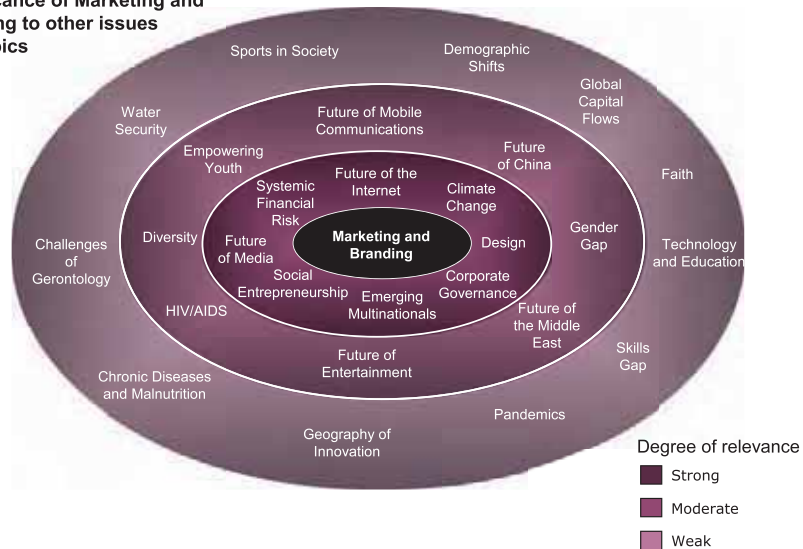
Sessions in the Annual Meeting programme related to Marketing and Branding include:

- Changing the Culture of Consumption
 - The Next Digital Experience
 - Global Industry Outlook 2
 - Update 2009: Digital Convergence Continues
 - Can the World Live with a Frugal America?
 - Renewing Trust in Corporations
 - Restoring Consumer Confidence
 - What Was Privacy?
-

Public policy recommendations often fail to get support because they are not branded, framed or communicated well. They also have a challenge demonstrating the long-term value vs the short-term cost. Two examples:

1. During the recent crisis, an aggressive budget to address the problem was labelled a bail out. That label served to frame the discussion and the way people thought about the proposal. If it had been called liquidity enhancement, the reaction would have been very different and much more positive. But it's not just the label that counts. There is a narrative that serves to support the frame. The extra liquidity will allow banks to lend money, thereby enabling small businesses to stay in business and people to buy homes and cars again. And there is a communication programme whether actively managed or allowed to evolve.
2. Take a look at the terminology currently used in the consumer facing mass media with respect to the environment – carbon footprint, zero emissions, sustainability, offsets, neutrality, weight, rationing, green. It is a bewildering set of complex, hard to understand concepts. This is not because many possible solutions do not exist but rather because we have yet to devise a widely available, user-friendly common language to define these issues in a way that would not only raise awareness but also produce measurable results.

Significance of Marketing and Branding to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Marketing and Branding proposes that:

- We must frame, brand and communicate policy recommendations and global challenges: We need to make large and unpopular changes, and inspire people to support these changes and alter their behaviours, over long periods of time. We must research and know our audiences, speak with them in accessible and straightforward language and use media that allows two-way discussion.
- Financial institutions can only re-earn trust with congruence of belief, values and actions (policies and risk management). Don't bother communicating trust unless you earn it, otherwise it will be counter-productive.
- Lots of industries depend on advertising (mobile, entertainment, journalism). The marketing mix is shifting away from advertising. This Council can provide leadership on where marketing investments are likely to migrate so that other business models can be developed if possible.

Council on Marketing and Branding

Members

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***Martin Sorrell**, Group Chief Executive, WPP, United Kingdom

David Aaker, Professor of Marketing Strategy, University of California, Berkeley, USA

Tim Armstrong, President, Advertising and Commerce, North America and Vice-President, Google, USA

***Manvinder S. Banga**, President, Foods, Home and Personal Care, Unilever, United Kingdom

***Jean-Charles Decaux**, Chairman and Co-Chief Executive Officer, JCDecaux, France

***Richard W. Edelman**, President and Chief Executive Officer, Edelman, USA

Ghaith Al Ghaith, Chief Executive Officer, Flydubai Dubai Aviation Corporation, United Arab Emirates

***David W. Kenny**, Chairman and Chief Executive Officer, Digitas, USA

Philip Kotler, Professor of International Marketing, Kellogg School of Management, USA

***Michael Mendenhall**, Senior Vice-President and Chief Marketing Officer, HP, USA

John A. Quelch, Senior Associate Dean, International Development and Lincoln Filene Professor of Business Administration, Harvard Business School, USA

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Josh Spear, Founding Partner, Undercurrent, USA

***Hiroataka Takeuchi**, Dean, Graduate School of International Corporate Strategy, Hitotsubashi University, Japan

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Global Agenda Council on Marketing and Branding

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Migration

Overview

International migration is large and growing. About 200 million persons live outside their country of birth, representing about 3% of the world's population.

The impact of the economic crisis will depend, in part, on the depth and duration of the crisis. If unemployment increases, pull factors in destination countries may be reduced, but these could be offset by the push factors in the countries of origin since the latter are also experiencing significant contagion effects from the global slowdown. It is also likely that irregular migration could substitute for reduced migration through legal channels, particularly labour-related migration.

In the same vein, the impact of the slowdown on remittances is also difficult to predict. While remittance flows have been counter-cyclical during past economic crises, a global economic crisis could affect the capacity of migrants to remit. Moreover, the banking crisis could have a negative impact on migrants' willingness to transfer funds through formal channels.

We can, however, be more categorical about the impact of the slowdown on the labour market integration of recent immigrants and their children. Past experience shows that those immigrants who arrive during a period of recession are very likely to suffer significant and long-lasting losses compared with their native counterparts. Hence labour market and social policies need to pay specific attention to this group of recent immigrants.

The crisis is also likely to result in a tightening of policies towards labour migration. Public discourse on irregular migration and the need to control it will probably get tougher. But much of this is likely to be "sound and fury" and the real impacts may be small. The crisis may also hinder global cooperation on migration and increase pressure on countries to assert their national self-interest in this field.

The Council discussed two principal issues on the public policy agenda. The first pertains to the rights of migrants. A number of well known international conventions protect migrant rights, but the ratification record for these conventions is patchy, to say the least. The urgent need exists, therefore, to develop practical steps to protect migrants at all stages of migration, from pre-departure through migration to return and reintegration. It is important to empower the migrants themselves if their rights are to be respected. It is also important to involve employers since they are key to ensuring that migrants' labour rights are respected at the workplace.

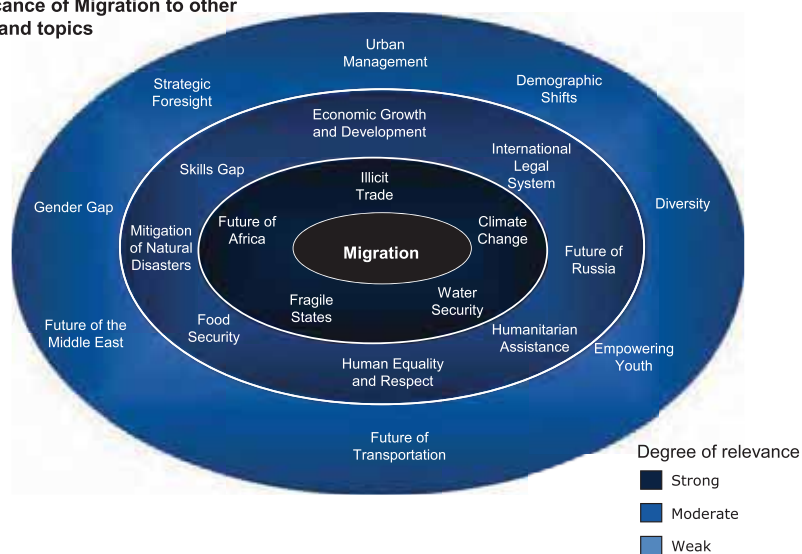
Sessions in the Annual Meeting programme related to Migration include:

- Update 2009: An Integrated Approach to Energy, Food and Water Security
 - Update 2009: Migration and Multiple Identities
 - Rising Population: Overload or Opportunity?
 - Urbanization: The Unstoppable Global Trend
 - Update 2009: Dealing with Dangerous Demographics
-

The second issue is the nexus between migration and development. Various links are at play: demography (ageing populations in the North); liberalization of trade in goods, services and FDI; remittances, return migration and diasporas; political trust and good government; the brain drain vs brain exchange.

Remittances serve to reduce poverty in the origin countries but the impact of migration on economic growth and development is less clear. Good governance as well as a certain level of development combined with outward-oriented policies are needed. While it is possible to cite specific examples of return migration and the diaspora spurring economic development in the source countries (e.g. Korea, China, Taiwan, India), this is clearly not a sufficient condition. There is a tendency in the current political debate to oversell the migration–development nexus. It cannot substitute for other spurs of economic development such as official development aid, trade liberalization and targeted aid to human capital development (education and health) in the sending countries.

Significance of Migration to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Migration proposes the following on:

Knowledge and awareness gaps: There are gaps in public awareness and understanding of the positive impacts of migration on both source and destination countries. To improve the quality of public discourse and policies, it is important to improve data on migration and to educate the media and public officials about the important benefits, as well as costs, accruing from migration. The private sector, particularly businesses employing large numbers of migrant workers, need to be brought into the debate on migration, in consultation with trade unions and migrant associations.

Gaps also exist in anticipating emerging issues, particularly climate change, that affect migration trends. Migration and climate change experts should collaborate in developing projections about migration trends and analysing the adequacy of policies and legal frameworks to address potential movements within countries and across borders.

The nexus between migration and trade is a further area in need of greater attention. Mode 4 of the General Agreement on Trade in Services, as well as other trade agreements that allow for greater labour mobility, reflect that significant differences in the perspective of migrant source and destination countries remain. These need to be resolved in future rounds of trade negotiations.

Levels of governance: There is urgent need to strengthen national governance of migration. A *whole government* approach is needed, with better coordination among government ministries affecting and affected by immigration, including Labour, Trade, Development, Foreign Affairs and Interior ministries. Such coordination is needed to achieve greater policy coherence.

Initiatives at the regional and global levels to promote inter-state cooperation are promising but they are very new and still fragile. They are focused particularly on the migration–development nexus. The economic crisis could impede progress in identifying areas of cooperation if protectionism takes hold in destination countries and opportunities for migration are foreclosed or precipitous return occurs. Divergent views exist about an institutional locus of responsibility for migration at the global level. Some favour an incremental approach in building consensus and confidence among states about their ability to cooperate on migration management. Others are sceptical that a global regime can emerge given sovereign interests in determining who should be allowed to enter state territory. Still others favour a top-down approach, with the establishment of a World Migration Organization that would parallel the activities of the World Trade Organization.

The Council believes that the World Economic Forum could usefully engage the business community in discussion of future migration trends, policy frameworks and global governance issues. A meeting between the business leaders involved in the World Economic Forum and the government representatives involved in the Global Forum on Migration and Development would be one mechanism for such dialogue.

The Future Role of the Migration Council: The Council found the discussions during the Global Agenda Fair in Dubai to be useful but noted that migration appeared not to be on the agenda of a number of the Councils with overlapping interests. There is value in continuing the dialogue, given the salience of migration to so many of the other Council interests.

There is also value in the Migration Council continuing the discussion of global governance to explore the possibility of reconciling the divergent views on a future regime. The discussions could be brought to the Global Forum on Migration and Development, an intergovernmental consultative mechanism that brought together more than 160 governments at its last meeting in Manila in October 2008. There is possibility of using the expertise in the Council to develop a model migration and development agreement that would be beneficial to both source and destination countries.

Council on Migration

Members

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Global Agenda Council on Migration

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Mitigation of Natural Disasters

Overview

The risks of natural disasters are large and rising. A very weak lower bound for the damage from natural disasters over the decade from 1996-2005 is provided by the fact that reinsurance losses amounted to about US\$ 500 billion. The risks are rising for several important reasons, including these three important drivers:

- increasing concentrations of people in areas with high natural risks (seismic zones, floodplains, areas exposed to cyclones, drought, etc.)
- greater interdependencies among regions, sectors and components of human systems (agricultural, economic, political) making disturbances in one region or regime more readily transmitted to others
- climate change, which is increasing the variance of weather-driving phenomena (air temperature, water temperature, wind), thereby increasing the number of weather and climate related natural catastrophes (cyclones, droughts). Since weather-related events over the last 25 years accounted for 90% of natural disaster incidents, 75% of total economic losses and 72% of casualties, this trend is of compelling importance.

Sessions in the Annual Meeting programme related to the Mitigation of Natural Disasters include:

- Update 2009: Helping Others in a Post-Crisis World
 - Global Solutions from the Past
 - Extreme Events: Why the Surprise?
 - Update 2009: Controlling Climate Change
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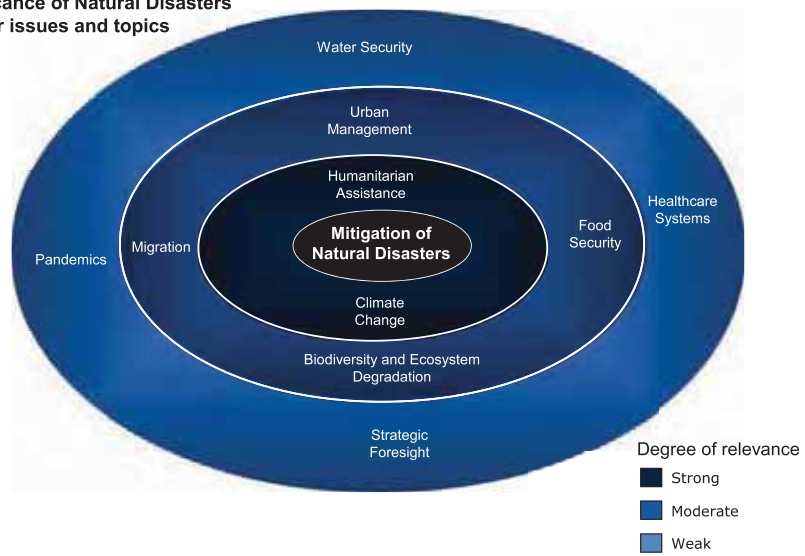
Leaders and the public have been less responsive to and effective in managing these rising risks than one might hope. The Global Agenda Council on the Mitigation of Natural Disasters has identified a preliminary list of constraints and obstacles to effective policy development, leadership and action, including:

- cognitive limitations (for both individuals and groups): risk perception myopia, differential reactions to certain immediate costs versus uncertain deferred loss, inability to process probability and uncertainty rationally (especially in the case of extremely low probabilities)
- political and institutional limitations, including differences in capacity in developed and developing countries
- resource limitations
- technological gaps
- socio-cultural differences
- lack of information and data on risks and returns
- difficulties in linking knowledge and information to practice and action.

In coping with these cognitive biases, political constraints and other challenges, leaders should:

- appreciate the importance of assessment
- recognize interdependencies across different hazards and different systems
- be mindful of cognitive biases (both personal and organizational)
- appreciate and pay particular attention to long-term effects
- work to develop resilience
- recognize and develop methods to cope with cross-boundary risks by building strategies across jurisdictional and organizational boundaries
- be mindful of inequalities across different groups, particularly as they reflect historically disadvantaged communities and their exposure to risk and access to mitigation.

Significance of Natural Disasters to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Council on the Mitigation of Natural Disasters proposes the following:

- Be aware that most organizations – probably including yours – have underinvested in the mitigation of natural disasters.
- Every major disaster has two “waves” – the first wave is the disaster itself, and the second is the after-action examination of what went wrong, why preparation wasn’t better, why so much damage was sustained. Leaders are personally at risk for the “second wave”.
- The best way to survive both the first and second waves is to do a good substantive job of managing the first wave.
- There are cost-effective actions you can take to mitigate the risks of natural disasters that will protect you and your organization or jurisdiction on both the first and the second waves of any natural disaster.
- To determine which actions are cost effective, you need an inventory or assessment of the natural disaster risks your organization or jurisdiction faces. There are several sources to which you may be able to turn to find or develop such an assessment:
 - many existing inventories and assessments of risks are readily available that will give some guidance (and an independent benchmark from outside your organization) about the natural disaster risks your organization or jurisdiction faces
 - your organization or jurisdiction probably has a natural disaster risk assessment that has been completed that should frame the major hazards you face
 - if neither of the above applies, you should immediately commission a risk assessment to familiarize yourself and relevant parts of your organization or jurisdiction with the main hazards.
- Areas of risk exist where mitigation investments are particularly likely to have been incomplete, and corresponding types of investments are likely to have particularly high expected returns. Disaster types: (1) natural disasters: weather-related, seismic, biological/health; (2) man-made disasters: accidents, terrorism.
- Training – of yourself and others in your jurisdiction or organization – on awareness, on understanding risks and the dynamics of risk-based events and on methods of sustaining effective decision-making in the face of stressful evolving events is key.
- Incentive systems that help to bring long-term consequences into short-term focus are a particularly effective means to overcome personal and institutional myopia. For example, linking risk-based insurance premiums to long-term loans provides an immediate way to reward investments in longer-term risk reductions.
- The public sector has a particularly key role to play in creating effective standards and in developing and enforcing appropriate regulations to cope with negative risk-based externalities and to encourage mitigation, preparedness and prevention.

We propose that leaders approach natural disasters in the context of a comprehensive risk management framework, focusing on the mitigation of the consequences of natural risks. Adopting the focus on mitigating the consequences of natural disasters immediately frames three different time periods for any given disaster event:

- Time *before* the event, when we can
 - prevent or mitigate the direct consequences of the event
 - prepare to respond to the event, thereby reducing the losses suffered in it
 - prepare to recover from the event, reducing the continuing economic losses and losses in quality of life during the recovery period.
- Time *during* the event, when we can respond more effectively, limiting losses suffered.
- Time *following* the event, when we can engage in more effective, reliable and rapid recovery activities.

Our challenge is to identify high-return public and private investments that can be made ahead of time and actions that can be taken in the moment that will reduce the overall losses suffered as a result of natural disasters – and to develop policies, strategies and interventions that will produce the right level and mix of actions by public and private actors.

Council on the Mitigation of Natural Disasters

Members

Co-Chairs:

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Negotiation and Conflict Resolution

Overview

The field of conflict resolution holds reason for optimism. Interstate wars are now less likely. There is increased attention to processes of conflict resolution. Many cases of good peacekeeping exist, as well as the development of local, regional, national and global institutions of conflict resolution.

But there is much work to be done. While the roots of conflict have not changed over time, the nature of conflict is increasingly defined by the following:

- Greater complexity and interrelatedness
- Intrastate: conflicts are increasingly intrastate rather than interstate
- Identity-based: at times of rapid change, people tend to cling to aspects of their identity that they feel are under attack, e.g. religion, ethnicity
- Fragmentation: increasing divisions within rebel movements and governments (e.g., DRC)
- Asymmetry: for example – NATO vs Taliban
- Reappearance of ideology: examples include (1) the abuse of religion by extremist groups; (2) the re-emergence of Cold War rhetoric by politicians
- “Conflict as Business”: groups remain committed to continuing conflict for vested interests (e.g., the small arms trade; drug trade)
- Conflict over resources: as a result of global warming, water shortage, mass population movement
- History as a tactic of conflict: drawing on antagonistic history to create a present-day enemy; useful to governments and rebel groups lacking legitimacy

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

- Update 2009: Crises to Prevent at All Cost
 - Update 2009: The Middle East
 - Afghanistan and Pakistan: Key Countries on the Global Agenda
 - The Middle East: Owning Its Challenges
 - Is There a Solution for the Middle East?
 - Cultural Literacy: How to Develop It
 - Faith in Religion
 - NATO: Will It Survive Another 60 Years?
 - Crisis, Collaboration and a Connected World
 - The Power of Fear in Times of Uncertainty
 - New Frontiers of Conflict
 - Sustaining Civil Society in an Economic Downturn
-

- Conflict over norms and values: Western norms are advocated in some contexts and less in others (e.g., over women's rights, freedom of speech in the press), which is seen by some as Western double standards
- Weakness of international institutions including the UN
- Technology: greater ability (1) to communicate and (2) to destroy

The global economic crisis will destabilize governments that base their legitimacy on economic performance rather than democracy. For example:

- When growth sinks below 6% in China, protests may increase and acceptance of the one-party state may decrease
- When oil goes below US\$ 60 a barrel, Iran, Russia, Venezuela and Saudi Arabia may face difficulties
- Governments may go bankrupt, leading to new failed states.

Significance of Negotiation and Conflict Resolution to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Negotiation and Conflict Resolution proposes the following:

A. On Early Warning and Prevention

- The “Prevention Principle”: act at the earliest possible moment and at the lowest level
- Pay attention even if a conflict is not on CNN; have the political will to act early; be prepared to pay a political price, and recognize that prevention often serves self-interest
- Establish an early warning system, such as an International Crisis Group-type body linked to regional political organizations like the OSCE and the African Union
- Use financial tools, including incentives and sanctions
- Enhance capacity building (skills set, mechanisms for communal conflict resolution, etc.)

B. On Negotiation

- Spread negotiation skills more widely to other sectors (e.g., extractive industries, police and military)
- Talk to your “enemy” and overcome political objections to dialogue
- Strengthen cooperative action by states on security, energy, climate change, migration, etc.
- Recognize the importance of process; commit to the process, keep it going, show patience and selectively use deadlines and choreography
- Follow up peace agreements with peacebuilding and reconciliation processes
- Adopt a multi-sectorial approach to peacebuilding including religious actors, corporate sector, the media, etc.

C. On Information Sharing and Education

- Enhance the profile and recognition of the field of conflict resolution
- Teach negotiation and communication skills; develop curricula on conflict resolution for schools and universities globally
- Develop knowledge of “the other side” so that their history, culture and politics are well understood
- Promote information sharing between governmental and non-governmental actors and institutions involved in conflict resolution
- Promote the implementation of Security Council Resolution 1325 to ensure that there are more women at negotiating tables and in peacekeeping – and that the impact of women is analysed

In terms of its next steps, the Council proposes to:

- Establish the World Economic Forum Global Network on Conflict Resolution; the purpose is to spread information and share best practice between individuals and organizations that engage in facilitation, negotiation and mediation
- Use the Annual Meeting to promote the Council’s ideas on improving conflict resolution (e.g., with a session on “conversations with peacemakers”)
- Initiate a lecture series at Harvard, Keio University, the Norwegian Nobel Institute and the UN
- Publish ideas in the media and specialized journals
- Assist in capacity building across the world – especially in conflict zones

Council on Negotiation and Conflict Resolution

Members

Chair: ***Daniel Shapiro**, Director, Harvard International Negotiation Initiative, Harvard Law School, USA

Bertie Ahern, Prime Minister of Ireland (1997-2008)

Betty Bigombe, Distinguished scholar, the Woodrow Wilson Center, USA

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

Chester Crocker, Professor of Strategic Studies, Georgetown University, USA

James Gilligan, Professor of Psychiatry and Social Policy and Director, Center for the Study and Prevention of Violence, University of Pennsylvania, USA

Shamil Idriss, Deputy Director, Office of the Alliance of Civilizations, United Nations, New York

Geir Lundestad, Director, Norwegian Nobel Institute, Norway

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Global Agenda Council on Negotiation and Conflict Resolution

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Pandemics

Overview

A severe global pandemic will trigger a social, financial and political crisis. A conservative estimate places the cost of a pandemic at US\$ 3 trillion or 5% of gross world product. Pandemic influenza is the worst known example of such a trigger, because unlike other natural disasters, pandemic influenza strikes worldwide simultaneously, hindering mutual aid and increasing the risk of multi-sector failure and the paralysis of the global just-in-time economy.¹ The fragility of our interconnected systems, highlighted by the economic crisis, will be writ large in the event of a global public health crisis and we should take this opportunity to draw lessons from the current crisis that should inform how we prepare.

Sessions in the Annual Meeting programme related to Pandemics include:

- Update 2009: Crises to Prevent at All Cost
- Update 2009: Healthcare under Stress
- Global Solutions from the Past
- Managing Pandemics

Pandemic influenza represents a uniquely acute threat because its speed of transmission (doubling within a week or 10 days, historically) predicts near-synchronous pandemics in many parts of the world. This reduces surge capacity and the ability to draw resources from unaffected areas to affected ones, thereby increasing vulnerability to social and economic disruption. The direct health effects of an influenza pandemic, like the initiating events of the financial crisis, will represent only a small part of the overall disruption. Pandemic influenza should be seen as a global social and economic disruption, lasting several months, which is initiated by the spread of the virus but, at current levels of preparedness, will have consequences far beyond the direct morbidity and mortality caused by the virus itself.

Thinking of pandemic influenza as a social/economic disruption has the following implications:

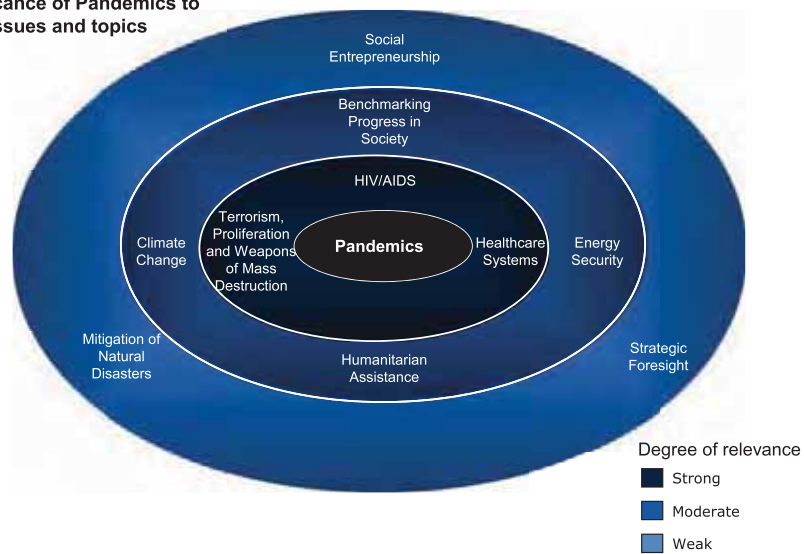
Planning must treat a pandemic as a crisis triggered by a health event, not only a health crisis. Hence, it should focus much more than at present on the resiliency of key industries, utilities, food supplies and other supply chains, and government function. Our system for providing the basic necessities of life, including food and electricity (which is in turn critical for water and sewage) are extremely fragile and will be easily disrupted by a pandemic. Just-in-time supply chains mean that only very small stocks of foods and medicines (and their ingredients) are kept on hand, and many are sourced from far away – freight transport is a part of critical infrastructure. This represents an increase in vulnerability compared to prior influenza pandemics and, paradoxically, a threat that is particularly acute to developed countries that are most reliant on these supply chains. Disruption of food, electricity, water or essential medicines may cause even more damage than influenza itself, if not adequately planned for.

¹ Just-in-time (JIT) is an inventory strategy implemented to improve the return on investment by reducing in-process inventory and its associated carrying costs.

Pandemic planning is a public good. In planning for pandemic prevention and mitigation, large positive externalities are present. As with other public goods, individual companies and even sectors may lack incentives for adequate preparation. Therefore, coordination between the different sectors and industries is urgently needed. Apparently altruistic actions (e.g. public provision of stockpiles or antivirals or vaccines) to critical workers are in fact not altruistic but are in the *public* interest. Private companies must understand their need for adequate planning to ensure the continued provision of critical products and services during a pandemic.

There is a need to ensure resources for developing countries to prepare against pandemics. Equity in pandemic response is not only a moral obligation, but in many cases serves the enlightened self-interest of the developed economies and large corporations. Leaving pandemic preparedness to market forces or to the narrow self-interest of rich countries will result in procrastination and underinvestment.

Significance of Pandemics to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Pandemics proposes the following:

Short-term focus: identification of non-obvious priority groups as targets for interventions

- Minimizing collateral damage due to disruption of social and economic functioning
- Identifying non-obvious priority groups for interventions
- Improving stockpiles of key medical supplies

Long-term focus: exploration for a broader influenza vaccine and a pre-pandemic vaccine

- Accelerating the search for a broadly effective influenza vaccine (at least covering influenza A subtypes)
- Considering pre-pandemic vaccinations, which could reduce or replace seasonal vaccinations, and reducing seasonal morbidity and mortality

Effective global governance is needed to increase transparency

- Increasing the equity of access to biological and other countermeasures
- Clarifying the expectations from key actors (individuals, corporations, sub-national authorities, national governments and international organizations) and preparing them at each level
- Explaining that private benefits from investing in pandemic preparedness may be modest but collective benefits are large.

The Council also draws attention to the need to respond to actual and potential non-influenza pandemics. Greater resources are needed for surveillance in those parts of the world where pathogens are most likely to emerge, for the identification of agents, and for the translation of scientific knowledge from known to currently unknown pathogens. Other pathogens, including HIV, multidrug-resistant bacteria (tuberculosis, *Staphylococcus aureus*, *Acinetobacter* spp.), represent actual or potential global causes of severe disease, and deserve greater attention at the level of surveillance, vaccine design and other activities.

The Council calls upon the World Economic Forum to draw lessons from the global economic crisis and advocate for: (1) improved pandemic planning – expanded beyond its narrow focus on health systems – for social, economic and political disruptions; (2) a global system of benchmarking and evaluation of the pandemic plans of governments and also of companies; (3) a clear statement of roles and responsibilities of all stakeholders, from individuals and corporations, to governments and supranational agencies, taking account of the possibilities of failures by other stakeholders; (4) development of surveillance systems for emerging diseases from the animal-human interface and identification of the agents; and (5) an intensive programme to develop and produce vaccines for broadly protective immunity to influenza and then for a number of other viruses and bacteria capable of causing pandemics.

The world is currently not prepared to face the next influenza pandemic. Only integrated, multi-sectoral, global pandemic preparedness can provide the resilience needed to effectively combat the next influenza pandemic. Furthermore, while influenza has repeatedly demonstrated its pandemic potential, we must remain vigilant to other pathogens that may develop pandemic potential.

Council on Pandemics

Members

Chair: ***David Nabarro**, UN System Senior Coordinator for Avian and Human Influenza, United Nations Development Programme (UNDP), New York

Martin Andrews, Senior Vice-President, Global Vaccines, Centre of Excellence, GlaxoSmithKline (GSK), United Kingdom

John D. Clemens, Director-General, International Vaccine Institute (IVI), Republic of Korea

Richard Coker, Reader in Public Health, London School of Hygiene and Tropical Medicine, United Kingdom

David L. Heymann, Assistant Director-General for Health Security and Environment and Representative of the Director-General for Polio Eradication, World Health Organization (WHO), Geneva

Didier Houssin, Director-General, Health; Inter-Ministerial Delegate, Bird Flu Task Force, Ministry of Health, Youth and Sports, France

Marc Lipsitch, Professor of Epidemiology, Department of Immunology and Infectious Diseases, Harvard School of Public Health, USA

Duncan Maskell, Head, Department of Veterinary Medicine, University of Cambridge, United Kingdom

Michael Osterholm, Director, Center for Infectious Disease Research and Policy (CIDRAP), USA

Regina Rabinovich, Director, Infectious Diseases, Bill & Melinda Gates Foundation, USA

David Reddy, Global Pandemic Task Force Leader, F. Hoffmann-La Roche, Switzerland

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David Salisbury, Director, Immunisation, Department of Health of the United Kingdom, United Kingdom

***Michael Smalley**, Director-General, African Medical and Research Foundation - AMREF, Kenya

***Tan Chorh-Chuan**, President-Designate, National University of Singapore, Singapore

David H. Walker, Executive Director, Center for Biodefense and Emerging Infectious Diseases (CBEID), USA

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on Pandemics

Council Manager: Martin Nägele

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Philanthropy and Social Investing

Overview

Significant improvement is needed in the effectiveness with which society invests capital in improving the world. Philanthropic capital and social investing have a critical role to play in offering a source of “funding for change” through investing risk capital to fund new ideas and strategies – as well as assisting proven strategies in attaining sustainable scale. However, philanthropy and social investing need to evolve in their role through collaboration with others providing capital to social enterprise and businesses. We need to move from an “either/or”, “maximize profit or maximize social impact” framework to the pursuit of total value with multiple returns for shareholders and stakeholders alike. Given the demographic and environmental crises, compounded by the present financial melt-down and complete lack of creativity offered by mainstream leaders, change must happen now!

Sessions in the Annual Meeting programme related to Philanthropy and Social Investing include:

- Update 2009: Helping Others in a Post-Crisis World
- Business Becoming Social Entrepreneurs
- Restoring Growth through Social Business
- A Matter of Financial Empowerment
- Returning to the Base of the Pyramid
- Sustaining Civil Society in an Economic Downturn

A range of enterprises (social enterprise, market-rate business and so forth) offer an array of strategies to create social impact (through job creation, the establishment of health and education ventures, and so on). And a range of capital providers (foundations, governmental entities, social investors, individual donors, multilateral agencies, etc.) offer funds to support any number of NGO and business ventures. These capital providers themselves rest within a set of tax, regulatory and legal frameworks which create the enabling environment within which all these activities occur. All of this makes for a variety of words, conceptual frameworks and perspectives which can create a Tower of Babel that limits effectiveness and undermines the creation of high degrees of fragmentation, and a lack of sustainable scale, impact and returns. The complexity of social investing and philanthropy is represented by the fact that there is a need for an integrated understanding of the value to be created by philanthropy, social investing and mainstream investing. While it is difficult to create new mechanisms for philanthropy and investing, to be successful we must advance new, expanded frameworks for asset management and allocation which promote a total value commitment and vision.

If unchecked, many resources and talents will be misapplied and underutilized. By linking various forms of capital (philanthropy, public funding and market-rate capital), we have the potential to create a seamless flow of funds along multiple stages of organizational development in order to more effectively structure funds to generate integrated performance (maximizing the efficient use of various types of capital) for total value creation with multiple returns.

A variety of definitions are being used with differing meaning and intent. This creates confusion for investors, practitioners and managers. At the same time, there is great knowledge locked within a variety of silos (investing, community finance, structured finance, etc.) which may be brought together into a single knowledge base and set of practices that promise to create real impact. Moreover, a variety of investment instruments, such as programme related investments, structured debt and so forth, are emerging out of the practice of foundations, social investors and donors. These need to be documented

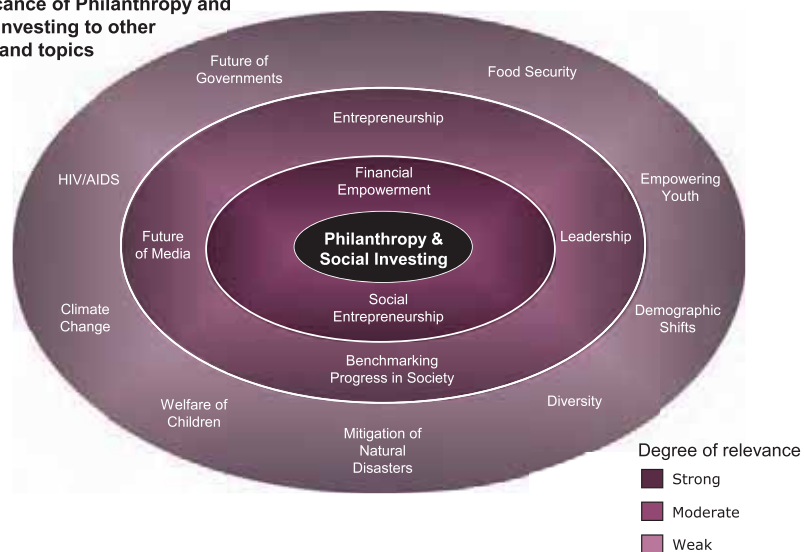
and disseminated for broader use. Metrics for assessing performance of all forms of impact capital (philanthropy, social investing and sustainable investments) are challenging given a diversity of approaches, organizational types and areas of application (ranging from economic development to human rights and beyond). Furthermore, metrics are often applied in the context of limited economies of scale, which restrict a true systems approach and solution.

Many of the best emerging practices are built upon innovations of the past (coming out of economic development finance, micro-finance, social investing and various related areas). Many who are new to these discussions find it difficult to access information to inform them with regard to previous approaches and strategies that have already been advanced by those in the field. This leads to replication and a lack of leveraging experience into new approaches. A variety of stakeholders are attempting to address various facets of the capital challenge. This is a challenge because often the “customers” of capital (grantees, clients) are not represented in the decision-making process of allocating funds.

Philanthropy operates with little accountability or transparency to outside stakeholders. While some great innovations have occurred within this traditional approach, still greater opportunities for civic engagement and development exist through increasing the accountability and transparency of philanthropy. Greater transparency is key to building knowledge and creating a field of effective practices.

Capital is the life-blood of organizations (non-profit and for-profit). Appropriate capital must be provided to a variety of organizations at various stages of development. This reality affects virtually ALL the other Councils convened by the World Economic Forum. There is a role for philanthropy, social capital and investment in advancing solutions to many of the critical issues. Under the current paradigm which understands philanthropy as charitable giving, there is simply not enough capital; and there are not enough different kinds of capital to address the host of social, environmental and political issues that presently confront us.

Significance of Philanthropy and Social Investing to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Philanthropy and Social Investing proposes the following:

Each of the Global Agenda Councils should engage in a “capital mapping process” to assess the capital flows and gaps within their specific areas of concern. These maps could then be used to assess opportunities for more effective philanthropy and investment. The World Economic Forum could play a critical role in facilitating this process. The Philanthropy and Social Investing Council will work with its fellow Councils to execute this task of capital assessment.

1. There is an opportunity to create a set of intermediary organizations representing a variety of sectors (and to build upon the work of existing intermediaries) in order to:
 - Better manage and disseminate knowledge (who are the players? what approaches are working? what is needed?)
 - Offer technical assistance and skills training
 - Identify and aggregate the best “deals”, connecting those investment opportunities with the most appropriate investors and capital providers.
2. More philanthropy should be used to bridge market failures, providing smart subsidies to enable social and commercial investors to build industry.
3. Investors of capital (and asset owners) should adopt a “long view” of investing and returns. In addition, when investing for the long term, asset managers must consider multiple factors which affect financial performance and total return – including the need for an appropriate exit with sustainable impact.
4. Our corporate structures need to expand (non-profits, for-profit, cooperative) to allow for the creation of hybrid organizations and legal entities to accommodate different types of capital and funding.
5. Asset owners should seek to maximize the total impact of their capital by seeking out a variety of investment opportunities by which their core capital may be structured in alignment with their mission and purpose.

Council on Philanthropy and Social Investing

Members

Chair: ***Matthew Bishop**, New York Bureau Chief, The Economist, USA

***Vikram K. Akula**, Chief Executive Officer and Founder, SKS Microfinance, India

Reem AlHashimi, Minister of State for Cabinet Affairs of the United Arab Emirates

Brizio Biondi-Morra, President, AVINA, Costa Rica

***Peter Blom**, Chairman of the Executive Board and Chief Executive Officer, Triodos Bank, Netherlands

Paul Brest, President, The William and Flora Hewlett Foundation, USA

Stephen Dodson, President, Parnassus Investments, USA

Jed Emerson, Senior Fellow, Generation Foundation, USA

Martin J. Fisher, Co-Founder and Chief Executive Officer, KickStart International, USA

James R. Fruchterman, President and Chief Executive Officer, The Benetech Initiative, USA

Ronald Grzywinski, Chairman, ShoreBank Corporation, USA

Christine Letts, Lecturer in Public Policy and Executive Director, John F. Kennedy School of Government, Harvard University, USA

Asad Mahmood, Managing Director, Deutsche Bank Social Investment Funds, USA

Jacqueline Novogratz, Founder and Chief Executive Officer, Acumen Fund, USA

***Alvaro Rodriguez Arregui**, Chair, Board of Directors, ACCION International, USA

Jean-Philippe de Schrevel, Founder and Managing Director, Bamboo Finance, Switzerland

Sean Stannard-Stockton, Director, Tactical Philanthropy, Ensemble Capital Management, USA

***Kumi Tsunoda Fujisawa**, Co-Founder and Vice-President, Think Tank SophiaBank, Japan

Arthur Wood, Head, Social Financial Services, Ashoka, USA

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on Philanthropy and Social Investing

Council Manager: Matthias Catón

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Role of Sports in Society

Overview

Sport is a key driver of economic growth with much upside untapped potential. The current economic crisis increases the urgency to capitalize on this available potential.

Sport has many touch points ranging from broad-based mass participation, by all ages and gender, to high profile elite athletic competitions and events. It is a truly global aspect of all societies.

Sport, properly conceived, is part of an answer to a global economy in a meltdown. The sporting world has had and will continue to incorporate many areas where there is both an economic return on investments and the promotion of strong social values.

The sports industry has a leading and unique role to play in societies around the globe.

- At the PARTICIPATION level, sports has pervasive benefits in its physical aspects, volunteering aspects and fund-raising capacity.
- At the COMMUNITY level, it has the ability to help build and sustain communities.
- At the FINANCIAL level, it is one of the top ten industries globally, and is the only one which has truly achieved a global presence.

Sport is already a major contributor to improving the state of the world. It is also a key force for building human and physical capital at three pivotal levels:

- At the INDIVIDUAL/family level, sport promotes health, belonging and emotional binding.
- At the SOCIETAL level, this includes physical and mental health, motivation and reducing youth criminality.
- At the CORPORATE level, sport is a way to showcase corporate values and brand (which plays a critical role in talent attraction and retention).

It is essential to harness the power of sport at each of these three levels!

The current crisis will exacerbate the push for improved evaluation and documentation to better identify and justify the resource commitments. These resources include financial, in-kind contributions, time (paid and volunteer) and mindshare.

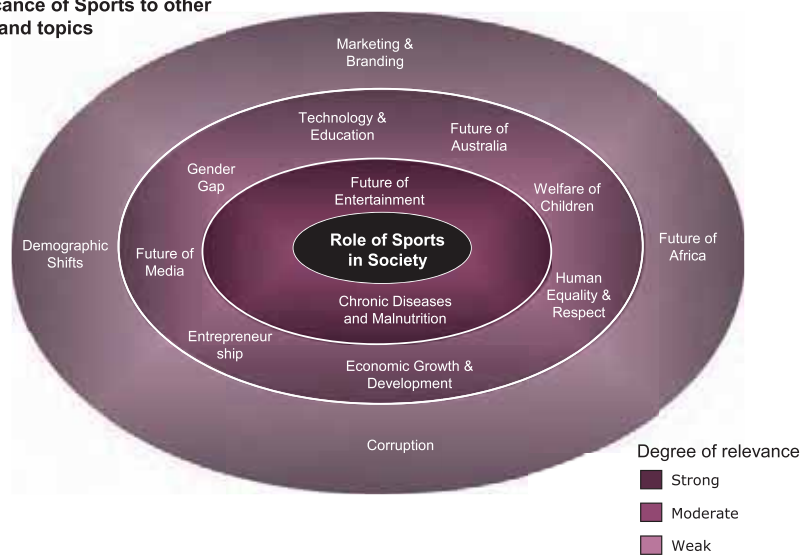
Sessions in the Annual Meeting programme related to the Role of Sports in Society include:

- Youth Culture: A Heatmap
 - Crisis, Community and Leadership
 - Live Long and Prosper
 - Sport, An Untapped Asset
-

A broad-based well-managed sports industry has much upside potential to continue growing. Going forward, a greater premium will be placed on better evaluation of the areas where there are imperatives for investments in sports activities and ventures, and better performance measures to document the impacts of sport at multiple levels (health, education, crime, etc.). Improvements in these areas will facilitate increased scaling in the role of sports in society. A structural shift in the way resources are mobilized is anticipated, with greater emphasis on social entrepreneurship as opposed to the philanthropic role of the private sector.

By being proactive, this industry can help shape the response to the crisis and scale some of the best practices in the field. It has unrealized potential but is uniquely placed to provide long-lasting effects that support economic growth.

Significance of Sports to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Role of Sports in Society proposes that:

It is a shared overwhelming impression that the substantial contribution of the sports world needs to be much better documented and its impact on society promoted.

The World Economic Forum provides a huge opportunity for this issue to be addressed and showcased to the various stakeholders from the public and private sectors, from individuals to international organizations, and from physical education to professional sport.

The leveraging impact of sports can be promoted by more effective and broad-based investments in the human capital of participants in sports. Opportunities for human capital investment exist in all areas, including coaching at the youth and elite athlete level as well as in all administrative areas.

Entrepreneurial opportunities with both financial and social value creation benefits exist in many areas of the sports world. Successful examples at the social level include the various sport related initiatives targeting prevention against obesity, HIV/AIDS, social exclusion, etc. Successful examples at the financial level include new sporting leagues such as the Indian Premiere League or new cable sports channels. The Global Agenda Council views sports and entertainment opportunities as one of the most exciting platforms for sports to further contribute to society.

Potential Next Steps

- Review and package existing research to provide better access to the evidence
- Develop and implement new business models to further promote success on the ground
- Better develop explicit performance measures to enable continued milestone-based funding for ongoing investments
- Explore the building of a social entrepreneurship fund
- Stress that our power is in collaboration with others not for the sake of the sports industry but as an enabler, facilitator for tangible improvement
- Link with and support the Partnering Against Corruption Initiative (PACI) to tap into something that exists
- Explore explicit synergies and partnering with other Global Agenda Councils such as: Gender Gap, HIV/AIDS, the Challenges of Gerontology, Empowering Youth, Entrepreneurship, Chronic Diseases and Malnutrition, Technology and Education, Corruption.

Council on the Role of Sports in Society

Members

Chair: ***Pierre Lanfranchi**, Professor, De Montfort University, United Kingdom

Joseph S. Blatter, President, Fédération Internationale de Football Association (FIFA), Switzerland

Sean Collins, Partner and Chairman, KPMG Global Telecommunications and Media Practice, KPMG, United Kingdom

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

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

Tanni Grey-Thompson, Non-Executive Director, UK Athletics, United Kingdom

David Hill, Chairman and Chief Executive Officer, Fox Sports Television Group, Fox Television, USA

Sean Jefferson, Chief Executive Officer, Europe, MindShare, United Kingdom

***Hannah Jones**, Vice-President, Corporate Responsibility, Nike, USA

Tessa Jowell, Minister for the Olympics and London, Cabinet Office, United Kingdom

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

Tegla Loroupe, President, Tegla Loroupe Peace Foundation, Kenya

***Stephen G. Pagliuca**, Managing Director, Bain Capital, USA

Rosi Prescott, Chief Executive, Central YMCA, United Kingdom

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

Malcolm Speed, Chief Executive Officer, International Cricket Council, United Arab Emirates

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

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

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Role of Sports in Society

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Research Analyst: Patrick McGee

Forum Lead: Cristiana Falcone

Managing Director: Robert Greenhill

Skills Gap

Overview

In terms of the current economic crisis, but more importantly reshaping the post-crisis world, the global skills gap is a highly relevant issue. Economic recovery and long-term sustainability will be hugely impacted by the availability of appropriately skilled labour available to meet resurgent demand. This issue needs to be addressed urgently because the workers available may not have the relevant skills in the relevant markets (and relevant sectors of those economies), which will affect performance and competitiveness, slowing recovery.

The global skills gap is the imbalance between employers' skills needs and labour's available skills. The way to address the skills gap is through the following dimensions: education and training, the migration of workers, the movement of jobs, full inclusion and diversity.

The global skills gap exists because in each of these dimensions there is an inefficient, closed-loop system. The system is slow to change because people aren't aware of the urgency and impact of the issue. Stakeholders lack awareness of the scope and scale of the problem primarily because of an information deficit. This deficit appears both in terms of (a) access to existing information (e.g., Where are the jobs? Where are the skills?); and (b) the lack of relevant information and metrics (e.g., What is the metric for the problem?).

As such, no global responses to these issues exist. One of the great failures of the Doha Trade Round is that the "service" component of the agreement was thrown out with the rest (therefore there is no effective framework for moving people around the world – only bilateral agreements).

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

- Addressing the Employment Challenge
 - Educating the Next Wave of Entrepreneurs
 - Fixing the Low-Skill, Low-Opportunity Trap
 - From Green Tech to Green Jobs and Economic Growth
 - How to Answer the Compensation Question?
 - Leading through Structural Change
 - Rising Population: Overload or Opportunity?
 - Update 2009: Dealing with Dangerous Demographics
 - Update 2009: The Global Talent Equation
-

Significance of Skills Gap to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Skills Gap would like to provide recommendations for three stakeholder groups: government, business and educational institutions. In order to develop these recommendations, the Council will collaborate with the Councils on Diversity, Migration, Demographic Shifts, and Technology and Education given the close interdependence of the issues.

Since the target stakeholder groups are governments, businesses and educational institutions, the Council endeavoured to develop recommendations for each. The agenda developed by the Council is deep and wide ranging so the Council will focus the immediate work on the following seven recommendations, initially.

Recommendations for addressing knowledge and awareness gaps:

- Improving access to information (e.g., Where are the jobs? Where are the skills?) is critical for all stakeholders but especially the Business–University link, which could be strengthened. This Council could create a “Future Skills” study with US Bureau of Labour Statistics data and corporate projections (e.g., survey the 500 companies who recruit from University X) to forecast skills gaps, then work with universities to explore policy recommendations, mechanisms and incentives to ensure the right skills are available. The notion of “Just-In-Time Training” is appealing.
- Companies should do much more to share best practices in managing diversity and inclusiveness. Currently efforts invested in this are minimal, leading to sub-optimal results. Specific, measurable, replicable studies would be helpful.
- Governments must recognize the push-pull factors affecting migration (e.g., available jobs, wage levels, violence, corruption, etc.) and develop supply-demand based strategies (e.g., Singapore = Demand-based, Egypt = Supply-based) to engineer the desired outcomes (e.g., FDI).

Recommendations for addressing global governance gaps:

- Governments should reform their entitlement programmes (e.g., pensions, unemployment) to reflect and to close the skills gap. The concept of **Entitlement = Training** should be espoused. Namely, you cannot collect your unemployment benefits if you do not attend daily training in the skills deemed needed for the economy. Based on experience, this also has the added benefit of reducing the informal economy.
- Governments must develop an international framework for managing immigration in a manner that reflects the reality that most developed world economies will fail if they do not increase migration. Governments should encourage the WTO to create a Global Labour Agreement out of the failed Doha Development Round’s Services Agreement. An element of this could be to pilot the creation of bilateral, circular agreements between countries. Under such a scheme, governments could grant visas which provide incentives to return home (X% paid during period of visa, Y% paid on returning home) thereby reducing illegal immigration and increasing their tax base.
- Governments should partner with the private sector to develop global certification/accreditation of skills in order to facilitate the mobility of skilled workers.

How can this Council contribute to addressing the above gaps?

- In addition to the “Future Skills” study proposed above, Council Members also expressed interest to create a pilot “adaptive re-learner” (“T-shaped leader”) multidisciplinary course or curriculum (“Post-Baccalaureate”).

Council on the Skills Gap

Members

Co-Chairs:

***David Arkless**, President, Global Corporate & Government Affairs, Manpower, United Kingdom

***J. Frank Brown**, Dean, INSEAD, France

***Ann Bernstein**, Executive Director, Centre for Development and Enterprise (CDE), South Africa

Steven Eppinger, Deputy Dean, Professor of Management Science and Engineering Systems, Massachusetts Institute of Technology, USA

Scott J. Freidheim, Executive Vice-President, Operating and Support Business, Sears Holdings Corporation, USA

***Kris Gopalakrishnan**, Chief Executive Officer and Managing Director, Infosys Technologies, India

Yoko Ishikura, Professor, Graduate School of International Corporate Strategy, Hitotsubashi University, Japan

***Rakesh Khurana**, Professor, Harvard Business School, USA

Laura King, People Partner, Clifford Chance, United Kingdom

***Nemir A. Kirdar**, Executive Chairman and Chief Executive Officer, Investcorp International, United Kingdom

***Paul C. Reilly**, Chairman, Korn/Ferry International, USA

Gerard R. Roche, Senior Chairman, Heidrick & Struggles, USA

***Dennis J. Snower**, President, The Kiel Institute for the World Economy, Germany

Min Weifang, Executive Vice-President and Chairman, University Council, Peking University, People's Republic of China

* Registered to the World Economic Forum Annual Meeting 2009

Global Agenda Council on the Skills Gap

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Research Analyst: Patrick McGee

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Managing Director: Robert Greenhill

Social Entrepreneurship

Overview

We possess solutions to many of the world's most pressing problems – proven solutions that have been implemented at significant scale – and yet these solutions, created by social entrepreneurs, remain largely unknown to the world's leading business people, government officials and citizens.

Social entrepreneurship remains in an “emerging excitement” phase. The field has established itself in academia, and the concept is widely embraced by the next generation; however, for the public at large, it is not yet mainstreamed. While it is generally acknowledged that entrepreneurship is essential for a healthy economy, it is not yet accepted that social entrepreneurship has the same importance for a thriving society. This lack of awareness poses significant challenges to sustaining momentum and interfacing effectively with governments and businesses. Key problems include:

- Lack of quantitative evidence: While leading social entrepreneurs have clear metrics and evaluation systems in place, the quantitative evidence to prove the value and/or opportunity of social entrepreneurship is missing.
- Spread of solutions: The challenge of scaling – we don't know how to leverage social entrepreneurs in the same way as business entrepreneurs.

As a result of the financial crisis, social entrepreneurs will likely face funding challenges. Working capital and short-term credit are already challenges for social businesses. And some organizations meeting social needs will shrink, disappear or merge.

But the crisis can also provide opportunities:

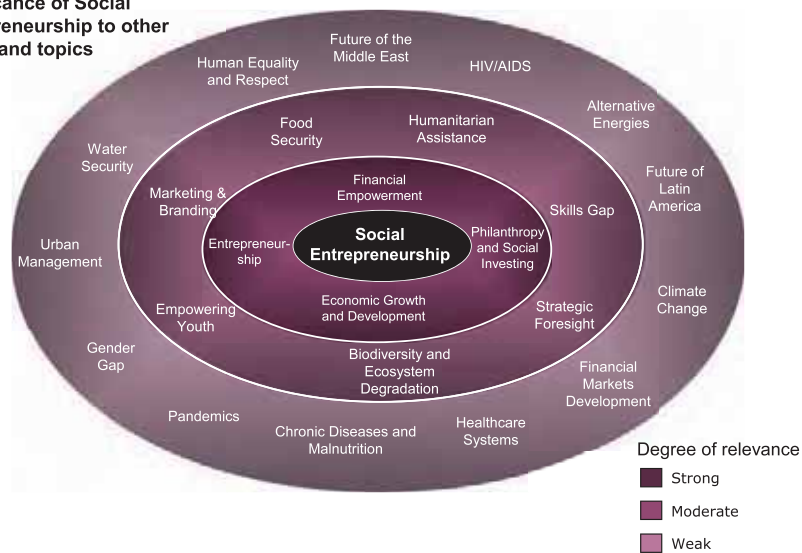
- Can we show that more ethical businesses, or businesses that serve the “base of the pyramid”, will be more resistant to the current downturn? For example, the original “sub-prime lenders” around the world are social businesses like Shorebank, in Chicago, which have successfully lent money to low income clients for 30 years. Today their portfolios continue to perform with the same 2% default rate.
- People who reduce their philanthropy may be drawn to social investing, with its stress on cost-effective social impact and preservation of capital.

Sessions in the Annual Meeting programme related to Social Entrepreneurship include:

- Update 2009: Helping Others in a Post-Crisis World
 - Business Becoming Social Entrepreneurs
 - Keeping an Entrepreneurial Edge in Tough Times
 - Restoring Growth through Social Business
 - Educating the Next Wave of Entrepreneurs
 - Sustaining the Non-Profit Sector
-

- The funding and liquidity restrictions will increase the demand for innovative ideas and foster innovation and creativity.
- Social entrepreneurship also provides powerful opportunities to deliver meaning at a time when other “returns” are not very exciting.
- New talent could be attracted to the field: income drops in business and banking might tip the scales for people interested in social entrepreneurship but, up to a few months ago, couldn’t bear to forego the lucrative salaries.

Significance of Social Entrepreneurship to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Social Entrepreneurship proposes the following:

Raising Awareness with the Audience of the World Economic Forum

The Council believes that the World Economic Forum is a powerful venue to raise awareness of social innovation. It proposes a number of activities that engage World Economic Forum Members, participants and broader audiences, including a publication that would highlight some of these ideas. It could be thought of along the lines of a must-read publication entitled: “Ten innovations that have changed the world that you probably have never heard about” or “Ten business models that are changing their industries and what they tell you about the future”.

This briefing document would provide:

- An overview of experiences from social entrepreneurship relevant to the Forum’s participants
- Path-breaking social investment opportunities
- Concrete examples of new business models and products
- Examples of successful government–social entrepreneur partnerships providing big political pay-offs and major social benefits.

The Council believes that to successfully relay the potential of social entrepreneurship to busy people in a way that would shift behaviour, priorities and even life, exposure must be transformative.

Forum Members could see the work of social entrepreneurs firsthand and develop relationships at the site of the intervention. The Forum could broker these exchanges. If they are successful, the stories of engagement could be documented and retold to others.

The Council also proposed offering sessions at World Economic Forum events where short quality films about social entrepreneurs are shown – highlighting both their impact and the innovative business models they have come up with, and the emotional force of their stories to deepen the emotional and intellectual appreciation of the work of social entrepreneurship. The films could be followed up with panel discussions.

Social Investment and Philanthropy

The disconnect between social investors and social entrepreneurs was discussed at a meeting with the Council on Philanthropy and Social Investing. Investors felt not many social entrepreneurs had the capacity for large investment – making it difficult to justify due diligence expenses. In addition, financial savvy required for financial investment was also seen as lacking. Philanthropic grants are a way to bridge the gap by preparing profitable social entrepreneurs with the financial skills necessary to secure social investment. From the corporate perspective, the conversation for companies in the present crisis has to pragmatically shift from a CSR/philanthropy report to a social investment fund that invests in social entrepreneurs or goes towards funding internal projects focused on long-term sustainability.

The Social Entrepreneurship Field

Within this field, the focus on scaling innovation should encompass organizational considerations like building a cohesive network of funders and intermediaries who consolidate the most successful solutions rather than reinvent the wheel.

In addition, the field desperately needs advances in metrics and rigorous data development – data that is persuasive to business people and governments. Foundations or academic institutions can develop industry standards, measurement tools and performance data.

It is clear that World Economic Forum constituencies can benefit by learning more about the innovation of social entrepreneurs and influence the future of the world.

Council on Social Entrepreneurship

Members

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Strategic Foresight

Overview

The strategic foresight field is of critical importance, especially in this economic crisis, as it prepares the ground to apply insight about the future to action in practice. The field encompasses a variety of sensing and sense-making methods that help decision-makers and provides an open way of thinking about possibilities. Its methodologies include scenarios, forecasting, back-casting, searching, issue management, early warnings, creativity, risk assessment and horizon scanning. These both explore what may be possible in the future and seek to bring the future into the present in which decision-making occurs to mitigate consequences or invent new options.

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

- Update 2009: Digital Convergence Continues
- Can You Trust Your Model?
- Discovery-driven Strategy
- Managing Global Risks
- Extreme Events: Why the Surprise?
- Scientific Research: What Should We Expect?

Contrary to conventional wisdom, strategic foresight is not a vehicle for predicting a single “most likely” future; it is a set of methods for engaging leaders in thinking about their decisions more effectively, collectively as well as individually. Strategic foresight frames choice in terms of the impact it may have on the future and on the possible redirections (including unexpected or unwanted directions) of current trends. Strategic foresight aims to help leaders develop multiple and dynamic mental maps to engage with uncertainty more resiliently. New opportunities such as open source futuring, exploiting relevant communications/engagement technologies to capture the unfolding of possible futures and decision prototyping with recursive modelling may transform the field in the near future. Strategic foresight works best when decision-makers for whom foresight’s outputs are inputs are involved in “producing” the possible futures. Foresight considers the future a safe and productive place in which to consider how the plausible and the implausible relate and may be transformed, for stakeholders to constructively explore their disagreement, and for creativity – both individually and as a way of mobilizing collective intelligence.

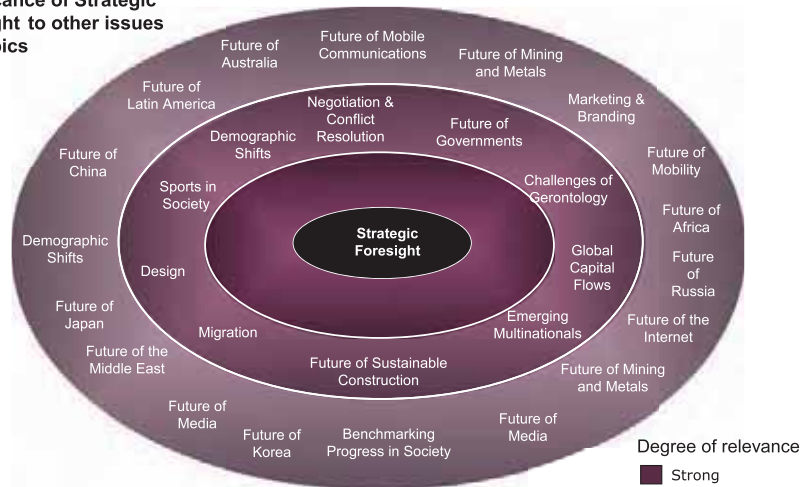
Strategic foresight can be articulated as constituting six distinctive but interlinked capabilities:

- *Framing*, as how issues are framed is important; poor frameworks can be problematic for a long time
- *Situating* issues in relation to each other, in long time horizons and in broad systems
- *Linking* things that may matter in the future but that have not yet been taken into account
- *Imagining*, which is difficult but key in building new realities
- *Engaging* the futures with the present in which its users act
- *Communicating* with people with different thought processes.

With the acknowledgment of uncertainty that crises bring about, the value of strategic foresight grows, but the intangibility of many of its successes – altered mindsets, increased resilience, higher quality strategic conversations – makes its value difficult to quantify, rendering the evaluation of effectiveness difficult. Who evaluates? When? With what criteria? For whom?

The current economic crisis again underlines the importance for strategic foresight. Crises such as the first oil shock and 9/11 show how the interaction of many seemingly unrelated forces and factors create uncertainties that must be engaged without pretending they do not exist – and thus increase demand for strategic foresight. While in the short term, questions may be asked about why what was seen was not acted upon and why certain things were presumably not seen, in the midterm, efforts to address such considerations seriously will again boost interest in and activity on strategic foresight. In the longer run, strategic foresight may become a more formal part of many relevant decision-making and regulatory processes.

Significance of Strategic Foresight to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Strategic Foresight proposes that:

When leaders from many different backgrounds consider multifaceted problems together, distinguishing what they can control from what they cannot, they can creatively engage possible futures to inform actionable opportunity. Efforts to help think together innovatively helped by rigorous methods that engage the future and its uncertainties effectively are underemployed – and this needs addressing. The Council has valuable capabilities to offer in terms of “HOW” and when to engage. As methods evolve, our Council seeks concrete opportunities to use existing techniques while improving their reach, cost-effectiveness and efficacy.

Council Members can help the Network of Global Agenda Councils by interconnecting sets of the 68 Councils to link issues such as climate change, water, and food and energy issues. It can also work with individual Councils and Forum Partners to help address intractable, multidisciplinary issues that are broader than the mandates of single organizations and/or the specifics of individual academic disciplines.

In terms of themes, the Council proposes that in 2009-2011 it could work with four to five sets of linked issues, helping (a) to identify frameworks to integrate them with each other; and (b) to select and engage stakeholders in helpful, futures-based endeavours to address complex issues. Examples include:

- How can a network of governance for climate change be developed, as cities and corporations get together to affect their counterparts? A set of cities can be examined as a key organizing entity of such networks.
- How might the design and construction of climate-change resistant infrastructures be financed and maintained?
- What happens when five instead of three generations live together?
- What might the future of non-zero sum economic growth consist of in a planet with limited resources?
- How will humanitarian assistance, failed states and the future of China relate to each other?
- Where will new global issue governance systems be spawned? Can one consider large river basins as the right geographical unit of analysis to study this?
- Finally, in the final plenary discussion during the Summit on the Global Agenda in Dubai, one of the strongest calls for strategic foresight came from the Health group.

Council on Strategic Foresight

Members

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Systemic Financial Risk

Overview

The outlook for the global economy is grim and there is a significant risk of a very serious world recession with ongoing collateral damages on society.

The current crisis is rooted in global imbalances. These imbalances include long regimes of low interest rates and high asset prices, and trade and savings imbalances. Many governments failed to see the full impact of resisting exchange rate fluctuations. In the pre-crisis economic environment, shareholder return objectives, private incentives and public policies encouraged excessive risk-taking and leverage systemwide.

Risk management and assessment has failed at all levels, within governments, central banks, regulators, rating agencies, financial institutions, corporations, media, and households. In addition, the crisis revealed limitations in the current regime of global coordination and regulation.

There has been a feedback loop between the financial system and the real economy, which intensifies systemic risk.

Crisis management has been and is extremely difficult. Over the course of the crisis, the financial landscape has altered dramatically and continuously. Traditional monetary and fiscal policy tools have less traction than in the past and stabilization measures may have unintended consequences and introduce lasting moral hazard.

The political knock-on effects of the crisis have been considerable. Indeed, the crisis has undermined the perceived advantage of open financial and capital markets and of the current regulatory frameworks.

Sessions in the Annual Meeting programme related to Systemic Financial Risk include:

- Update 2009: The New Economic Era
 - Update 2009: Hard Lessons about Global Imbalances
 - CNBC Debate: No Way Back
 - Update 2009: The New Boundaries of Financial Governance
 - 2009 World Economic Brainstorming: Navigating the New Economic Landscape
 - 36 Hours in September: What Went Wrong?
 - Can You Trust Your Model?
 - The Values behind Market Capitalism
 - Financial Engineering Revisited
 - Global Financial Crisis: What Lessons Should Be Learned?
 - Managing Global Risks
 - Extreme Events: Why the Surprise?
 - A Risky Time for Risk Capital
 - Financial Recovery: A Long Journey Ahead?
 - Update 2009: Managing Assets in a Correlated World
 - The Economic Governance of Europe
 - Shaping the Post-Crisis World: Report from the Global Agenda Councils
 - Scenarios for the Future of the Global Financial System
 - How to Answer the Compensation Question?
 - The Global Economic Outlook
 - The Bank of the Future
-

Significance of Systemic Financial Risk to other issues and topics



Degree of relevance
■ Strong
■ Moderate
■ Weak

Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Systemic Financial Risk proposes that:

- The dimensions of the crisis compel a coordinated international response. Coordination should involve advanced and emerging economies.
- Regulatory and monetary policies to control bank leverage should be formulated to be countercyclical, allowing greater leverage in downturns and restricting leverage in upswings.
- While it is an important goal to de-risk and de-leverage the system, financial institution regulations must be avoided, which act as restraints on trade or capital flows, or which induce regulatory arbitrage.
- Regulatory measures introduced to deal with new financial instruments and products should be carefully crafted to be effective, without inhibiting innovation.
- Centralized counterparty and clearing on exchanges should be considered so as to reduce counterparty risk for structured products. Improved transparency about off-balance sheet items and OTC markets is merited.
- The competitive dynamics of the market place may change based on public sector ownership of private sector enterprises. Ongoing consultations between the public and private sectors will be important due to the transformation of the private sector. It will be crucial to develop government exit strategies over the longer term.
- The short-term goal is to restore confidence and reduce fear without compromising stability in the long run. A necessary condition for the success of financial system reform is public ownership of such reforms.
- It is critical to design communication strategies to rebuild public and political confidence in the financial system.

Council on Systemic Financial Risk

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Technology and Education

Overview

The Digital Age in education is here. In China, e-learning is growing at 23% a year, and distance learning accounts for up to 15% of all higher education globally, including 30% in Russia.¹ But the Digital Age is not yet transforming education.

Technology can be the flywheel to advance educational access. However, technology to propel educational achievement can only be value-added if linked with creative pedagogy to: (1) educate students with 21st Century skills; and (2) train teachers to use the new materials that engage students.

Technology has the potential to disseminate quality teaching/learning materials and enable global support networks across domains. There has been an explosion of online content and users, yet outstanding education materials are difficult to find. Current intellectual property practices often inhibit dissemination of these materials.

Education can be the engine of economic growth and societal advancement, but a range of issues must be addressed to achieve these ends, including:

Teacher issues: The role of teacher must change from “sage on stage” to “guide on the side”. Technology can improve teacher productivity, but professional development does not include adequate training on using technology to advance learning. Teachers are not preparing their students to participate in an information society. There is also an increasing gap between technology-enabled pedagogy and current assessment techniques that do not adequately gauge 21st Century skills.

Learner issues: Technology creates opportunities for advancement in emerging economies – if the right channels are established. Children learn when provided access to well-defined, educational material – even with limited interaction with teachers. However, new tools for education are not being adequately embraced (e.g., gaming, social networks, Web 2.0).

Sessions in the Annual Meeting programme related to Technology and Education include:

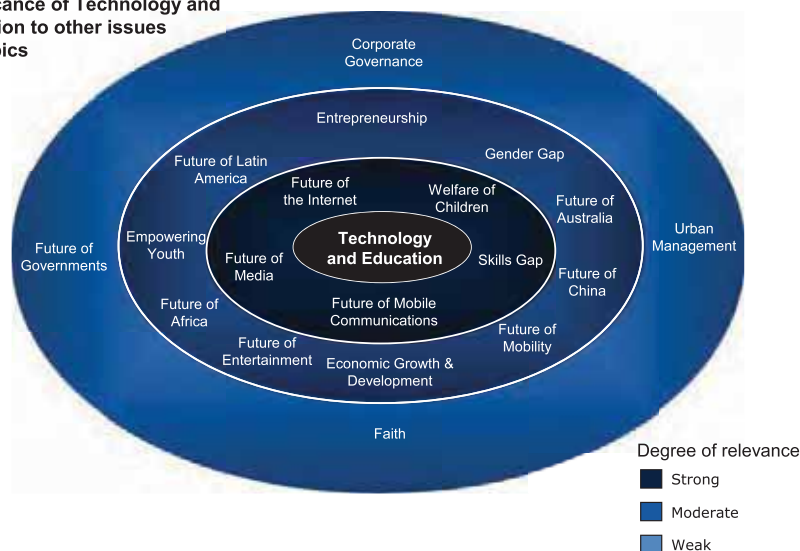
- Update 2009: The Global Talent Equation
 - Digital Asia: A World unto Itself
 - Update 2009: Digital Convergence Continues
 - From Adoption to Diffusion: Technology and Developing Economies
 - Innovation: The View from Asia
 - Cloud Computing: The Next Big Thing?
 - Mobile Revolutions in the Developing World
 - A New IP Strategy for Growth
 - IdeasLab with the Technology Pioneers
 - Reality Mining: Changing Behaviour
 - The Next Digital Experience
 - Youth Culture: A Heatmap
 - Educating the Next Wave of Entrepreneurs
-

¹ “Equipping Every Learner for the 21st Century” developed by the Centre for Strategic Education, Cisco Systems Inc. and McKinsey & Company (2008), page 14

Infrastructure: Technology-enabled education is proceeding at different paces across/within countries. Broadband in emerging economies is limited, and it's unclear if mobile technology will provide adequate access given current economic incentives.

Sustainability: Multistakeholder partnerships are required and proven to be effective in accelerating technology-enabled education. Many approaches and solutions implemented in industrialized countries are not practical or scalable elsewhere. Business models must incorporate operating costs and capital funding for technology adoption.

Significance of Technology and Education to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Technology and Education proposes that:

There is an inextricable link among education, employment and economic development and societal progress. The 21st Century requires fundamental changes in education and the way it is created, delivered and assessed. Therefore, governments, the private sector and other key stakeholders should collaborate to support sustained and substantial investment in education and educational technology. We offer the following recommendations to accelerate progress:

Policy/Government

- Develop a sustainable strategy that prioritizes the use of technology to transform education
- Provide incentives to support educational innovation (e.g., teacher development, 21st-Century skills integration and assessment)
- Eliminate structural barriers and leverage capacities among governments, ministries of education and industry
- Seek out and facilitate institutional linkages both domestically and internationally to make digital educational content widely available
- Promote policies that increase investment in infrastructure, expand bandwidth/frequency allocation and reform regulation to provide greater access to the Internet

Innovation/R&D

- Expand R&D on technology in education and apply that research to advance practice
- Identify successful models and find ways to scale and proliferate them
- Develop new methodologies that seamlessly integrate technology with instruction rather than simply layer technology on top of existing educational models
- Make learning more engaging and effective through the use of new technologies, including simulation capabilities, animation, language translation, gaming/virtual world, individualization of instruction and social networking

Teaching and Learning

- Promote an active, learner-centric approach to leverage the promise of technology
- Focus education on developing lifelong learning skills (i.e., learn to learn) versus the acquisition of specific content that will change over time, so that learners are prepared to succeed in industries and jobs that don't yet exist and become productive citizens (successful in school, career and life)
- Extend the benefits of technology-enabled education to include non-traditional "students" and subject matter (e.g., ages 0-6, after school, dropouts, adult education, public health, citizenship)
- Develop a knowledge hub (aka EduNexus) to: (1) aggregate outstanding educational materials and best practices of teaching techniques; (2) proliferate them globally. The hub should also include learning content relating to key issues for citizenship (e.g., green/environmental curriculum, HIV/AIDS, etc.). The next steps are to: Create a task force to build an index of educational resources; Establish a protocol to curate and share quality content, successful lesson plans, etc.; Develop a community of practice to organize, curate and employ these assets

Systems and Leadership Development

- Create incentives for educational and institutional leaders to adopt new education models and technologies
- Train teachers to leverage new technologies through ongoing professional development
- Develop sustainable solutions with long-term funding
- Empower learners (students of all ages and abilities) to be aware of educational and career opportunities to motivate them to take more ownership of their own learning
- Develop linkages between formal and informal as well as centralized and decentralized learning
- Encourage administration and school leadership to focus on using technology to improve learning productivity.

Council on Technology and Education

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Terrorism, Proliferation and Weapons of Mass Destruction

Overview

Terrorism and weapons of mass destruction (WMD) proliferation could be addressed singularly, but are even more troubling where they intersect. Finding solutions for terrorism and proliferation is of global importance, requires collaborative thinking and necessitates multistakeholder involvement. The international community witnessed the devastating effects caused by global terrorism. Consequently, there must be urgent acknowledgement and collaboration to prevent a terrorist attack involving chemical, biological, radiological and nuclear (CBRN) materials. Further, as modern urbanized society becomes increasingly interlinked and interdependent with complex systems at the heart of nearly all interactions, the potential for a mass catastrophic disruption is high. Although not as deadly as a CBRN attack, a major disruption of such systems would debase the very functioning of society as we know it with profound psychological and economic effects – both short and long term. In any terrorist attack situation, the key actors affected range from governments to private businesses to private individuals. As such, a wise mitigation strategy would engage and respond to the needs of all of these actors.

Sessions in the Annual Meeting programme related to Terrorism, Proliferation and WMD include:

- Update 2009: Crises to Prevent at All Cost
- Update 2009: North America
- Update 2009: The Middle East
- Afghanistan and Pakistan: Key Countries on the Global Agenda
- The Middle East: Owning Its Challenges
- New Frontiers of Conflict
- Regulating Complex Industries
- Global Security: The Next Tinderbox
- Crisis, Collaboration and a Connected World
- NATO: Will It Survive Another 60 Years?
- Energy Outlook 2009
- Preparing for a Pandemic

The Global Agenda Council on Terrorism, Proliferation and WMD proposes an analytical framework with the following criteria:

- Vulnerabilities and weaknesses: What sectors are most vulnerable?
- Actors: Who?
- Interlinkages: How do these actors link to each other?
- Mitigation: What strategies must we develop to mitigate and address these risks?
- Institutional/policy innovations needed: Do we need new partnerships? Different structures? New approaches?

Vulnerabilities are categorized as follows:

Weaknesses of the Global WMD Control System

- Breakdown of nuclear control
 - proliferation concerns
 - weak control of nuclear materials/technology
 - opaque state vs non-state actors and how they relate
 - fragile states and lack of sovereign oversight
 - nuclear renaissance, an opportunity for addressing energy security but the temptation for diverting the materials exists

- Biological and chemical weapons: lack of attention to biological and chemical agent usage

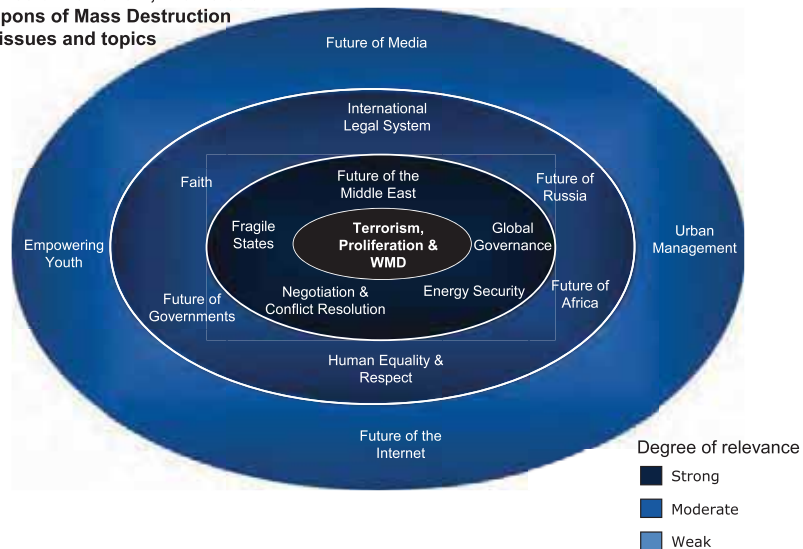
Terrorist Motivation / Intent / Opportunities / Use of WMD

- Motivation and intent
 - ideological/externally focused: operating with ideological vision/goals in mind extending beyond state borders
 - territorially/regionally focused: operating with a view to a constituency that is based or linked to a territory. This type of terrorist organization may or may not have ideological underpinnings

Opportunities / Use of WMD

- Fragile states and lack of sovereign oversight
- Conditional vulnerabilities, e.g. system interlinkages
 - massive catastrophic disruption to communication systems, finance systems, transport, trade, power grids and control systems
 - mobile and wireless technologies that penetrate control systems
- Highly concentrated, interdependent urbanized society
 - how to create resilience?
 - key public works, i.e. water systems, transport, communications, are especially at risk

Significance of Terrorism, Proliferation and Weapons of Mass Destruction to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

On Nuclear Control:

1. Endorse a nuclear weapons-free world: key steps include eliminating first use policies; reducing the current threat by de-alerting weapons and reducing deployment; reducing stockpiles
2. Secure the nuclear complex to make the world safer for nuclear energy: this includes supporting a global end to the production of weapons-grade fissile material by negotiating an effective cut-off treaty, banning production of HEU and plutonium for weaponization; considering a plutonium pause. The need for more national fuel cycles must be removed by supplementing supply via non-discriminatory international arrangements; the existing supply of HEU must be reduced by converting research reactors to LEU / RERTR; efforts to secure radioactive sources and storage must be accelerated
3. Strengthen the international non-proliferation institutional/policy framework: applying greater penalties for withdrawal including sanctions, limiting technological transfer knowledge; implementing prompt, predictable enforcement consequences; strengthening the IAEA, including technical verification, appropriate data sharing and prompt supply of analysis; rendering protocols universal, e.g. strengthening the Additional Protocol by implementing stronger verification measures; sustaining the Nuclear Suppliers Group as a method to limit the transfer of technological know-how; criminalizing global trafficking of nuclear materials and equipment; considering a new global regime that would govern skilled nuclear professionals (scientists and engineers) and impose obligations not to transfer the nuclear technologies/know-how, including a code of conduct
4. Support technological innovation in the areas of verification technologies and nuclear detection as well as nuclear forensic identification
5. Support the development of infrastructure for peaceful uses of nuclear technology by supporting the education of skilled nuclear professionals and assisting in civil infrastructure development
6. Enhance building blocks for disarmament and non-proliferation: support the Comprehensive Test Ban Treaty to prevent horizontal and vertical proliferation and revive fissile material cut-off treaty negotiations
7. Deter nuclear terrorism through a new multilateral regime: characterizing the state as the perpetrator if it deliberately transfers nuclear weapons or fissile materials to a non-state actor (terrorist group). In the event of negligent transfer of nuclear weapons or fissile material to a non-state actor, the government must be warned that negligence could involve negative consequences. Deterring nuclear terrorism requires capacity to identify the source of nuclear materials before and after detonation.

On Biological Weapons (Public Health):

A downstream response comes from public health and emergency management organizations. Health organizations should develop and report specific observations linked to changes in biological agents that would suggest intentional modifications (virility and infections).

On Terrorism:

Policy-makers must address motivation and intent by adopting a 5 "P" Strategy: **P**rotection – homeland protection; **P**olicing – intelligence, detection, prevention; **P**olitical – analyse underlying political grievances; **P**olity building – rebuild state-capacity, address fragile states; **P**sychological – micro (small group), macro (societal norms).

Council on Terrorism, Proliferation and Weapons of Mass Destruction

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***Gareth Evans**, President, International Crisis Group, Belgium

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Global Agenda Council on Terrorism, Proliferation and Weapons of Mass Destruction

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Trade Facilitation

Overview

Trade facilitation is a badly neglected part of the trade agenda. The costs of poor trade facilitation (inefficiencies in trade infrastructure, logistics, trade administration and regulation) are high. Empirical evidence suggests that in many countries, especially developing countries, they exceed the costs imposed by more traditional trade barriers such as tariffs and trade distorting subsidies. Investing in better trade facilitation practices is a win-win solution for all stakeholders, governments and the private sector, developed and developing countries, importers and exporters, consumers and producers.

The main trade facilitation challenges are threefold:

- Correcting inefficient administration and regulation at the border
- Increasing private sector competition in trade logistics
- Building trade related capacity, particularly infrastructure, in developing countries

Policies taken in other areas (e.g., climate change, security, environmental and social standards, fighting corruption and enforcing intellectual property rights) can also impact critically on the ease with which trade flows across borders. These policies should be designed with the costs they impose on trade in mind.

The current crises (financial, food, energy) are exacerbating the costs of poor trade facilitation. For example, trade finance costs (letters of credit) have exploded and the market has become severely illiquid. Major food exporters have resorted to export restrictions, raising anxieties about food security. Volatile energy costs are creating an inefficient use of trade logistics and infrastructure. Investment in trade facilitating infrastructure is being badly impacted by current financial constraints.

The current crises also place a high premium on expeditiously concluding the Doha Trade Negotiations. This is the low-hanging-fruit of better international economic policy coordination. Harvesting the benefits of an ambitious Doha Round will help prevent misguided resort to trade restrictions in current circumstances. Falling food and energy prices could encourage higher agricultural subsidization and backsliding on liberal trade policies. An Agreement would also send a much needed signal of confidence in the international economy to the private sector. Concluding the Doha Trade Negotiations ambitiously will also increase competition in trade related services and reduce trade transaction costs, e.g., transportation services, warehousing, port management, freight-forwarding and postal services, etc.

Sessions in the Annual Meeting programme related to Trade Facilitation include:

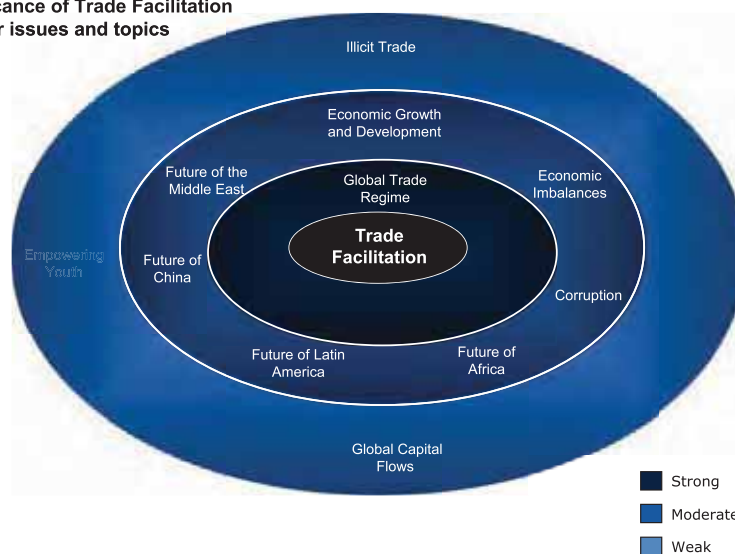
- Update 2009: Managing Assets in a Correlated World
 - The Fight against Protectionism
 - Update 2009: The Return of State Power
 - China's International Agenda
-

Building trade related capacity, particularly infrastructure, also requires actions at regional and national levels. It is essential that existing aid (ODA) commitments in favour of Africa and other low-income developing countries be honoured to provide the financial resources needed.

There are real benefits to be exploited between improved public trade facilitation practices and procedures on the one hand and, on the other, better governance, less corruption and better contract enforcement. Corruption feeds off lack of transparency in trade administration, and complex procedures and poor connectivity between customs and border agencies and the private sector. Greater public-private partnerships are highly desirable to facilitate border management and trade flows.

Security issues pose a particular challenge to trade facilitation. The overlap between these two policy objectives requires further study and careful handling to ensure they can both be met.

Significance of Trade Facilitation to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Trade Facilitation proposes the following:

Immediate measures

Anxiety to resolve the current financial crisis must not create complacency about international trade. The effects of the crisis are already being felt in escalating trade finance costs and falling freight volumes. Projections of falling world trade volumes in 2009 are deeply worrying and demand action.

World leaders should immediately declare their support for an open trade regime. All governments must resist the temptation to raise trade restrictions in response to declining growth and job losses. The experience of the 1930s proved that protectionist trade policy will only make matters worse.

The commercial and economic costs of poor trade facilitation are high. The Doha Trade Negotiations must be concluded urgently, including an ambitious new multilateral agreement on trade facilitation which is already in a very advanced stage of completion.

If the Doha Round risks being delayed, serious consideration should be given to concluding the trade facilitation negotiations and implementing them immediately on a provisional basis.

Development agencies at the multilateral and regional levels must take advantage of additional aid for trade to deliver capacity building for trade facilitation. This is not a role for the WTO.

Longer-term agenda

- Engage the private sector through public-private partnerships to identify and prioritize needs, diffuse international best practice, and build more and better trade facilitation capacity
- Urgently gain agreement from WTO member governments on the radical simplification of rules of origin and aim for their eventual elimination
- Increase investment in international standard setting and conformity assessment facilities. This would remove inefficiencies caused by differing national standards that affect trade, standards of public administration and of private business
- Develop better mechanisms to measure and benchmark improved performance in trade facilitation at the national, regional and multilateral levels
- Step up investment in transportation and trade logistics infrastructure
- Increase contestability and deregulation of markets for international transportation and trade logistics
- Accelerate global networking of customs and other border agencies
- Promote intelligence-based risk management by border agencies to facilitate trade and meet national security objectives
- Promote increased mutual recognition in certification and conformity assessment procedures
- Reform regulatory frameworks at the national and international levels for transportation, postal services, etc. These should allow more competitive market conditions to prevail
- Exploit complementarities between the trade facilitation agenda and the international anti-corruption agenda.

Council on Trade Facilitation

Members

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Urban Management

Overview

City-regions are important because they are the theatres of all that is possible in terms of human endeavour. For the first time in human history over half of the world's population lives in urban places. By the middle of the Century (circa 2050) this proportion is predicted to increase to anywhere from two-thirds to four-fifths of the global population. This urban population lives in areas called city-regions. City-regions are areas containing an identifiable city with populations living on varying levels of income, at varying levels of density in and around it and all relying upon the area to sustain their lives. Cities are responsible for the use of 80% of the world's resources and 75% of the world's emissions. It is therefore clear that the quality of life and environmental impacts of these cities are critical to a sustainable future.

These city-regions are the physical locations for the economic activity that determines the prosperity or poverty of the nation states in which they are located. At present, about one-third of the populations of these city-regions are living in extreme poverty. Within the next quarter of a century, this proportion will increase to about two-fifths if nothing is done. To complicate matters, these proportions are not uniform across the globe. Proportions of persons living in urban poverty range up to 90% of the entire population of cities in low- and middle-income countries. In high-income countries, these proportions are well under 10%. It is going to be impossible to solve any of the global problems of poverty, sustainability, pandemics, civil unrest, gender equity, adaptation to climate change, etc., if we fail to come to grips with this expanding urbanization and the concomitant social inequality. The window of time in which we have to address this problem is very short.

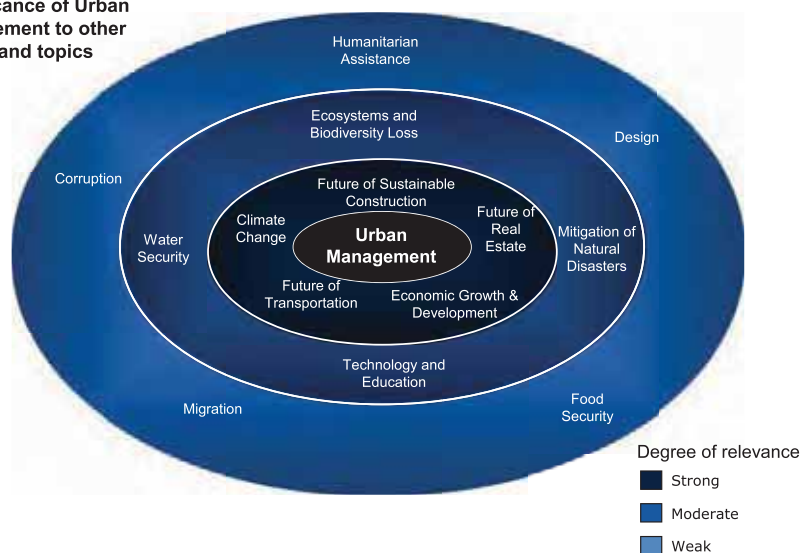
Complexity is endemic to this process of urbanization. There is no one "correct" solution to the problem. Crucial to the success of any effort to overcome these problems is the quality of what we define as governance; the intersection of civil society, the formal structures of government and the private sector. There are additional dimensions of complexity added by the interlinkages that urbanization has with other fields. The dynamic at work in the global process of urbanization is such that if we take this moment as a theatre of opportunity, it will create a virtuous cycle leading to the realization of significant opportunities for innovation, growth and welfare. Conversely, if we do nothing, present behaviour will give us failed cities, which are the precursors of failed states and failed societies, i.e. we are doomed.

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

- Update 2009: Managing Resources for the Long Term
 - Financing Industry in an Era of Capital Scarcity
 - Latin America: A Global Hub for Sustainability
 - Cool Ideas from Older Industries
 - Urbanization: The Unstoppable Global Trend
 - Infrastructure for the Developing World
 - The Challenge of Sustainable Mobility
-

The tragedy about urban management is that we know a great deal about what has to be done technically. Benchmarking will greatly facilitate this. What we need to know more about is how to bring workable solutions to a scale at which they can make a measurable impact on the problems that cities face. We also need a very strong mechanism to stimulate community involvement towards accepting and welcoming behaviour change. The challenge here is to create platforms for dialogue among stakeholders so that they can develop effective institutions of governance to address the challenges of urbanization.

Significance of Urban Management to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Urban Management proposes that:

The opportunities and promise of urbanization can only be solved by competent localization of governance. This is critical to successful globalization. Competent localization means the creation of local governments with the fiscal resources and the technical competence to carry out their mandates to provide infrastructure and public services. Empowering local governments is the key. Local empowerment requires enhancing the quantity and quality of information available to local decision-makers.

Local government includes all stakeholders in equal measure – civil society, commercial actors, educational institutions and citizens, given the means to express their opinions. The way to begin to improve local government is to create an urban model that provides a net positive impact on the planet, its people and ecosystems.

A series of benchmarks must be created to foster truly sustainable cities that recognize physical, natural and human capital, and that can serve to educate local decision-makers about the implications of their actions for the well-being of their city-regions. This benchmarking will prioritize their agendas, in particular reference to governance, real estate, energy, water, sustainable construction, biodiversity, mobility/transportation, health and well-being, education and skills, etc. The coherent introduction of this work will create wealth generation in our cities which will be the engine for improving quality of life in urban management, nationally and globally.

Council on Urban Management

Members

Chair: ***Lawrence Bloom**, Deputy Chairman, Noble Cities, United Kingdom

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Global Agenda Council on Urban Management

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Water Security

Overview

The world is living in a water “bubble” as unsustainable and fragile as that which precipitated the collapse in global financial markets. Water is being used unsustainably. Groundwater levels drop; rivers dry up before they meet the sea; in many “hot spots” we have over-leveraged our water for the future; we have no means of paying this back. The bubble is bursting in some places (China, the Middle East, the south-western US) with more to follow. Millions die for lack of clean drinking water and adequate sanitation; ecosystems and food production are under threat. There is not enough water to do all the things we want, as inefficiently as we do them now.

Sessions in the Annual Meeting programme related to Water Security include:

- Update 2009: An Integrated Approach to Energy, Food and Water Security
- The Politics of Water
- Update 2009: Managing Resources for the Long Term
- Will the Environment Lose Out to the Economy?
- Rising Population: Overload or Opportunity?

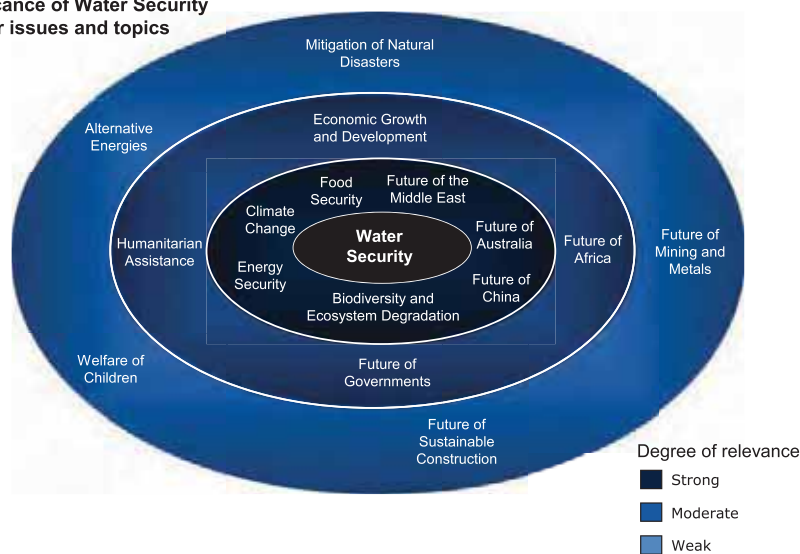
This is the peril – and the promise. The peril comes from overuse and the pollution of water resources: poor planning for economic growth and development, unplanned rapid urban expansion and uncontrolled deforestation; unregulated industrialization, inefficient water use, lack of pollution control. As we try to feed and fuel a growing and more affluent world, the water situation shows every sign of getting much worse. Adding to traditional water supply is no longer possible in many places – historical approaches to water use will not work in the future.

All people, all communities, all economic enterprises use water. Unsurprisingly, strong water connections to energy, climate and food security policy issues exist. These can spin negatively or positively. Policy decisions made on energy, climate and food issues have determinate impacts on water. Tackling energy security without considering the related food and water impacts can create bad outcomes, as we’ve recently seen with the push to first generation biofuels that displaced food crops and intensified water demands. On the other hand, tackling energy security through a water lens can create good outcomes, e.g. the promotion of those energy alternatives that are water sparing and have low carbon footprints. Clean energy would open the door to almost unlimited clean water via desalination.

Growing food is an imperative, but if irrigation systems drain the river, much more than food security is at stake. 70 rivers are close to this stage. Doing nothing is not an option. The bubbles are bursting. We risk economic growth with political instability.

As the peril increases, the market begins to develop new mechanism. Financial analysts and investors begin to track water risk profiles of companies, communities and investments. Investment houses publish new water indices. Water-poor countries are beginning to look for land elsewhere to grow food (such as Saudi Arabia in South/Central Asia, China in Mozambique, and Egypt in Kenya). This risks adding further distortions to an already heavily distorted market for agricultural products. Market mechanisms will help in many water operations but unfettered reliance on markets will not deliver the social, economic and environmental outcomes we need. Water has potent social, cultural and religious dimensions and should never be viewed as only a pure economic good. To protect the resource everywhere, and to protect the poorest populations who lack regular access to clean water, good systems and good regulation are also indispensable.

Significance of Water Security to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on Water Security proposes that:

To avoid the peril, we must stop managing water as inefficiently as we do. We must find the promise of solutions, tools and water management concepts that exist now but that require – and do not receive – urgent and substantial attention at the highest level. We must do more with less water and we have the tools. It can be done.

Call for action – today:

- Now is the time to promote investment in water and wastewater infrastructure and fix what exists: failing municipal infrastructure and inefficient irrigation systems. This could both provide jobs and help economies meet the MDGs.
- Now is the time for new investment in companies and public projects engaging in water infrastructure. Water and water technology development are a good pick and have sustained high returns. A “new blue deal” opportunity may exist. The market for toilets in the developing world – a true market opportunity – may be in the billions of dollars.
- We call for sustained discussion within and among governments on the essential elements of smarter water economics, which set incentives in the right direction.
- We call for renewed attention to protecting the water resource – the world now understands the need for good regulation and enforcement of the rules.
- We need to raise awareness that water security is an urgent issue and we need to communicate that message better. We need to put water in its rightful place on the green reform agenda. Our Council will begin with better messages to the World Economic Forum Annual Meeting in January.
- We need a series of regional, multistakeholder conclaves, especially in the world’s key hotspot or water bubble areas. These reform and investment discussions can be started in 2009 and must be sustained.
- The world needs benchmarks, new data and analytics and better metrics to provide a clearer view of national and corporate water management performance, and to provide decision-makers with clearer information and methods to measure progress.

Council on Water Security

Members

Chair: ***Margaret Catley-Carlson**, Patron, Global Water Partnership (GWP), Sweden

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Welfare of Children

Overview

Children are at the heart of the Millennium Development Goals (MDGs), which include eradicating extreme poverty and hunger, achieving universal primary education and gender equality, reducing child and maternal mortality, combating HIV/AIDS, malaria and other diseases, and ensuring clean water and sanitation.

Nearly 50 years ago it was estimated that some 20 million children died before they reached their fifth birthday. In 2006, for the first time, the under-five mortality rate dropped below the 10 million mark to 9.7 million, according to UNICEF. This represents a 60% decline in child mortality since 1960. While such progress is encouraging much remains to be done.

Together, Africa and Asia account for 93% of the global burden of under-five mortality, 97% of maternal mortality and 94% of undernutrition (measured by children under five who are underweight for their age). India alone accounts for 21% of the global burden of under-five mortality, 22% of maternal mortality and 40% of underweight children under five.

From a variety of studies prepared by UNICEF and others, there is a clear sense of the progress made to date on issues of child welfare and the areas where not enough progress has been made. In particular, discrimination against women and girls undermines progress on children. The existing investment on key child welfare areas such as education, health and nutrition, and child protection must be more effectively communicated:

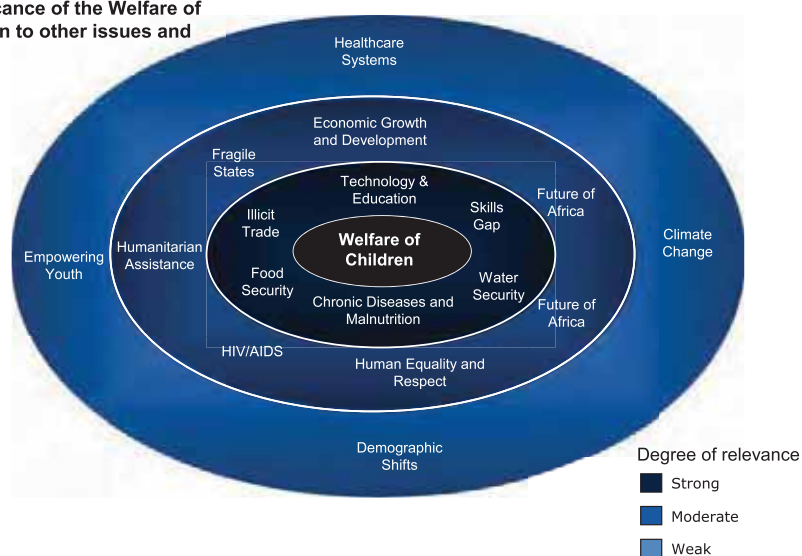
- *Education:* Universal primary education is critical and the quality of education is equally important. This cannot be achieved with a one-size-fits-all approach. It will require concerted action across sectors, significant political will, wise financial investment, the integration of technology, and the ability to look at the whole child and the range of investments required including targeted investment on a host of issues such as teacher quality, strengthened curricula for early childhood education, vocational and occupational education, higher standards and more accountability and girls' education.

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

- Update 2009: Threats to Society
 - Rising Population: Overload or Opportunity?
 - Shaping the Post-Crisis World: Views from the Next Generation
 - The Girl Effect on Development
 - Update 2009: Dealing with Dangerous Demographics
-

- *Healthcare*: Primary healthcare needs to be addressed through integrated community-based approaches which link the health of the mother and child, addressing issues such as nutrition, water and sanitation, immunization. Skills and professionalization are key, as is the supportive role of the newest technologies. Prevention and education are as important as are business issues like networking, data warehousing, information systems, telemedicine and public-private partnership. And, children are often left out in programmes to prevent and combat HIV/AIDS; children and AIDS must be addressed through prevention of mother-to-child transmission, treatment of paediatric AIDS, helping orphans and vulnerable children, education for prevention.
- *Child protection*: Child protection is critical to the overall well-being of the child. Parents and communities must be involved in the protection of children. Key protection issues include trafficking of children, child labour, children affected by armed conflict, sexual exploitation and sexual tourism, violence against children and other issues of child abuse. Public-private partnerships and new technologies can be used to educate and share information and are key to discerning best practice information from governments, NGOs and private companies that can influence policy.

Significance of the Welfare of Children to other issues and topics



Recommendations¹

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, who are the foremost experts on the topic.

The Global Agenda Council on the Welfare of Children proposes that:

- First and foremost, especially in the current economic crises, a clear economic imperative to invest in children exists, through universal basic education including early childhood education, literacy, life skills and teacher quality, improved child health including under-five mortality, nutrition, clean water and sanitation, and child protection.
- Investing in human capital is critical to economic growth. The economic cost of failure to implement these goals is equally clear. But this case needs to be presented and understood in a way that permits a shared consensus, bringing public, private and civil society sectors together in full partnership to address the shared strategies and actions needed to more quickly and effectively reach these goals. This includes being involved in the design, development, financing, and monitoring and evaluation of partnerships.
- Solid data analysis, evaluation and research are needed to measure progress made, what works and economic impact.
- Universal basic education, especially in the current knowledge economy, has a distinct measurable economic return. Failure to act on the rest of the MDGs, i.e. maternal and child health or gender equity, also has a distinct economic cost and therefore must be high on the agenda as well.
- The public sector, private sector and civil society must work together in new and more effective ways for the benefit of children, including using benchmarking, evaluation, documenting the clear economic return associated with actions and committing to sharing best practices and clear results.
- A gender focus is essential. Investing in girls and women produces positive economic benefits and contributes to the achievement of all MDGs. Educating girls reduces the rate of HIV infection, delays early marriage, reduces family size, contributes to healthier children and enhances workforce preparedness.

Council on the Welfare of Children

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Michael S. Wald, Jackson Eli Reynolds Professor of Law, Stanford Law School, USA

Kimie Weeks, Founder and Executive Director, Youth Action International (YAL), USA

Peter L. Woicke, Chair, International Save the Children Alliance, United Kingdom

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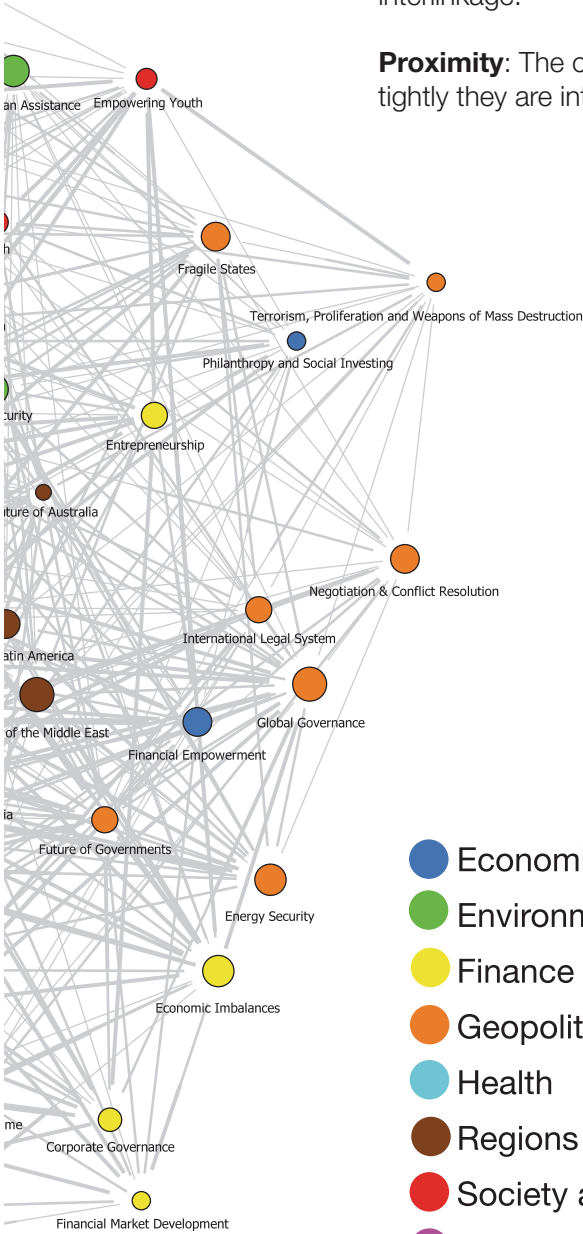
Senior Director: Fiona Paua

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.



- Economic Development and Growth
- Environment and Sustainability
- Finance and Business
- Geopolitics and Global Governance
- Health
- Regions
- Society and Values
- Technology and Innovation



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