# SPOTLIGHT

## on Sustainable Development 2019


# **Reshaping** governance for sustainability

Transforming institutions – shifting power – strengthening rights

Global Civil Society Report on the 2030 Agenda and the SDGs

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## Reshaping governance for sustainability

### Transforming institutions – shifting power – strengthening rights

with contributions from

Global Civil Society Report on the 2030 Agenda and the SDGs

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## Spotlights on the SDGs

# Preface

Governments committed in the 2030 Agenda for Sustainable Development to engage in systematic follow-up and review of the implementation of this Agenda. Since then a total of 187 Voluntary National Reviews (VNRs) have been presented or announced, demonstrating their interest in and political ownership of the 2030 Agenda process. However, while some have reflected the participation of civil society, many more have not. Government self-assessments are not enough. Civil society organizations have a key role to play as independent watchdogs holding governments and international organizations accountable for their (positive or negative) contributions to the implementation of the 2030 Agenda.

Since 2016, the Civil Society Reflection Group on the 2030 Agenda for Sustainable Development has published the yearly Spotlight Report, assessing the implementation of the 2030 Agenda and the structural obstacles to its realization, with a particular focus on the rich and powerful. In assessing progress, the report not only focuses on policy incoherence, but analyses and assesses the extent to which policies are framed by the ambitious principles of the 2030 Agenda, particularly the human rights framework, and the principles of equity and common but differentiated responsibilities.

The report builds on the content of the previous reports. The 2016 report examined whether current policy approaches, as they are reflected, inter alia, in the 2030 Agenda itself, are an adequate response to the global challenges. The 2017 report explored the concurrent trends of privatization, partnerships, corporate capture and their impact on the implementation of the SDGs. The Spotlight Report 2018 described alternative policies that are genuinely coherent in the interest of sustainable development, human rights and gender justice.

This year's report dives more deeply into the (global) governance arrangements, structures and institutions that will actually be necessary to implement these policies and to unleash the transformative potential of the SDGs.

It offers analysis and recommendations on how to strengthen inclusive and participatory governance and to overcome structural and institutional obstacles and gaps in the implementation of the 2030 Agenda and the SDGs. In doing this, it poses a challenge and a call to action to world leaders just in advance of the SDG Summit in September 2019.

The report consists of three parts: The first contains two overview articles, which highlight key insights of the contributions to this report and messages from national 'spotlight reports'. The second includes five chapters on cross-cutting governance reform areas that demonstrate the interlinkages between various SDGs and the need to 'de-silo' current policy approaches. The third comprises 17 brief 'Spotlights on the SDGs', highlighting selected examples of good or bad governance regarding specific goals.

This and previous Spotlight reports are supported by a broad range of global civil society organizations and trade unions. They are also informed by the experiences and reports of national and regional groups and coalitions from all parts of the world. The contributions cover many aspects of the 2030 Agenda and the SDGs (and beyond), and reflect the rich geographic and cultural diversity of their authors.

But what all contributions have in common is their fundamental critique of underlying social structures, power relations and governance arrangements. Thus, meaningfully tackling the obstacles and contradictions in the implementation of the 2030 Agenda and the SDGs requires more holistic and more sweeping shifts in how and where power is vested, including through institutional, legal, social, economic and political commitments to realizing human rights.

In other words, as the following contributions make clear, a simple *software update* is not enough – we have to revisit and reshape the *hardware* of sustainable development.

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# 1

## Overview

# Revisiting the hardware of sustainable development

BY JENS MARTENS, GLOBAL POLICY FORUM

**Four years after the adoption of the 2030 Agenda the world is off-track to achieve the Sustainable Development Goals (SDGs). Most governments have failed to turn the transformational vision of the 2030 Agenda into real transformational policies. Even worse, xenophobia and authoritarianism are on the rise in a growing number of countries.**

**But there are signs of change. Social movements have emerged worldwide, many with young people and women in the lead. They not only challenge bad or inefficient government policies, but also share a fundamental critique of underlying social structures, power relations and governance arrangements.**

**Thus, the implementation of the 2030 Agenda is not just a matter of better policies. Meaningfully tackling the obstacles and contradictions in the implementation of the 2030 Agenda and the SDGs requires more holistic and more sweeping shifts in how and where power is vested, including through institutional, legal, social, economic and political commitments to realizing human rights.**

**Structural transformation has to start at the local and national level. It requires strengthening bottom-up governance and governance coherence. At the global level the upcoming review of the HLPF should be used to overcome the weakness of this body and transform it into a Sustainable Development Council.**

**Enhancing governance coherence requires providing those institutions which are responsible for the implementation of the 2030 Agenda and the SDGs with not only the necessary financial resources but also with effective political and legal instruments. At the global level this requires changing the recent course of relying on non-binding instruments and corporate voluntarism.**

**The year 2020 with the 75th anniversary of the United Nations provides an important opportunity to translate the calls of emerging global movements for economic, social and environmental justice into political steps towards a new democratic multilateralism.**

## Governments are off-track …

When UN Member States adopted the 2030 Agenda and its SDGs in September 2015, they signalled with the title *Transforming our World* that ‘business as usual’ is no longer an option and fundamental changes in politics and society are necessary. Four years later they have to admit that they are off-track to achieve the SDGs. In many areas there is no progress at all, and in some even regression.

Destructive production and consumption patterns have further accelerated global warming, increased the number of extreme weather events, created plastic waste dumps even in the most isolated places of the planet, and dramatically increased the loss of biodiversity.

Fiscal and regulatory policies (or the lack of) have not prevented the accelerated accumulation and concentration of wealth but have only made them possible, and thus exacerbated social and economic inequalities.

Systemic discrimination keeps women out of positions of power, disproportionately burdens them with domestic and care-giving labour and remunerates their formal employment less than it does that of men.

Total global military expenditure reached the historic high of US$ 1.822 trillion in 2018.[1] In contrast, net ODA by members of the OECD Development Assistance Committee (DAC) was only US$ 153.0 billion in 2018, thus less than one tenth of global military spending.[2] "The world is over-armed while peace is under-funded," declares the Global Campaign on Military Spending.[3]

Most governments have failed to turn the proclaimed transformational vision of the 2030 Agenda into real transformational policies. Even worse, national chauvinism and authoritarianism are on the rise in a growing number of countries, seriously undermining the social fabric, and the spirit and goals of the 2030 Agenda.

### ... but there are signs of change

Despite these gloomy perspectives, there are signs of push-back. Policies reflect interests and power relations within and between societies – and these are not carved in stone but are in constant flux and can be changed.

In response to the failure or inaction of governments, social movements have emerged worldwide, many with young people and women in the lead. Climate and economic justice issues have been championed by social movements in all regions, with indigenous communities in the front line of many of these. Movements against racial, gun and gender-based violence are growing in many countries, including the USA and India, while alliances of people with disabilities are becoming more visible, particularly at the global level. In a number of countries, most recently in Argentina, Sudan and Algeria, millions of people have taken to the streets to protest against authoritarian regimes and to demand democratic change.

1 See https://www.sipri.org/media/press-release/2019/world-military-expenditure-grows-18-trillion-2018.

2 See http://www.oecd.org/newsroom/development-aid-drops-in-2018-especially-to-neediest-countries.htm.

3 The statement by the Global Campaign on Military Spending (http://demilitarize.org/).

The emerging global movements do not just challenge bad or inefficient government policies. What they have in common is their fundamental critic of underlying social structures, power relations and governance arrangements. It is worth mentioning that governments themselves recognized in the 2030 Agenda the "enormous disparities of opportunity, wealth and power" in the world as "immense challenges" to sustainable development.[4]

Thus, the implementation of the 2030 Agenda is not just a matter of better policies. The current problems of growing inequalities and unsustainable production and consumption patterns are deeply connected with power hierarchies, institutions, culture and politics. Hence, policy reform is necessary but not sufficient. Meaningfully tackling the obstacles and contradictions in the implementation of the 2030 Agenda and the SDGs requires more holistic and more sweeping shifts in how and where power is vested, including through institutional, legal, social, economic and political commitments to realizing human rights.

In other words, a simple *software update* (of policies, norms and standards) is not enough – we have to revisit and reshape the *hardware* of sustainable development (i.e. governance and institutions at all levels)

### Strengthening bottom-up governance

Revisiting the *hardware* of sustainable development has to start at the local and national level. While most governance discourses emphasize the democratic deficit, gaps and fragmentation in global governance, the major challenge for more effective governance at the global level is the lack of coherence at the national level. It is essential to reflect the overarching character of the 2030 Agenda and the SDGs in the institutional arrangements of governments and parliaments. Creating more effective and coherent global governance will be a futile exercise if it is not reflected in, and 'owned' by, effective national counterparts. Effective international arrangements

4 UN (2015), para. 14.

cannot be determined or strengthened without commitments and coherence at the national and sub-national level, in all countries. Therefore, it is necessary to strengthen bottom-up governance.

Bottom-up governance refers not only to the direction of influence from the local to the global. It also calls for more governance space to be retained at local and sub-national levels. It enables, for instance, indigenous peoples, small farmers and peasant communities to exercise their rights in retaining their seeds, growing nutritious foods without genetically modified organisms, and accessing medicines without paying unaffordable prices set by transnational companies and protected by intellectual property rights. In this regard, civil society advisory bodies like the Brazilian National Council for Food Security and Nutrition (CONSEA) play an important role, but in a growing number of countries they are under attack and face enormous political pressure (see Special Contribution 0.2).

The SDGs are characterized by the call to "leave no one behind". However, indigenous peoples have not been accidentally *left* behind; they have been systematically *pushed* behind by economic and political systems which devalue their contributions and then dispossesses them of the very things that make them strong – their relationship to their land, or territory. In order to respect the rights of indigenous peoples, governance must change its current mode of operation. This includes the universal implementation of the principle of Free, Prior and Informed Consent with regard to all development and investment project as a basic prerequisite (see Chapter IV).

Local governments and their communities are actively taking up the urban and territorial challenges to meet the SDGs and comply with global sustainability policy frameworks. To do so, they need adequate resources, authority and institutional capacity to transform cities and local communities into hubs of opportunity, sustainability and inclusion for all (see Spotlight on SDG 11).

The same is true for universal access rights to social protection. Social protection needs to be owned and governed by sub-national and national governments with fiscal space created in national budgets (see Spotlight on SDG 1). An essential element of this is the need to tackle more concretely and firmly the formalization of the informal economy. Formalizing the informal economy according to ILO Recommendation 204, supported by ILO Recommendation 202 on social protection floors, in a sustainable way is pivotal to reach the objectives of the 2030 Agenda (see Spotlight on SDG 8).

Universal, free access to essential public services are the foundation blocks of the SDGs and at the core of local governments' commitment to the 2030 Agenda. In most countries, local and regional authorities carry full or shared responsibility for water and sanitation, health and social care, waste management, education and culture. Government investment in public services is one of the most powerful policy tools to fight income inequality: it is estimated that free access to public services in OECD countries reduces this by 20 percent.[5] Building public infrastructure and services is part of strengthening democratic institutions, where people determine which public services to prioritize and how they are to be delivered and paid for (see Spotlight on SDG 9). This is especially true at the local level, where people have more direct access to their governments.

However, the privatization of public infrastructure and services and various forms of public-private partnerships (PPPs) often have had devastating impacts on service accessibility, quality and affordability. Responding to these experiences, counter-movements emerged in many parts of the world. Over the past 15 years there has been a significant rise in the number of cities and communities that have taken privatized services back into public hands – a phenomenon called "remunicipalization". Research from 2017 listed 832 such cases since the year 2000, involving 1,600 municipalities in 45 countries, in relation to water, energy, waste, transport, health and social care, education and other local government services.[6]

5 Oxfam (2014).

6 Kishimoto/Petitjean/Steinfort (2017).

However, local and national (fiscal) policy space is often limited by external interventions. The International Monetary Fund (IMF) plays a central role in this regard, particularly in countries of the Global South. Although the IMF presents itself as neutral economic arbiter, its approach is in fact deeply rooted in certain economic orthodoxies, many of which have proven incompatible with the achievement of the SDGs. In many countries, for instance Egypt and Brazil, IMF recommendations and loan conditionalities have led to deepening of social and economic inequalities and threats to human rights (see Spotlight on SDG 10).

Domestic policy space is further limited by trade and investment agreements. In March 2019, the UN Committee on Development Policy warned governments of the global South: "Unfortunately if you sign bilateral trade and investment agreements or regional agreements with rich countries, then your freedom for action is vastly reduced. So please don't sign any of these."[7]

Achieving the SDGs will not happen without an *enabling environment* at international level. But what we often see is a *disabling environment*, that makes it difficult to raise the urgently needed domestic resources to finance public systems of social protection (see Spotlight on SDG 1) and essential public services, particularly in the area of health, education (see Spotlight on SDG 4), water and sanitation (see Spotlight on SDG 6) and sustainable energy (see Spotlight on SDG 7).

In endorsing the 2030 Agenda governments committed to enhancing policy coherence for sustainable development (SDG target 17.14) and to respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development (SDG target 17.15). The achievement of these targets is constantly undermined by the inherently asymmetric nature of the global governance system with the IMF and World Bank dominating discourse and policies. Thus, policy coherence will not be possible without overcoming governance incoherence.

## No policy coherence without governance coherence

The current system of global (economic) governance is marked by systematic asymmetry (see Chapter I). While the IMF, the World Bank, the WTO and various organizations of global club governance (see Chapter II), particularly the OECD, have financial resources and regulatory instruments to influence policies and laws (mainly in the interest of transnational investors and powerful national elites), the UN has successfully been kept 'out of their business' over decades.

The most striking example is the asymmetry between human rights and investor rights. Today's trade and investment agreements give transnational corporations far-reaching special rights and access to a parallel justice system to enforce them, the Investor-State Dispute Settlement (ISDS) system. In a joint letter to the UN Commission on International Trade Law (UNCITRAL) in March 2019, leading human rights experts criticized the lack of investors' human rights obligations and addressed the urgency to "remedy the power imbalance between investors and States" (see Chapter I).[8]

Removing the ability of investors to sue States in the ISDS system and similar rules in investment and trade agreements would be a first step in reducing the systematic asymmetry in global governance. It would also be a step towards governance coherence for sustainable development.

Enhancing governance coherence also means that the relevant UN bodies, particularly the High-level Political Forum (HLPF), must be strengthened and no longer *de facto* be subordinated to the international financial institutions and informal clubs like the G20.

7 Power point presentation, Committee on Development Policy session "The Future of Multilateralism," 12 March 2019, UNHQ.

8 Deva et al. (2019).

### Overcoming the weakness of the HLPF

In the 2030 Agenda governments underlined

> the important role and comparative advantage of an adequately resourced, relevant, coherent, efficient and effective United Nations system in supporting the achievement of the Sustainable Development Goals and sustainable development.[9]

They established the HLPF as a universal body and gave it "a central role in overseeing a network of follow-up and review processes at the global level".[10] But compared to other policy arenas, such as the Security Council or the Human Rights Council, the HLPF remained weak with fewer working days and a smaller UN budget allocation than the Commission on Sustainable Development, the body it replaced.

The SDG Summit in September 2019 and the HLPF review process to take place in 2019-2020 are opportunities to reposition the HLPF more firmly in the General Assembly machinery, similar to the direction taken by the Member States for the Human Rights Council (HRC) and the Peacebuilding Commission (PBC) in 2005. With an agenda of equal importance and intimately connected to those of the HRC and PBC, the General Assembly should transform the HLPF to a third such body, a Sustainable Development Council, supported with complementary machinery at regional and thematic levels (see Chapter I).

This must include also the annual Financing for Development (FfD) Forum and the Science, Technology and Innovation (STI) Forum as parallel review streams of two crucial means of implementation for the 2030 Agenda. The HLPF Review should address concerns on how the mechanism created to support the achievement of the SDGs through STI could effectively deliver in the face of disparate UN approaches towards new technologies. The untapped potential of the STI Forum must be harnessed by bringing together the various initiatives of the UN on new and emerging technologies under one umbrella. This should enable deliberations on how frontier technologies are redefining established norms and impacting on the achievement of the SDGs, and how these should be governed (see Spotlight on SDG 17).

But the claim to make the UN system 'fit for purpose' requires more than upgrading the HLPF and its related fora. It requires a commitment to overcome the inequitable distribution of access to participation and decision-making in key areas of global governance. In this regard, advancing gender equality, women's empowerment and women's human rights are essential, particularly with regard to debt relief, global trade, technology transfer and institutional coherence (see Spotlight on SDG 5). Strengthening participation and voice for women's rights in global governance requires ensuring direct participation by women's rights and feminist organizations in governance fora and bodies, not through women philanthropists or women entrepreneurs (see Special Contribution II.1).

Enhancing governance coherence also requires filling global governance gaps in areas that are still dominated by exclusive policy clubs like the OECD (on tax cooperation) and the Paris Club (on debt policy). This is of utmost importance as the past months exposed the worrisome combination of increasingly unsustainable debt levels, financial market volatility and currency instabilities, all generating concerns about the possible eruption of another global financial crisis (see Chapter III). Two recommendations that are most cited and give concrete examples of the kind of institutional reforms that are needed, are first, the establishment of an intergovernmental tax body under the auspices of the UN, with the aim of ensuring that all UN Member States can participate equally in the reform of global tax rules; and second, the creation of a Debt Workout Institution within the UN system, independent of creditors and debtors, to facilitate debt restructuring processes.

### Democratic governance requires democratic funding

Adequate funding at all levels is a fundamental prerequisite to improve the governance of SDG implementation. At the global level this requires the

9 UN (2015), para. 46.

10 Ibid., para. 82.

provision of predictable and reliable funding to the UN system. The total assessed contributions to the UN regular budget in 2017 were only meagre US$ 2.8 billion.[11] Contributions to the operational activities for development of all UN funds, programmes and specialized agencies amounted to US$ 33.6 billion in 2017,[12] but only 20.6 percent of the total supports the core work of the UN Development System with the balance mainly earmarked to favour individual donor priorities (see Chapter I).

Governments should reverse the trend towards voluntary, non-core and earmarked contributions as well as the increasing reliance on philanthropic funding. Democratic governance requires democratic funding instead of unpredictable support from private foundations of wealthy individuals that reduces the flexibility and autonomy of the organizations. This is particularly relevant for WHO and UNESCO. As the coordinating agency, UNESCO represents a commitment to the full scope of SDG 4. But the responsibility for leading the SDG 4 efforts came with no new money. On the contrary, UNESCO has faced an existential financial crisis after the USA pulled its funding in 2011, leaving a hole of 22 percent in the already stretched UNESCO budget (see Spotlight on SDG 4).

Similarly, UN budget shortfalls seriously undermine the work of the Human Rights Treaty bodies. As the Office of the High Commissioner for Human Rights (OHCHR) warned in May 2019, six of these bodies are very likely to have sessions in 2019 cancelled for financial reasons.[13] This means, according to OHCHR, that reviews already scheduled with States, as well as consideration of complaints by individual victims of serious human rights violations – including torture, extra-judicial killings, enforced disappearances and gender-based discrimination and violence – will not take place as scheduled.

With regard to global climate policy, calls for ambitious goals must be accompanied by calls for ambitious financial support to countries of the Global South. Under the Paris Agreement on climate change, countries agreed that a new collective quantified finance goal should be decided before 2025 that would take into account the needs of developing countries in climate change adaptation and mitigation. A needs determination process is under way in the UN Framework Convention on Climate Change (UNFCCC) and must lead to increased funding commitments by rich countries (see Spotlight on SDG 13).

Parallel to the global level the widening of the public governance space requires, among other things, changes in fiscal policies at national level. Governments can pursue proactive tax policies to resource environmental and social policy goals and simultaneously fulfil their human rights obligations (see Spotlights on SDG 1 and 10). This includes, for example, taxing the extraction and consumption of non-renewable resources, and adopting forms of progressive taxation that prioritize the rights and welfare of poor and low-income people (e.g., by emphasizing taxation of wealth and assets). Fiscal policy space can be further broadened by the elimination of corporate tax incentives (including tax holidays in export processing zones), and the phasing out of harmful subsidies, particularly in the areas of industrial agriculture and fishing, fossil fuel and nuclear energy. Instead of engaging in a new arms race, governments should reduce military spending and reallocate the resource savings, *inter alia*, for civil conflict prevention and peacebuilding (see Spotlight on SDG 16).

But as the massive protests by the yellow vests movement in France against rising fuel prices just recently demonstrated, interdependencies between environmental and social policy goals and targets require particular attention. Many environmental policy instruments have regressive effects on income distribution. For example, a low-income household spends a larger proportion of its income on heating than its higher-in-come neighbours, so an energy tax or cuts in subsidies might weigh more heavily on the former group than on the latter. In another scenario, improving environmental quality in a neighbourhood may

11 UN General Assembly (2018).

12 UN General Assembly/UN Economic and Social Council (2019), p. 7.

13 See https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=24621&LangID=E.

cause an increase in rents and prices in the area. Several policy options exist for anticipating and countering such negative distributional effects in advance, and it is important to observe the right order. But if priorities are properly defined and interdependencies effectively anticipated, fiscal policies can become a powerful instrument to reduce socioeconomic inequalities, eliminate discrimination and promote the transition to sustainable production and consumption patterns.

The necessary reforms should not be limited to the national level. The strengthening of public finance is necessary at all levels, including the development of municipal fiscal systems and sufficient financial support for local authorities (see Spotlight on SDG 11).

### Revitalizing global norm-setting – rejecting corporate voluntarism

Enhancing governance coherence requires providing the institutions responsible for the implementation of the 2030 Agenda and the SDGs not only with the necessary financial resources but also with effective political and legal instruments. At global level this requires changing the current course of relying on non-binding instruments and corporate voluntarism. This is particularly relevant in areas where significant governance and regulatory gaps exist.

In recent discussions on a post-2020 global biodiversity framework all countries have been invited to consider developing “voluntary” biodiversity “commitments”.[14] But a *voluntary* commitment is not a real commitment, it is just a pledge. While the Aichi Targets are international obligations on State Parties to implement, the nature of targets in the post-2020 framework and its relationship with national pledges remains to be seen. While voluntary contributions from various sectors of society are in principle welcome, this must not detract from State Parties’ legally binding obligations to conserve and sustainably use biodiversity in their territories, and to share the benefits equitably. Mixing the two obfuscates obligations by State Parties and voluntary contributions by other actors, diluting and lessening State Parties’ obligations. Therefore, the post-2020 framework should include binding targets and implementation commitments for State Parties, in accordance with the principle of common but differentiated responsibilities (CBDR) (see Spotlight on SDG 15).

With regard to the governance of the oceans, there are a number of relevant UN legal instruments, yet each is aimed at a different use or need. Shipping is governed by the International Maritime Organization (IMO), while fisheries are governed by the Fisheries Stocks Agreement although managed by regional fisheries management organizations (RFMOs). Deep sea minerals are governed by the International Seabed Authority (ISA) while the UN Convention on the Law of the Sea (UNCLOS) primarily governs the oceans. Matters relating to trade such as fisheries subsidies are dealt by the WTO. But there is currently no mechanism that coordinates the different legal frameworks, making it difficult to effectively address conflicts of interest. This is particularly relevant with regard to deep sea mining (DSM). While the potential negative environmental impacts of DSM are increasingly being documented, less attention is being paid to the human rights violations, particularly of indigenous peoples and communities. There are significant gaps and a need for strong accountability mechanisms to resolve what are clear conflicts between different users in areas beyond national jurisdictions to ensure the health of the oceans for future generations. To overcome these governance gaps may require even a new UN body on Oceans (see Spotlight on SDG 14).

There is also a need for a legally binding agreement to tackle plastic pollution. Many civil society organizations and legal experts have identified huge gaps in the existing frameworks addressing plastics and plastic pollution. The United Nations Environment Programme (UN Environment) agreed that “current governance strategies and approaches provide a fragmented approach that does not adequately address marine plastic litter and microplastics.”[15] The EU (surprisingly) demonstrated in early 2019 that it is

14 UN Doc. CBD/COP/DEC/14/34.

15 UN Environment (2017), p. 5.

possible to make progress in this regard, when its members agreed on pioneering new laws to reduce the environmental impact of certain plastic products, the so-called Single-Use Plastics Directive.[16] As a next step civil society groups call for a new global Convention on Plastic Pollution with a mandate to manage the lifecycle of plastics, including production and waste prevention, building upon and complementing existing regional and global frameworks (see Spotlight on SDG 12).[17]

Governance and regulatory gaps exist as well in the global digital economy. Self-regulation of internet companies will not work, and regulation through e-commerce trade agreements will not work either. The Internet Governance Forum (IGF) of the UN has the potential to advance in this arena, but it lacks authority and does not have the mandate to make any rules. There is an increasing risk of a small group of countries making the rules on data from the vantage of trade deals (see Chapter V).

Corporate social responsibility initiatives, such as the UN Global Compact, and voluntary guidelines, such as the UN Guiding Principles on Business and Human Rights (UNGP) have particularly failed to hold corporations systematically and effectively accountable for human rights violations. The Human Rights Council took a milestone decision in establishing an intergovernmental working group to elaborate a legally binding instrument (or 'treaty') to regulate the activities of transnational corporations and other business enterprises. This 'treaty process' offers the historic opportunity for governments to demonstrate that they put human rights over the interests of big business. This will also be a critical prerequisite for implementing the 2030 Agenda, not least the goal to ensure sustainable consumption and production patterns.

Similarly, the UN should address the risks of multi-stakeholder partnerships (see Spotlight on SDG 2) and develop a regulatory framework for UN-business interactions. This should set minimum standards for the participation of the UN in global partnerships and for the shape and composition of UN initiatives involving the private sector.

## UN2020 – democratic global governance at the crossroads

Scientists warn that the world is moving fast towards tipping points with regard to climate change and the loss of biodiversity, that is, thresholds that when exceeded can lead to irreversible changes in the state of the global ecosystem. Similarly, the system of global governance is facing tipping points that, when transgressed, lead to irreversible changes. Multilateralism is in crisis. But, as medical doctors tell us, a crisis points to a moment during a serious illness when there is the possibility of suddenly getting either worse or better.

There is still the danger of exacerbating authoritarianism and national chauvinism, and of not only shrinking but vanishing space for civil society organizations in many countries. But there is also a rapidly growing global movement for change, a movement that takes the commitment of the 2030 Agenda to "work in a spirit of global solidarity" seriously.[18] The year 2020 with its official occasions, particularly the 75th anniversary of the United Nations, provides an important opportunity to translate the calls of the emerging global movements for social and environmental justice into political steps towards a new democratic multilateralism.

16 See https://data.consilium.europa.eu/doc/document/ST-5483-2019-INIT/en/pdf.

17 CIEL et al. (2018).

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# Civil society reports show conflicting priorities and trade-offs in SDG implementation

BY ROBERTO BISSIO, SOCIAL WATCH

**Speaking at the OECD last May, Ambassador David Donoghue, former UN Co-facilitator of the 2030 Agenda, said: "Much is being emphasized about the synergies between the different SDGs, and rightly so, but not much attention is paid to the trade-offs."[1]**

**The trade-offs between different priorities competing for scarce budget resources, for the limited attention of policy-makers or the interest of the media rarely emerge in the official debates, but they are permanently highlighted by the independent reports of civil society on implementation of the 2030 Agenda … or lack of it.**

## Reducing inequality traded off to macroeconomic goals

In **Argentina**, the trade-off is between salaries and labour rights on one side and employment on the other, according to the report by Hernán Medina and Agustina Carpio, of the SDG inititiative of the Citizens Forum for Justice and Human Rights (FOCO).[2]

The government of president Mauricio Macri, inaugurated in December 2015, "supports the idea that workers have to reduce their salaries and labour rights to improve the competitivity of the economy and allow for informal workers to gain formal jobs and social protection." As a result, in an economy with high inflation, average family income lost 15 percent in real terms in 2018 while poverty grew five per cent to reach 33.6 percent at the end of the year, while one third of the workers still have informal jobs.

Income inequality is made worse by gender discrimination, with an income gap of 27 percent between women and men. As more women try to find a job to compensate for diminishing family incomes, unemployment among women is 2 percent higher than for men (11 % to 9 % in total aggregates), and worse for young women (ages 14-29) with an umployment rate of 21.5 percent, while for men of the same age it is 17.3 percent.

In contrast, **Guatemala** has an admirable macroeconomic dashboard, with decades of continuous economic growth, low inflation, small budget deficitst and a total public debt that is less then one quarter of GDP. Yet the alternative SDG report by CONGCOOP (Coordination of NGOs and Cooperatives) shows the coexistence of those enviable figures coexist with "the neglect of the middle class, the poor and indigenous peoples" as a result of a "massive concentration of productive assets, starting with the land". Income inequality has reached a Gini index of 0.53, the highest in Central America and among the worst in the world. While the economy booms, based on agricultural exports and remittances by migrants, poverty affects 59 percent of the population in 2018 (up from 51 % in 2006) and extreme poverty 23 percent.

A popular campaign against corruption and UN assistance to the justice system led in 2015 to the impeachment of the president and vicepresident. But instead of building on that momentum to improve the quality of public spending, the new president, Jimmy Morales, dismantled the prosecution of corruption. Further, "the economic elites have historically refused to collaborate with the State and society",

1 From notes by author, who was rapporteur of that discussion during the event on "Addressing the Hidden Dimensions of Poverty", co-organized by ATD-Fourth World and the Centre for Opportunity and Equality at OECD HQ in Paris, 10 May 2019.

2 All alternative national reports quoted are available at www.socialwatch.org.

refusing to pay taxes, lobbying against any attempt by the government to oblige them to do so and even resorting to closing all business for one day in 1987 and 2001. As a result, taxes in Guatemala are the lowest in the world, according to the World Bank, with public revenue at 12 percent of GDP, less than half of what would be needed to meet the SDGs. "A State thus captured by legal and illegal power elites cannot progress towards any of the 17 SDGs" concludes the report.

**Paraguay** has a similar history of "very low government revenue, generalized reluctance to pay taxes in a climate of corruption and strong opposition by enterpreneurs and high income earners to any increase in their fiscal contributions", reports Decidamos, Campaign for Citizens' Expression.

One of the few tax increases that the public accepts are the taxes on tobacco, as they generate revenue but also address a public health problem. Yet, a proposed law to increase taxes on tobacco to 40 percent was vehemently opposed by the producers and by former president Horacio Cartes (2013-2018), who owns the biggest tobacco company in the country. During the parliamentary discussions, the Finance Ministry argued that any tax increase should be part of a wider reform with consensus of all stakeholders" while then Health minister Antonio Barrios minimized the effects, saying: "More people die because of cardiovascular diseases and traffic accidents than due to lung cancer". Finally, the Senate reduced the tax increase to a mere 5 percent, bringing it from 13 percent to 18 percent and also deleted the provisions to dedicate that revenue to public health.

This is in direct opposition to SDG target 3.a that commits countries to "strengthen the implementation of the WHO Framework Convention on Tobacco Control" and the alternative civil society report wonders: "How long will personal and corporate interests of the powerful prevail over scientific evidence and the funding needs of the country?"

Scientific evidence and data are not at all missing in the **United Kingdom**, where inequality continues to rise. "Human rights researchers and practitioners working in and on the UK generally have access to a large amount of relevant and detailed data, at least when compared with other countries" recognizes Just Fair, a group of economic and social rights campaigners. That is why they find it "all the more surprising" that the UK's Voluntary National Review (VNR) 2019, fails to disaggregate the information. "To ensure that nobody is left behind and to provide a truly meaningful picture, the government must gather and present the evidence based on all the prohibited grounds of discrimination according to both international and domestic human rights law, and this includes income and wealth disparities."

Just Fair reports that "the UK is a highly unequal society. For example, life expectancy for women born in deprived areas has declined in recent years, something utterly unacceptable in the fifth largest world economy".

The UK government claims to have "some of the strongest equalities legislation in the world, including the Equality Act 2010". To be true to this commitment, argues Just Fair, "the government should implement the legislation in its entirety, including the socio-economic duty (section 1 of the Equality Act)". This duty would require public authorities to actively consider how their strategically important decisions and policies could increase or decrease inequalities of outcome. The alternative report finds out that "regrettably, successive governments have failed to issue the necessary regulation to trigger the socio-economic duty, which means that it is not technically binding on public authorities. It is encouraging that the duty was brought to life in Scotland in 2018 and the Welsh government has announced it will follow suit in 2019. The socio-economic duty is a powerful lever to address the structural causes of material inequalities and their negative effects on human rights and well-being. Enforcing it would be a positive sign of the Government's determination to reduce income and wealth inequalities and meet SDG 10."

Inequality is also a major concern for civil society in **Bangladesh**. The report by the Equity and Justice Working Group Bangladesh (EquityBD) quantifies rising inequalities. The Palma ratio (between the income of the richest 10% and that of the poorest

40 %) grew from 1.68 in 1964 to 2.93 in 2016. Inequalities are addressed in the official plans but EquityBD considers that implementing them "will be a tough job for the Bangladesh government due to lack of good governance in some cases. The financial sector is still in a need of special attention since illicit financiale flows and huge amounts of non-performing bank loans are still in force. Decentralization of development is another crucial issue."

### Short-term advantage trumps long-term implementation

In **Finland**, the civil society report of Fingo, the association of Finnish development NGOs, concludes that "conflicts of interest between actors lead to decisions where a short-term economic advantage eclipses long-term sustainability."

Finland claims to be "among the first to draft a national implementation plan, to initiate sustainable development budgeting, to establish an inclusive monitoring system and a citizens' panel, and commission an external evaluation of the world's first national 2030 Agenda policy, the PATH2030 report published in March 2019". Yet, the alternative report shows that Finland is not consistently committed to the human rights-based approach of the 2030 Agenda, to ensure that "no one is left behind". Further, "the 2030 Agenda is widely known about in Finland, but there is no consistent understanding of its interpretation and political significance".

Finland also has trade-offs between domestic consumption and environmental obligations. The country "consumes more than our fair share environmentally, and this has significant impacts, including beyond our borders. For example, it is estimated that almost half of our water footprint is made up of production chains that take place elsewhere".

The report also finds "a mismatch between Finland's rhetoric on global responsibility and its funding commitments. The almost 40 percent cut in development funding by the government of Juha Sipilä and the redirection of the income from emissions trading to private investments eroded our international credibility and demoted Finland from the Nordic reference group". Financing of NGO development cooperation was cut back even more (43 %), even though it is precisely these organizations that are able to reach the most vulnerable in a cost-effective manner.

**Cyprus** similarly undergoes a trade-off between urgent responses to the economic and financial crisis and its sustainable development commitments. As a member of the EU, Cyprus should be implementing the concepts of Policy Coherence for Development (PCD) and Policy Coherence for Sustainable Development (PCSD), yet neither of these is mentioned in the country's official Voluntary National Review, which in fact omits the whole of SDG 17 (on implementation).

According to the alternative report by Charalambos Stergiou, Yolanda Frangou and Charalambos Vrasidas, from CARDET/University of Nicosia, "as a result of the strict austerity measures implemented since March 2013, the Cyprus Aid's Development Cooperation Agency was suspended" and "Cyprus does not have coordination mechanisms on PCD within the national administration and there is no involvement in PCD by the Cyprus Parliament, civil society or the private sector".

CARDET hopes that "the reinvigoration of the discussion on PCD/PCSD would be a key element leading potentially to long-term positive outcomes in sectors such as migration and climate change".

In some places, the plans are good but just not implemented. In **Jordan**, the submission of the Voluntary National Review in 2017 was an opportunity "to further strengthen national ownership of the 2030 Agenda, build a proactive momentum around it, and accelerate its realization". The preparation of the VNR "ensured the widest participation of all major groups and organizations" according to the report by the Phenix Center for Economic and Informatics Studies. This report was "a remarkable step forward in creating an inclusive strategy to achieve the SDGs" but "the lack of concrete and effective implementation of this strategy, as well as the failure in implementing an effective monitoring system, dramatically affected its effectiveness as a tool for integrating the SDGs in the national agenda".

In less than two years since the submission of the VNR, three different ministers of Planning and International Cooperation were appointed by the Prime Minister who, in turn, has also changed. Lack of implementation is attributed by the civil society report to "the ongoing economic slowdown, as well as in the absence of cooperation between the central and local administrations on one hand, and, on the other, between the government and civil society".

Approving good plans and failing to implement them is also true in **Canada**. With the release of *Opportunity for All* in August 2018, followed by the introduction of the *Poverty Reduction Act* in November 2018, the federal government has for the first time set targets for reducing poverty in Canada, defined an official poverty line, and established a framework and a process for reporting publicly on progress – in keeping with its commitment to "end poverty in all of its forms everywhere" set out in the 2030 Agenda. The report by the Canadian Centre for Policy Alternatives praises this "significant policy win", which provides "an architecture and different mechanisms for holding governments to account for creating a society where everyone's basic needs are assured and their active participation in community life supported". But, at the same time, it adds, the report "does not include any new investments in the programmes needed to achieve the strategy's stated goals". The targets to reduce poverty by 20 percent by 2020 and by 50 percent by 2030 "lack ambition and sense of urgency". The report values the new plan "more as a framework than a strategy to accelerate poverty reduction. A strategy implies a plan to get from where we are to where we seek to go – and, crucially, the resources to back it up. On this score, low income Canadians are still waiting."

"Another generation of children will grow up in poverty and millions more will continue to struggle." The government should have taken more decisive action to address the immediate needs of those living in deepest poverty and to strengthen Canada's social safety net through investments in universally accessible childcare, national pharmacare and training and educational programmes tailored to those in need. "In the end," concludes the report, "policy-making, like budgets, is about choices and values. And the choices we make today will determine the long-term sustainability of our society and our economy for generations to come."

In **Lebanon** too, implementation has trailed commitments. The official Lebanese VNR report of 2018 blames the Syria crisis for the economic deficits that increased the debt, as well as for economic stagnation, the doubling of unemployment and worsening poverty rates. Yet, according to the alternative civil society report by the Arab NGO Network for Development (ANND), "this exclusively negative narrative about Syrian refugees does not distinguish between the huge impact of the Syrian crisis/war on the economy and political situation in Lebanon, and the diversified impact of the presence of the Syrian refugees in Lebanon. This latter allowed financial flow of aids to increase, as well as the domestic consumption that produced around 1-1.5 percent of GDP growth, and provided a cheap labour force that prevented the bankruptcy of many small businesses."

Thus "the Syrian crisis cannot overshadow the negative impacts of the long-implemented economic and social policies as well as the loopholes created by the lack of transparency and accountability. Focusing on rentier economies, delaying redistribution mechanisms to address inequalities, lacking a universal social protection system and with the continuous gap between the education-employment policies Lebanon has been already cultivating negative development outcomes from its policy choices".

The Lebanese VNR report has been evaluated by civil society as "a good but minor step; for it should be complemented with a systematic and holistic approach at national level, both for implementation and monitoring". Instead, the government "adopted a sectoral approach and a fragmented methodology". Instead of integrating the pillars of sustainable human development, it was limited to accumulating the respective Ministries' strategies and plans. The National Committee for SDGs should have strived for integrating economic, social, environmental, political, and cultural dimensions of development into the development discourse but it "continues with a tick-box exercise of cross-reading various short-term and targeted strategies/ plans/programs and 17 SDGs. This does not reflect the required national ownership, nor does it provide a step forward to address the lack of an overarching and nationally-owned rights-based sustainable development strategy in consultation with the different stakeholders including CS0s".

## Human rights traded off for electoral success

In **Brazil** the government of Captain Jair Bolsonaro does not make a secret of its disdain for policies and institutions aimed at supporting the people living in poverty. In its first day in office, on 1 January 2019, president Bolsonaro, dissolved the institutions responsible for the Zero Hunger policies (see Special Contribution 0.2 on the temporary extinction of CONSEA), an initiative that inspired anti-poverty policies around the world. The report by INESC documents the reduction, in the following weeks of policy spaces with civil society participation from 500 to 70. The affected monitoring bodies include the Council for Drug Policies, Council on the Rights of Persons with Disabilities, Council for the Eradication of Forced Labour, Commission for Biodiversity, and many more. Land-right defenders, trade unionist and NGO activists are being threatened and the Pastoral Commission on Land, a body of the Catholic Church, reported a dramatic increase in the first months of 2019 of murders related to land conflicts.

Internationally, Brazil withdrew from the UN Global Compact for Safe, Orderly and Regular Migration that it helped create a few months before, refused to host the COP-25 of the Climate Convention and left UNASUR, the Union of South American Countries.

The civil society report finds that the Bolsonaro administration by "acting as if human rights were linked to party politics or to a certain ideology and investing in hate speech, is also deepening the divide in our society". Therefore "there is no path to the 2030 Agenda fulfilment, and instead civil society needs to go back to fighting for very simple assumptions that were taken for granted: that human rights are inherent to all human beings – regardless of race, sex, nationality, ethnicity, language, religion, or any other status, and that we are all seen as humans and not only as enemies".

In **Hungary** the target setting for 2030 is not so much determined by the SDGs as by the much more simpler goal proposition of catching up with Austria by that date, as proposed by the Central Bank of Hungary (MNB). When Austria-Hungary split up, a century ago the Hungarian national income per capita reached 85 percent of Austria's. By 2015, according to World Bank data Hungary's per capita income, measured in purchasing power parity, was approximately half of that of its neighbour.

The optimistic projections of the MNB are based on the assumption that present high growth rates over 4 percent a year continue, doubling nominal wages and ensuring full employment.

More realistically, the Social Report published by the TÁRKI social research institute looks at education, life expectancy and economic figures to conclude that Hungary could reach Portugal (the poorest nation in Western Europe) in ten years. TÁRKI forecasts a "future shock" due to the many failures of its educational system, based on vocational training to satisfy the immediate needs of the job market but discouraging innovation, curiosity and flexibility.

While the continuation of high economic growth is uncertain, emigration, particularly of skilled youth, is unlikely to slow down, as Hungarian salaries are less than half of the Western European average. Ten percent of the approximately 4 million Hungarians in the labour market are working or studying in other countries and the proportion of emigration with tertiary education is the highest in Europe.

Meanwhile, Prime Minister Viktor Orbán exploits the fear of migration "as an effective tool in mobilizing less educated voters, primarily in rural areas and in cities other than Budapest". According to the Hungarian Social Watch Report 2019 by Matyas Benyik, after the land-slide electoral victory of Fidesz, the party of Prime Minister Viktor Orbán, in power since 2010, "democracy in Hungary will continue to erode, pervasive corruption will undermine both democracy and economic growth, societal polarization will continue, the rift between liberal Budapest and the more traditional countryside will grow, qualified young people will continue to emigrate in high numbers and the conflicts within the European Union will increase."

Since "the Hungarian institutions meant to counterbalance the power of the government – such as the Constitutional Court, the media and the president of Hungary – have failed to fulfil their mandates, the EU is the last remaining accountability mechanism."

### Gains vs losses in Mexico

In **Mexico**, by contrast, the federal election of 2018 brought Andrés Manuel López Obrador (known as AMLO) to the presidency with a clear mandate to what he calls the Fourth Transformation (after Independence in 1810, liberal Reform in 1858 and Revolution in 1910). In March 2019, summarizing his first hundred days in government, AMLO emphasized that "we are protecting the environment with concrete actions, we have not approved transgenic maize, we will not extract oil or gas through fracking, we cancelled the licence for open pit mining in Los Cardones (Baja California) and we guarantee that water will not be privatized, new natural reserves will be created and flora and fauna will be protected".

While recognizing these achievements, the alternative report by Areli Sandoval Terán, from Espacio DESCA, argues that more needs to be done, as the economic model is still based in extractivism, mainly of fossil fuels, the creation of a National Guard "reproduces a security model based on the participation of the army in domestic public security issues" and "continmues to promote mega-projects like the Maya Train or huge thermoelectric power plants in Morelos" approved without the prior informed consent of local communities and indigenous peoples.

Further, relations with civil society organizations are tense, following the decision to cut public funding to NGOs and foundations in order to "eliminate intermediaries".

### Increased inquality the price of economic growth in India

In **India** the official VNR's main point is that rapid economic growth has sharply reduced poverty. A 2018 study backs this claim saying extreme poverty is declining in India at rate of 44 people per minute as a result of which, since May 2018, India claims to no longer have the largest number of poor people. Despite this dramatic poverty reduction, over 73 million Indians still live below the international poverty line. Most of these people subsisting on less than US$1.90 a day are in rural areas. Even as the absolute numbers of poor fall there is rapid rise in inequality. A 2018 Oxfam report says India's richest one percent garnered 73 percent of national wealth generated in 2017.

Fairer taxation and public spending policies can help reduce inequality. In 2017 the finance minister accepted that India's tax policy was not socially just and made assurances that the tax net would be widened. There has been some success as direct tax receipts rose 19 percent in a year, mostly from increased personal income tax collection. However, corporate income tax cuts continue, leading to an estimated revenue loss of US$ 1.1 billion (Rs 7,000 crore) for 2018-2019.

Meanwhile, the Mahatma Gandhi National Rural Employment Guarantee Scheme that has lifted millions out of poverty since 2005 has seen slowing budgetary support, with allocations unchanged between 2017-2018 and 2018-2019, a fall in real terms. This has resulted in delays in wage payments, non-payment of compensation for these delays, rationing of available work (to levels far lower than the guaranteed 100 days paid work), and non-payment of minimum wages. The magnitude of this denial of entitlements to India's poorest can be gauged from the fact that accumulated unpaid wages alone add up to around US$ 700 million (Rs 4,786 crore) as of January 2018.

Rising inequality in India not only causes poverty of income or assets but also leads to unequal access to basic needs – food, livelihood, water and sanitation, health and education. These disparities disproportionately affect historically marginalized groups such as *Dalits*, tribals and Muslims, with women in each group worse off.

## Infrastructure vs reigning in inequality in the Philippines

In the **Philippines**, the preparation of the country's VNR report 2019 catalysed a multi-stakeholder consultation process to which some CSOs, like Social Watch Philippines (SWP) were invited. SWP, in turn, convened a broader consultation process that will result both in inputs to the VNR as well as in an independent civil society report.

The Philippines is currently one of the fastest growing economies of the world, with GDP hovering around 6 to 7 percent in 2018 and growing at an average of almost 5 percent a year in the last decade, but those figures coexist with a high poverty rate, a paradox situation called 'jobless growth'.

SWP comments that "there seems to be an unspoken yet dominant perspective on wealth, that as long as poverty is minimized, there should be no objection to the unbridled gains of the rich. It is assumed that wealth will trickle down to the poorest. Trickle-down economics asserts that high growth rates increase employment, income, and standards of living. However, that is not the case at all. In fact, economic inequality or the gap between the poorest and the richest continues to widen, with the poor comprising the majority and coexisting with an elite few. As such, it is of utmost importance to realize that it is not about the rate of economic growth, but the kind of economic growth that the country is experiencing".

Filipino growth is largely based on the 'Build Build Build' (BBB) programme, an ambitious infrastructure initiative with 75 flagship projects planned, funded by the government, ODA (mainly from China) and Public-Private Partnerships (PPPs).

BBB is judged by civil society as as debt-generating, too urban-centric, concentrating on developed areas and neglecting the rural areas. Its progress has been uneven, because of the lack of capacity and funding, deficiencies in design, and poor coordination.

Trade-offs have yet to be evaluated. "The negative impact of this massive infrastructure programme, specifically conversion to other land uses of already diminishing farmlands, is still to be determined. But one emerging impact has been the movement of the rural poor from agriculture to the construction industry and the disruption of agricultural value chain development initiatives of small producers that have been neglected by the state for a long time. All told, spending in agriculture, where most of the poorest derive their livelihood is disappointing for a country wishing to achieve green industrialization. One could also foresee that the fossil-intensive infrastructure and power programs and projects could reverse modest gains achieved in environmental protection and rehabilitation."

In his welcoming address, the late Isagani Serrano, convenor of Social Watch Philippines and president of Philippine Rural Reconstruction Movement (PRRM), summarized his advice to Filipino civil society colleagues that is also a message to citizens of the world: "Many good things are happening within society as a whole. But we really need to engage government more, not only to make a "whole government approach," but a "whole of society approach" to work towards bringing us closer to our dream of fairness in a fragile world."

Roberto Bissio is Executive Director of the Instituto del Tercer Mundo (Third World Institute) and coordinator of the Social Watch network.

# Unveiling the hidden dimensions of poverty

BY XAVIER GODINOT, INTERNATIONAL MOVEMENT ATD FOURTH WORLD

*"For the first time … research places a bridge across [the] gulf in the measurement approaches to poverty in rich and poor countries … allowing us to see poverty through a single perspective … The research shed light on the hidden dimensions of poverty, the parts that we obviously don't see, that are not easily observable: the stigma; the prejudice; the discrimination of those living in poverty; the problems and obstacles that they regularly encounter; how poor people are treated; how isolated they are; how disempowered they are … and how isolated they are made to feel by the rest of us." (Angel Gurria, Secretary General, OECD, 10 May 2019)*

Angel Gurria was speaking at the launch of a research report, *The Hidden Dimensions of Poverty*,[1] which fundamentally challenges global conceptions of the nature of poverty. This participatory research, led by ATD-Fourth World and the University of Oxford, has sought to refine the understanding and measurement of poverty by engaging with people directly experiencing poverty, practitioners and academics.

The 2030 Agenda recognizes that poverty is multidimensional. However, apart from income poverty, hitherto these dimensions have not been well-specified, several of them have gone unrecognized, and the ways in which they all interact to shape the experience of poverty has not been properly understood.

The research has involved teams in Bangladesh, Bolivia, France, Tanzania, the United Kingdom and the USA. People with direct experience of poverty, academics and practitioners, worked together as equals. The research process – termed Merging of Knowledge – has made possible a transformation in thinking at individual, community and national levels through the generation and sharing of knowledge.

Reaching out to listen to literally hundreds of people experiencing poverty, researchers combined their knowledge with that of academics and practitioners through a process of multiple discussions in which the knowledge held by each group has been collectively challenged and evaluated. The result of each national process is a set of dimensions able to define poverty in that country, as required to meet SDG target 1.2 to reduce poverty in all of its dimensions, according to national definitions.

Comparing the six country-level sets of poverty dimensions through face-to-face discussions involving representatives of the national teams, it became apparent that many dimensions were local manifestations of the same underlying attributes of poverty. Therefore, we concluded that the complexity of poverty is best described in terms of three inter-related sets of three dimensions each: core experience, relational dynamics and privations (see Figure 1).

The nine dimensions, and hence the experience of poverty, are further understood to be modified by five factors: identity; timing and

1 The research was conducted by six national teams and coordinated by Marianne De Laat, Xavier Godinot and Alberto Ugarte from the International Movement ATD Fourth World; and Rachel Bray and Robert Walker from the University of Oxford. The full report can be downloaded in English, French or Spanish at www.atd-fourthworld.org/wp-content/uploads/sites/5/2019/05/Dim_Pauvr_eng_FINAL.pdf.

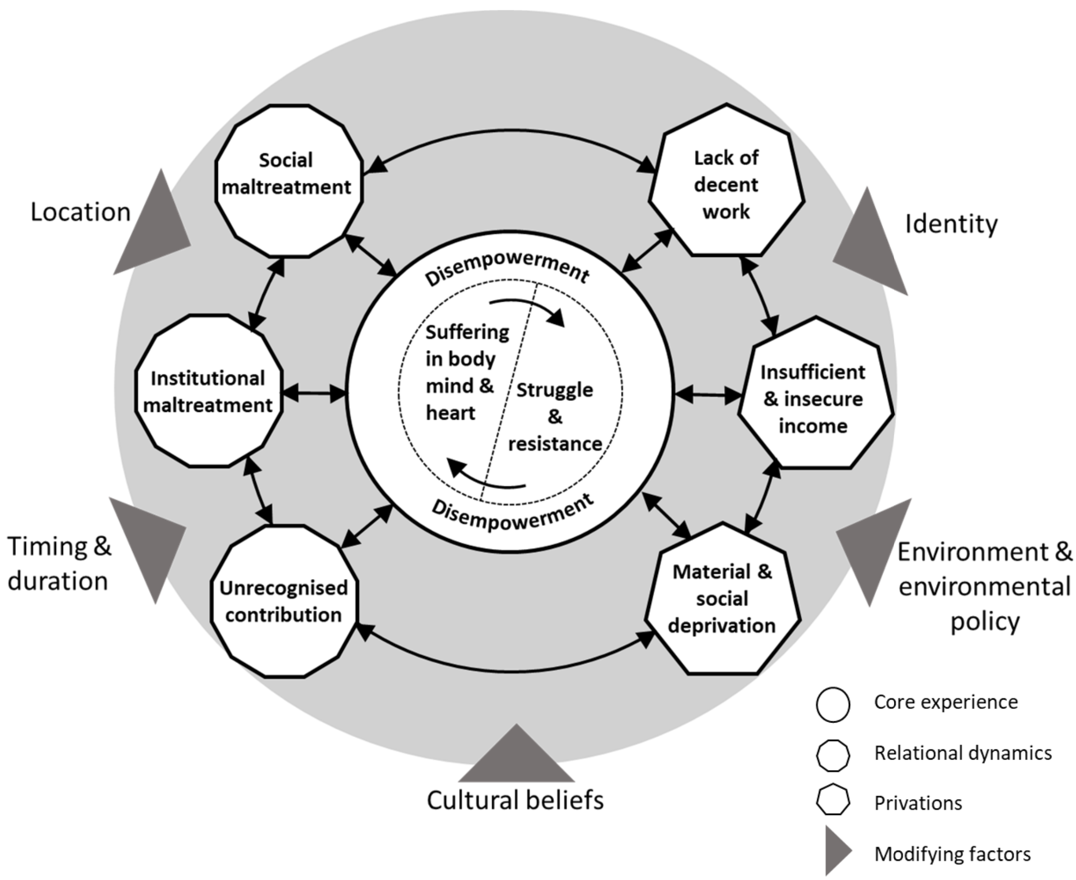
duration; location; environment and environmental policy; and cultural beliefs.

The relational dimensions of poverty, unlike the privations, have similarly received little attention from policy-makers and academics. And yet there was a very close agreement between people experiencing poverty, practitioners and academics about how relational dimensions shape poverty. There was similar agreement about the importance of the interactions between dimensions.

In the six countries people expressed very strongly the suffering resulting from disempowerment caused by privation and maltreatment and the way people respond to it through struggle and resistance. Poverty is dynamic and people in poverty are typically proactive not passive. Policy-makers especially need to take all of these factors into account when designing programmes to reduce poverty.

**Xavier Godinot is Research Director at the International Movement ATD Fourth World.**

**Figure 1**
**ATD Fourth World and Oxford University graph on the dimensions of poverty, January 2019**



# CONSEA under threat: challenges for engagement in defense of real food and realization of rights

BY ELISABETTA RECINE, UNIVERSITY OF BRASILIA, MARIA EMILIA PACHECO, FEDERATION OF ORGANIZATIONS FOR SOCIAL AND EDUCATIONAL ASSISTANCE, RENATO SERGIO MALUF, RURAL FEDERAL UNIVERSITY OF RIO DE JANEIRO, AND FRANCISCO MENEZES, BRAZILIAN INSTITUTE OF SOCIAL AND ECONOMIC ANALYSES

The Brazilian Constitution enacted in 1988 symbolizes an important achievement of Brazilian society that, in its struggle against the military dictatorship, brought together social movements and organizations in the name of democracy and for a new path for public policies and State action. At that moment, the proposal of a National Health System and later of a National System of Social Assistance established the foundations of formal spaces of participation and social control for the implementation of these policies that inspired numerous others. Throughout our history, the majority of Brazilian society has lived with deep inequalities, hunger and lack of access to adequate living conditions. In the process of re-democratization the urban and rural movements claimed advances related to food and nutrition security (FNS) such as agrarian reform and access to food.

In the 1990s, a movement around ethics in politics and against hunger sparked a major national mobilization that culminated in the establishment, in 1993, of the National Council for Food Security (CONSEA),[1] an advisory body of the President of the Republic, composed of representatives of civil society and government. At that time, the Council was short-lived, having been extinguished in 1995. However, this experience promoted the mobilization of numerous organizations and movements around the Food and Nutrition Security and Anti-Hunger agenda that led to the elaboration of the Zero Hunger Program, declared a priority in President Lula's first term.

In 2003, CONSEA was reinstalled with greater representativeness of civil society and sectors of government. It is worth remembering that the re-democratization movement and its expressions of struggle against hunger have built up articulations of different popular sectors of Brazilian society that have generated a concept of Food and Nutrition Security (FNS) that has several particularities and is broader than the one internationally adopted. This concept expresses the convergence of different agendas of the rural and urban dimensions of civil society. A historical product of Brazilian civil society, it is a driver of a proposal that intends to reorient different dimensions of food production, access to land and natural resources, protection of socio-biodiversity, supply, consumption, health, food heritage and others.

Thus, with the reinstallation of CONSEA, despite the intrinsic limitations of the processes of dialogue and the internal contradictions of the political composition of the government, begins a cycle that can be considered extremely positive. In 2006, the National Congress approved the Organic Law on Food and Nutrition Security (LOSAN, Law 11.346 / 2006), which established a national system with the fundamental objective of articulating public policies of different sectors for the realization of the human right to adequate food (RtF). The governance structure of the system was composed of two pillars. The first related to the participation

1 At that time the "nutritional" dimension had not yet been incorporated.

and social control in all spheres of government, from the federal to the municipal, represented by the Councils and the second, responsible for the articulation of different sectors of government, organized in Intersectoral Chambers. The Councils are spaces of dialogue between government and civil society for critical analysis of the problems, definition of priorities and policy proposals, while the Intersectoral Chambers are instances of government that evaluate and decide on the proposals defined by the Councils. The highest level of this system of governance is the National Conference, convened by the National Council, every four years. During the Conference delegates from all Brazilian states discuss and approve priorities for the FNS national plan.

At the federal level, CONSEA was as an advisory body to the Presidency of the Republic. Its institutional competence was to present proposals and exercise social control in the formulation, implementation and monitoring of FNS policies. The National FNS System (SISAN) was consolidated at the federal level and in all Brazilian states, and in an increasing number of municipalities. The SISAN implementation process was interrupted when President Jair Bolsonaro, on his first day of mandate, on 1 January 2019, issued a Provisional Measure (# 870/2019), which changed the attributions and structure of the ministries and the Presidency of the Republic's bodies. This measure profoundly alters LOSAN and extinguishes CONSEA.

CONSEA was established as a democratic space to articulate the dialogue between government and society, in which two-thirds of its members were representatives of civil society who carried out their functions in a voluntary, unpaid way and contributed to the improvement of public policies with their experience, knowledge and proposals to improve public policies to promote food sovereignty (FS) and FNS in Brazil. The Council was the space for the direct manifestation of the rights-holders, civil society movements and organizations. At the time of its extinction, 20 government sectors were represented in CONSEA and the following civil society segments: agroecology and small holders farmers, fisherfolk and agrarian reform movements; indigenous peoples, women, black people, traditional communities; trade unions, federations of workers; urban movements, community associations; small food industries; non-governmental organizations, FNS forums and networks; research institutions, professional associations; social assistance organizations, people with special dietary needs, homeless organizations, religious networks; human rights organizations; cooperatives or rural technical assistance associations; and youth organizations.

The priority for the representatives of the people most affected by food insecurity and malnutrition and the plurality of representations broadened the legitimacy and representativeness of civil society in the dialogue with governmental sectors for the formulation and monitoring of public policies. Diversity of views, knowledge, practices and demands promoted a broader approach to the problems that interfere with the realization of the RtF and also expanded the possibilities of solutions. This multidisciplinary and potentially transdisciplinary perspective can thus elevate the approach to another level where the dialogue of the various dimensions of FNS and their expressions in the life of the various segments of society will demand the higher commitment of the State to fulfill the obligations necessary for the progressive realization of the RtF.

Also, the diversity of representations and, therefore, of demands, is what gives visibility to themes and dimensions not traditionally addressed and allows the structuring of processes that have as an objective the concretization of the concept of FNS in a set of articulated public policies. This statement is illustrated, for example, by the moments in which indigenous peoples and traditional communities have demanded more participation in the FNS agenda. Likewise, under the principle of equity and promotion of equality, the CONSEA agenda was composed of the whole spectrum of issues that impacted the realization of the RtF and Food Sovereignty, such as access to land and territories, the right to free use of biodiversity by traditional peoples and communities, the strengthening of family-based agro-ecological agriculture, restriction of the use of pesticides and genetically modified seeds, expansion of income transfer programs, promotion of healthy and adequate food, food and nutritional surveillance, education, public budget and monitoring, food supply, institutional racism and gender social relations. CONSEA established a dialogue not only with the executive but also the legislative and judiciary and articulated the network of State Councils to strengthen the FNS National System.

Many public policies to combat hunger and misery and to guarantee a healthy diet for the whole population were born and/or were supported by CONSEA. For example, the inclusion of RTF in the Federal Constitution; the approval of the FNS Organic Law; the proposal of the FNS National Policy and Plan; plans for financial support for small-holder farmers; public procurement programmes, programmes to guarantee access to water to drink and food production in the semiarid region; the National Policy on Agroecology and Organic Production; the Dietary Guidelines for the Brazilian Population, the expansion of the National School Feeding Programme and the of purchase of at least 30 percent of food from small-holder farmers and traditional communities, as well as the support to stablish a national network of researchers on FNS and Food Sovereignty.

The FNS National System was deeply hurt with the extinction of CONSEA, since it annuls the contribution of this space to reduce the asymmetry of power in the processes of definition of public policies. It also reduces the possibility for the federal government to have direct access to the set of needs, priorities and proposals of the broader sectors of Brazilian civil society, especially those in situations of greater vulnerability. With this extinction, those who have always held the power to assert their private interests will continue to dominate. The virtuous trajectory of SISAN's participatory construction was interrupted, causing serious damage to the process of planning and implementing the FNS National Plan.

These developments also reinforce a model of a food system focused on monoculture, intensive agriculture, the use of pesticides and GMOs, concentration of food production and massive supply of ultra-processed products. This model generates the concentration of income and land, contamination and environmental devastation and social and environmental injustices, promotes the increase of inequalities and conflicts and increases the risk of diseases caused by the consumption of unhealthy foods.

The democratization of public administration and the recognition of the principle of social participation as one of the pillars of the democratic State represented the transition of the vertical and passive relationship between the citizenship and government, allowing the creation of institutionalized channels of dialogue with civil society, especially those most vulnerable.

In this sense, the extinction of CONSEA represents a serious setback and the denying of a plural public space for debate and social control of FNS policies. Beyond that, the extinction of the Council is a sign of alert and its defense is of interest to all those who are aligned with the principles of a democratic society in order to preserve the mechanisms in which the legitimate and autonomous participation of civil society takes place without constraints. Social participation is guaranteed in the federal Constitution as a full exercise of citizenship. It is in the mediation of interests and coexistence with the contradictions that the true politics exist, where the public good can be defended directly by the rights-holders, without intermediation and protected from conflict of interests.

Although envisaged by law, CONSEA relied on the political-institutional environment and the effective and active involvement of government sectors in the dialogue with civil society. Considering the risk of reflecting on a present situation, it can be said that the reaction of national and international civil society, as well as of some sectors of the State to the extinction of the Council, confirms its importance, its role and the quality of its actions. In addition to all the other challenges already faced for the effective implementation of the FNS Policy, the Provisional Amendment threat affects a more structural expression of a fundamental right of social participation and raises such questions as: how to guarantee the proposition and monitoring of the actions necessary for the realization of the RtF with the loss of an institutional and political space of plural dialogue, participation and decision? How to monitor the performance of the obligations of the Brazilian State to respect, protect, promote and provide the Human Right to Adequate Food?

During the analysis of the Provisional Measure, as a result of the social mobilization, dozens of amendments for the reinstatement of the Council were presented. In May 2019, one of these amendments was approved by the National Congress and CONSEA will be reinstalled but no longer in the Presidency of the Republic, but in the Ministry of Citizenship, which is now responsible for the Food and Nutrition Security agenda. Despite a significant victory for civil society, there is still much doubt and questions ahead of us, like, who and how the resettlement process will be conducted, what will be the representativeness of civil society, especially those groups of greater vulnerability, the proportionality of representation (civil society and government) and the maintenance of the presidency in civil society.

**Elisabetta Recine, University of Brasilia, was CONSEA's President 2017-2018, Maria Emilia Pacheco, Federation of Organizations for Social and Educational Assistance, was CONSEA's President 2012-2016, Renato Sergio Maluf, Rural Federal University of Rio de Janeiro, was CONSEA's President 2007-2011, and Francisco Menezes, Brazilian Institute of Social and Economic Analyses, was CONSEA's President 2004-2007.**

# 2

## Cross-cutting policy areas

# I

# Democratic global governance: if it doesn’t challenge power it isn’t democratic

BY BARBARA ADAMS, GLOBAL POLICY FORUM

**In the 2030 Agenda for Sustainable Development, UN Member States pronounced their commitment to “reaching the furthest behind first”. What does it mean to apply this commitment to governance and related policies, budgets and institutions?**

**This chapter explores the implications for global governance of the promises of the 2030 Agenda, the practice of the High-level Political Forum (HLPF) and the many and sometimes contradictory approaches and initiatives of the UN system and its ‘governors’.**

**It highlights the need to move from the current pay-to-play orientation to one of democratic accountability for ‘people and planet’ and recommends a strengthened and re-positioned HLPF and UN General Assembly to drive momentum for a UN as the leader of rights-based multilateralism.**

## 1. HLPF – modelling a new generation of global governance

The High-level Political Forum (HLPF) for monitoring the 2030 Agenda on Sustainable Development was mandated by the 2012 UN Conference on Sustainable Development (Rio+20), and the details were negotiated by Member States in 2013. Proposals for a robust accountability body were blocked mainly by three States and the outcome was a forum/talk shop, removing the accountability voice in favour of follow-up and review.

While honouring the Rio+20 agreement that it would be universal and high-level, the HLPF started its life lacking an official identity (UN document number) and with fewer working days and a smaller UN budget allocation than the Commission on Sustainable Development, the body it replaced.

This was clearly an attempt by a few States to minimize and ‘invisibilize’ the HLPF agenda, particularly with regard to monitoring and accountability.

Despite this, the HLPF has become the go-to forum for the last four years. It has a global constituency among Member States, UN agencies, civil society and the private sector. Member States have taken ownership of the Sustainable Development Goals (SDGs) and many have integrated them into their national planning and budgets. The up-take among countries has broken the mold of the programme country/donors relationship that prevails elsewhere in the UN system.

So many countries have volunteered to report on their progress through the Voluntary National Reviews (VNRs) at the annual HLPF session (some for the second and even third time) that the session is staggering under the weight of not enough time – and not enough substance, too much talk and not enough (inter)action.

With one third of the SDG implementation period to 2030 already over, 2019 is the time for serious ‘lessons learned’ from this first phase. The final decade must build on the evident and abundant interest, to inject urgency, action and accountability.

The next phase should bring the HLPF away from the ECOSOC orbit and the scramble of UN agencies to stake a claim to specific goals. The SDG Summit in September 2019 and the HLPF review process to take place in 2019-2020 are opportunities to reposition the HLPF more firmly in the General Assembly machinery, similar to the direction taken by the Member States for the Human Rights Council (HRC) and the Peacebuilding Commission (PBC) in 2005. With an agenda of equal importance and intimately connected to those of the HRC and PBC, the General Assembly should establish a third such body, a Sustainable Development Council supported with complementary machinery at regional and thematic levels. Furthermore it should convene, on a regular basis, inter-council/commission meetings. As part of broader UN reform efforts these councils could refresh (and replace) much of the work of the General Assembly Second and Third Committees, which includes economic and social development, gender equality and human rights.

While the 2030 Agenda and the SDGs have propelled the drive to break out of the siloes of thinking and programming, this has not been matched at the governance level, with disproportionate focus on a single body. The HLPF as currently configured is only a global forum and the review process threatens to go no further than tinkering with working methods. The need for integration, prevention and addressing root causes in policy-making demands a new role for the UN General Assembly, that of adjudicator across policies, across sectors and across institutions. The SDGs, collectively and by design, embody cross-cutting, cross-border and intersecting policy demands.

The growing tensions between trade and investment regimes and human rights obligations, between tax avoidance and illicit financial flows and the vital role of public finance throw into sharp relief massive governance failures at the national and global levels. Trade-offs between policies and across borders cannot continue to be ignored. The UN’s highest political body needs to exert leadership and position itself as the cross-cutting governance space.

The General Assembly would also benefit from reconfigured Member State representation (the prerogative of each Member State to decide) to close the gap between global presence and country priorities and plans. Representatives in global arenas and delegates to intergovernmental processes should be drawn not only from the executive branch but also from the legislature and sub-national bodies. This is essential to put the brakes on the trend towards replacing democratically accountable country representation with ‘stakeholders’ and legislation and regulation with partnerships. Such representation will also contribute to transparency and coherence across line ministries and enhance country ownership.

In establishing the HLPF, the Rio+20 conference mandated that it be held at Summit level every four years. In 2019 this will take place in September in conjunction with the annual UN General Assembly high-level debate. This is inadequate to the task; rather, it should follow the pattern of other UN major bodies that convene for a two to three-day conference every four or five years (such as the UN Conference on Trade and Development (UNCTAD), or the Nuclear Non-proliferation Treaty), not a day tagged on in September for speeches. Furthermore, summit leadership should be charged not to reflect and put a stamp on earlier meetings and declarations, but to drive the agenda forward, flag major concerns and emerging issues, and kick-start related action plans.

The first phase of SDG monitoring has concentrated on **quantity** – of countries reporting, on processes and institutions and constituencies hitching their flags and futures to the 2030 Agenda. The second phase must show **quality** as well as seriousness in addressing the obstacles to achieving the SDGs. It must break the ’domestication only’ approach currently dominating the country reporting in the VNRs and address the trade-offs across goals and spill-over effects across borders. Many goals cannot be achieved in country isolation, but are dependent on international cooperation. There are enormous differences among countries and governments in their policy space to influence and shape global regimes and rules. A new reporting framework needs to be developed to measure the power imbalances and be an obligatory chapter in VNR reporting.

The 2019 Global Sustainable Development Report (GSDR) by the Independent Group of Scientists could show the way, as it seeks to operationalize a truly integrated approach, especially across ministry mandates and borders. In previewing the report, the group's co-chair explained:

> We have significant trade-offs between some of these SDGs and that means if you purely pursue one SDG you will have unintended side effects, which hurts progress overall … We can only achieve SDGs if we simultaneously look across transnational boundaries.[1]

The Global Report's attention to synergies, trade-offs and unintended consequences should be incorporated into global reporting requirements for the VNRs, along with States' extraterritorial obligations (ETOs). Regional processes are platforms for States to report on their progress and priorities and country processes should contribute to the awareness, commitment and ownership needed to achieve the SDGs. While UN agencies can assist this process, they cannot and should not substitute for it. Country processes should engage the different sectors of society, and be led by the legislative not the executive branch of government.

For the HLPF, as for other UN governance forums, Member States face the challenge of shifting gears from tinkering to transformative change.

### *The 2030 Agenda for Sustainable Development – a game changer for the UN?*

The adoption of the 2030 Agenda has prised open the lid on many stubbornly resistant dynamics and approaches prevalent in the UN system and its inter-governmental processes. It has been a major driver for reform efforts and spurred attention to strengthening the science-policy interface and deepening capacity for data collection and analysis.

The 2030 Agenda has been in many ways a game changer. Its universal application requires all countries to report on their progress in achieving the SDGs, not only programme countries or development assistance recipients. It has also driven long-overdue UN development system reform and given impetus to the need to address root causes in the pursuit of sustainable development and sustainable peace.

UN human rights experts have offered high-quality analyses and recommendations to reach the vision of 2030. The human rights machinery demonstrates a comprehensive set of quality standards, from poverty elimination to housing, water and sanitation to debt and trade agreements. These are available to all Member States and their residents, although they are severely underutilized.

Civil society organizations (CSOs) have maintained the commitment many demonstrated during the drafting of the 2030 Agenda and the SDGs into monitoring and contributing to their implementation. Throughout, they have shown an impressive range of self-organizing and diverse ways of working from community to global level, often demonstrating a unique blend of experience and expertise.

Their autonomy is recognized by the rights of participation spelled out in the HLPF resolution, which set the minimum standard for the UN as a whole including the General Assembly.[2]

The challenge of the 2030 Agenda has been taken up across the UN expert bodies including the Committee of Experts on Public Administration (CEPA). Addressing the need for effective, accountable and inclusive institutions, CEPA elaborated a set of governance principles regarding effectiveness, accountability and inclusiveness which were adopted by Member States in 2018 (see Box I.1 for a selection).[3]

1 Extract from briefing on the 2019 Global Sustainable Development Report, 13 April 2019.

2 UN General Assembly (2013).

3 Economic and Social Council resolution E/RES/2018/12 of 20 July 2018 (https://undocs.org/E/RES/2018/12).

Box I.1

## CEPA Governance Principles

**Effectiveness**

- sound and coherent policymaking
- regulatory impact analysis
- monitoring and evaluation
- risk management frameworks as well as collaboration across levels of government and with non-state actors

**Inclusiveness**

- leave no one behind, via among other things equitable fiscal and monetary policy
- nondiscrimination, particularly in public service delivery and public workforce staffing
- accessibility standards, cultural audits of institutions and gender responsive budgeting
- participation (including free and fair elections and community driven development)
- subsidiarity, including enhancing local capacity; and intergenerational equality, especially via long-term ecosystem management

**Accountability**

- integrity, including conflict of interest policies, eliminating bribery and influence trading; whistle blower protection and adequate and equitable pay scales
- transparency, particularly budget transparency and lobby registries, and independent oversight, especially independent regulatory agencies, independent audit and legal or other review

Source: UN Doc. E/2018/44 (https://undocs.org/E/2018/44), pp. 17ff.

### *Implementation gaps – accountability failures*

The SDG implementation phase since 2016 has certainly spun off many initiatives, studies, meetings and reports. At the HLPF alone there have been a total of 158 VNRs over four years. The UN's Department of Economic and Social Affairs (UN DESA) administers a platform for partnerships that currently hosts 4,361 "partnerships/commitments" and there are frequent business and investor events co-organized or facilitated by UN agencies and programmes.[4] The international financial institutions (IFIs) and multilateral development banks have all called for moving from billions to trillions.

While the UN 'family' has embraced the profile of the SDGs and is campaigning to increase awareness of these at all levels, critics express concern that much has been characterized by cherry picking, self-promotion and self-positioning, apparent in abundance from all players – governments, UN agencies, corporations and CSOs alike.

All players are understandably presenting themselves as committed to and vital for the achievement of the SDGs. But presence, persuasion and numbers are still the limited and inadequate currency for measuring impact.

4 The "Partnerships for SDGs online platform": https://sustainabledevelopment.un.org/partnerships/ (as of 12 May 2019).

The remaining decade to 2030 needs to build in cycles of quality and independent oversight, and robust accountability. This will require a dramatic shift from the win-win, pay-to-play dynamic prevalent around the UN.

A first step would be to incorporate benchmarks, not only indicators but also actions, to delineate SDG-washing by governments and corporations that highlight best practices while hiding domestic and extraterritorial impacts such as emissions and pollution, lack of labour standards and so on. To overcome piecemeal and inadequate responses and support genuinely transformative actions, not only is a change of mindset essential, but also of financing strategies, of measurement, of incentives and of reporting and monitoring by public institutions, including the UN. These must highlight obstacles to achieving the SDGs with the same attention as actions to advance them.

The HLPF as currently set up and practicing cannot do this. It is a platform that welcomes all and challenges none.

### 2. A new generation of global governance – where does the UN fit in?

According to the Secretary-General, the 2030 Agenda is "an agenda aiming at not leaving anyone behind, eradicating poverty and creating conditions for people to trust again in not only political systems but also in multilateral forms of governance and in international organizations like the UN". In 2019 he stated:

> I think it is important to recognize that there is a paradox because problems are more and more global, challenges are more and more global, there is no way any country can solve them by itself, and so we need global answers and we need multilateral governance forms, and we need to be able to overcome this deficit of trust, and that in my opinion is the enormous potential of the 2030 Agenda.[5]

The Secretary-General sounded the alarm in his opening statement for 2019:

> As we look ahead to 2019, I won't mince words. Alarm bells are still ringing.
>
> We face a world of trouble. Armed conflict threatens millions and forced displacement is at record levels. Poverty is far from eradicated and hunger is growing again. Inequality keeps rising. And the climate crisis is wreaking havoc. We also see growing disputes over trade, sky-high debt, threats to the rule of law and human rights, shrinking space for civil society and attacks to media freedoms.
>
> These ills have profound impacts on people's daily lives. And they are deeply corrosive.
>
> They generate anxiety and they breed mistrust. They polarize societies – politically and socially. They make people and countries fear they are being left behind as progress seems to benefit only the fortunate few.
>
> In such a context, it is not difficult to understand why many people are losing faith in political establishments, doubting whether national governments care about them and questioning the value of international organizations.
>
> Let's be clear: the lack of faith also applies to the United Nations.[6]

The three pillars of the UN cover the full breadth of the challenges and have been evolving beyond their initial framing to maintain their relevance to today's and emerging challenges. The question is whether this revitalization and related UN reforms are only "catch-up" or can be transformative and accountable to SDGs.

All too often the way forward is reduced to the oft-repeated irony of how the United Nations is held in low esteem at the very time it is needed the most.

5 UN Secretary-General (2017).

6 UN Secretary-General (2019b).

*And a cursory reality check is sobering*

The **human rights** work of the UN receives a scant 3.7 percent of the total UN regular budget;[7] and the Office of the High Commission for Human Rights (OHCHR) has a total of 558 regular staff members that constitute 1.2 percent of the total UN staff of 44,000 and have struggled to be heard at country and global levels.[8]

The **UN development system (UNDS)'s** welcome emphasis on the country level risks under-estimating external constraints and under–utilizing its own human rights standards. Over decades it has neglected attention to the impact of global regimes on national policy space and country ownership; for example, emphasizing domestic resource mobilization while ignoring illicit financial flows. The UNDS reforms underway aim to correct this: "Countries need high-quality and integrated policy support, a better articulation of our normative and operational assets, stronger cross-border analysis, disaggregated and reliable data for informed decision-making."[9] However, dynamic reform is being held back by the failure of a few major donors to endorse the Secretary-General's proposal for assessed funding needed to jump-start implementation.

The **peace and security** pillar of the UN demonstrates greater understanding that security is internal (inequalities, gender discrimination, human rights, decent work) as well as cross border and not only in traditional ways (most evidently in impact of climate change, financial contagion, and migration). However the primary governance body, the Security Council, lacks credibility and is dominated by the five veto-wielding permanent members (P5), all among the top six arms exporters worldwide.[10]

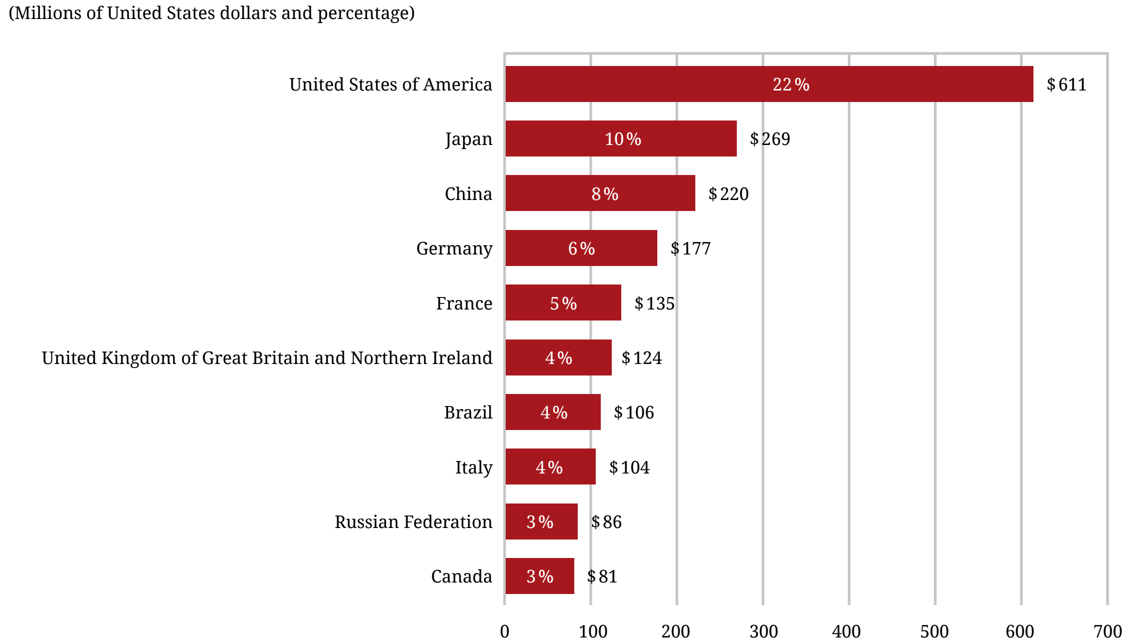
7 OHCHR regular budget appropriation in 2018-2019, https://www.ohchr.org/EN/AboutUs/Pages/FundingBudget.aspx.

8 See https://careers.un.org/lbw/home.aspx?viewtype=VD.

9 UN Secretary-General (2019a).

10 See https://www.sipri.org/yearbook/2018/05.

**Figure I.1**
**Top 10 contributors of assessed contributions to the UN regular budget 2017**




Source: UN General Assembly (2018)

The governance reach of the Security Council and the P5 extends well beyond the peace and security mandate of the Security Council: explicitly as a gatekeepers for other mandates, including of the International Criminal Court and the Peacebuilding Commission; implicitly as the P5 leverage their influence as the major donors across the UN system.

### *Relationship between governance and funding*

The total assessed contributions to the UN regular budget in 2017 amounted to US$2.8 billion of which the top 10 Member States contributed 68 percent (see Figure I.1).[11]

Contributions to the UN's operational activities for development, which amounted to US$ 33.6 billion in 2017, are also dominated by a few States, with three donors – USA, UK and Germany – accounting for half of all funding from governments (see Figure I.2).[12] Additionally only 20.6 percent of the total supports the core work of the UNDS with the balance mainly earmarked to favour individual donor priorities.

Not only is UN governance vulnerable to undue donor influence but the UN also suffers from inadequate levels of finance. In 2017 it received in total US$ 48.3 billion – the equivalent annually of US$ 7.00 per person on the planet.[13] By contrast global military expenditures accounted for US$ 1.7 trillion in 2017 and "represented 2.2 percent of global gross domestic product (GDP) or US$ 230 per person".[14]

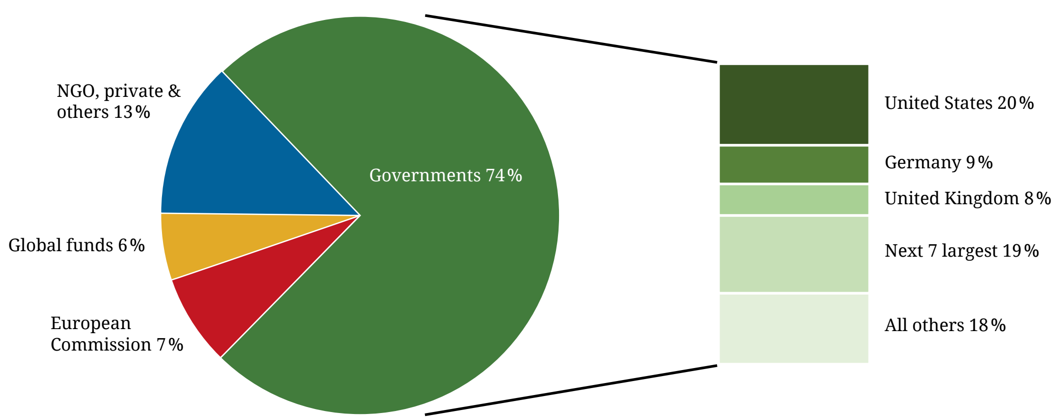
Public investment in the peace architecture of the UN is dwarfed by that in the military infrastructure. Additionally, public finance, supposedly insignificant compared with that of the private sector, subsidized fossil fuels to the tune of US$ 5.3 trillion in 2015.[15]

The UN funding crisis and pressure from Member States has fueled a turn to the private sector and the philanthropic world, evident in multiple events and partnership initiatives reaching out to the corporate sector, including big data producers, banking and finance and transnational investors.

The SDGs have been marketed as a catalogue for investors. A recent initiative is the Global Investors

11 UN General Assembly (2018).
12 UN General Assembly/UN Economic and Social Council (2019), p. 7.
13 UN General Assembly/UN Economic and Social Council (2019).
14 SIPRI, 2017, https://www.sipri.org/sites/default/files/2018-05/sipri_fs_1805_milex_2017.pdf.
15 Coady et al. (2017).

**Figure I.2**
**Total funding to the UN's operational activities for development 2017**




Source: UN General Assembly/UN Economic and Social Council (2019), p. 7.

for Sustainable Development (GISD), a new alliance of Chief Executive Officers to incentivize larger amounts of long-term investment for sustainable development. Inspired by the Swedish Investors for Sustainable Development, this alliance will be officially launched in September 2019 during the UNGA high-level week.

Certainly the sustainable development concept has three essential dimensions – **economic**, social and environmental – and their integration is essential to achieve the SDGs. However, since its inception the economic dimension has dominated the trio and its policy-making fora has been kept out of the UN sphere of influence. Further integration, without leveling, of the three dimensions will re-enforce the imbalance and make progress hostage to economic policies.

### *Who governs the economics dimension?*

Major dominant economies over decades have successfully kept the UN 'out of their business', with steadfast protection of a separate jurisdiction for the Bretton Woods Institutions (BWIs) – the World Bank and the International Monetary Fund. This constitutes de facto the exercise of **monopoly** (or oligopoly) state power that has undermined democratic multilateralism for many decades and has out-ranked the search for economic, social, gender and ecological justice.

The negative impact on the ability of governments to meet their human rights obligations, civil, political, economic, social and cultural, has been documented by a number of UN human rights experts and special rapporteurs.

Furthermore Juan Pablo Bohoshavsky, Independent Expert on human rights of the effects of foreign debt and other related international financial obligations of States, has drawn up guiding principles on human rights impact assessments of economic reforms on the full enjoyment of human rights particularly economic social and cultural rights.[16]

The principles address the human rights obligations of economic actors:

> Economic policymaking must be anchored in and guided by substantive and procedural human rights standards, and human rights impact assessments are a crucial process that enables States and other actors to ensure that economic reforms advance, rather than hinder, the enjoyment of human rights by all.[17]

The scope and purpose of the guiding principles are comprehensive:

> Some economic policies, such as fiscal consolidation, structural adjustment/reforms, privatization, deregulation of financial and labour markets and lowering environmental protections standards, can have adverse consequences on the enjoyment of human rights.[18]

Vitally, the attention to accountability by the principles addresses remedy and reparations.

Principle 21 – **Access to justice, accountability and remedies:**

> States must ensure that access to justice and the right to an effective remedy are guaranteed, through judicial, quasi-judicial, administrative and political mechanism, with regard to actions and omissions in the design and/or implementation of economic reform policies that may undermine human rights.

Commentary 21.1 states further that "The right to an effective remedy includes reparations and guarantees of non-repetition" and 21.2 notes:

> A functioning system of national, regional and international human rights accountability mechanisms, including independent and empowered national human rights institutions, is critical …

16 UN Human Rights Council (2018).

17 Ibid., p. 1.

18 Ibid., p. 4, para 1.1.

Box I.2

## Guiding principles on human rights impact assessments of economic reforms

Principle 13 – **International assistance and cooperation:** "States have an obligation to respect and protect the enjoyment of human rights of people outside their borders. This involves avoiding conduct that would foreseeably impair the enjoyment of human rights by persons living beyond their borders, contributing to the creation of an international environment that enables the fulfilment of human rights, as well as conducting assessments of the extraterritorial impacts of laws, policies and practices."

Principle 14 – **External influence and policy space:** States, financial institutions and other actors "should not exert undue influence on other States so that they are able to take steps to design and implement economic programmes by using their policy space …"

Principle 15 – **obligations of public creditors and donors:** "International financial institutions, bilateral lenders and public donors should ensure that the terms of their transactions and their proposals for reform policies and conditionalities for financial support do not undermine the borrower/recipient State's ability to respect, protect and fulfil its human rights obligations." Further commentary 15.3 states: "States cannot escape responsibility for actions or the exercise of functions that they have delegated to international institutions or private parties (re blended finance and privatization): delegation cannot be used as an excuse to fail to comply with human rights obligations, in abnegation of the extraterritorial character of these obligations."

Principle 16 – **obligations of private creditors:** Commentary 16.2: "In connection with principle 13 and commentary 15.3, host and home States' obligations to protect human rights, including their exterritorial obligations, require the establishment of adequate safeguards against negative human rights impacts resulting from the conduction of private companies."

The principles enumerate the 'obligations of states, IFIs and private actors' including with regard to their extraterritorial obligations (see Box I.2).

As the UN system and the Secretary-General initiate and move closer to establishing alliances with big investors, big corporations, big tech and big data, signing these principles must be the sine qua non for joining any UN alliance. Furthermore resources to undertake independent monitoring and reporting or certification processes must pass the most rigorous conflict of interest test to ensure these are not another manifestation of SDG washing.

Nor should these initiatives compromise the UN's role and policy space for domestic resource mobilization by means of global tax reform, halting illicit financial flows, and establishing a debt work-out mechanism.

### *Trade, investment and finance regimes: for or against SDGs?*

The UN Committee on Development Policy held an extraordinary meeting in March 2019 at UN headquarters on the future of development policy in the changing multilateral context. Presentations detailed the contradictions in the development policies followed by dominant economies and the policies they enforce bilaterally and through their decision-making stranglehold in the IMF, the G20 and negotiation of trade and investment regimes.

The Committee highlighted the ways in which trade and investment policies limit domestic policy space: "Unfortunately if you sign bilateral trade and investment agreements or regional agreements with rich countries, then your freedom for action is vastly reduced. So please don't sign any of these."[19]

It also pointed out how the limited space available is often not used, drowned in numerous regulations and placed out of reach by administrative hurdles and exorbitant legal fees.

The Committee was unequivocal that: "This system is in crisis and it has caused the inequality crisis and the climate breakdown" and that it is "time for a new multilateralism that puts sustainable development and a just transition as the core goals of a value-driven and rules-based multilateral system."[20]

### *UN policy space*

People still turn to the UN in their desire for peace and justice, as other structures of multilateralism are seen more as deal-making and problem-solving processes or for technical standard setting. It has the mandate and justice machinery to close the gulf between the siloes of development, peace and human rights. Its analysis and experience advance the essentials of addressing root causes and practicing prevention, although minimally applied to slow onset disasters (such as inequalities, social disintegration, climate change) as well as immediate natural disasters and conflict devastation.

The UN has a positive (if declining) reservoir of expectations and goodwill. Yet strategies are lacking especially among small and medium states and some CSOs for a transformative set of rules, institutions and action plans to break out of the current malaise. While vocal about the lack of policy space at the country level, there is an avoidance or self-censorship concerning the constraints on the UN's policy space by dominance or monopoly politics. Furthermore policy space must be understood to mean increased space for the public sector.

Member States committed themselves to addressing the **"disparities of opportunity, wealth and power"** in the 2030 Agenda. Responses to power disparities are various – and often in conflict. They range from cynicism to damage control, from "doing the best we can" (protect victims etc.) to the need for systemic change.

The call for new rules often falls short of addressing how to get the dominant to adhere to the rules and even allow them to be written.

One appeal is for 'win-win' approaches, seeing partnerships as a strategy for inclusiveness. But this ignores the power imbalance within partnerships and de facto reflects the rules of the dominant, and so risks increasing inequalities rather than inclusion.

It appears as though multi-stakeholderism is another manifestation of neoliberal governance. It labours under the false assumption that 'stakeholders' are equal in participation and resources, and ignores the rights of those 'stakeholders' who rely on democratic governance and governments.

Strategies for addressing power disparities reveal the tensions between those who accept this reality and try to align with the winners or limit the damage, and those who want more fundamental change that reduces and redistributes the power of the dominant.

Among small and medium states from all regions the same tensions and splits are evident – in strategies, in blocs and in perceptions of options: align or regroup.

These tensions are also evident in the UN system and among CSOs. While parts of the UN system promote and propagate partnerships, the OHCHR documents intimidation, recrimination and reprisals, practiced by State and non-State actors.[21]

Some embrace other power centres such as big business/corporations and big NGOs, or those offered by regionalism and South-South Cooperation. This is seen as an incremental and politically feasible approach to breaking down the immense and growing concentration of power. This approach is aligned with strategies to increase policy space at the country

19 Power point presentation, Committee on Development Policy session "The Future of Multilateralism," 12 March 2019, UNHQ.

20 Ibid.

21 UN Secretary-General (2018).

level, but often falls short of tackling the policy space deficit in global economic and security governance.

Others argue for another UN chamber of parliamentarians or CSOs. As both of these play a vital role in linking national and global governance, perhaps their impact would be enhanced if incorporated permanently into country delegations to the General Assembly, rather than set aside in a parallel chamber.

Economists, ecologists and human rights advocates alike have signaled the need to address the monopoly power dominating political institutions and governance processes and have drawn attention to the reform the investor-state dispute settlement system as an essential first step.

### *Governance by states or governance by investors?*

In an unusual joint letter to the United Nations Commission on International Trade Law (UNCITRAL) addressing Working Group III (Investor-State Dispute Settlement (ISDS) Reform), seven human rights experts addressed the urgency to "remedy the power imbalance between investors and States", calling for systemic reform in their submission to consideration of the architecture of the ISDS system (see Box I.3).[22]

Their letter addressed many aspects that go to the heart of the governance: responsibilities of states and their ability and willingness to meet their commitments in the 2030 Agenda.

The signatories pointed out the contradictions and incoherence between human rights law and the rule of law, contradictions of particular concern for the

> 2030 Agenda and the SDGs, which reaffirm the importance of an enabling international economic environment, including coherent and mutually supporting world trade, monetary and financial systems, and strengthened and enhanced global economic governance. There is a critical need to fundamentally reform IIAs [international investment agreements] and ISDS, so that they foster international investments that effectively contribute to the realization of all human rights and the SDGs, rather than hindering their achievement.

Principle 9 of the UN Guiding Principles on Business and Human Rights (UNGPs) reminds States to "maintain adequate domestic policy space to meet their human rights obligations when pursuing business-related policy objectives with other States or business enterprises, for instance through

22 Deva et al. (2019).

Box I.3

## Human rights experts speak out on investor power

The following human rights experts signed the joint letter on Investor-State Dispute Settlement (ISDS) Reform from 7 March 2019:

**Surya Deva,** Chair-Rapporteur of the Working Group on the issue of human rights and transnational corporations and other business enterprises

**Saad Alfarargi,** Special Rapporteur on the right to development

**David R. Boyd,** Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment

**Juan Pablo Bohoslavsky,** Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights

**Victoria Lucia Tauli-Corpuz,** Special Rapporteur on the rights of indigenous peoples

**Livingstone Sewanyana,** Independent Expert on the promotion of a democratic and equitable international order

**Léo Heller,** Special Rapporteur on the human rights to safe drinking water and sanitation investment treaties or contracts".[23]

Principle 10 further provides that

> States, when acting as members of multilateral institutions … should seek to ensure that those institutions neither restrain the ability of their Member States to meet their duty to protect nor hinder business enterprises from respecting human rights.

Speaking to the urgency of systemic reform of ISDS, the letter of the human rights experts states:

> The inherently asymmetric nature of the ISDS system, lack of investors' human rights obligations, exorbitant costs associated with the ISDS proceedings and extremely high amount of arbitral awards are some of the elements that lead to undue restrictions of States' fiscal space and undermine their ability to regulate economic activities and to realize economic, social, cultural and environmental rights.
>
> The ISDS system can also negatively impact affected communities' right to seek effective remedies against investors for project-related human rights abuses. In a number of cases, the ISDS mechanism, or a mere threat of using the ISDS mechanism, has caused regulatory chill and discouraged States from undertaking measures aimed at protection and promotion of human rights.[24]

In addition to concerns about the standards by which arbitrators and decision-makers are appointed and the cost and duration of ISDS cases, the letter draws attention to two neglected issues: access to remedy and participation of affected third parties. It states that

> if the ISDS mechanism continues to allow investors … a special fast-track path to seek remedies to protect their economic interests, the same pathway should be extended to communities affected by investment-related projects … This will partly address the systematic asymmetry which we alluded to in the beginning.[25]

### *UN and systematic asymmetry*

The details of the letter illuminate the multiple barriers faced by public servants and public sector advocates at all levels of government.

Removing the ability of investors to sue States is the first among equals of measures needed for a new generation of governance. The ISDS and similar rules in investment and trade agreements enshrine **systematic asymmetry** in the very core of the rule of law.

The more the SDGs are promoted to investors under the rubric that "doing good business is doing good", the more the UN is buying into the market-based approach and relegating its relevance to big money and not to those left behind.

Rather than being committed to democratic governance, the UN is increasingly being used as a platform for market-based solutions, while maintaining the rhetoric of commitment to "no-one left behind", which if taken seriously is embedded in a human rights approach.

Does the call to leave no-one behind apply to decision-making, governance and accountability or is it limited to the provision of services? Does this commitment reflect a rights-holder orientation or a consumer/client one?

At the same time that the UN leadership appears to be out-sourcing its accountability responsibilities to civil society, it co-opts them into irrelevant multi-stakeholder platforms that take up very limited resources.

This trajectory is positioning the UN as a caretaker in the face of disasters, human and natural, and abdicating its self-professed prevention mission.

23 UN (2011).

24 Deva et al. (2a019).

25 Ibid.

To reject governance with the ‘winners take all’ mindset requires challenging this **systematic asymmetry** and recognizing that power imbalances cannot be corrected by persuading the most powerful players to share or not use their power.

One of the first themes of a revitalized General Assembly could be to examine the impact on its and the UN system’s work of such investor preferences. This initiative would bring efficiency gains for UN system-wide efforts to achieve the SDGs, being a rare opportunity to go to scale and begin to un-ravel the **systematic asymmetry**, currently baked in by big powers, public and private.

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# Human Rights in the 2030 Agenda: putting justice and accountability at the core of sustainable development governance

BY IGNACIO SAIZ, CENTER FOR ECONOMIC AND SOCIAL RIGHTS (CESR)

Over the seven decades since the adoption of the Universal Declaration of Human Rights (UDHR), human rights have become deeply embedded in the discourse, norms and structures of global governance. Promoting human rights is one of the foundational purposes of the United Nations.[1] Human rights agreements – and disagreements – have profoundly shaped the dynamic of relations between States, as well as between governments and their people. The principles affirmed in the UDHR represent the closest humanity has come to an agreed universal framework of standards for how such relations should be governed.

The rights articulated in the UDHR have since been codified and amplified in a comprehensive system of international treaties and soft-law standards, as well as in national constitutions and legal frameworks across the globe. An elaborate institutional infrastructure has been developed to oversee and enforce these standards, from national human rights commissions to regional courts and UN treaty monitoring bodies. Human rights are thus an integral part of both the software and hardware of contemporary global governance.

Human rights are explicitly inscribed in the purpose, vision and normative foundations of the 2030 Agenda for Sustainable Development and the SDGs.[2] This grounding of Agenda 2030 in human rights standards – a hard-won civil society victory – represents an enormously significant evolution in the historically uneasy relationship between human rights and development in the global governance arena.[3] Whereas the Millennium Development Goals (MDGs) undercut human rights, the SDGs underscore them, explicitly requiring that the goals be implemented in a manner consistent with States' obligations under international law to respect, protect and fulfil human rights.[4]

The hard wiring of human rights in the SDGs is a potentially powerful corrective to the serious governance deficits which have emerged around the 2030 Agenda since 2015. First, because human rights standards draw clear red lines around governmental discretion to pick and choose how the goals are interpreted and implemented. As a comprehensive, universally agreed and legally binding framework addressing the multiple dimensions of human well-being, human rights provide clear normative orientation on how development outcomes, policy efforts and financing should be designed and assessed, as well as how gaps, ambiguities or trade-offs should be resolved. For example, efforts to operationalize the laudable but vague aspiration of "leave no one behind" can draw on widely ratified agreements on combating discrimination on grounds such as gender, race,

1 Charter of the United Nations, Chapter 1, Art. 1.

2 The SDGs "seek to realize the human rights of all" and "envisage a world of universal respect for human rights and human dignity"; they are "grounded in the Universal Declaration of Human Rights, international human rights treaties... [and] informed by other instruments such as the Declaration on the Right to Development". See UN (2015), preamble and paras. 8 and 10.

3 Alston and Robinson, eds. (2005).

4 UN (2015), para. 18.

disability and indigenous status. Several governmental, UN and civil society initiatives have illustrated the practical implications – and transformative impacts – of a rights-centred approach to establishing social protection floors (SDG 1),[5] ensuring maternal and child health (SDG 3)[6] and reducing economic inequality (SDG 10).[7]

Second, human rights mechanisms and processes can help to buttress the weak SDG accountability architecture. National human rights institutions, for example, have a central role to play in monitoring SDG progress, aligning national targets and indicators with human rights, facilitating the participation of rights-holders, and hearing complaints from those affected by unjust policies and practices.[8] UN and regional human rights oversight bodies are also integrating the SDGs in their periodic country review processes, seeking synergies with SDG reporting.[9] These mechanisms address crucial dimensions of accountability that are underserved by the SDG review system, such as transnational and corporate accountability. Treaty bodies, for example, are increasingly holding States answerable for how their aid, trade, tax and investment policies affect human rights beyond their borders,[10] and for their duty to protect against corporate human rights abuses.[11]

Of course, human rights can be as much a casualty of global governance power dynamics as a corrective for them. For all the convergence on paper, in practice human rights continue to be a contested topic in international development forums. Governments at the High Level Political Forum (HLPF) can still be heard arguing that reproductive and LGBTQI rights do not belong on the development agenda, that there is no such thing as the right to development, and that international cooperation is a matter of discretion, not a human rights duty. Such tensions often play out along North-South fault lines, a legacy of the long history of misuse of human rights by powerful countries as justification for aid conditionality, economic sanctions and even military intervention. Human rights are also constrained by their limited enforceability in comparison to other bodies of international law, for example bilateral investment treaties which have been invoked in rights-restricting ways.[12] Such challenges are compounded by the current rise of nationalism, which has seen some governments overtly rejecting human rights values as a basis for international relations and undermining the multilateral system on which human rights rests.

The backlash against human rights as an ethical framework for global governance has perhaps never been so evident. Yet at no time since the last world war has the need for such a framework been so acute. Human rights – contested, constrained and critiqued, yet collectively endorsed and continuously evolving – is the closest we have. If anchoring the SDGs in human rights has been a paramount concern for feminist, indigenous, disability rights and other civil society activists worldwide, it is because of their power to reframe the purpose of sustainable development as the pursuit of substantive equality, justice and accountability.

If human rights are to help the SDGs "transform our world", three fundamental steps are needed to disrupt the selectivity and

5 See e.g. the Social Protection and Human Rights web platform developed by the United Nations Research Institute on Social Development (UNRISD) (https://socialprotection-humanrights.org); and the Global Coalition for Social Protection Floors made up of over 100 CSOs campaigning for "social protection floors for everyone as a universal rights-based development goal" (www.socialprotectionfloorscoalition.org/).
6 See e.g., OHCHR et al. (2015).
7 See e.g., CESR (2016).
8 Global Alliance of National Human Rights Institutions (GANHRI) (2017).
9 UN Committee on Economic, Social and Cultural Rights (2019).
10 See, e.g., Committee on the Elimination of Discrimination against Women (CEDAW (2016), which called on Switzerland to undertake periodic impact assessments of the extraterritorial effects of its financial secrecy and corporate tax policies on women's rights.
11 See Committee on Economic, Social and Cultural Rights (2017), which builds on the UN Guiding Principles on Business and Human Rights. See also UN Working Group on Business and Human Rights (2017).
12 Columbia Center for Sustainable Investment and UN Working Group on Business and Human Rights (2018).

hypocrisy still surrounding the issue in the sphere of global development governance. First, human rights must be articulated and understood holistically, encompassing their economic, social and environmental dimensions, and recognizing their relevance to the entirety of the 2030 Agenda, not just Goal 16 on peaceful and just societies. Second, spaces must be not only defended but expanded for those most affected by development injustice to hold those responsible to answer for their actions and omissions through the broader ecosystem of accountability that human rights opens up. Third, governments must adopt a radically different approach to international cooperation and global partnership founded on the recognition of their common but differentiated responsibilities to respect, protect and fulfil human rights within and beyond their borders.

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# II

# Club governance: Can the world still be run by gentlemen's agreements?

BY ROBERTO BISSIO, SOCIAL WATCH

**The 2030 Agenda for Sustainable Development clearly identifies several issues, ranging from finances, to climate to trade, where global governance agreement is required. But actual decisions on these issues often run in the opposite direction. Non-accountable 'clubs' exercise de facto authority and raise obstacles to implementing the SDGs.**

The 2030 Agenda claims to be "transformative" because it demands changes at national, regional and global levels. At the global level, some changes cannot be achieved by governments acting alone and imply the need for some global governance mechanism. This is the case, for example, of the promised "urgent action to combat climate change and its impacts" (SDG 13) where the United Nations Framework Convention on Climate Change is identified as the primary forum through which to achieve a global response, or the necessary "universal, rules-based, open, non-discriminatory and equitable multilateral trading system" mandated in SDG 17 on means of implementation, where the mechanism is identified as the World Trade Organization (target 17.10).

Other equally important global public policy objectives enshrined in the 2030 Agenda include, for example, enhanced "global macroeconomic stability" to be achieved "through policy coordination and policy coherence" (target 17.13), "policy coherence for sustainable development" (target 17.14) and the reduction of illicit financial and arms flows (target 16.4). No concrete body is identified to deliver on these, either because different financial institutions would have to be coordinated or because governments have not agreed yet on a global body to oversee and coordinate tax policies (necessary to reduce illicit financial flows) or on a global debt workout mechanism (required to achieve global stability at moments when a new wave of debt crisis is feared).

Even worse, while the 2030 Agenda mandates all Member States to "enhance the global partnership for sustainable development (among governments), complemented by multi-stakeholder partnerships" in practice Public-Private Partnerships and publicly subsidized private investments are promoted, often making the SDGs more difficult to achieve and disenfranchising small and medium enterprises while the policy space of governments (respect for which is mandated by target 17.15), is being further eroded by bi-lateral investment agreements and frequently unnecessary austerity policies prescribed by international financial institutions.

While leaders of all UN Member States decided on a transformative agenda for 2030, a *de facto* form of global governance, sometimes called 'shadow governance', works in the opposite direction. Operating in opposition to global norms as self-selected 'coalitions of the willing' or in the interstices of national sovereignties-such as the global 'shadow banking' where illegal financial flows meet established financial arrangements- these major obstacles to achieving the SDGs are not loose trends or wild forces beyond control, but rather the result of a secretive but efficient network of governance 'clubs' that operate beyond public scrutiny or parliamentary oversight, the two accountability mechanisms identified in the 2030 Agenda.

## Not "just clubs"

"Club governance", which emerged in the aftermath of the global financial crisis in 2008, has been defined in a review of the literature by the German Institute for International and Security Affairs as "groups of states (sometimes with the involvement of international organizations) explicitly exercising governance functions beyond the immediate circle of actual club members, in one or more field of policy", while purporting to operate for "the public good". [1]

This definition implies a certain illegitimacy of such 'clubs'. To exercise governance functions without a mandated or delegated authority of those concerned implies a breach of their sovereignty and/or an intrusion in their internal affairs. Thus, the clubs are always justified as "just clubs", informal fora to coordinate positions to be later brought to the consideration of legitimate decision-makers.

If the benefit of the club (and at the same time the reason for its illegitimacy) is its decision- making over others, the most effective arrangements will be those that work discreetly. Such is the case, for example, of the 'gentlemen's agreement' that establishes European entitlement to select the head of the International Monetary Fund (IMF) in exchange for the World Bank being always run by an American. Thus, the designation of a notorious climate denier to head the World Bank – the world's largest development agency – by the current US administration has not been challenged by any of the other 188 governments represented at the World Bank, even though no written rule gives the US president the right to make such an appointment.

Similarly, after the US president unilaterally ended the gold standard in 1971, the finance ministers of the countries that issued the main reserve currencies of the time (USA, UK, Germany, France and Japan) started to meet regularly but privately to coordinate global finances. The existence of this group of five (G5) was officially acknowledged only in 1985, when the group agreed that the dollar had to be devalued again and signed a formal document to that end, called the Plaza Accord, named after the hotel in New York where they met.

By that time another 'club' had been established at the heads of State level, the group of seven (G7). To avoid embarrassment, Canada and Italy, members of the G7 since 1976 started to be invited to the financial club also, and the meeting dates and places became public, while the agenda and proceedings remained largely secret. However, when the G7 became the G8 in order to include Russia, between 1998 and 2014, the finance ministers of the G5 never invited Moscow into their club.

The Mexican financial crisis of 1994, followed by those of Asia (1997) and Russia (1998) demonstrated that the financial G7 alone could not ensure global stability, now threatened not just by imbalances within the group but by the 'emerging economies'. Thus, the finance ministers and central bank governors of 19 arbitrarily selected countries (South Africa is in but Nigeria and Egypt are out; Australia is in but Spain is out) and the EU were invited by the G5 (led by the USA and Canada) to form the G20, a gathering meant to complement the G7, but not to substitute for it.[2]

The existence of the G20 finance group was not able to predict or prevent the collapse of the global financial system in 2008, yet that emergency was the pretext to "upgrade" the G20, so far largely unnoticed by the public, to a regular meeting at summit level. The first G20 meeting at heads of State level was announced as some kind of Bretton Woods II conference. But instead of going for the badly needed reform of the Bank and the Fund, the G20 announced US$ 1 trillion in support of those institutions, in order for them to assist the richest countries in the bailout of their broken banks. In exchange for looking the other way

1 Schneckener (2009), p. 3.

2 See https://www.theglobeandmail.com/news/world/how-canada-made-the-g20-happen/article4322767/.

while every rule in the neoliberal book was violated with those huge subsidies of private losses with public money, the developing countries that joined the G20 were promised progress in the Doha Round and more voting power in them, two commitments that never materialized when the emergency was over.

Some researchers have argued that the G20 is "the hub of global governance networks, rather than a club", while the G7 functions "much more as a like-minded club", because "G7 officials and politicians are normatively much more compatible with shared norms based on market economics and liberal democracy".[3]

### To vote or not to vote

A frequent justification for club governance is built around the notion that 193 UN Member States is too many to work efficiently and therefore any agreements take too long to be discussed, and on top of that, it is not democratic anyhow when Iceland, with 300 thousand inhabitants sits next to India, with 1.3 billion, and both have an equal single vote.

Yet the International Football Association (FIFA) governs over the world's men's football with 211 countries as members and the Rio Olympics in 2016 convened delegations of 206 countries without the size or the equal voting rights ever being an obstacle to their universal acceptance. Both institutions have suffered corruption scandals lately, but those are accountability problems, not a result of their decision-making mechanisms.

The "one-country, one vote" principle of the United Nations was not revolutionary because it postulates formal equality among sovereigns of different sizes, wealth and power. After all, the formula is an old one, dating back at least to the 1648 Peace of Westphalia that ended the devastating Thirty Years' War between Protestants and Catholics in Europe, without declaring winners or losers.

3 Luckhurts (2016), p.185.

### The innovation is in the "vote".

The League of Nations, created after World War I, was so strongly a believer in "Westphalian Sovereignty" that unanimity was required for its decisions, both in the General Assembly and its League Council. And that was one of the reasons for its failure and a lesson learned when the UN was created. The inevitable whims of the majority were to be limited by higher requirements on most key decisions and by the veto power in the Security Council for the five countries that emerged as victors in 1945.

The UN has been largely successful in avoiding a Third World War and in supervising the end of the colonial empires during the 1950s, 1960s and 1970s. But as the membership of the UN grew with progress in decolonization from the 51 founding members to 80 members in 1956 and 110 in 1962, voices started to emerge about the "tyranny of the majority".[4]

In 1962, France and the Soviet Union, not wanting to pay their share of the cost of peace operations that they had voted against in Suez and the Congo, brought the case to the International Court of Justice (ICJ). The ICJ ruled clearly that, contrary to the unanimity rule of the failed League of Nations, the UN General Assembly has the right to take decisions with budget implications by two thirds of the members, which all members should pay irrespective of how they voted.[5] The USA argued that "the United Nations can pay for what it is empowered (by the Charter) to do" and "what the United Nations can do, it can pay for". The US response to the qualms of the "tyranny of the majority" was that "Members States do not find protection against such action – if protection is needed – in legal strictures of the Charter but in the two-thirds majority in the General Assembly". If, ultimately, this resulted in some erosion of absolute sovereignty for the common good, so be it.[6]

A few years later the USA became the loudest voice against the 'automatic majority' of the General

4 Bailey (1966).

5 ICJ (1962).

6 Murphy (2004).

Assembly, when they started to lose such votes overwhelmingly. The developing countries started to assert their newly gained independence in the 1970s, proposing a New International Economic Order, creating the UN Conference on Trade and Development (UNCTAD) to support their trade and development efforts and trying to leverage the UN Educational, Scientific and Cultural Organization (UNESCO) to support a New International Information Order. At the request of World Bank president Robert McNamara, German chancellor Willy Brandt chaired a North-South Commission that proposed a pro-development reform of the global economy and convened the North-South Summit of 22 heads of State[7] that met in Cancún in 1981. By then Ronald Reagan had replaced Jimmy Carter in the US White House and the 'G22' never met again.

Instead the US-UK axis headed by US president Ronald Reagan and British Prime Minister Margaret Thatcher used the G7 to impose the so-called 'Washington Consensus' formula of liberalization, privatization and deregulation on the Bretton Woods institutions that they 'own'[8] and through their structural adjustment lending prescriptions all over the world.

The G7 includes three countries with veto power in the UN Security Council, so they can be sure that no resolution they dislike can pass, but to be proactive in the General Assembly is more complicated, as seven votes out of 193 is a tiny minority. That's where the 'power of the purse' comes into the picture. On top of using their bilateral ODA to win friends, the G7 countries benefit from their control over the World Bank and the IMF: The voting pattern at the General Assembly of 188 countries over the period 1970-2002 shows that "Countries receiving adjustment programmes and larger non-concessional loans from the World Bank vote more frequently in line with the average G7 country." The same is true for countries obtaining non-concessional IMF programmes.

Important decisions in the Bretton Woods institutions require an 85 percent majority and thus, with 16 percent of the votes, the United States is the single country with veto power. But in order to form a majority, it has to coordinate with the other G7 countries and also with the G10, another club, composed by the G7 plus the Netherlands, Belgium, Sweden and Switzerland.[9]

The G7 and G10 meetings of finance ministers and central bankers usually precede the Spring and Autumn meetings of the World Bank and the IMF and the heads of the Bretton Woods institutions are frequently invited.

The G8 Research Group has shown that the word "we" used in G8 official declarations refers to agreements not only among G8 members but also between them and the international financial institutions, including the World Bank, the IMF and the Inter-American Development Bank, to which they provide instructions. After the Lyon Summit in 1996 where the G7 "urged" the Bretton Woods institutions to implement the Highly Indebted Countries Initiative, the World Bank and the IMF launched such an initiative a few months later, and the Paris Club (donor countries) approved it.[10]

Different studies show that G7 ministers and deputies are regularly informed of IMF decisions by senior IMF officials through conference calls. The Executive Directors (EDs) of the G7 and G10 countries coordinate among themselves and harmonize their positions on a vast number of issues. The ED in charge of the G7 presidency organizes informal meetings with

7 Participation differed from the current G20 in that it included Algeria, Austria, Bangladesh, Côte d'Ivoire, Guyana, Nigeria, Philippines, Tanzania, Venezuela and Yugoslavia, which are not in the present-day G20 and excluded Argentina, Australia, Indonesia, Italy, Russia, South Africa, South Korea and Turkey that are in the G20 today but were not in the North-South G22.

8 The G7 has a combined voting power of 40% after the latest reallocations of quotas US 16% (15% is required to have effective veto), Japan 7%, Germany 4%, UK 3.8%, France 3.8%, Italy 2.7%, Canada 2.5%, Belgium 1.6%, Netherlands 1.9%, Sweden 0.9% and Switzerland 1.5%. See http://pubdocs.worldbank.org/en/795101541106471736/IBRDCountryVotingTable.pdf and https://www.imf.org/external/np/sec/memdir/members.aspx.

9 In the naming of clubs, the number following the "G" rarely coincides with the actual sum of participants.

10 Foch (2013).

the other EDs within the IMF and the World Bank, circulates the discussion notes that serve as a basis for negotiations and establishing common positions. When deemed necessary, the position that has been devised is forwarded to the Managing Director of the IMF and the President of the World Bank. These coordination efforts require important staff and means: 30 officials are sent to the IMF by the USA to help its representative, 40 in the case of the North-Baltic States, and much more by European members as a whole.[11]

Further, according to one study,

> in coordinating negotiations on global financial monitoring in the aftermath of the Mexican and Asian financial crisis, specific IGOs [inter-governmental organizations] were deliberately selected for their members' characteristics, so that representatives of G7 members would outnumber non-G7 members, and hence be able to influence the outcome.[12]

11 Ibid.

12 Dowling/Yap (2007).

### Love and hate between the UN and the Bretton Woods institutions

During the 1980s and 1990s the programmatic split between the UN and the Bretton Woods institutions continued. On the one side the UNDP started to publish its Human Development Index in 1990, measuring progress also with social indicators and not just economic growth, the Earth Summit in 1992 officially endorsed the concept of "sustainable development" and kicked off global negotiations on climate change within the UN. The seventh commitment of the Social Summit in 1995 stated that structural adjustment policies "should include social development goals … give priority to human resource development (and) promote democratic institutions".[13]

But as the UN system articulated a post-Cold War agenda based on the hope for a peace dividend, the funds to implement those decisions were not provided to the general budget but to targeted extra-budgetary funds, while the G7-controlled World Bank was encouraged to encroach onto spaces that were hitherto reserved to specialized UN agencies.

13 United Nations (1995).

Box II.1

## Let the rich decide on taxes

With headquarters in Paris, the Organisation for Economic Co-operation and Development (OECD), was founded in 1961 by 18 European countries, the USA and Canada to coordinate their economic development efforts. It currently has 36 member countries and its 'accession' process has been seen as a 'graduation' out of the status of developing country. Yet Chile acceded to member status in 2010 without abandoning its membership of the G77.

The OECD can be considered to be a 'global governance club' in that it explicitly aims at setting standards that will become universal. Ultimately, non-members have to face a 'take it or leave it' choice in relation to those norms, without much chance of negotiating them. While OECD negotiations towards a Multilateral Agreement on Investments collapsed in 1998, the OECD is playing a similar role in global tax issues and it is revising its definition of official development assistance (ODA), as well as creating a new controversial measure of Total Official Support for Sustainable Development (TOSSD), both intended to allow more support for donor country private investors to be accounted as aid. Further, the OECD is the de facto secretariat of the G20.

Box II.2

## The Billionaires' Club

The European Management Forum, founded in 1971, changed its name to World Economic Forum (WEF) in 1987. Its yearly meetings at the Swiss ski resort in Davos attract billionaires, heads of State and international organizations and different celebrities. This composition is reflected in its board, which includes the CEOs of Nestlé and Alibaba (among others), several acting ministers and the heads of the OECD, the IMF, the World Bank and the Inter-American Development Bank.[1]

In spite of being a Swiss foundation, in 1975 the WEF signed a Host Country Agreement with the Swiss government, thus gaining formal status as “International Institution for Public-Private Cooperation”.

The WEF has been championing multi-stakeholderism since its creation, initially as a model for corporate governance, taking into account the interests of all affected and not just of the shareholders, but the idea later evolved into a model for global governance that would give corporations a major role in macro decision-making.

In 2018 the WEF warned that “the current global governance system is in flux as the centrality of global institutions is weakened, and nation-states are reasserting their powers”.[2]

1 See www.weforum.org/about/leadership-and-governance.

2 See www.weforum.org/agenda/2018/09/we-need-a-new-framework-for-global-governance-here-s-how-we-could-build-one/.

In the 1950s and 1960s, the focus of the Bank was the funding of large public infrastructure projects, such as dams, electrical grids, irrigation systems and roads. The agriculture sector became a major focus in the 1970s, and then, according to the Bank's official history page, “development projects reflected people-oriented objectives rather than exclusively the construction of material structures. Projects related to food production, rural and urban development, and population, health and nutrition were designed” and “in the 1980s, the Bank continued to enlarge its focus on issues of social development…, including education, communications, cultural heritage, and good governance”.[14]

By 1999 the neoliberal TINA[15] impulse seemed irresistible. The World Trade Organization, created in 1995, was fast liberalizing trade in goods and services (while at the same time enforcing and expanding the monopolistic intellectual property rights of corporations) and the OECD, frequently called ‘the rich men's club’ (see Box II.1) had opened negotiations around a proposed Multilateral Agreement on Investment.

Former UN Secretary-General Kofi Annan went to Davos to announce at the World Economic Forum (see Box II.2) the creation of the Global Compact, a voluntary initiative designed to give business leaders access to UN meetings in exchange for an unverified commitment to adhere to some human rights principles and environmental practices.

That same year, Kofi Annan appointed then World Bank vice-president for External Affairs Mark Malloch-Brown as UNDP Administrator and head of the UN Development Group that coordinates all other development agencies.

14 See http://www.worldbank.org/en/about/archives/history.

15 “There Is No Alternative,” a slogan popularized by former UK Prime Minister Margaret Thatcher.

Memoranda of Understanding were signed between the UNDG and the World Bank to align the country assistance strategies of both institutions, thus renaming Structural Adjustment Programmes (SAPs) as "Poverty Reduction Strategy Papers" (PRSPs). The PRSP "can be seen as the repackaged form of an SAP, with modifications in social content and emphasis on the issues of national ownership and consultation",[16] thus meeting the demands for "adjustment with a human face".

Meanwhile, experts from the G7-controlled World Bank and IMF, plus the OECD and UNDP, figured the expected global extreme poverty reduction of those plans into a set of six targets, first published in July 2000 in a joint brochure[17] and later, with the addition of an environmental target and some vague responsibilities of developed countries, collated as an annex to the Millennium Declaration.

The resulting Millennium Development Goals (MDGs) were the most successful example of the impact of club governance on the United Nations, as they shaped the development discourse and practice for 15 years without having ever been negotiated or endorsed by an inter-governmental process at the UN.

### Crisis of multilateralism or crisis of clubism?

The 2030 Agenda, in contrast, is the result of years of negotiations and consultations with unprecedented levels of participation, thus enjoying wide political support and legitimacy, even when key issues around measurement and assessment, the global indicators framework and the role of partnerships are still unsolved and subject to intense behind-the-curtain politicking.

After the adoption of the 2030 Agenda, the emergence of national chauvinism as a major political force in many countries has raised concerns about the 'crisis of multilateralism'. While it is true that the UN is frequently attacked by the right-wing anti-globalizers, the operation of 'club governance' and particularly the G20 and the G7 are suffering even more. The G20 has been unable to reach any major decisions after its first year of functioning at heads of State level. Further, a detailed comparative analysis of actual policies has shown that the protectionist and 'beggar thy neighbour' policies that the G20 was created to avoid are more frequent among G20 members than among other countries: "When faced with the same systemic economic crisis the governments that pledged at G20 summits not to erect new trade barriers and the like in fact raised them more often than those that made no such pledge."[18]

A similar credibility crisis has hit the G7 even more, as its members have colluded over almost every important decision on trade and finances since 2016. The constituent like-mindedness is clearly not there in the last two years and while many actors and observers of global governance seem to be just holding their breath and waiting for what they regard as 'normalcy' to return, this is not a sure bet.

Both multilateralism and club governance are in crisis simultaneously, but for different reasons. The UN system suffers not from lack of legitimacy but from a lack of authority, as the G7 and other 'clubs' unduly ignore or circumvent multilateral decisions and norms. The club governance mechanisms never had any legitimacy and now lack the essential like-mindedness that brought them together and are frequently unable to reach consensus. The generalized global chaos that threatens to emerge is precisely the kind of scenarios that the United Nations was created to avoid, three quarters of a century ago.

16 Heidhues (2011).

17 IMF (2000).

18 Evenett (2013).

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# Feminist mobilization and multi-stakeholder governance structures: insights from WTO and G20 experiences

BY CORINA RODRÍGUEZ ENRÍQUEZ, DEVELOPMENT ALTERNATIVES WITH WOMEN FOR A NEW ERA (DAWN)

Women's and feminist organizations are increasingly involved in economic issues and are actively participating in global resistances that challenge the implications of financialization, the concentration of wealth, the rise of inequality and the increasing power of corporations.

The advance of the women's agenda, as well as many years of advocacy work, has also permeated the agendas of multilateral institutions and the spaces of the multi-stakeholder global governance. However, both the approach that these institutions have on 'gender issues', as well as the space that they allow for the articulation of women´s voices are controversial and limited.

Two recent examples illustrate why this is so. One is the Joint Declaration on Trade and Women's Economic Empowerment on the occasion of the WTO Ministerial Conference in Buenos Aires in December 2017.[1] This statement was presented as a sample of the sensitivity of this institution to gender inequalities and the need to incorporate this dimension into the discussion on the global rules of regulation (or non-regulation) of world trade. However, the statement demonstrates a totally instrumentalist approach to women's rights, based on the idea that inequality gaps must be addressed only because it is economically efficient to do so.

The statement is an obvious denial of the enormous evidence already produced by feminist economics on the gender impact of trade policies, which demonstrate, in contrast to what the statement implies, that there is no possibility of producing gender-responsive trade policies within the framework promoted by WTO, which on the contrary privileges the interests of countries in the global North and of the large corporations. This inclusion of a gender agenda among their priorities is nothing more than 'pink washing' which in no way contributes to transforming the structures that reproduce inequality.

In a similar vein, the G20 included within its engagements groups one dedicated specifically to advancing proposals for the economic empowerment of women: the W20 (Women 20). This formal space for the articulation of women's voices is marginal, since it (as every other engagement group) produces non-binding recommendations to the leaders of the member states. But also, the way it operated at the last G20 summit in Buenos Aires showed the distance between the voices of women's resistance in the streets, and what these institutions are willing to accept in terms of formal engagement.

The persons appointed by Argentina to lead the W20 clearly represented the dominant view of the nature of the gender agenda. They insisted on the economic efficiency of women's economic empowerment, devaluing a rights perspective. Accordingly, they prioritize strategies such as women's financial inclusion (a refashioning of failed microcredit programmes), pushing minimalist visions that highlight, for example, that women who are small rural producers can transform their lives simply by being able

1 See https://www.wto.org/english/thewto_e/minist_e/mc11_e/genderdeclarationmc11_e.pdf.

to access e-commerce, without considering the structural roots of their exclusion.

The declaration of the W20 in Buenos Aires ended up including several of the demands of women's and feminist organizations, but much more by the persistent push of the delegates coming from the women's movement, than from the vision of those who led the process.[2] It goes without saying that the G20's own agenda, dominated by corporations, is in full contradiction with some of these aspirations, as indicated by women´s organizations working together in the Feminist Forum against the G20 that met in parallel and on the streets.[3]

Ultimately, these experiences show that the institutions of global governance are adjusting to the current times and therefore permeating the inclusion of references to gender issues. However, they do so from a superficial and instrumentalist view of women´s rights, through very limited mechanisms and in evident opposition to a progressive feminist agenda that systematically denounces the cooptation of these institutions by the interests of corporations and their functionality to a system that expropriates territories and people's livelihoods.

2 See http://w20argentina.com/wp-content/uploads/2018/10/W20_Communiqué_eng.pdf.

3 See http://dawnnet.org/cobertura-especial-dawn-en-el-foro-feminista-frente-al-g20/.

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# III

# Preventing the next financial crisis while financing sustainable development: Three propositions

BY KAVALJIT SINGH, MADHYAM, WITH THE SUPPORT OF STEFANO PRATO, SOCIETY FOR INTERNATIONAL DEVELOPMENT (SID)[1]

**The global financial crisis has critically exposed the vulnerabilities of a liberalized, privately focused financial system. Governments worldwide intervened in such a system, providing support with an unprecedented range of measures including bailouts, nationalization of distressed financial institutions, mergers and recapitalization. However, many underlying structural conditions that led to the crisis were only partially addressed, if at all. As the past months exposed the worrisome combination of increasingly unsustainable debt levels, financial market volatility and currency instabilities, concerns for the possible eruption of another financial crisis have been on the rise. Three key proposals could help preventing the next crisis while providing critical financing to sustainable development: explore the potential of development banks; restore the management of capital accounts within the standard policy toolkit of governments; and introduce a system of financial transaction taxes.**

Many economists consider the global financial crisis that erupted in the United States in 2007-2008 as the worst financial crisis since the Great Depression of the 1930s. The crisis initially began in the US subprime mortgage markets but soon grew into a full-blown global crisis as shocks were transmitted globally due to financial interconnectedness. The distressed banking system caused significant damage to the real economy.

The global financial crisis has critically exposed the vulnerabilities of a liberalized, privately focused financial system. In a bank-based financial system, banks are the key financial intermediaries as they allocate funds from savers to borrowers. A sound, well-regulated banking system is a *sine qua non* for macroeconomic stability and sustained economic development.

1 This article is based on Singh (2018) and other opinion pieces by the author, integrated, harmonized and edited by Stefano Prato.

As governments around the world pledged trillions of dollars in loans, guarantees, capital injections and other forms of assistance to rescue some of the world's biggest banks and financial institutions facing an imminent collapse, the financial crisis reignited an intense debate on the ownership structures of the banking sector and the desirability of direct state interventions in the financial sector. In many meaningful ways, the global financial crisis has challenged conventional thinking on state ownership of financial institutions and forced policy-makers to reconsider the role of the state in the financial sector, especially state ownership of banks and other forms of financial institutions.

The financial crises also exposed significant regulatory and architectural gaps, most of which remain unaddressed. The finance sector is far bigger and more interconnected today than it was before the crisis, with the significant rise of the asset management industry and the continued challenge to adequately regulate market-based finance, or 'shadow banking', in many jurisdictions. In this respect, the intergovernmentally agreed outcome of the 2019 ECOSOC Forum on Financing for Sustainable Follow-up rightly issued its call to financial regulators "to increasingly shift to looking at underlying risks associated with financial activity rather than the type of financial institution".[2]

## Massive direct state interventions ...

To contain the contagion effects that could seriously impair financial stability, governments worldwide intervened in the financial system, providing support with an unprecedented range of measures including bailouts, nationalization of distressed financial institutions, mergers and recapitalization. The overall objective was to avoid widespread bankruptcies in the financial sector and to restore financial stability.

During the crisis, bank bailout programmes made large amounts of public money and other forms of support available to big banks and financial institutions to contain financial panic. Some common elements in such state-led bailout programmes included: large-scale direct equity injections into banks and financial institutions; purchase of distressed ('toxic') assets by the governments; and issuance of blanket guarantees to a broad range of funding instruments including bank debt. An enormous amount of taxpayers' money was put at risk by these measures. Governments also launched large fiscal stimulus packages to boost aggregate domestic demand.

During financial restructuring, governments incurred substantial fiscal costs that were ultimately borne by taxpayers. It has been estimated that the amount of support to the systemically important financial institutions (SIFIs) was close to 25 percent of the world's GDP in November 2009.[3] In some countries, government finances came under severe pressure due to the financial support given to banks. In the case of Iceland and Ireland, a crisis that originated as a banking crisis became a sovereign debt crisis.

The 2009 Financial Stability Report of the Bank of England noted:

> In the highly unlikely event that all the facilities offered by central banks and governments were fully called upon, the scale of support to banking systems in the United Kingdom, the United States, and euro area would exceed US$ 14 trillion. This is equivalent to around 50 percent of these countries' annual GDP.[4]

It has been observed that the bulk of approved and effectively used state aid amounts were related to guarantees in the EU whereas in the USA, the Troubled Asset Relief Program (TARP) primarily comprised direct equity injections and distressed asset purchases. The TARP is the largest government bailout programme in US history.

## ... but ultimately business continued as usual

The overarching objectives of massive direct state interventions in the banking system were to safeguard financial stability and to encourage banks to continue lending during the crisis. Hence, several legitimate policy concerns related to substantial fiscal costs, moral hazard (encouraging excessive risk-taking by bankers as they would assume that taxpayers would pay significant losses in the future), creating an uneven playing field and distorting market incentives were overlooked by policy-makers.

After acquiring stakes in ailing banks, most governments did little to use their influence as majority shareholders to introduce fundamental changes in the way the banks did business. The public money handed over to big private banks was not fully leveraged to yield better policy outcomes such as forcing banks to change their risky business models or breaking up systemically important financial firms – also known as Too-Big-to-Fail (TBTF) institutions – into smaller, simpler entities that are easier to regulate and supervise. Needless to say, many banks are now bigger than they were in 2008, even after adjusting for inflation.

2 UN ECOSOC (2019).

3 Alessandri/Haldane (2009).

4 Bank of England (2009), p. 21.

Further, in many instances, bailout measures were not accompanied by organizational restructuring or imposing strict restrictions on dividend payments and executive compensation. For instance, close to 5,000 traders and bankers belonging to nine financial firms (including Goldman Sachs, Morgan Stanley, Citigroup and Bank of America) were awarded bonuses of more than US$ 1 million each in 2008. The nine firms paid US$ 32 billion in bonuses in 2008 while receiving US$ 175 billion in federal bailout money under the TARP during the same year.[5]

By and large, state ownership in distressed banks and financial institutions was temporary, short-term in orientation, poorly coordinated, and narrowly aimed at cleaning up their balance sheets. Public ownership was not conceived to formulate and implement relatively coherent long-term policies towards rebuilding a healthy banking system that can ensure financial stability as well as accomplish broader economic and development objectives.

### Signs of instability ... and the 2030 Agenda for Sustainable Development?

Room for optimism is shrinking rapidly as the past months have exposed a worrisome combination of increasingly unsustainable debt levels, financial market volatility and currency instabilities, all generating concerns for the possible eruption of another financial crisis. Despite the rhetoric of the 2030 Agenda for Sustainable Development, many policy streams continue to promote the financialization of the global economy while at the same time limiting the scope for regulatory interventions that may generate true alignment with the imperatives of sustainable development, including the strong emphasis on attracting private investment within developing economies and catalysing private finance without proper regulatory frameworks in place.

There is no denying that the private sector can make an important contribution to the realization of the SDGs, but the role of the public sector is fundamental to the delivery of public goods and services.

5 Freifeld (2009).

There is a need to scale up public investment to meet SDG-generated demands for financing.

Against this background, three possible work streams could facilitate convergence between two interconnected objectives: preventing the next financial crisis and ensuring adequate financing for the pursuit of the 2030 Agenda for Sustainable Development: explore the potential of development banks; restore the management of capital accounts within the standard policy toolkit of governments; and introduce a system of financial transaction taxes.

### 1. Development banks: a potential game changer[6]

The global financial crisis of 2008 has brought the role of development banks (DBs) and development finance institutions (DFIs) back into the policy spotlight. Post-crisis, governments across the world are considering these institutions as a part of the countercyclical policy toolkit, in addition to recognizing their role in supporting economic development and structural transformation.

Given that private investment (both domestic and foreign) has remained muted in the aftermath of the global financial crisis, the demand for public funds has increased in developing countries. In this context, development banks can act as catalysts in mobilizing development finance and help in bridging financing gaps to achieve the SDGs. The role of development banks becomes even more critical as the development finance landscape has rapidly changed in recent years with official development assistance (ODA) remaining far short of the UN target of 0.7 percent of the gross national income of DAC countries. The prospects for achieving this target remain bleak, at least in the near future.

The unique characteristics of development banks enable them to deliver on the SDGs with their ability to raise financial resources through various sources; provide funding to projects that would not otherwise receive it; and provide technical expertise to undertake long-term development projects. Besides,

6 For more information, see Singh (2018).

their willingness and experience to incorporate environmental, social, and corporate governance (ESG) dimensions in business activities place them in a strong position to play a leading role in meeting the SDGs.

In India and elsewhere, many development banks emphasize different development challenges such as housing, agriculture, women's empowerment and small-scale industries. Some of them have successfully shown that development success can go hand in hand with financial success. Such success stories can be replicated across the world. Poor and developing countries can set up new development banks to undertake this challenging task. A development bank should not necessarily be wholly government-owned, although some level of government ownership is desirable for achieving broader social and economic objectives. Development banks can mobilize finance required for development-oriented projects by borrowing from both domestic and international capital markets. To ensure that they can raise funds at reasonably low cost, development banks can be offered direct financial support by national governments or allowed to issue tax-free bonds. Another option is to raise concessional funds from international and national development banks such as Germany's Kreditanstalt für Wiederaufbau (KfW).

Indeed, different formulas might be explored. Although development banks are financial institutions with a substantial part of their equity owned by the state, there is no precise definition of a development bank. The World Bank defines a development bank as "a bank or financial institution with at least 30 percent state-owned equity that has been given an explicit legal mandate to reach socioeconomic goals in a region, sector or particular market segment".[7] The UN defines such banks as

> financial institutions set up to foster economic development, often taking into account objectives of social development and regional integration, mainly by providing long-term financing to, or facilitating the financing of, projects generating positive externalities.[8]

Their creditworthiness is ensured due to their backing by government funds and guarantees that also enable them to raise capital from national and international markets.

Development banks are also quite different in size, ownership, funding and business activities across the world. National development banks usually operate within a country, and are relatively small in relation to other financial players. They focus on the

7 de Luna-Martinez/Vicente (2012), p. 4.
8 UN (2005), p. 11.

Box III.1

## Prominent Development Banks

- KfW (Germany)
- Banco Nacional de Desenvolvimento Econômico e Social (Brazil)
- Norwegian Industrial and Regional Development Fund
- Green Investment Bank (UK)
- Industrial Development Bank of Turkey
- Agricultural Development Bank of China
- China Development Bank
- Development Bank of Japan
- Development Bank of Singapore
- Development Bank of the Philippines
- Industrial Finance Corporation of India
- Japan Bank for International Cooperation
- Korea Development Bank

promotion of the domestic economy and offer loans, equity and other financing instruments. The Small Industries Development Bank of India, the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) in Brazil, and the British Business Bank are some prime examples of national development banks.

By contrast, bilateral development banks finance development projects and activities in poor and developing countries. They provide a wide range of assistance, including grants, loans, structured funds and technical advice. Examples of bilateral DBs are the Japan International Cooperation Agency and KfW in Germany. In addition, there are regional development banks (such as the African Development Bank) and multilateral development banks (such as the World Bank) performing similar functions as that of bilateral development banks. Finally, there are a number of development finance institutions (DFIs) that make investments or lend money to private sector companies in sectors or countries that are unable to attract capital (see Box III.1).

### *Governance matters*

As many more governments are taking a fresh look at various types of state-owned financial institutions, it is essential that greater attention be paid to their governance, performance and public accountability, given their mandate to serve the public interest.

As development banking is inherently risky, state-owned banks and financial institutions face a peculiar challenge – how to remain financially viable while pursuing broader socioeconomic objectives. Some well-managed development banks often find it difficult to reconcile these conflicting objectives. However, they can face this challenging task under the right circumstances, with appropriate governance and policy frameworks (see Box III.2).

Studies on the performance of state-owned financial institutions show mixed results. Some poorly managed state-owned financial institutions failed, leading to substantial fiscal costs and poor development outcomes while some have performed spectacularly in terms of their economic sustainability as well as the fulfillment of broader development objectives.

There is no 'one-size-fits-all' model for the governance of state-owned banks and FIs as this is influenced by a wide range of factors, including a country's institutional environment and regulatory regime. As pointed out by development economists Janine Thorne and Charlotte du Toit, a state-owned financial institution is unlikely to achieve its desired

Box III.2

## Transparency and Participation: Closing the Gap

As public institutions, development banks and other state-owned financial entities should follow key principles of good governance – transparency, participation, inclusion and accountability – in the conduct of their business.

Transparency in business conduct and decision-making processes can enable citizens and other stakeholders to scrutinize projects supported by development banks and hold management to account for its decisions and actions. Citizens deserve to know how development banks are conducting their business. Transparency is also central to the concept of ethical business practice. Therefore, it is imperative that all relevant information related to project lending and other activities be publicly shared through a user-friendly interface. The banks should also disclose development impact data and analysis on ex-ante projections and ex-post impact assessments.

By combining transparency with participation, state-owned financial institutions can increase engagement with stakeholders and the broader public beyond the narrow world of banking professionals. They can enable new partnerships and flow of ideas and information between the state-owned financial institutions and stakeholders to achieve continuous improvements in accountability and overall performance.

objectives if the institutional environment in a country is weak coupled with weak regulation and supervision; its mandate is not clearly defined; its staff lacks critical skills in management and operations; and there is interference by corrupt officials, board members and politicians in its business activities.[9]

First, a development bank needs an enabling environment to accomplish its desired objectives. The prospects of a 'successful' development bank tend to be bleak in countries with weak political institutions, high levels of corruption, weak rule of law, and higher macroeconomic instability.

In addition, well-functioning legal and regulatory institutions are as much a prerequisite for public-owned development banks as for the private banks.

Second, the mandate of a development bank should be clearly articulated regardless of whether it is narrow or broad. In particular, the board of directors and the executive team of a state-owned financial institution should have a clear understanding of its purpose and objectives and their role in achieving this. It is likely that the bank's mandate may change over time, but it should be clearly articulated. Otherwise, a development bank may drift away from its stated objectives, leading to undesirable outcomes.

Third, under state ownership, the government is both the owner and the regulator of banks. Therefore, the government should establish a clear ownership policy, ensuring that it will regulate state-owned financial institutions in a transparent and accountable manner, avoiding any potential conflicts of interest.

Fourth, the quality of internal governance and management systems also play an essential role in the functioning of a development bank. The board of directors and the executive team of a development bank should have relevant expertise and experience to steer and manage the bank. This is a challenging task because not all countries have a deep pool of local expertise and talent to create and run a development bank. It is essential that the board of directors should be independent and of the highest standards of competence. Even though the ownership remains with the government, the senior executive team of a state-owned bank should have operational autonomy to run the day-to-day operations of the bank. Besides, strong internal control structures should be embedded in a bank's governance system to ensure a high quality of transparency and accountability not only to the government but to all stakeholders.

Fifth, the board and senior management team should have a commitment to integrity and be held accountable for their actions by the government, regulatory agencies and the wider public.

Finally, alternative regulatory frameworks should be worked out specifically for development banks as the commercial banking regulations may not be appropriate for development banks that do not raise money from depositors.

### 2. Capital controls and macroprudential tools

Maintaining financial stability is a big policy challenge for all emerging economies (EME). The recent episodes of financial crisis have amply shown that even those countries that followed seemingly sound macroeconomic policies also got exposed to 'sudden stops', or large reversals in capital flows. Hence the moot question is: How should emerging country policy-makers respond to prevent rapid currency depreciation and a sudden reversal in capital flows?

To begin with, EME policy-makers should proactively enforce capital controls to stem the risks of rapid capital outflows. The orthodox view is that capital controls do more harm than good. Critics question the effectiveness of capital controls, especially on outflows. Despite the negative connotation associated with the word 'controls', there are many positive experiences of using controls on outflows as a crisis management tool. This long list includes Malaysia in 1998, Iceland in 2008, Cyprus in 2013 and China in 2016.

9 Thorne/du Toit (2009).

EME policy-makers can impose controls on both inflows and outflows of capital to insulate themselves from external shocks as well as to provide some breathing space to address longer-term structural problems. Controls on inflows can be helpful in altering their composition in favour of less risky and longer maturity flows. Brazil is a well-known case in point. During 2009-2011, Brazil adopted a series of capital controls (including a tax on portfolio investments) to discourage inflows to combat the appreciation of the *real*.

Rather than be used as a last resort and on a temporary basis, capital controls should have a place in the standard policy toolkit and could be deployed by EMEs, keeping in mind their specific policy frameworks and country contexts. Given the prevailing adverse market conditions, policy-makers should shun their rigid stance against capital controls and adopt a pragmatic approach towards managing destabilizing capital flows. Decision-making in a complex, uncertain and financially interconnected world should not be driven by outdated neoliberal orthodoxy. In parallel, EME policy-makers should also impose macroprudential policy measures (such as caps on foreign currency lending, credit controls and countercyclical capital requirements) for containing financial boom and bust cycles.

It is well recognized that policy interventions are more warranted during the boom period to limit the buildup of risk in the financial system. In this regard, it is desirable to use both capital controls and macroprudential measures in an emerging economy facing a surge of capital inflows ('sudden flood'). EME policy-makers can choose the optimal mix of capital controls and macroprudential measures in mitigating currency and financial risks.

Moreover, EME policy-makers need to stay extra vigilant about corporate debt issued in foreign currencies by non-financial corporations due to the potential risks associated with the twin currency and maturity mismatches. Overall, there is a greater need for improving financial regulation and market surveillance in EMEs.

### *Discourage 'hot money' flows*

In the medium to long run, policy-makers in EME should concentrate on attracting long-term capital flows that improve the country's productive capacity through the transfer of technology and managerial know-how, rather than short-term volatile capital flows (such as bank lending and portfolio investments) that have tenuous linkage with the real economy and are prone to abrupt reversals. The role of short-term portfolio flows in causing or exacerbating financial crises in many EME is well documented.

It is high time that EME policy-makers rethink their approach to global financial integration, as previous experiences of financial liberalization (especially capital account liberalization) in many EMEs have proved to be costly and exposed them to financial crises of various kinds, while the actual benefits of capital account liberalization are hard to find. Particularly, the liberalization of short-term capital flows should be avoided.

### *International cooperation*

There is no denying that EME policy-makers should adopt sound domestic policies and improve macroeconomic fundamentals, but it may not be sufficient to withstand financial shocks that EMEs are currently facing from spill-over effects[10] of monetary policy normalization in the USA and other advanced economies. Hence, there is a need for global policy coordination. Advanced economies should also realize the need for global policy coordination as increased financial market volatility can generate significant spill-back effects on their economies.

Post-crisis, the importance of a global financial safety net has been well recognized. In this regard, bilateral currency swap agreements and regional financing

10 In this context, spill-over effects refer to the impact that policies and other normative interventions taking place in one economy can have on other economies, though the term could also be used with broader meaning. Such spill-over effects can also generate a return feedback (commonly defined as spill- back effects) on the economy that initiated the policy intervention.

arrangements, such as the Chiang Mai Initiative[11] and the Contingent Reserve Arrangement,[12] can be useful in providing liquidity support when a crisis hits.

International policy cooperation is also needed to manage cross-border volatile capital flows that can create financial fragility in the EMEs. Apart from imposing capital controls within the recipient countries, there is a logical reason for imposing capital account restrictions at the source countries to manage destabilizing capital flows at both ends. While prospects of such a cooperative multilateral approach remain bleak, its potential benefits for global financial stability are enormous.

So far, the G20 has proved to be ineffective in developing a collective response to manage policy spillovers and spill-backs. As financial risks are likely to amplify in the coming months, it is critical that all G20 members cooperate to identify and manage risks collectively. Otherwise, what's the point of the G20 harping about promoting global financial stability?

## 3. Financial transaction taxes

The financial transaction tax is an issue that never goes off the public agenda completely. It keeps coming back to policy and political discussions in different forms in different countries. Currently, the idea of a financial transaction tax (FTT) is gaining in popularity within segments of the US Democratic Party as a policy tool to curb excessive speculation and high-frequency trading that destabilizes markets; and to generate a significant amount of revenue to finance social programmes such as free college tuition. Contrary to popular perception, financial transaction taxes are not new. Many countries including the USA, the UK, Australia, Belgium, France, India, Italy, Sweden and Taiwan have already implemented similar taxes on a variety of financial transactions with mixed outcomes.

### *Potential revenue from a FTT*

There is no denying that the revenue potential of any financial transaction tax would depend on its specific design. However, the potential revenue that could be raised with a FTT is very large in the USA because more than US$1 trillion in stocks and bonds is traded on each business day in its financial markets. As several FTT proposals have been floated in the USA in recent years, the revenue potential estimates vary depending on the design of the FTT and modelling assumptions. Also, it is difficult to predict precisely how the behaviour of financial market participants will change due to a small transaction tax. Besides, actual revenue collections can fall short of estimates if market conditions deteriorate. Nevertheless, most estimates show that a US FTT could raise between US$ 35 billion and US$ 100 billion annually. These are not trivial amounts. A 2018 Congressional Budget Office report[13] calculated that a 0.1 percent tax on the value of securities and a 0.1 percent tax on payment flows under derivatives would increase revenues by US$ 777 billion over ten years (2019-2028), based on staff estimates of the Joint Committee on Taxation. This estimate takes into account offsets in income and payroll tax revenues.

Apart from reducing the federal budget deficit, part of proceeds of a FTT could be used to fund the Green New Deal (proposed by US Congressional Democrats), health care and other welfare programmes. Further, the FTT is a progressive way to generate tax revenues as the top 10 percent of American households own 84 percent of all stocks. Therefore, anyone concerned about the growing income and wealth inequality in the USA should welcome the financial transaction tax as it would be progressive in nature.

11 The Chiang Mai Initiative is a multilateral currency swap arrangement among the10 members of the Association of Southeast Asian Nations (ASEAN), the People's Republic of China (including Hong Kong), Japan and South Korea, launched after the 1997 Asian Financial Crisis to manage regional short-term liquidity problems and to avoid relying on the International Monetary Fund.

12 The Contingent Reserve Arrangement (CRA) was established in 2015 by the BRICS countries (Brazil, Russia, India, China and South Africa) as a framework for the provision of support through liquidity and precautionary instruments in response to actual or potential short-term balance of payments pressures.

13 Congressional Budget Office (2018).

Will the FTT drive trading away from the USA to FTT-free jurisdictions? Not necessarily. A US FTT may encourage other countries to adopt a similar tax, thereby reducing the scope of tax avoidance. As discussed below, some EU member states are supportive of implementing a FTT within the bloc. If both the USA and the EU agree on tax harmonization, international cooperation on the FTT is also feasible in the long run.

### *Taxing the bloated finance sector*

It is widely acknowledged that the US financial sector has remained undertaxed despite achieving unprecedented growth in the last three decades. For instance, most financial services are exempted from both value-added and state-level sales taxes. The same is true of other developed countries. At its peak in 2007, the financial sector contributed 8.3 percent to US GDP and accounted for 41 percent of total corporate profits. Eleven years later, Wall Street profits are heading back to pre-crisis levels.

Strange it may sound, but too much finance could be bad for the economy as a growing body of economic literature shows that financial development benefits the economy only up to an optimal point, beyond which the costs begin to rise.[14] While analysing the relationship between financial development and growth, the IMF Staff Discussion Notes in May 2015 stated that "the effect of financial development on economic growth is bell-shaped: it weakens at higher levels of financial development".[15]

On whether real economy has benefited from the recent growth of the financial sector, Adair Turner, the then chairman of the Financial Services Authority of the UK, wrote in 2010:

> There is no clear evidence that the growth in the scale and complexity of the financial system in the rich developed world over the last 20 to 30 years has driven increased growth or stability, and it is possible for financial activity to extract rents from the real economy rather than to deliver economy value.[16]

Not only can excessive finance increase the frequency of boom-bust cycles, thereby undermining financial stability, but it can also divert resources, talent and human capital from productive sectors of the economy to the financial sector.

The 2008 financial crisis and the ensuing bank bailouts have clearly shown that the bloated financial sector can impose significant costs on the broader economy and society. Hence there is a strong rationale for seeking a "fair and substantial contribution" from the financial sector to the fiscal costs of bank bailouts.

The 2008 crisis has also raised legitimate questions about the benefits of an oversized financial industry in the USA. There is a growing consensus that a stable and well-regulated financial sector is vital for the achievement of long-term sustainable economic growth and developmental objectives. Post-crisis, there has been a great deal of discussion on curbing the short-term speculative trading in US financial markets. In this context, a financial transaction tax could be a part of the policy toolkit to dampen the unproductive parts of the financial sector.

### *Curbing high-frequency trading*

Another key objective of a financial transaction tax is to curb high-frequency trading of doubtful social value. In the last two decades, the landscape of stock market trading has changed drastically since high-frequency trading (HFT) came into vogue during the 2000s. On Wall Street, high-frequency traders rely on high-speed connections to trading platforms, use high-powered computers to execute trading orders and take very short-term positions.

HFTs belong to a broader group of traders known as algorithmic traders. Algorithmic trading is based on a technology-driven pre-programmed mathematical

14 See, e.g., Cecchetti/Kharroubi (2012); Cecchetti/Kharroubi (2015); Sahay et al (2015).

15 Sahay et al. (2015), p. 5.

16 Turner (2010).

model that allows execution of trading orders at a very high speed (without human intervention) to benefit from the smallest movement in the prices of stocks, commodities and currencies. Computers execute the buy or sell orders, not in seconds, but in microseconds. The high-frequency traders take advantage of tiny differences in prices to book profits at the expense of retail investors with slower execution speeds.

Fears have been expressed that HFT could be a source of market instability as witnessed during the 2010 Flash Crash when a rogue algorithm sparked a sudden 9 percent fall in the Dow Jones index and wiped out nearly US$1 trillion in market value within few minutes. There are also legitimate concerns that the high trading volumes generated by HFT firms can push prices away from fundamental values.

The supporters of HFT often highlight its important role as a provider of liquidity. However, that role is increasingly being questioned by experts in light of evidence that shows that high-frequency traders can withdraw from their market-making role if the volatility rises abruptly or if they detect markets are becoming more one-sided.

As most high-frequency traders employ similar algorithms and adopt similar strategies, a simultaneous withdrawal by HFTs can pose a systemic risk to the entire market, as happened during the 2010 Flash Crash. As pointed out by Nikolaos Panigirtzoglou of JP Morgan: "A simultaneous withdrawal by HFTs not only amplifies the initial market move, but also creates step changes or gapping markets as liquidity provision gets impaired and quotes are withdrawn."[17]

In a relevant research paper, Didier Sornette and Susanne von der Becke of ETH Zurich noted: "HFT provides liquidity in good times when it is perhaps least needed and takes liquidity away when it is most needed, thereby contributing rather than mitigating instability."[18]

17 Quoted in Durden (2016).

18 Sornette/von der Becke (2011).

After the 2010 flash crash, regulatory authorities in the USA and Europe have introduced new measures (such as circuit breakers) to regulate harmful HFT. A financial transaction tax could also complement such regulatory measures to rein in high-frequency trading in the US markets. An FTT will make transactions with a shorter time horizon costlier, hence curbing aggressive short-term trading that benefits high-frequency traders more than ordinary investors.

What is good for high-frequency traders is not necessarily good for ordinary investors.

### *Europe leads the way*

In the aftermath of the 2008 financial crisis, the idea of introducing a financial transaction tax has gained momentum in Europe.

After the G20 leaders failed to endorse an FTT for raising new resources for poor countries, the European Commission in 2011 proposed a European Union financial transaction tax (EU FTT) that would apply to all financial transactions, except bank loans and primary markets. The base of the proposed EU FTT is very broad covering a wide range of financial instruments and transactions such as securities, derivatives, repurchasing agreements (repos) and money market instruments. Under this proposal, the trading of shares and bonds would be taxed at a rate of 0.1 percent while derivative contracts would be taxed at a rate of 0.01 percent. Further, the FTT would have to be paid if only one party to the transaction is located in the EU.

The proposed tax was supposed to be launched in January 2014, but it got postponed several times due to lack of unanimity among all EU member states on how this tax would be implemented. In 2013, an attempt was made to introduce an FTT in 11 member states through the instrument of 'enhanced cooperation'. After that, the UK's vote in the 2016 referendum to leave the European bloc has further delayed this process.

It is important to note that some member states such as France, Belgium, Italy and Greece have already introduced a tax on financial transactions within their jurisdictions. France introduced a FTT on equities in August 2012 while Italy introduced it in March 2013. These member states have confirmed their commitment to introducing an EU-wide FTT, despite strong opposition from European financial firms and some member states, such as the UK and Sweden.

In the coming years, the FTT is likely to remain on the EU agenda even though the bloc is currently grappling with the potential Brexit fallout.

### *Financial transaction taxes in India: alive and kicking*

India introduced a securities transaction tax (STT) on stock market transactions in 2004 and based on its success, a commodity transaction tax (CTT) on trading of non-agricultural commodity futures contracts in 2013. From 2018 onwards, the CTT has also been imposed on commodity options contracts which were introduced in the Indian markets.

In a recent op-ed article in the *Financial Times*, Kirsten Wegner, chief executive of Modern Markets Initiative, an advocacy group sponsored by high-frequency traders, claimed that India's experiment with the FTT had failed badly.[19]

Contrary to Wegner's assertion, financial transaction taxes are alive and kicking in India. From a revenue generation perspective, India's STT has been a success story with an average collection of US$1 billion for the past eight fiscal years. During 2017-2018, the STT collection touched Rs.118 billion (US$ 1.6bn), not a trivial amount in a country with a narrow tax base.

The Indian experience shows that both transaction taxes are an efficient instrument of tax collection as the tax is collected by the exchanges which then pay it to the exchequer, thereby overcoming cumbersome bureaucratic processes.

Some of the concerns raised by the critics of India's financial transaction taxes have not yet materialized in the Indian markets. The critics had anticipated a lower trading volume would reduce liquidity, and thereby market quality. There is no evidence to suggest that the transaction taxes have triggered a liquidity squeeze in the Indian markets.

Wegner refers to a fall in trading volume in the Indian commodity markets during 2013-2014 and puts the blame solely on the CTT. There is no denying that the commodity trading volume dropped during 2013-2014, but the principal reason behind the drop was the Rs.6 billion payment scam that broke out at National Spot Exchange Limited in July 2013, not the CTT of 0.01 percent as Wegner argues. In this scam, some 200 big commodity brokers were alleged to have colluded with the exchange to defraud investors. Since 2017, trading volumes and liquidity at the Indian commodity exchanges have gone up despite the CTT.

Besides broadening the taxation of the financial sector, these taxes can enable Indian authorities to trace certain transactions that undermine market integrity. The transaction taxes could be particularly valuable to the authorities as alternative mechanisms to track the flow of illicit money into the Indian financial markets are weak. Besides, a centralized database of money flows helps fill the large information gaps about the real ownership of financial assets.

### *Is the FTT a silver bullet?*

Of course, a FTT is not a panacea to resolve all the ills plaguing Wall Street, but its potential to raise substantial tax revenues and to curb high-frequency trading of doubtful social value cannot be overlooked.

The success of a FTT in the USA would largely depend on the design of the tax. The tax should be levied widely, covering a wide range of financial instruments, transactions and institutions to prevent tax avoidance. The US authorities need to design the FTT in such a manner that maximizes revenue and minimizes distortions. Achieving multiple policy objectives through a FTT will always be a balancing act. To make it effective and responsive, the proposed FTT may need additional fine tuning as nowadays market conditions change rapidly.

19 Wegner (2019).

The USA is in an advantageous position as it can learn from different countries' experiences (both positive and negative) with the STT. It can design the proposed tax based on some successful examples while avoiding the design flaws of the Swedish FTT.

If carefully designed, and used in conjunction with other regulatory measures, a FTT has the potential to rein in the casino mentality and short-term orientation that characterize the US financial markets.

## Conclusion

Going forward, it is clear that unprecedented financial market volatility lies ahead. Macro risks are likely to dominate the global financial markets in the coming months. Foreign investors are fleeing emerging markets amidst fears of a prolonged trade war between the USA and China. Currently emerging market economies are facing several headwinds, including the slowdown in advanced economies; weakening of world trade growth; tightening of global financial conditions; and rising political and policy uncertainty in key EMEs such as Argentina and Brazil. On the other hand, growth in all major developed economies is projected to slow down significantly in the next two years.

The time is ripe for a well-coordinated global policy response to address this challenging macroeconomic landscape as well as to resolve trade disputes cooperatively. Unfortunately, the current global political environment is not conducive to enhancing international cooperation and policy coordination. In many important ways, all these developments spell bad news for the achievement of the 2030 Agenda as its goals can only be realized through the mobilization of additional financial resources and strong global partnerships.

In this emerging scenario, national policy-makers should remain vigilant and be prepared to respond to risks emanating from simmering trade conflicts, further financial tightening, a no-deal Brexit and heightened political uncertainty due to the rise in populism and anti-establishment politics worldwide.

The 2008 financial crisis has been unprecedented in terms of its scale and the speed at which it unfolded and engulfed the world economy. Hence, policy-makers should not wait until the risks transform into a full-fledged systemic financial crisis. The earlier policy-makers identify macroeconomic risks, the more effective their policy actions are likely to be.

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# IV

# Sustainable development: First, do no harm

BY MARINA LENT, GLOBAL POLICY FORUM

**Fulfillment of the vision laid out in the 2030 Agenda means creating conditions in the inextricably related economic, environmental and social dimensions of life that enable people to individually and collectively create and enjoy their vision of a good life in a manner that also permits the flourishing of the planet.**

**Individual and collective visions of a good life will occasionally conflict or even preclude the realization of one over another. But the essence of good governance is to collectively prioritize difficult decisions. Based upon consensual rules, authorities must inevitably choose among policies and actions that concretely affect the lives of individuals, community life and the health of the environment that gives us life.**

**The 2030 Agenda aims at "a world of universal respect for human rights and human dignity … of respect for race, ethnicity and cultural diversity". But in what instances and in what ways is governance – as the mechanisms by which a government weighs and evaluates competing claims and chooses a path – itself a confounding factor that undermines the aspirations articulated in the 2030 Agenda?**

**This chapter examines the role of governance in maintaining the obvious chasm between aspiration and reality through the experience of the loss of indigenous peoples' territories.**

## The 2030 Agenda: New paradigm or same wolf in a sheepskin coat?

All nation states, regardless of ideology or convictions– capitalist, communist, colonizer or newly independent nation, foreign power or domestic, regardless of religion or creed – have all engaged in despoiling indigenous peoples' essential basis of existence: their territories. This continues to this day. Everywhere we look, on every continent, national and local governments are paving the way, both physically in the case of roads and legally in the case of government agreements with industries, for mono-cultivation for export, fossil fuel (petroleum and gas) extraction, mineral extraction, energy projects, including so-called 'green' industries such as large-scale wind farms, infrastructure and tourism. All of these expanding industries are destroying historic indigenous cultures and peoples.

This largely unfettered access to natural resources and territories also represents the type, scale and global spread of activity which has led to the systemic threat posed by anthropogenic climate change to all this planet's life forms. Is the 2030 Agenda capable of breaking this pattern? Or is it just the next iteration of destruction?

The word **'development'** itself implies progression: ideally, progression towards socioeconomic and political systems more capable of delivering fulfillment of the human being within stable societies.

Applying the terms **'developed'** and **'developing'** to countries of the global North and global South, however, implies that the outlines of 'development' are to be sought in industrialized countries.

In recent decades, **economic development**, ever-increasing productivity enabling ever more intensive and extensive production for ever more widespread and momentum-gathering consumption in a positive feedback loop of economic growth, has become an end in itself instead of a means to healthy societies.

The quest for universal economic/industrial development along these lines presents an insoluble dilemma. The current level of consumption in so-called "developed" countries is made possible through intensive use of domestic resources, plus the ongoing flow of resources from so-called "developing" countries. Positing this level of consumption for all people on earth is a manifest impossibility. That it can never be achieved is overlooked or explained away by blind faith in the ability of technology to circumvent the limitations of this closed-system planet over and over again, while the human population continues to swell in numbers.

## From colonialism to climate change via economic development

Even in the early days of natural resource plunder by colonial powers, the earth's limits were apparent – using up centuries of guano accretion to power a few decades worth of agricultural intensification in Europe, for example,[1] or causing "commercial extinction" of whales as a source of lamp oil, or eliminating the vast North American buffalo herds with the overtly genocidal intent of destroying the subsistence of the plains Native American tribes,[2] while innovations in tanning in England and Germany enabled Europe to use the millions of hides to make shoes and industrial-production conveyer belts.[3]

*Thus the extinction of the dodo bird is the harbinger of climate change* – and still, humanity clings to its near-consensus on the elusive promise of development plus technology to finally enable *all* humans to consume without consideration.

So here we sit: with no dodo bird, having brought on earth's sixth "great extinction" era, the Anthropocene, while climate change is wreaking havoc the world over with its storms, floods, droughts, heat waves, fires and mudslides, polar vortex, and melting ice packs.

Before too long, millions of people in (mostly) global South countries rendered uninhabitable by climate change[4] are expected to become internally displaced, migrate to overcrowded cities or poorly-supplied refugee camps or die in their hundreds of thousands, while people in the global North are advised to develop "resilience" to overcome the disruptions of climate change. And many of them, too, will become dispossessed, displaced and will die.[5] The conditions that accompany such disruptions will greatly accelerate the further development of antibiotic resistance, and infectious diseases we have little ability to treat will become ever more common. We've only just begun.

But indigenous peoples have been experiencing this level of devastation on a local scale for centuries, and its pace is not slowing. On the contrary: the globalized economy and the entry into global markets of major new economic powers has accelerated and threatens to complete the destruction that was begun by European colonizers centuries ago.

'Doctrines of dispossession' such as the Doctrine of Discovery – a concept dating back to the era of Columbus through which colonial powers laid claims to lands occupied by indigenous (non-Christian) peoples[6] – were egregious in their overt racism; but today's doctrines of dispossession centre on economic development and are no less effective at

1 Giaimo (2015); see also Galeano (1973).

2 Taylor (2007).

3 Phippen (2016).

4 Markham (2019).

5 Bendell (2018).

6 See https://www.un.org/press/en/2012/hr5088.doc.htm.

dispossession and destruction of the independent, vibrant cultures of indigenous peoples in the territories within which they have traditionally lived. What is the common thread in the governance of these profoundly different nations and empires, that allows them to justify continuous dispossession and destruction?

## The 2030 Agenda: what would make this a new development paradigm?

By making the break from the past and stating that the Sustainable Development Goals (SDGs) apply to *all* countries, there is at least a glimmer of understanding that 'development' does not mean duplicating the social, economic, political, and cultural patterns of countries of the global North. Recognition is dawning, perhaps even at the World Economic Forum, that doubling down on the accumulation of wealth and power among the wealthiest, powered on the one hand by the middle-class greyhound pack racing desperately to catch the mechanical rabbit in the form of the promise of at-will consumption, and on the other, by the working poor who are just trying to get through the month, the week, the day without becoming destitute, is a dangerous and unstable path to follow.

The 2030 Agenda recognizes – at least in theory- that the countries of the North are *not* developed, not until they eradicate multidimensional poverty and hunger, provide culturally-appropriate, globally-aware education and universal healthcare to all of their residents, reduce inequality between their richest and poorest citizens, face up to their role in creating global climate change, and aggressively pursue the necessary changes in production and consumption that will moderate the effects of human activity on the planet.

How will the 2030 Agenda for Sustainable Development translate into positive lasting changes for people at the household/community level? This is where reality takes place: where people individually and collectively experience a flourishing or deprived existence.

## Governance means making space for choice

The SDGs are characterized by the call to "leave no one behind". However, indigenous peoples have not been accidentally 'left' behind; they have been systematically pushed behind by economic and political systems which devalue their contribution and then dispossesses them of the very things that make them strong – their relationship to their land, or territory.

The Inter-American Court of Human Rights, granting reparations to the Kaliña and Lokono peoples in Suriname in 2015 affirmed that indigenous peoples are ethnic peoples with the particular characteristic that their life *within their specific territories* most essentially defines them.[7]

Elaborating on this the Inter-American Commission on Human Rights stated that 'survival' must be understood as the ability of the indigenous peoples to

> 'preserve, protect and guarantee the special relationship that [they] have with their territory', so that 'they may continue living their traditional way of life, and that their distinct cultural identity, social structure, economic system, customs, beliefs and traditions are respected, guaranteed and protected'...[8]

Thus it appears that indigenous peoples' right to survive as ethnic peoples is not explicit in the 2030 Agenda, in that the indissoluble link between indigenous peoples and their territories is nowhere reflected directly.

Indigenous peoples' relationship to their territories and to the societies of the nation state(s) within which their territory is located is complex and cannot be boiled down to a simple "either/or". Indigenous peoples' relationship to the larger society occurs

7 Inter-American Court Of Human Rights Case of the Kaliña and Lokono Peoples V. Suriname Judgment, 25 November 2015 (www.corteidh.or.cr/docs/casos/articulos/seriec_309_%20ing.pdf), p. 82.

8 Indigenous Peoples, Afro-Descendent Communities, and Natural Resources: Human Rights Protection in the Context of Extraction, Exploitation, and Development Activities, 2015, http://www.oas.org/en/iachr/reports/pdfs/ExtractiveIndustries2016.pdf, p. 82.

along a *spectrum*, from voluntary isolation within the ancestral territory to full-scale integration of individuals, who, while knowing their cultural roots in their indigenous identity, for all intents and purposes live as individual members of the larger society. The point is that *where people individually or collectively fall on this spectrum should be a choice*. Taking away the territory wipes out almost all of the spectrum of choice, almost always leaving only involuntary exile in an often hostile social, political and economic society.

The issues surrounding indigenous lands and natural resources concentrate some of the most difficult governance challenges simultaneously. The country's need for investment, the national government's need for revenue, pressure from foreign governments, international financial institutions and corporations, land-hungry people looking for bare subsistence, drug cartels looking for land and looking for cover, all of these come to bear on the territories of indigenous peoples. This makes the survival of indigenous peoples within their territories a pivotal test for the integrity of governance.

### Poverty, dispossession and subsistence

Among indigenous peoples, poverty is frequently concentrated among people who have been dispossessed – those whose ancestral territories have been rendered unlivable through development or outside settlement, and whose family and community structures have been forcibly torn apart.

The frequently noted inadequacy of counting 'poverty' solely in financial terms implies that all people's living circumstances are comparable, Viewing economic well-being solely in terms of the ability to conduct financial transactions for commercially available goods and services assumes away all community-based subsistence activity, thereby missing some of the most crucial determinants of well-being.

On the one hand, this could be good news, in that some who appear to be abjectly poor and deprived in the statistics relating to their financial status are actually living a life that allows for a certain amount of independence, creativity, health and well-being. On the other hand, however, it means that the determinants of their well-being, the communities and practices which sustain them, can be destroyed overnight by actions of the public or private sector without leaving a trace on measurable indicators, in fact, making it appear (as they move to the cities and seek paid employment, if they are fortunate enough to find it), as though their well-being has increased, when it most emphatically has not.

Subsistence activities such as barter, sharing of resources, growing and gathering food, or hunting and fishing for personal/household or extended family and community use are strong patterns of living in most rural communities in *all* countries, including industrialized countries. It is activities such as these, not ideology or national identity, that most closely tie people to each other to form a community and build a shared identity.

These patterns of living are deeply intrinsic to indigenous traditions, values and development approaches, and characterize indigenous peoples' collective ownership and management of land and natural resources.

### Governance in practice: What makes it work?

The commitment of the 2030 Agenda to empower marginalized people (if taken seriously) requires a fundamental change for governments. When government officials, elected or appointed, allow their responses and decisions to be guided by the calculations of relative power of the interested and participating parties, the "vulnerable" groups identified in the Agenda will lose out against more powerful interests *by definition*. And isn't this precisely what the clarion call to "leave no one behind" is meant to address?

In order to deliver on the pledge to "endeavour to reach the furthest behind first",[9] governance must change its current mode of operation. Empowering vulnerable groups means changing their position in the calculation of power to purposely endow their

9 UN (2015), para. 4.

interests with the priority that their economic, social and political power alone will not give them. This could be effected with the universal implementation of progressive free, prior and informed consent models in the face of development and investment projects.

In the case of indigenous peoples, however, this process labours under a history where, as the UN Special Rapporteur on the rights of indigenous peoples Victoria Tauli-Corpuz has noted, "severe conflicts and violence have occurred in the context of projects that have been undertaken without good-faith consultations or the free, prior and informed consent of the indigenous peoples concerned".[10] In addressing the complex issues around consultation and free, prior and informed consent in 2018, the Special Rapporteur pointed to "deep divergences on the nature and contents of the rights to consultation and consent among the various actors involved, notably between States and indigenous peoples, and on appropriate ways to operationalize those rights." Her recommendation points directly towards governance, stating: "… dialogue should be undertaken between indigenous peoples and State actors about the nature and content of the relevant international standards, while taking into account indigenous peoples' views on how to implement them." She then highlights the underlying concerns of indigenous peoples as "the need for strengthened respect for and protection of their rights to lands, territories and natural resources, their culture and their development priorities".[11]

## Indigenous peoples in the crosshairs of development

Discrimination and persecution of indigenous peoples have always had the dispossession of their territories at their roots. The survival of indigenous peoples as ethnic peoples with their culture and identity intact is rooted in their territories and ecologies, which together form their ideological and spiritual cosmo-vision, and are the substrate of their economic, cultural, social, spiritual and physical survival as unique ethnic peoples.

Reporting to the Human Rights Council in 2018, the Special Rapporteur on the rights of indigenous peoples highlights the way in which large-scale development projects, including mining, hydroelectric dams and logging have led to increasing violence against indigenous peoples. She points out:

> Large-scale development projects are major drivers fueling the escalation of attacks and the criminalization of indigenous peoples. The frequent undertaking of such projects without genuine consultation or measures to seek the free, prior and informed consent of the indigenous peoples concerned must cease.[12]

She further stresses that collective land rights of indigenous peoples need to be recognized as the root causes of attacks and criminalization, involving

> accessible, prompt and effective procedures to adjudicate land titles; the review of laws on expropriation; adequate mechanisms to resolve land disputes; effective protection from encroachment, including through early warning systems and on-site monitoring systems; and the prohibition of forced evictions.[13]

## Territory: a living organism or a natural resource depository for the taking?

The pre-colonial indigenous way of life has generally been premised on an indefinite (i.e., sustainable) relationship consisting of use and tending of the territory as a whole. That Whole, not just the human element of that whole, forms the essence of the culture of the peoples belonging to that territory. The territory inherently includes all of its plants, animals, cycles of water and nitrogen, seasonality and sun, fungi, insects, land features, minerals, soils, micro-biome and geologic substrate. The elements of the whole are indivisible. Together, they can be viewed as an organism, and people are an essential element of that organism.

10 Tauli-Corpuz (2018a), para. 12.

11 Ibid., para. 13.

12 Tauli-Corpuz (2018b), para. 90.

13 Ibid., para. 91. See also Tauli-Corpuz (2019).

In contrast, the use of land under what is conventionally understood as 'development' or 'economic activity' tends to focus on a particular resource within or use of that land. The narrow, targeted action to use, extract or acquire intervenes decisively into the entire rest of the fabric of the life of the land, frequently severely impoverishing its diversity and vitality, sometimes forever.

But this recognition of the natural environment as an integrated and indivisible whole, rather than a wide-open larder full of items for the taking, is difficult to discern, even in faint outline, in the 2030 Agenda. It is not clear that it is definitively understood *and accepted* that the survival and identity of indigenous peoples is contingent on their continued existence within the intact territories that have sustained their ancestors – although target 15.9 under SDG 15 on the sustainable use of terrestrial ecosystems does open the door to changing the conception of the natural world: "By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts."

### Governance matters: people and peoples in the balance

As citizens of the nation state, indigenous peoples are entitled to the social services which are the responsibility of government to provide equally to all residents. And yet, time and time again, the process of "consultation" over large-scale development projects in indigenous territories presents a trade-off of by-right social services in exchange for "consent" to a development project which displaces people from their land.[14]

Considering indigenous peoples only in light of their economic deprivation, social discrimination and exclusion, without reference to the all-important factor of territory, allows for the presumption of eventual complete dispossession of remaining indigenous territories while making provision for the survival of the affected human individuals by securing their existence at the very bottom of the social and economic scale of the nation.

For indigenous peoples, the stakes could not be higher: nothing less than their survival as distinct ethnic peoples, along with their identity and livelihood and that of their forebears and progeny. So no matter what redress, compensation or access to services are provided for them, if their territories are not under their control, history shows that these territories will be relentlessly exploited and destroyed in the process.

And when they resist the takeover and destruction of the territory on the basis of *rights they have* under law, they are portrayed as 'anti-development', 'anti-state', 'traitors', 'terrorists' or 'criminals', as the Irish human rights organization Frontline Defenders points out.[15] People are threatened, beaten and repressed by both state and private forces, with no recourse to protection, let alone justice. Criminalization, often leading to lengthy jail sentences of indigenous leaders aims to intimidate and silence dissent and opposition.

Indigenous peoples have historically already paid far more than their fair share for 'development'– paid with the lives of millions of people, and with territories in all corners of the globe destroyed or overtaken by others and irretrievably changed. They must not be forced to continue to pay for a model of national and international economic development where the rich get the lion's share of the proceeds and the poor are vying for what's left over.

### The UN Declaration on the Rights of Indigenous Peoples as a guide to governance

Governance means engaging with individuals, groups and independent entities who affect and are affected in the common (national) space. It also means having the judgment, insight and foresight to set a course that equitably addresses different sectors' needs and rights by making decisions according

14 Yriart (2016), pp. 30-31.

15 https://www.frontlinedefenders.org/en/resource-publication/global-analysis-2018, p.6.


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to principles, values and, to the greatest extent possible, a common understanding of shared benefit and shared burdens among different sectors of society.

When it comes to the processes by which society and governments engage with indigenous peoples, however, they are highly dysfunctional. Despite the principles and framework for decent governance in relation to indigenous peoples provided through the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), the process of disrespect and dispossession continues with many hundreds of violent conflicts over indigenous territory happening throughout the world.

Can the international community and the 2030 Agenda process succeed in sufficiently engaging all the groups and individuals, especially at the national and local level, to de-escalate and transform the explosive and conflict-prone situations which continue to deprive indigenous peoples of their land?

## Indigenous Peoples at the UN

UNDRIP forms the basis for understanding and elaboration of the human rights of indigenous peoples. As described by the Secretariat to the Permanent Forum on Indigenous Issues,

> The Declaration on the Rights of Indigenous Peoples constitutes a framework of minimum standards for the survival, dignity, well-being and rights of the world's indigenous peoples and provides guidance on incorporating the rights and priorities of indigenous peoples into the development paradigm.[16]

Central to UNDRIP's articulation of fundamental human rights in relation to indigenous peoples is the right to grant *or withhold* their free, prior and informed consent. Article 32.2 of UNDRIP states that:

> States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to the approval of any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources.

Overall, the 2030 Agenda is mixed with respect to the aspirations of indigenous peoples. The balance between non-discrimination and self-determination, a thread that runs throughout the work of the UN on indigenous peoples, and is strongly reflected in the contributions of the Indigenous Peoples' Major Group,[17] is largely missing in the 2030 Agenda. For example, while virtually all the goals unambiguously affirm equality of access, opportunity and treatment, "many core norms of indigenous peoples' rights are missing from Agenda 2030, including the right to self-determination and collective rights".[18] In addition, certain targets and indicators raise alarming prospects of accelerating land-grabbing in the name of sustainable development such as indicator 9.1.1 under SDG 9 on infrastructure and industrialization, on the "proportion of the rural population who live within 2 km of an all-season road". When it comes to the experience of many remote communities, roads can spell encroachment, environmental degradation and displacement[19] but can also provide needed access to the benefit of communities. Other than in the case of voluntary isolation, then, both indigenous peoples' own mechanisms of governance and local/national governance would have to work in concert to prevent the risks and ensure the benefits that a road can represent.

## No means No, Yes means How

While it is beyond the scope of this paper to delve deeply into the intricacies of the right to consent, it features prominently in the challenges of governance, sustainable development, and the survival of indigenous peoples within their territories.

16 UN Doc. E/C.19/2018/2, para. 2.

17 https://www.indigenouspeoples-sdg.org/index.php/english/

18 Gilbert and Lennox (2019).

19 Laurence (2012).

A recent report of the Expert Mechanism on the Rights of Indigenous Peoples on Free, Prior and Informed Consent (FPIC) opens with the statement that FPIC

> is a human rights norm grounded in the fundamental rights to self-determination and to be free from racial discrimination guaranteed by the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Convention on the Elimination of All Forms of Discrimination.[20]

However, this apparently solid foundation becomes soft as the report finds itself unable to clearly specify any circumstances under which lack of consent will *of necessity and immediately preclude* moving ahead with a proposed project. Although reference is made to the burden of proof being on the State to demonstrate the necessity to override refusal to grant consent by indigenous peoples (para.39), the fact that the report sees a legal opening for a State to circumvent the *right to withhold consent* to a large-scale project in indigenous territories is of grave concern, given the track record of States with regard to indigenous territories.

A recent expert group meeting of the Permanent Forum on Indigenous Issues,[21] pointing to the increased violence against and resource appropriations of indigenous peoples, highlights issues of peace and security, food sovereignty and improvements to current and future trade and investment agreements as priority issues for indigenous rights, and stresses the importance of active involvement of indigenous peoples in the 2030 Agenda review and implementation process. The Permanent Forum also recommended development of core indicators for indigenous peoples in the global indicator framework, in particular the inclusion of an indicator on the legal recognition of the land rights of indigenous peoples under Goals 1 and 2.[22]

20 UN Doc. A/HRC/39/62, para. 3.

21 UN Doc. E/C.19/2018/7.

22 UN Doc. E/C.19/2018/2, para. 9.

### Where sustainable development exists, *leave it in the ground*

If an indigenous people's territory were to be viewed as being already sustainably 'developed' according to the principles and vision of the 2030 Agenda, and were taken out of the 'sustainable development' equation for any additional activities deemed by the indigenous peoples of that territory to be damaging to it, what effect would that have on efforts to achieve the goals of the 2030 Agenda?

SDG 12, "Ensure sustainable production and consumption patterns", implies that the planet's resources must be used as efficiently as possible. This is reflected in the strong emphasis on waste reduction in its targets and indicators. But waste is low-hanging fruit, as only very few people vociferously defend the need to maintain a large waste-stream as a quality-of-life issue and a right.

Leaving it in the ground means not consuming the resource in question. Under existing governance mechanisms and power relations, having a goal of reducing total consumption would lead powerful countries to squeeze less powerful countries even harder in the name of achieving this goal; and powerful individuals within countries would do likewise to ensure that their interests are supplied before those of the poorer sectors of their societies. Hence the need for prioritizing the reduction of consumption of the heaviest consumers *first*.

Given the harsh limitations on the use of land and natural resources posed by the devastating local effects (especially on indigenous peoples) and profoundly threatening global effects of human activity on the world's ability to sustain life as we know it, changing existing consumption patterns through more equitable distribution of access to consumables is imperative if we are to fulfill the primary commitment of the 2030 Agenda to end poverty in all its forms everywhere.

But here already, the 2030 Agenda's resolution begins to waver. While reducing consumption of natural resources is implicit in some of the goals and targets, for the most part, increased production is seen as the solution to equitable consumption, and a goal that would aim to reduce consumption, starting with the heaviest consumers *first*, of similar weight and stature to the goal to reduce poverty, starting with the furthest left behind first, is not a feature of the 2030 Agenda.

If even extreme poverty cannot be eradicated with the proceeds of economic activity available for public use after the rich have had their share, it begs the question of *distribution*. Distribution is most directly addressed by SDG 10 which calls on states to "Reduce inequality within and among countries". On the face of it, the fact that SDG 10 was unanimously adopted by all the world's governments gives reason to hope that the current phase of ravenous inequality among and within nations may be turning. But the goal's targets are very cautious in addressing the policies, subsidies and measures that created today's stunning levels of inequality.[23]

If the economic system governments operate under can successfully compel giving priority to shareholder returns over social, environmental or human rights concerns, then there remains less and less space for a government, *even if it wanted to*, to bend policy towards the well-being of the poorest, let alone act decisively to stem environmental destruction to moderate the damage of climate change.

There is a way forward. In order to shift incentives and cultural expectations around consumption, production and distribution, we need a way to define 'progress' other than through traditional economic indicators. The 2030 Agenda begins to conceptualize and measure progress in more holistic ways, but is itself still somewhat reliant on the fallback macroeconomic indicators, as are the international financial institutions and governments themselves.

Ideally, the international community could orient itself towards defining sustainable development as the optimal balance between the greatest possible natural resource efficiency and widespread human well-being, rather than the greatest possible human consumption and production within 'acceptable' limits of destruction.

## Final thoughts: The real costs of compromised governance

If the wealth of the richest humans on the planet and of the institutions they operationalize to get that wealth is off limits, other than through donor-directed philanthropy, and, more to the point, if the rules and policies that created the current metastasis of wealth among the richest humans are barely more than hinted at in the 2030 Agenda, then we are depending on growth, and growth alone, to finance the transformation that is so desperately needed. And this is an unmitigated disaster for indigenous peoples, their territories, and for any hope of moderating the most devastating consequences of climate change.

The ardently desired de-coupling of growth from environmental harm (target 8.4) exists only in such small instances that it does not even put a dent in the ongoing destruction of the planet and its people. Even if it were possible to scale up these examples, successful de-coupling at scale is so far off on the horizon as to be a dangerously irrelevant distraction given the impending catastrophe of climate disruption.

We are not on a political timeline with the changes that climate disruption will wreak on our subsistence as a species, we are on nature's timeline. Nature doesn't accommodate people's political constraints and perceived necessities. Time and tide wait for no one, and now millions of ordinary citizens are beginning to experience the reality of climate change in the form of storms, droughts, fires and floods.

As obvious as this seems, it has not changed the political calculus of governance. Many people firmly believe that we do not stand a chance of systematically and deliberately taking comprehensive measures to mitigate the disaster that is bearing down on us in the form of climate change, and are thus reduced to pleading with the rich to recognize that they could get even richer by investing in less-destructive forms of economic activity. In other words,

23 See Donald (2016), CESR (2016), Fukuda-Parr and Smaavik Hegstad (2018).

we are supposed to believe that the benefits of the current distribution of wealth outweigh the costs, and that we need to maintain the incentive of their current disproportionate share of the world's wealth for the rich to continue to support our economic survival. "Put a tax on someone's wealth, and you'll get less savings, investment and wealth. Those with wealth and know-how if threatened will, in essence, go on strike."[24]

One can only conclude that the world is being held hostage at this time. Perhaps it is a form of Stockholm Syndrome that large parts of the population, not themselves wealthy, believe it would be counterproductive to purposely create a different distribution of wealth and income, starting with the wealthiest *first.* Or maybe it is the recognition of our relentless and deepening dependence on mass-production for our *own* means of subsistence that makes us feel helpless, fearing that we are not capable of surviving a transition.

Whether preserving the accumulation of personal wealth by the few richest individuals of the world takes precedence over being able to address the most urgent needs of humanity and the planet[25] is a governance question of the highest urgency. Political and economic choices made in the last few decades have enabled inequality to flourish to levels that rival the greatest extremes known in history. Governments, willingly and not willingly, have increasingly turned themselves into handmaidens to smooth the way for operations of the private sector, and have not prevented increasing consolidation of power in a very few hands which now has all of us backed into a corner.

So perhaps it is primarily a problem with governance. Perhaps the levers of power are so tightly captured and tied up with the personal fortunes and status of the decision-makers that we have already experienced a 'revolution within the form', and no longer have space for what we used to think of as government of the people, by the people, for the people. Further, when core government functions are outsourced to the private sector (schools, prisons, military, intelligence, public health and environmental assessment and investigation, so-called public works, drinking water, sewage treatment etc.), then government loses skill and capability and becomes not just a handmaiden to the private sector by philosophy and function, but becomes entirely dependent on the private sector and itself degenerates into a contract-writing agency. It then substitutes elaborate paper trails for actual accountability, and ceases to govern.

But government is not the only key player whose credibility is in question. Doubts about integrity in science, medicine, major media outlets, court systems and law enforcement abound. When scientists are seen to be 'for sale' to courts, companies and regulators; when news outlets pander to a base of support, when doctors can be lavished with emolument by pharmaceutical companies and their prescription patterns can be traced accordingly, then all of these key social institutions become unstable and no longer work in concert and in reliance upon each other to build a stable and credible foundation for society.

Credibility is a currency that once lost is not easily earned back, and power relationships in political life make changing course challenging at best. But power always has a fluctuating margin of unpredictability, which is a territory we have now also decisively entered into. This unpredictability can be expressed in the election of populist leaders who are not necessarily devoted to maintaining all aspects of the status quo, are willing and eager to justify disruption, destruction and cruelty, and are not risk-averse, to say the least. (Under the status quo, the cruelty was there, of course, but it was not considered civilized to revel in it. It was understated where possible, not touted as an accomplishment, and not used to galvanize a public response in that direction.)

Is there opportunity in today's unpredictability? What is the future for the nation-state and public sector? Can the degeneration of the public sector and of governance be rolled back in an ordered, consid-

24 "Wealth Tax: Sen. Warren's Latest Bad Idea Will Slow Growth and Kill Jobs" editorial, Investor's Business Daily, 1/25/2019 (www.investors.com/politics/editorials/wealth-tax-sen-warren-envy/).

25 Donald and Martens (2018).

ered fashion? Under what terms is that even desirable at this point? Or will the reassertion of national governance (or something entirely different) unfold with cataclysmic, destructive political upheavals alongside catastrophic destabilization of the economic and social basis of human life on earth by the ravages of climate change?

The rule of law with the full spectrum of human rights as its immutable foundation is severely compromised in governance as we know it today. More often than not, government acts as a power broker, using natural resource-cash as currency. Objectification of all elements of the planet, including animals, plants and people as labour or consumers is at the heart of governance and commerce as it is practiced today. The jury is still out as to whether the 2030 Agenda can play a role in tipping the balance towards a paradigm of government as the core entity responsible for facilitating social consensus and fostering joint stewardship of our planet.

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# V

# Governance of data and artificial intelligence

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*"People worry that computers will get too smart and take over the world, but the real problem is that they are too stupid and they've already taken the world."*[1]

**"The Data Revolution" has been promoted as a vital tool to help to achieve the SDGs or, at least, to better measure progress. Having access to massive amounts of data is seen as helpful for countries to plan, design and implement development and public policies in general. This chapter highlights concerns about this revolution and suggests how to rethink global governance for the digital era.**

The redefinition of the principles, norms and policies (software) and the structures and institutions (hardware) of sustainable development governance is closely related to our capacity to adopt new rules and adapt international structures to govern data and Artificial Intelligence (AI) and their impact on our lives and rights.

AI has been defined as

> a sophisticated application of technology whereby a machine demonstrates human cognitive functions such as learning, analysis and problem solving, and a collection of advanced technologies that allows machines to sense, comprehend, act and learn.[2]

The big data revolution and associated machine learning (ML) technologies that allow new modes of production in which digital intelligence is a factor are ushering in a paradigm change. As platform companies like Amazon reorganise the value chain using AI tools to orchestrate logistics, market exchange is radically redefined. AI-led reorganisation is also altering production logics and structures in all sectors (and of course how and where we work) and decision-making at all levels (from national governance to urban development, law enforcement, credit, and public education and health investments). Thus, the ways in digital intelligence, generated from social interactions data (of people and things in a networked data environment) to produce profit marks a shift in the foundational structures of society and economy, requiring a new governance model.

Although data and AI related laws and policies are nascent in most countries (with the exception of the European GDPR),[3] concerns around

1 Domingos (2017), p. 286.

2 Compiled by Galloway/Swiatek (2018).

3 GDPR entered into effect during the first half of 2018. See https://ec.europa.eu/commission/priorities/justice-and-fundamental-rights/data-protection/2018-reform-eu-data-protection-rules_en; see also Zimmermann (2019).

the inherent biases in AI and consequences for fundamental rights, including the right to equality and non-discrimination, are being widely flagged today by civil rights groups. Employees of big digital corporations have also raised their voices against the weaponization of cyberspace through a state-corporate nexus[4].

What is vital is to recognise is that data and AI governance needs a more comprehensive approach that addresses the individual and structural underpinnings of equality and justice. The digital context presents leapfrogging possibilities for the fourth industrial revolution, and digital intelligence obtained through processing of data can provide developing countries the wherewithal for structural transformation and competitive advantage. Data regulation must hence encompass concerns that tackle the multivalency of data, recognizing the inalienability of data in relation to personal identity, but also cognizant of data's enclosure as an economic resource. This means the imperative to manage and regulate cross-border data flows, with due attention to personal data protection through a wide array of national and global data policies – digital industrial policies, trade policies,[5] social policies and development policies.

### The data marketplace

Among transnational corporations, platform corporations are the most powerful, fuelled as they are by the algorithms (mathematical instructions that process data) that run on our data. Today, the business of sharing, acquiring and monetizing data has spawned a global data marketplace where data brokers and global platform companies use data for at least three types of business functions: 1) to input into their own production and innovation processes; 2) to personalise and target marketing; and 3) to sell for use by any third company, politician, agency or anyone who can pay. In sum, transnational companies use our data as their data.

It is near-impossible in this scenario for citizens to navigate the complex terrain of 'consent', often recommended as a solution in the data marketplace, to make decisions about which data to share, with whom and for what. Consent frameworks are also rendered ineffective by the fact that the line between personal and non-personal data is blurred. Also, in the absence of data localization policies and the capacity to process data for real time digital intelligence, national and sub-national governments, especially in developing countries, lack the means to have access to the data generated within their territory for their own domestic innovation policies and programmes. As late entrants into the data game, most developing countries also lack robust, machine readable data sets. As a result, these countries may not yet be ready and well prepared to set up the digital and data infrastructure, including the public goods adequate to this new digital era.

It is not surprising therefore that as many as 88 developing countries are resisting the US proposal at the WTO for an e-commerce agenda and have concerns in terms of their unpreparedness to benefit from cross-border e-commerce as well as to engage in negotiations.

### Implications for developing countries

In the Spotlight Report in 2018, IT for Change explained how traditional economic power asymmetries are being refined through platforms – emerging "digital ecosystems that provide a new architecture for the economy", noting that "developing nations are the mining grounds for data, at worst, and the back offices or server farms for low-end data processing, at best." This includes countries "that have distinguished themselves as tech hubs that often develop innovation products and services only to release intellectual control and economic dividends to the tech giants of the global North".[6]

Structural inequalities between and within countries are being reproduced in this digital economy, as the global South risks "becoming an unregulated

4 See https://www.nytimes.com/2018/04/04/technology/google-letter-ceo-pentagon-project.html.

5 UNCTAD (2019).

6 IT for Change (2018a).

innovation playground for technology giants to experiment in, if adequate and comprehensive policy measures are not developed that can govern their operations."[7] Developing country challenges include: "lack of coordination for innovation, lack of ability to mobilize domestic resources, inability to create linkages, low resilience of the domestic entrepreneurial sector, tax avoidance, and the failure to regulate competition".[8]

Critical policy frontiers such as labour, consumer protection, privacy, e-commerce, foreign investments and other areas that directly impact the livelihood rights of citizens cannot be conceded to immediate short-term gains that big platforms often usher in.

7 IT for Change (2018b).

8 Gehl Sampath (2019).

### AI and public policy decisions

Many public policy decisions that shape citizens' everyday experience are found not in legislative norms but in software codes and AI made by scientists and innovators in private (and monopolistic) settings.[9] Policy-makers are not yet seized of the risks of delegating public and private decision-making to AI and ML. All countries need to understand the impact of deep learning and intelligent prediction models in public policy design and response, in order to realize the potential benefits, as well as to mitigate the risks, of these intersections (See Box V.1). Good policy can ensure that this can be the beginning of a 'golden age' of social sciences, a coming together of contextual complexities and statistical interpretations at a new level, thanks to data and AI.

9 UN Secretary-General (2018), p. 9.

Box V.1

## Data-based discrimination

There is growing evidence that machine learning technologies – based on existing data, search results and user experience – reproduce structural disadvantage through discriminatory results.[1] An analysis of racial discrimination in Airbnb, using identical profiles with different names, found that those typically from the African American community had 16 percent lower opportunities to rent. A similar analysis of BlablaCar found that drivers with Muslim or Arab origin had a 20 percent lower demand than those with French names and received lower payments. A study on Google searches in the USA found that African American name searches produced advertising on detention reports but this did not occur when using typical white American names.[2]

In terms of gender discrimination, there is growing evidence that women in on-line platform work face several forms of discrimination. Ebay found that for similar products men were receiving more remuneration than women.[3]

There is a need for regulatory intervention to prevent discrimination based on AI and machine learning. In France, for instance, the legal framework prohibits the use of gender, ethnic or religious individual information in data collection and application. Designers and platform companies need to acknowledge the need for algorithmic audits and corrections. AI-agility for equality and non-discrimination could become part of company labelling or certification.

1 See Purkayastah (2018).

2 Fisman/Luca (2018).

3 Ibid. See also Gurumurthy/Chami/Alemany (2018).

## Democracy and human rights at risk

Data, AI and ML challenges are directly related with democracy and freedom of expression for various reasons. First, participation in social networks promotes binary thinking – liking or not liking an idea, rather than nuanced interpretations. Social and political polarization is part of dominant business models of the platformized economy (e.g., Facebook, Instagram, etc.). If social networks and their algorithms succeed in this kind of polarized business model, peace and democracy can lose ground.

Second, data has increasingly become the gateway to our world, our money and our vote,[10] and is today the basis of algorithmically targeted electoral marketing campaigns. This marks a new point of departure for populism and public and mass manipulation.

Third, data and AI provide a new technique for potential state interference with democracy and privacy rights, freedom of expression and social mobilization. Data generated by citizens (through a record of every item of news they read, every text they see, every posting they "like") can be used to penalize citizens and violate their human rights. This is true across the world, from liberal to illiberal democracies and totalitarian countries. National security becomes the predictable bogeyman that is used to trample individual rights.

Fourth, platform companies' responsibility for constitutional and human rights violations, including actions promoting violence against targeted people or groups of people, based on their use or the use of the data they gather, process and sell is not clearly understood, nor regulated. Extreme speech in the digital context is a serious concern for the future of democracies.

Last but not least, some of the algorithms and prediction models of platform companies violate national constitutional guarantees against discrimination. Legal responsibilities across the globe of the biggest monopolies of the digital economy is an emerging area for national regulation and international human rights, but there is little movement, if at all, on this vital front.

## Just and equitable development in the age of AI

Data researchers in a recent journal have pointed out that "big data can make a contribution to the SDGs, but their development needs to be carefully managed to ensure they promote inclusive and participatory development".[11] The need for action is particularly urgent in the case of decision-making systems that affect people's well-being and freedom.[12] There are two primary imperatives. The regulatory wherewithal for personal data protection and the right to equality and non-discrimination, and governance frameworks for building a fair and just local to global AI-led economy. The current system for data protection is hugely under developed in much of the world, even though big data initiatives have proliferated at global, regional and national levels. UNCTAD, among others, proposes that "instead of pursuing multiple initiatives, it would be preferable for global and regional organizations to concentrate on one unifying initiative or a common smaller number of initiatives that are internationally agreed".[13]

UNCTAD also recommends that certain prerequisites are necessary for developing countries before any new e-commerce rules are negotiated: 1) availability of digital infrastructure, 2) affordable Internet access, 3) digital literacy, and 4) national digital policies, in particular regarding how data can enable development; sharing the revenue from monetization of data; protecting local businesses from large international players; taxation of the digital economy; income distribution and inequality; the effects of digitization on jobs, work and social security systems. Global measures are also needed to tackle inter alia, the concentration of the digital economy arising from network effects and economies of scale; abuse of dominant market power; and to check current tax optimization strategies of digital corporations.

10 Domingos (2017), p. 272.

11 Fukuda-Parr/McNeill (2019).

12 Smith/Neupane (2018).

13 UNCTAD (2017), p. 94.

In fact, without a serious shift in the international rules and governance arrangements of data and AI, platform companies can undermine SDGs' advances and human rights at different levels. As UNCTAD Deputy Secretary Durand alerts:

> data offers new opportunities to build knowledge and profits. However, regulators must ensure the benefits are spread evenly and that people's privacy is protected. If not, there is a significant risk that the data-driven economy will be an increasingly unfair economy.[14]

The key governance question in the global digital economy concerns the ownership and control over data – Who should control the intelligence of citizens in a city, in a school, or health system? Who should own and control civic intelligence? Who should ensure that rules are set for the benefit of all?

Self-regulation of internet companies will not work.[15] To regulate AI and the new digital era first and mainly through e-commerce trade agreements, be they plurilateral, multi-country or bilateral, will not work either. The Internet Governance Forum (IGF) as a multi-stakeholder space has the potential to advance in this arena, but it is not making any rules. There is an increasing risk of a small group of countries making the rules on data from the vantage of trade deals. As trade and investment expert Jane Kelsey suggests, electronic commerce, or digital trade, is the newest and most far-reaching of the 21st century 'new issues' in international trade negotiations. The 'disciplines being developed extend far beyond any legitimate notions of trade. They seek to impose global rules on governance of the digital domain – one of the most complex, multi-dimensional and hence controversial subject confronting states and societies this century.[16] Moreover, the new North American Free Trade Agreement (NAFTA) II limits "governments' ability to require disclosure of proprietary computer source code and algorithms, to better protect the competitiveness of digital suppliers"[17] and "provides a firm foundation for the expansion of trade and investment in the innovative products and services where the United States has a competitive advantage".[18] The government of Mexico, which has some comparative advantages in relation to other developing countries in the digital economy, accepted this US condition, which limits governments' ability to reduce code and algorithm non-transparency and discriminatory practices and to investigate anti-competitive practices, human rights violations, or fraud. In NAFTA II, coders and designers have more power than governments and their anti-discriminatory laws, as competitiveness of digital suppliers comes first.[19]

In a recent debate Joseph Stiglitz warned that:

> we are gradually beginning to realize the wide set of problems that these digital behemoths represent for our society, in terms of privacy, market power, manipulation, fake news, a whole set of issues. And there are real efforts going on .... But, what is very clear is that none of these go far enough. And what I see is exactly what you see; that big corporations want to embed in international agreements, a framework that would stop domestic legislation.[20]

Kelsey adds that "global e-commerce rules developed by transnational corporations for their own benefit will greatly amplify threats to economic sovereignty, and disempower government to regulate digital technology to protect workers".[21]

We need what IT for Change calls "an agile legal and policy framework to curb platform excess", to govern

14 Ibid., p. 3.

15 Curbing Corporate Power Alliance (2019), p. 8.

16 Kelsey (2019).

17 See https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2018/october/united-states%E2%80%93mexico%E2%80%93canada-trade-fa-1#.

18 Ibid.

19 Similar clauses were incorporated in the Electronic Commerce of the Trans-Pacific Partnership Agreement (TPPA), which remained unchanged in the so-called Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or TPPA-11.

20 Stiglitz (2019).

21 Kelsey (2019).

the new economy and its effects on the society, citizens, institutions and politics in this digital era. States should mandate ¨that private platforms in key sectors share critical data they collect with state agencies, with safeguards for protecting user and citizen privacy. To support essential public services, like city transport or health care, companies must be obligated to open up such public data for the public interest.[22]

In the 2018 Spotlight Report, Roberto Bissio stated that "recognizing knowledge and the Internet as a global public good should imply a multilateral approach, which can only be based on the primacy of human rights and the recognition of sovereignty".[23]

With the increasing additional complexity of the need to regulate AI multilaterally in its connection with very diverse fields and rights, regulation needed is inter alia on the level of the laws governing artificial intelligence uses and design, data protection, corporate liability, taxation, labour rights of the new forms of work, social security, companies' obligation in the era of automation, competition and platform monopolies, and e-commerce, among others.

The UN recognized it "has an important role to play in supporting its Member States and other stakeholders to address new policy and normative challenges, in particular those directly affecting the central Purposes and Principles" of the UN and "for which collective global responses are necessary."[24] The UN Secretary General set up the High-Level Panel on Digital Cooperation, that proposes several ideal visions. Some members of the panel propose "a human-centric world of digital technologies, with individuals retaining agency and choice among increasingly intelligent systems", while other members "hope to see governments develop their capacity to better manage the impact of digital technologies."[25] The Panel is made up of prominent digital company representatives[26] that are calling for inclusive governance of digital technologies.

However, inclusive governance may mean very different things to different people. It may not amount to the accountability of actors upon which real inclusion that respects and promotes people's rights is predicated. The High-level panel is led by two chairs (common practice), but, uncommonly, both of them come from two of the most important transnational corporations of the digital economy, Jack Ma from Alibaba and Melissa Gates, who is too close to Microsoft to be categorized in this particular panel only as a philanthropist. It is ironic to see how the concept known as 'conflict of interest' has been forgotten in so many places, including the UN. The High-level panel may come up with interesting recommendations from their consultations, but public leadership has not been ensured, and corporate interests that prevent a truly multilateral framework for digital cooperation, are leading it.

If the international community continues to merely observe how monopolies are owning people's data and using AI without any correction to their abusive practices and biases, existing structural asymmetries will be reproduced also in the way data and AI will be governed or ungoverned.

What is needed is an international digital development framework with policy space for developing countries to ensure that they can obtain economic value from the data that their citizens are generating. Developing countries need to be able to adopt economic and digital industrialization policies akin to those that countries of the global North successfully used in their industrialization.[27]

Evolving an effective corporate tax regime in the platform economy is challenging for two main reasons. One, the virtualisation of commercial transactions enables powerful transnational corporations to easily shift profits from higher tax jurisdictions to

22 IT for Change (2018a).

23 Bissio (2018); for principles of ethical governance see also Winfield/Jirotka (2018).

24 UN Secretary-General (2018), pp. 9-10.

25 See https://digitalcooperation.org/meeting-summary-consultation-insights-next-steps/.

26 In addition to the co-chairs, it includes representatives from Google, Ebay, Adriel AI (partner of Google) and ABRY Partners.

27 See James (2019).

lower tax jurisdictions, thereby eroding the tax base of the former contexts. And two, traditional taxation regimes do not adequately account for the contribution of intangible data resources extracted from a jurisdiction for revenue generation in platform business models. This has led to calls for the basis of taxation to be shifted from "national physical presence" to a "significant economic presence" as far as the new firms of the digital economy are concerned. As the OECD (2019) has highlighted, the "significant economic presence" of digital-age business in a particular jurisdiction has to be determined through criteria such as: the existence of a user base and associated data input; the volume of digital content derived from the jurisdiction; and sustained marketing and sales promotion activities.[28] The government of France introduced a draft regulation for a digital services tax in March 2019, as part of shifting towards such a taxation regime grounded in the substantive economic presence logic.

There is an emerging multilateral effort towards a Legally Binding Instrument to regulate in international Human Rights law the activities of transnational corporations and other business enterprises that can give some ground to regulate data and AI. Article 4 of the current draft explicitly mentions "including activities undertaken by electronic means, that take place or involve actions, persons or impact in two or more national jurisdictions."[29] Thus, the Instrument would apply to platform activities, but many aspects of their operations are still not fully understood, and future drafts should ensure that platform companies and upcoming particularities of digitalization, data, AI, prediction models and remote influence are incorporated. Apparently, there is little interest to regulate transnational private companies from a human rights perspective, but their power in the real economy, reconfigured as it is through digital power, should be regulated sooner than later.

As the International Development Research Centre (IDRC) has warned, it is urgent to study the impact of AI on human rights: at a broad level, the UN recognizes that offline rights apply online, testifying to the relevance of analogue rights in digitally mediated environments. But, we need full consideration of human rights in the context of AI design and operation. The international community responded to infrastructure and investment abuses in the past through the imposition of mandatory environmental, social and increasingly gender impact assessments for certain projects. An important underlying principle is that it should always be possible to find out why an autonomous ML system made a particular decision (especially if that decision has caused or might cause harm).[30]

Tailoring and requiring "impact assessments to the risks of AI would help encourage development programs to incorporate AI technology in ways that respect and promote human rights, including privacy, equality, and freedom of expression."[31]

### National imperatives

Many developing country governments (and other governments that are not among the first movers on AI) ignore the profound risks and technicalities of the expanded use of AI for almost everything. They may be inclined to focus mainly on its opportunities, beholden to the hyperbolic discourses that accompany the opportunity rhetoric.

An emerging research agenda connecting AI and human development calls for further exploration of new approaches to address liability, accountability, and redress for AI decision-making. This means, according to the IDRC, that we need to

> design regulatory systems and frameworks to determine liability and accountability for AI decision-making that is erroneous, biased, or discriminatory, and establish mechanisms for redress. Measures may include policies that stipulate transparency for automated decision-making, evaluative procedures to determine the competency of AI systems, and certification of AI systems

28 OECD (2019), p. 16.
29 UN OHCHR (2018).
30 Winfield/Jirotka (2018), p. 8.
31 Smith/Neupane (2018).

that engage in tasks requiring a degree of skill or training.[32]

In terms of effective regulatory models, IT for Change and others have documented and assessed existing data or AI regulatory models developed to deal with the emergence of new AI-driven risks. Public interest analysis and research is needed to contribute to an understanding of how activities such as predictive policing may be regulated, and how existing regulation needs to be adapted or new regulation developed.

In addition, all around the world, we need to update antitrust laws, to take action against platform companies' market abuse faster and more effectively.[33]

Countries need to update national regulatory frameworks in all related areas with data, AI and ML, and need to legislate transnational companies' rights violations and make clear links of digital rights abuses with the human rights international standards and obligations, and existing constitutional rights.

Moreover, data and AI governance implies international standards for States as duty-bearers, with the intrinsic challenge of their own use of data and AI for public policy design and vigilance. Thus, it is necessary to continue to understand how to protect citizens from rights violations in the digital era and how to avoid the erosion of civic, political, economic, social and cultural rights behind hidden algorithms and ML in hands of digital private powers and decision-makers.

The international community needs to work towards an overall paradigm shift where there is a convergence of the liberal paradigm (open AI, open internet, etc.) with a more progressive paradigm (communitization of the digital world) based on human rights and a clear norm setting on digital rights and obligations.

While values are needed, so too are norms.[34] The current status of AI governance must be reshaped; if it is not, it will contribute to more being left behind. The United Nations is the forum where AI must be understood and governed as a crucial condition for human rights, democracy, peace and sustainable development. However, any process in this sense under the UN has to be led by governments with broader participation, ensuring that it is not led by platform companies' interests, and that it is not regulated only as a matter of e-commerce or trade as currently seems to be the case.

32 Ibid.

33 Zimmermann (2019).

34 Ibid.

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# 3

## Spotlights on the SDGs

# SDG 1

## Applying human rights standards for the governance of social protection will unleash its transformative potential

1

BY SYLVIA BEALES AND NICOLA WIEBE, GLOBAL COALITION FOR SOCIAL PROTECTION FLOORS

*“Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.” (SDG Target 1.3)*

The 2030 Agenda and its 17 interrelated goals are grounded in the Universal Declaration of Human Rights, international human rights treaties, the Millennium Declaration and the 2005 World Summit Outcome Document. The Agenda recognizes that economic growth alone misses those left furthest behind, and its transformative vision is to reach the furthest first, to leave no one behind, to empower the disadvantaged and to end poverty in all its forms everywhere by 2030.

Social protection is key to accomplishing this vision and is mandated in SDG 1, target 1.3. When properly designed, social protection effectively prevents and reduces poverty and inequality. Guaranteed social protection supports improved nutrition and access to essential services and can therefore interrupt the vicious cycle of poverty and its intergenerational transfer. Universal access rights to social protection means that those at extreme disadvantage can be reached, which contributes to overcoming deeply rooted experiences of discrimination and exclusion, disempowerment and gender inequality. But currently only 29 percent of the global population count on comprehensive social protection over the lifecourse and for the different contingencies that may occur.[1] Fewer than 16 percent of older people in low-income countries have a pension, with older women less likely than older men to receive one.[2]

The human rights framework sets out the moral and humanitarian imperative for social protection for all. Good governance based on this framework is essential to the effective delivery of social protection, necessary to unleash its transformative potential. Adherence to a human rights-based approach necessarily translates into a clear legal framework, transparency and accountability. It requires appropriate institutional capacity and coordination, and bottom-up participation of relevant stakeholders. It also requires global social governance coherent with 2030 Agenda commitments.

1 ILO (2017).
2 Staab (2015).

## Human rights framework and international commitments

Social protection, social security and social and economic guarantees in the event of unemployment, sickness, widowhood, old age or other lack of livelihood beyond a person's control, with special attention for mothers and children, are explicitly embedded in the human rights framework articulated in the Universal Declaration of Human Rights (UDHR 1948, Art. 22, Art. 25) and the International Covenant on Economic, Social and Cultural Rights (ICESCR 1966, Art. 9).[3] By ratifying the Human Right treaties, states assume the role of principal duty bearer to guarantee these rights, by respecting, protecting and fulfilling. This translates into national and extraterritorial obligations (UDHR 1948, Art. 22).

ILO Recommendation 202 (2012) sets out standards on social protection floors, stipulated in SDG 1, target 1.3. It provides clear guidance on national policy dedicated to social progress, giving a definition of basic social protection as a 'floor' that must be available to all and upon which higher levels of security should be built for as many people as possible, as soon as possible. The floor and additional levels of protection together create a comprehensive national social protection system. The interlinkages of the floor to the vision of the 2030 Agenda can be seen in the commitment to end poverty (SDG 1), hunger (SDG 2), ensure healthy lives (SDG 3), quality education (SDG 4), gender equality, including the recognition of unpaid care and domestic work (SDG 5), decent work (SDG 8), reduce inequality (SDG 10) and build effective and accountable institutions (SDG 16).

It is important to understand how the *right* to social protection for all is critical for breaking the cycle of poverty, marginalization and exclusion over time. Schemes with arbitrary eligibility requirements, time limits on benefits or which lack adequate budget do not take into account dynamic patterns of poverty and consequently do not guarantee the continuous realization of human rights. They can embed rather than overcome endemic poverty and gender inequality, and are antithetical to the human rights approach.

Applying the principles of accountability, equality, non-discrimination and participation to social protection implementation will guarantee access of rights holders to minimum income security, health and education.

## Legal framework

A legal framework that is based on the human rights framework defines rights and entitlements in a clear and transparent way, sets out parameters for duty bearers in terms of programme design and monitoring and legal recourses for rights holders to ensure their enforcement.

Legal frameworks are also essential for defining the roles and responsibilities of the different actors involved in designing, implementing, monitoring and enforcing social protection systems. Such frameworks can and should prepare the ground for bottom-up participation of rights holders (citizens and residents) and their organizations.

## Transparency and accountability

An established legal framework consistent with human rights, that is clearly defined and widely communicated, is a prerequisite for accountability relationships. There has to be commitment on the part of duty bearers to effective and equitable delivery of entitlements to rights holders. There should be effective means of redress when governments fail to deliver services to which they have committed. There also needs to be active communication about what is available, how to claim and the method of receiving the transfer. Without obligations set by national legislation, transparent grievance mechanisms and public knowledge of them, accountability will remain weak.

In order to ensure accountability, monitoring and evaluation must be institutionalized elements of social protection programmes. Government should

3 See Articles 22 and 25 paras 1 and 2 of the Universal Declaration of Human Rights 1948 and Article 9 of the International Covenant on Economic Social and Cultural Rights 1966 (https://www.ohchr.org/EN/Issues/Business/Pages/InternationalStandards.aspx).

bear primary responsibility for monitoring policy compliance and evaluating impact on human rights. But transparency also means providing public access to accurate data. Without data, governments cannot be held to account, either on national level or regarding international commitments.[4]

Tools exist to measure rights performance of countries and fulfilment of the right to social protection, and human rights arguments can be used effectively to encourage governments to improve their policies, including the linkages between human rights and the SDGs. A useful resource is the training package of the Office of the High Commissioner of Human Rights.[5] Data collected through National Human Rights Institutes (NHRIs) can be used also to assess progress towards the SDGs.[6] Obligatory reporting on rights commitments could reinforce the voluntary reporting required by the 2030 Agenda.

### Institutional capacity and coordination

Social protection programmes in many countries remain fragmented and uncoordinated. Coverage and adequacy remains low. Targeting systems are fraught with exclusion errors and the means of targeting are in many cases themselves associated with creating intolerable stigma.[7] Large population groups are still excluded from access to services and benefits; among the excluded often are children, women, older persons, persons with disabilities, those living in extreme poverty and geographically and culturally marginalized groups. As a result social protection programmes do not comply with human rights standards and cannot advance society-wide solidarity and social cohesion.

If staff and institutional capacity are not secured, and the budget for social protection not created and guaranteed in the long run, the principles of a rights-based approach cannot be honoured. Ensuring effective cooperation between relevant ministries and implementing agencies is essential to coordinate programmes and create coherent systems. The political sustainability of social protection systems will be undermined if public administrations are not capable of delivering benefits reliably, swiftly and fairly.

Coordination also means taking into account the combined effects of social protection and its financing side on poverty and inequality. Fiscal policies, specifically the impact of fiscal policies on the beneficiary population, have to be analysed. Universal benefits, along with any benefit system included in the government budget must be funded through effective and progressive tax systems.[8]

### Bottom-up participation of relevant actors

Involving rights holders and their organizations, such as civil society organizations and trade unions, structurally and effectively in establishing universal social protection is a matter of human-rights-based, democratic and inclusive governance. This is especially important, as poverty is often related to peoples' exclusion from economic, social and political participation. Providing space for bottom-up participation has the potential to improve design and delivery, generate broader support for the social protection system and reaffirm the social contract, contributing to its transformative effect and long-term sustainability.

Civil society has an important role to play in this regard, helping to make the voice of otherwise powerless population groups heard in the public debate. Civil society brings extensive experience, often being able to include disadvantaged groups more successfully than government programmes.

Some civil society organizations, including faith-based organizations, have historically been

4 See International Transparency Initiative https://www.iatistandard.org/en/.

5 See https://www.ohchr.org/EN/PublicationsResources/Pages/TrainingPackage.aspx.

6 See GANHRI (Global Alliance of Human Rights Institutions), https://nhri.ohchr.org/EN/Pages/default.aspx and https://www.humanrights.dk/news/role-national-human-rights-institutions-realising-sdgs.

7 Kidd et al. (2017); see also Adams and Judd (2019), which details the current struggle over targeting.

8 See Lustig (2018).

in the forefront of providing social programmes including social protection benefits. Their experience and legitimacy can be an important input towards universal social protection. In some cases, they may serve as implementing agencies within public social protection programmes; in other contexts, they may implement complementary programmes that can help to tackle complex poverty situations and thereby enhance the overall impact of public policy through subsidiarity. Their engagement can also strengthen institutional capacity, albeit with the final responsibility resting with the government to guarantee that every resident enjoys social protection.

Experience shows that even in universal programmes the most disadvantaged groups remain excluded unless they are actively identified and invited. Civil society organizations inform excluded and disadvantaged groups on their rights and promote their empowerment to claim them. They interact with the State as a critical observer, monitoring government action, raising public awareness and advocating for policy changes; they channel feedback from rights holders and bring in their technical expertise into budget tracking or policy impact analysis.

### Coherent global social governance

Global governance coherent with the commitment to the 2030 Agenda and human rights standards requires stronger institutions and mechanisms capable of addressing the social dimension of globalization. A more systematic approach for global social regulation, global protection of social rights and global redistribution is indispensable.[9]

Bottom-up social governance not only refers to the direction of influence from local to national and from national to global, it also calls for more governance space and implementation to be retained at local, sub-national and national level. Social protection needs to be owned and governed by sub-national and national governments with fiscal space created in national budgets.[10]

However, current regulatory gaps at the international level can prevent national government from creating and protecting the fiscal space needed to finance social protection. In a globalized world

9 See Deacon (2007).
10 Ortiz et al. (2017).

**Box 1.1**

The work of the **Africa Platform for Social Protection** (http://africapsp.org/) demonstrates that monitoring the delivery of social protection services by civil society can help to hold government departments to account with regard to the standards which they have set for themselves. The Platform, which operates in 27 countries across Africa, regards accountability as building capacity and knowledge of rights to social protection of both policy makers as well as communities which they serve.

Most government cash transfer programmes in Africa have used a top-down approach, lacking any input from beneficiaries and communities. These programmes begin to be implemented with very little awareness on what the programme is about, who it targets, what are the benefits and how beneficiaries can access the service. Bringing the voice and experience of the grassroots and the disempowered to policy-makers improves performance and supports long-term change.

The Platform has therefore developed a social protection accountability tool to support communities to assess whether payments are made on time; how far people have to travel to payment points; to monitor transparency; the attitudes of civil servants providing the service and the response to complaints. A strong decentralized complaints and grievance mechanism has been found to be essential. Information is collected and analysed in order to generate evidence for informed change. Results of these assessments are taken into government negotiations about the benefit system that is resulting in improved social protection programmes.

national governments lack the range of influence to control global economic actors.[11] Global governance is required, to reduce tax evasion by international private players, but also to avoid tax competition between governments to attract investors to locate in their countries. Enhancing progressive taxation and tackling tax evasion would contribute significantly to overcome budget shortfalls, as would expanding contributory revenues for social security coverage, along with policies to increase formal employment.[12] The establishment of an intergovernmental tax body under the auspices of the UN would close an institutional and regulatory gap at the global level and thereby allow for more governance space at the national level.

Social protection, being a human right, needs to be guaranteed in the long run and protected and extended in times of crises. Social spending needs to be prioritized before debt servicing and protected from austerity measures. An important step towards global social governance could be the creation of a debt workout institution and procedures to facilitate debt restructuring processes within the UN system. Another instrument should be the creation of new rules and debt instruments with a fairer risk-sharing.

Global governance also needs to question the extreme level of global inequality, demand systemic change and create redistributive mechanisms. The dramatic rise of national and global inequality is not an inevitable result of economic policy. It is a result of policy choices.

Political will is a necessary starting point for change. Coherence with 2030 Agenda commitments and aligning policies and programmes with human rights standards requires an international financing mechanism to guarantee social protection floors in all countries – including the most vulnerable and those in crisis situations.[13]

## Conclusions

No country will be able to end poverty and inequalities, including gender inequality, if it does not invest in the income security, health, and education of all of its population across the life course.[14] States have a legal obligation to guarantee universal social protection as defined in internationally agreed standards and instruments.

The 2030 Agenda and human rights standards offer a powerful, universal and comprehensive normative framework in which to ground claims for inclusive social protection systems and their sustainable and assured public financing as well as coherent international social governance.

Using human rights standards to shape the governance of social protection systems will orientate them towards the realization of economic, social and cultural human rights, the empowerment of rights holders, and the creation of equal opportunities for economic, social and political participation. These elements – rights, empowerment, participation and the reduction of extreme inequality – are critical for breaking the cycle of poverty and exclusion.

Adherence to human rights will start to address the structural flaws and institutional gaps of governance at national and at international level and will both unleash the transformative potential of social protection and contribute effectively towards a world free of poverty.

11 Herman (2018).
12 Ortiz/Cummins/Karunanethy (2017).
13 For more information see De Schutter/Sepúlveda (2012).
14 Goldblatt (2016).

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**The Global Coalition for Social Protection Floors (http://www.socialprotectionfloorscoalition.org) is a network of over 100 NGOs, Trade Unions and Think Tanks promoting the right of all people residing in a country to social protection, regardless of documentation. It promotes social protection floors as key instruments to achieve the overarching social goal of the global development agenda.**

# SDG 2

## Human rights risks of multi-stakeholder partnerships: the Scaling Up Nutrition Initiative

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**The potential of partnerships with the private sector dominated the narrative characterizing the initial phase of implementation of the 2030 Agenda for Sustainable Development. In relation to SDG 2, a prominent multi-stakeholder platform is the Scaling Up Nutrition 'Movement'. As documented by a multi-country study, this case exposes how interventions promoted by MSPs often do not address the social, cultural, economic and political determinants of malnutrition and rather emphasize short-term, technical interventions, owing to private sector influence in the context of a consensus driven process.**

The potential of partnerships with the private sector dominated the narrative characterizing the initial phase of implementation of the 2030 Agenda for Sustainable Development, overshadowing many of the other key dimensions outlined in Sustainable Development Goal (SDG) 17. In this context, multi-stakeholder partnerships (MSPs) engaging various actors, including the private sector, are considered "important vehicles for mobilizing and sharing knowledge, expertise, technologies and financial resources to support the achievement of the sustainable development goals in all countries, particularly developing countries".[2]

In the framework of the 2030 Agenda, as well as in other international policy processes, most governments and UN agencies have bought into the MSP paradigm, with only few openly voicing concerns about this approach. The same applies to many civil society organizations. Expressions of concern about the possible implications of close relations with the private sector and the blurring of roles and responsibilities occurring under the MSP approach, are often rejected as outdated, ideology-driven or anti-corporate.[3] While everyone has been happily jumping on the boat, surprisingly, there is to date very limited evidence of the actual positive contribution of such approaches, nor assessments of the risks they may pose to critical issues such as governance and human rights.[4]

In relation to SDG 2, to "End hunger, achieve food security and improved nutrition and promote sustainable agriculture", a prominent multi-stakeholder platform is the Scaling Up Nutrition (SUN) 'Movement'. The initiative brings together governments, UN agencies, donors, business and civil society in a "collective action to improve nutrition". SUN's members include large transnational companies including food, beverage and agro-chemical companies, two

1 This article is based on a study conducted by FIAN International, IBFAN, and SID on the human rights impact of multi-stakeholder partnerships: the case of the Scaling Up Nutrition Initiative. Forthcoming 2019.

2 See https://sustainabledevelopment.un.org/sdinaction.

3 Mokoro Limited (2015), p. 61.

4 HLPE (2018).

of which sit on its Lead Group.[5] The initiative was launched in 2010 at a high-level meeting of the International Monetary Fund (IMF) and the World Bank (WB). To date, 60 countries have signed on to SUN and the initiative has substantial political and financial backing. The Bill & Melinda Gates Foundation (BMGF), as well as several bilateral donors and the EU are key funders of SUN.[6]

SUN's stated objective is to end malnutrition in all its forms and to ensure that "every child, adolescent, mother and family can realize their right to food and nutrition, reach their full potential and shape sustainable and prosperous societies".[7] This goal is to be achieved through government-led collective actions in which all 'stakeholders' come together in a multi-sectoral approach. The establishment of 'multi-stakeholder' platforms at the national level is a key element in governments' commitment to SUN and the initiative's theory of change for improving nutrition.

The initiative was born at a time when the UN Standing Committee on Nutrition (SCN) was being drained of funding following accusations of inefficiency and inability to reach consensus on strategies to address malnutrition and hunger. A key criticism was the resistance, especially by the NGO constituency, to private sector participation in the SCN.[8] Since its origins, SUN has been based on the premise that there should be a greater focus on building global consensus on scientific and 'evidence-based' strategies to address malnutrition and hunger so that donor funding can be galvanized. The BMGF-funded 2008 series in the Lancet on Maternal and Child Undernutrition, re-evaluated in 2013, form the basis for the interventions promoted by SUN, with the majority of recommended initiatives involving fortified products and supplements of some kind.[9]

A research study based on three country case studies investigating the impact of SUN on the right to adequate food and nutrition found serious concerns regarding the governance, functioning and accountability procedures, as well as the policy direction that the initiative promotes in member countries.[10]

## Restructuring of governance

There are multiple governance challenges that arise when multilateral institutions are replaced by multi-stakeholder platforms. The case of SUN illustrates some of these. It also shows the risks of SUN's use of the rhetoric of 'inclusiveness'.

### *Democratic deficits and top-down, elitist leadership*

While SUN claims to be country-led and describes itself as a 'movement', the ways the initiative functions do not come close to this self-description. Most of the country members join SUN with a letter of commitment by a high-level government official to the SUN coordinator. There is no requirement for any democratic process or governmental scrutiny before deciding to join. This is despite the fact that affiliation to SUN carries important implications for the country's governance and policy direction on food and nutrition.

SUN's Lead Group, which determines the strategic direction and is entrusted with the overall responsibility for progress towards achieving the initiative's objectives, is composed of 'high profile' leaders from business, the UN, governments, donors and civil society, who are appointed in their individual capacities by the UN Secretary General. Only two of the 26 current members of the Lead Group represent SUN country governments.[11] Several of the members are international donors and foundations.

5 Royal DSM, a Dutch-based international chemical company producing micronutrient ingredients for the food and dietary supplements industry, and Java Foods, a Zambian company manufacturing instant fortified cereals and noodles.

6 Funders are the Bill & Melinda Gates Foundation, Canada, the EU, France, Germany, Switzerland, Ireland, the Netherlands, Norway, the UK and the USA.

7 SUN (2016), p. 6.

8 Schieck Valente (2015).

9 Black et al. (2013).

10 See note 1. The research was conducted at national level in two countries, Uganda, Guatemala, and at state-level in three states in India.

11 A list of current Lead Group members can be found at: https://scalingupnutrition.org/sun-supporters/sun-movement-lead-group/.

### *The illusion of inclusiveness*

Field research in selected SUN countries found interventions promoted by SUN to be 'top-down' with minimal participation of grassroots organizations representing the interest of communities affected by hunger and malnutrition. Participation by civil society is mostly composed by organizations engaged in service delivery and it is led by a select group of international NGOs, with limited accountability to local communities, while perspectives of organizations which have a more nuanced and critical approach to nutrition are hardly included.

There is no recognition of the diverse roles and responsibilities of the various actors participating in SUN,[12] nor of the immense power differentials that exist between and within 'stakeholder' groups. Neither at the international nor at the country level does SUN have mechanisms in place to identify or address these power asymmetries and facilitate meaningful participation of those most affected by malnutrition in all its forms.

### *Paving the way for private sector influence in public policy*

The country studies have found that many SUN countries do not have effective mechanisms to address the conflicts of interest (COI) that occur in policy-making processes. At the same time, SUN pushes governments into trusting collaborative arrangements with the private sector, opening up policy space to it. This presents a huge risk for the human rights-orientation of public policies in the area of food security and nutrition.[13] While SUN developed a COI tool in response to civil society criticism, its COI definition strays from the original legal meaning and fails to address COI within entities: "Institutional conflicts of interest arise when an institution's own financial interest or those of its senior officials pose risks of undue influence on decisions involving the institution's primary interests."[14]

Rather than resolving COI challenges, SUN's emphasis is on promoting trust and dialogue, in the spirit of inclusiveness, rather than robust safeguards for protecting public interest policy-making.

Besides opening up space for private sector influence at country level, the fact that SUN's international Lead Group includes large transnational companies allows them direct access to SUN's policy direction. Moreover, meetings of the Lead Group members, which include the Gates Foundation, are regularly addressed by other key advocates of technical, private sector- or market-driven solutions to malnutrition, such as the World Bank and USAID.[15]

### *Lack of external scrutiny and accountability for actions*

The monitoring and evaluation processes in SUN consist primarily of internal self-reflections (Joint Assessment Exercises). SUN members at country level gather annually to report on where more support is required to realize joint goals and define the country priorities for the coming year. This then informs SUN's leadership in decisions concerning the support provided to countries for scaling up and is the basis for assessing progress in relation to the four strategic objectives of the SUN initiative.

The initiative is based on the principle of 'mutual accountability', with members being supposedly accountable to one another for adherence to their commitments under SUN. However, it remains unclear how this is implemented in practice. SUN's recent Mid-Term Review acknowledged that "there is a deficit in mutual accountability among the various actors. In practice, SUN members who are significantly dependent on international assistance are more rigorously assessed than are the funding providers".[16]

12 The only guidance provided in this sense is that MSPs at national level should be convened by government focal points.

13 For a recent compilation of case studies concerning collaboration with food and beverage industry in public health policy and COI, see UK Health Forum (2018).

14 Lo/Field, Inst of Med. (US) Committee on Conflict of Interest in Medical Research, Education and Practice, eds. (2009). For a critique of SUN's conflict of interest tool, see Richter (2015).

15 See, for instance, Martens/Seitz (2015) and Birn (2014).

16 MQSUN+ (2018), p. viii.

Importantly, accountability towards people *outside of SUN*, in particular those who might be affected by the interventions promoted by the initiative, is minimal, and limited to the individual lines of accountability of members. There are no complaint mechanisms in place [17] and SUN Lead Group members, as well as those leading networks under SUN, act in their personal capacities and are not liable for actions promoted under SUN. A further complication in holding SUN accountable for actions is that it does not act directly, but through SUN governments and its members. Attribution of responsibility for impacts resulting from actions promoted by SUN – including for foregone impacts that could have been achieved if the government took an alternative policy route – is therefore highly difficult to establish.

## Shifting the policy agenda

### *Promotion of short-term medicalized nutrition interventions*

A key characteristic of the interventions promoted by SUN is the narrow focus on the first 1000 Days of a child (from conception to two years) as well as the emphasis on technical solutions to address malnutrition. The case studies showed promotion of short-term nutrition solutions with a strong emphasis on the treatment of micronutrient deficiencies with medicalized, product-based interventions. While attribution is always difficult, and debate continues about the pros and cons (risks and advantages) of many of the products promoted by SUN members, there was *little/no* evidence that these interventions brought meaningful and long-term changes to the nutrition prospects of those affected by malnutrition and *some* evidence of negative consequences on indigenous food cultures and confidence in local foods. The nature of the interventions fostered dependencies rather than strengthening communities' self-determination and capacity to feed themselves in dignity. Moreover, with the focus on undernutrition, factors that are recognized to exacerbate overweight, obesity and related non-communicable diseases, for example reliance on ultra-processed foods,[18] received hardly any attention – even though SUN now claims to address malnutrition in all its forms.

### *Support for industrial agriculture, distracting from the structural causes of malnutrition*

Within food systems interventions, a significant bias was observed towards technological solutions, in particular, biofortified seeds and fortified foods, which entail human rights risks for small-scale food producers, indigenous peoples and consumers. None of the three countries, that were examined, had a strategy in place – nor one being devised – for fundamentally re-shaping food systems to support agro-biodiverse production, advance the realization of the rights of small-scale food producers, and promote diversified, healthy and sustainable diets.

By signing up to SUN, countries commit to align their nutrition priorities and strategies to those of the initiative, and thereby may forego alternative strategies. Even where affiliation to SUN does not introduce 'new interventions', it contributes to increased emphasis on certain approaches to the detriment of others, thereby possibly avoiding measures aimed at addressing the underlying structural causes of malnutrition.

More broadly speaking, the consensus orientation and lack of mechanisms for dispute resolution within SUN and other MSPs can be said to stifle dissenting opinions and weaken the long-standing debate that is vital for framing strategies to address problems in food security and nutrition.

17 The Business Network has a whistleblower mechanism that can be used for registering alleged breaches of its Principles of Engagement by companies participating in SUN. Besides being difficult to find (located at the bottom of the Global Members page of the Sun Business Network website https://sunbusinessnetwork.org/network/global-members/), this mechanism concerns the activities of businesses that participate in SUN and not the actions promoted under SUN. No information is provided as to whether the mechanism has ever been used and what measures have been taken in response.

18 See https://www.who.int/ncds/prevention/en/.

## Conclusion

The case of SUN shows that interventions promoted by MSPs often do not address the social, cultural, economic and political determinants of malnutrition and rather emphasize short-term, technical interventions, owing to private sector influence in the context of a consensus driven process. The resulting initiatives tend to only target a small part of the problem and largely benefit the private actors. SUN's need to satisfy the needs of its private sector constituencies favours market-led approaches that inevitably over-emphasize commercially produced foods and technical interventions. Meanwhile SUN fails to address or even acknowledge the importance of issues such as power relations, social exclusion, exploitation, poverty, discrimination, low pay, land grabbing, genetically modified organisms (GMOs), abusive marketing of food products and child labour, all of which can cause forms of malnutrition and hunger.[19]

Initiatives such as SUN further contribute to the consolidation of private sector influence on public food and nutrition policies. By shifting policy accountability from the state to multi-stakeholder platforms with multiple actors, the government becomes a facilitator among many, rather than the primary actor in addressing malnutrition. This makes it even more difficult for affected groups to hold the state accountable for compliance with its human rights obligations, and moves us further to a charity-driven, rather than a rights-based approach to food and nutrition.

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19 Schieck Valente (2015).

# SDG 3

## Philanthrocapitalism in global health and nutrition: analysis and implications

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**In the name of a pro-poor agenda, venture philanthropists have played an essential role in tailoring a new narrative around global health and food. The productivist and free-market vision that drives the key players in the philanthropic sector has helped shape up a new political culture in these domains that is increasingly skewed toward the commodification and medicalization of both health and food, and their distancing from the domain that they constitutionally belong to: the human rights domain.**

**Philanthrocapitalism has firmly positioned itself as a way towards re-engineering the governance structure across all levels (from the global to the national) in the health and nutrition domain according to neoliberal thinking and the interest of corporate elites.**

**It is extremely well equipped to create influential strategies with a profound impact on the building of consent, as the role of the public sector declines.**

**Particularly at a time when private corporate players, including venture philanthropists, have been directly convened into implementing the 2030 Agenda and its Sustainable Development Goals (SDGs), measures are required more than ever to clarify the rules of the game, and to introduce a more level playing field to the global geopolitical arena.**

### The boom of the philanthropic sector

Over the last two decades, the philanthropic sector has grown in terms of the number of foundations, the size of their annual giving and the scope of their activities. While detailed information about their total annual spending on international development is not available, the Organisation for Economic Co-operation and Development (OECD) estimates private foundation giving for development purposes of more than US$ 23.9 billion over 2013-2015, or US$ 7.8 billion per year.[2] Spending concentrates on selected areas, especially health, education and nutrition.

There are currently more than 200,000 foundations in the world. Over 86,000 foundations are registered in the USA, while another estimated 85,000 foundations are based in Western Europe and 35,000 in Eastern Europe.[3] The philanthropic sector is also growing in the Global South, with for example, approximately 10,000 foundations in Mexico, nearly 2,000 in China and at least 1,000 in Brazil, largely due to the rapidly increasing number of wealthy individuals in

1 An earlier version of this article was published by Misereor, Bread for the World, Health Innovation in Practice (HIP), Global Policy Forum Europe and medico international in October 2018.

2 OECD (2018).

3 Foundation Center (2014).

countries in that part of the world.[4] Most of their activities remain focused on the national level, though, and only a minority are dedicated to global development purposes. The OECD report shows that the sources of philanthropic giving for development purposes are highly concentrated: 81 percent of total philanthropic giving during 2013-2015 came from only 20 foundations. Among them, the largest by far is the Bill & Melinda Gates Foundation.

Debates about the value of private philanthropy often separate the giving of money from the making of it. Philanthropic giving and capitalist accumulation can, however, not be considered separately and the notion that there is no correlation between extreme wealth and extreme poverty has to be challenged. The current booming phenomenon of *philanthrocapitalism,*[5] far from being a sign of a thriving global economy, is a symptom of a failing economic system that hinges on the excessive influence of big business over government policy-making, the erosion of workers' rights and the relentless corporate drive to maximize returns to shareholders by reducing costs.[6] From a political perspective, the role of philanthropy has been subject to longstanding criticism, based on the idea that elites use culture and education to preserve class distinctions. Philanthropy, in other words, may be used as a potent tool for social mediation, by preventing or containing radical and structural change.[7]

## Growing attention to philanthrocapitalism

Civil society organizations, scientists, and the media have finally started to devote more attention and research to the growing influence of philanthropic foundations in global development, in particular with regard to the influential actors of philanthrocapitalism, also known as 'venture philanthropy'.[8] Through their grant-making, personal networking and active advocacy, large global foundations play an overwhelmingly active role in shaping the global development agenda and in setting the funding priorities for international institutions and national governments alike. Questions need to be raised on whether private intervention in the public sphere by such immense accumulations of power and wealth, made possible through facilitated tax regimes, may indeed yield more of a danger than a benefit for democracy and pluralism. Venture philanthropy situates itself at the crossroads of these contradictions.[9]

Criticism of philanthropic foundations and their activities cannot be easily generalized, because private foundations, including venture philanthropies, have considerably changed with time and they differ in their agendas and understanding of global development, in their activities and priorities, in their capacity for political influence. In this diversity, we cannot ignore that some philanthropic actors play a decisive role in supporting initiatives of empowerment of civil society organizations that would otherwise be neglected.

## Major areas of concern

Focusing a lens on the philanthropic engagement in the interconnected areas of global health and nutrition, the following trends as major areas of concerns can be summarized:

It is difficult to estimate the influence of the largely unaccountable philanthropic actors in terms of their capacity to influence the strategic and policy orientations of health and agriculture at all levels. Since the turn of the millennium, a new generation of these actors has succeeded in normalizing themselves as aid actors under a development paradigm that focuses on narrowly-defined notions of *effectiveness,*

4 UNDP (2012).

5 The term 'philanthrocapitalism' was coined in a 2006 article in The Economist and has been studied most comprehensively by Matthew Bishop and Michael Green in their book entitled Philanthrocapitalism: how giving can save the world. The term describes the way in which new charitable actors – including wealthy individuals and their (family) foundations or corporate foundations – systematically apply business tools and market-based approaches to their charitable activities. See https://www.economist.com/special-report/2006/02/23/the-birth-of-philanthrocapitalism and Bishop/Green (2009).

6 Oxfam International (2018).

7 Utting/Zammit (2006). In this regard, see also Morvaridi (2012).

8 See e.g., Martens/Seitz (2015), Birn/Richter (2018), and Curtis (2016).

9 Rushton/Williams (2011).

*measurement and results-based management*.[10] The main elements of the 'development agenda' shaped by the leverage capacity of philanthropy's financial power include:

- the neglect and sometimes rejection of common sense practices in the field of health and nutrition in the name of modernization;
- the insistence on a technical approach as the best solution for poor populations;
- the *therapeutization* model extended to food production (through biofortification, food supplementation, etc.) after its widespread introduction and adoption in global health through the vertical disease control programmes;
- the reframing of questions of 'access to knowledge' in the field of life sciences in terms that prioritize corporate *donations* or conditioned concessions of proprietary technology for humanitarian purposes.

The discourse of philanthrocapitalism does not easily come to terms with issues like the social, commercial and environmental determinants of health which, if coherently addressed by governments, would constitute a strategic policy approach for disease prevention and health promotion across the population and disease spectrum. The rhetorical recognition of the need to support small-holder food production for domestic markets is casually embraced by venture philanthropists, except that sometimes it twists like a contortionist when it is translated into the practice of their aid programmes.

Through their preference for public-private partnerships, philanthrocapitalists make the involvement of the private sector a prerequisite for their cooperation with individual governments and international institutions. Philanthropic foundations are not only major funders but also constitute driving forces behind global multi-stakeholder partnerships. These initiatives have not only contributed to redefining the governance setting in health and nutrition and a weakening of the United Nations and its specialized agencies, notably the World Health Organization (WHO) and Food and Agriculture Organization (FAO), but have also undermined the implementation of integrated development strategies at national level.[11]

Furthermore, inasmuch as partnerships give all participating actors equal rights, the special political and normative position played by public institutional bodies is sidelined. Multi-stakeholder partnerships implicitly devalue the role of governments, parliaments and intergovernmental decision-making fora, and overvalue the political status of private actors, including transnational corporations, philanthropic foundations and sometimes even wealthy individuals.

This neoliberal design, however, remains attractive to governments and nonprofit actors as a source of funding, and is therefore largely unchallenged, despite the structural dysfunctional features of the unregulated economic paradigm currently in place. By appearing to respond to the urgent need for human dignity through social justice in the economic sphere, venture philanthropy reinforces the discourse in support of unregulated space for the private sector instead of binding rules on corporate activities to make business respect human rights, labour and environmental standards. It also contributes to a scenario of *postdemocracy*,[12] by means of dynamics such as:

- lack of accountability mechanisms;
- institutional hybridization through the public-private partnership (PPP) model;
- continued decline of the public sector and government responsibility for the provision of public goods and services;
- lack of transparency;

10 Martens/Seitz (2015).

11 Marks (2013).

12 For more on postdemocracy see Crouch (2004).

- the pretense of a *redistribution of wealth* by the elite, which instead ends up enhancing the asymmetry of power in the health and food domain between people in need and the elite.

The philosophical assumptions of philanthropy – such as Bill Gates' intriguing notion of "impatient optimism" – are channeled through simple and empathic communication that aims at enticing individual action and a sense of positive empowerment – from donors, participants in the projects, and beneficiaries – that overcomes state failure and market failure. Often subliminally projecting the 'self-made man/woman' and corporate success as the inspirational model, the marketing strategies emerging from the institutional communication of several foundations produce an image transfer of international respectability and engagement by individual philanthropists (and their family members) as people who do not just "care for the poor", but almost want to induce positive transformation in the lives of human beings. This image is deliberately built through:

- cooptation of key and influential champions from the global South;
- constant intelligence gathering about social dynamic and business opportunities;
- the 'poverty agenda' as a brand for global influence peddling;
- educational and leadership programmes designed to accommodate the culture and the structures set in place though the public-private partnership model;
- funding support to think tanks and media outlets, including training courses for science and not-for-profit journalists in developing countries.[13]

The functional confusion produced by the multi-stakeholder paradigm, and the organizational experiments which engage the different stakeholders, are essential tools to redefine issues and reframe tensions so as to remove potential conflict due to political considerations (e.g., 'access to technology' is reframed as 'valorizing corporate donors of proprietary technologies'). The consequences to be seen in this progressive shift are:

- the de-politization of important concepts around the right to health and the right to food (as a governments responsibilities);
- piecemeal technical solutions proposed as recipes to overshadow or replace proven policies that operate in a systemic approach (health promotion and disease prevention alongside health system strengthening, social and environmental determinants, fiscal regimes, etc.);
- the unshakeable belief in technology to shift attention from deeper and long-term political solutions;
- the 'measurement of results' according to a mere business model applied in health and food policies;
- the cherry-picking of health priorities and nutrition approaches according to measurable impact and potential private interests;
- the ideological fostering of privatization and the diversion of public money (at global and national level) to this end.

### Conclusion

Following are some recommendations to UN Member States and international institutions, including UN entities:

1. Undertaking independent assessments of cooperation with philanthropists at national and international level, looking at cost/benefit analysis, sustainability criteria, conflict of interest clauses, long-term impacts on the political chain of responsibility and the institutional set-up;

2. Designing appropriate fiscal policies aimed at raising income and fair wealth distribution;

13 Bunce (2016).

3 Devising regulations for interaction with private actors, including philanthropic foundations at the UN, *inter alia* in the FAO and WHO, that contain strong conflict of interest rules, and revolving door legislations;

4. Identifying measures that can progressively bind Member States to contributing financially to common goods delivery in health and food policy-making, using the leverage of sustainable policies that are socially and environmentally compatible with human rights.

Particularly at a time when the private corporate players, including venture philanthropists, have been directly convened into efforts to achieve the 2030 Agenda and its Sustainable Development Goals, measures are required more than ever to clarify the rules of the game, and to introduce a more level playing field in the global geopolitical arena.

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# SDG 4

## The ideological battle over SDG 4

BY ANTONIA WULFF, EDUCATION INTERNATIONAL

**Of all the SDGs adopted in September 2015, the measurement of progress on the education goal – SDG 4 – was arguably among the best prepared. With more than 25 years of a common global agenda, the education sector had an established architecture for cooperation and monitoring, and an obvious lead agency in UNESCO. Yet, four years in, UNESCO is underfunded to the point of incapacitation, leaving a vacuum that a range of other actors are working to fill. Add to this the failure to distinguish between the different roles and responsibilities of the public and the private sector; what follows is a battle between different approaches to implementing SDG 4.**

The 2015 adoption of the SDGs was the third time in three decades that the governments of the world promised Education for All. The first time was at the Education for All Conference in 1990 in Jomtien, Thailand. The second time was at the World Education Forum in Dakar, Senegal, in 2000, where the promise was reaffirmed and translated into six goals that were to be completed by 2015.

In 2000, the education sector put in place dedicated mechanisms for monitoring and follow-up of the Education for All Agenda under the coordination of UNESCO. These mechanisms now make up the architecture for SDG 4 governance and include the Education 2030 Framework for Action, a multi-stakeholder Steering Committee, periodic Global Education Meetings, and the annual and editorially independent "Global Education Monitoring Report".

The Framework for Action is a roadmap for implementation of SDG 4 that is signed by 184 Member States and the global education community. It outlines values and principles, modalities for effective governance, and indicative strategies and thematic indicators for each target. By specifying what they should include, the Framework makes many targets more ambitious.

The Education 2030 Steering Committee consists of Member States (three per region), representatives of UN agencies (UNESCO, UNDP, UNFPA, UNHCR, UNICEF, UN Women, the World Bank and ILO), the Organisation for Economic Cooperation and Development (OECD), and the Global Partnership for Education. It has dedicated seats for both civil society and the teaching profession; Education International occupies the latter.

In theory, the SDG 4 architecture represent a 'best practice' of SDG governance by bringing together the main stakeholders, guaranteeing regular assessments of progress and providing a forum for discussing new challenges and refining strategies. In theory, UNESCO is running the show as the indisputable lead on education.

In practice, numerous actors are competing for influence, particularly on defining *what works in education*, as so-called knowledge-based economies, grapple for growth and hunt for quick fixes in education. The SDGs are to be implemented in a political landscape where the UN system struggles to assert its relevance and values; gone are the days when UNESCO was the obvious authority in education, to which countries would turn for policy advice. This matters because agreement continues to be sought as to what the broad priorities within SDG 4 mean in practice, such as *quality* education or *relevant* learning. Governments have committed to a shared level of ambition and set of priorities but at the end of the day it is up to each government to translate them into more specific national policy.

Using the terminology of this edition of the Spotlight Report, this means that the *hardware* – the structures and institutions – may have far-reaching power over the software – the principles, norms and policies – of sustainable development. Or, put more simply, *how* the 2030 Agenda is implemented depends on the politics and preferences of the structures and institutions in charge.[1]



While different actors always have competed for dominance in the education space, this chapter looks specifically at the extent to which four players in the global education landscape promote the full scope of SDG 4: the World Bank, the OECD, the International Commission on Financing Global Education Opportunity (Education Commission), and the London-based Varkey Foundation.

## The power of numbers

The responsibility for leading the SDG 4 efforts came with no new money. On the contrary, UNESCO has had a tough few years. In 2011 the USA pulled its funding following the admission of Palestine as a full member, leaving a hole of 22 percent in the already stretched UNESCO budget. As are many UN agencies, UNESCO is also grappling with an ever-growing percentage of earmarked funding, reducing the flexibility and autonomy of the organization. In the case of education, the programme budget for the biennium 2018-19 is made up of US$ 83 million in assessed contributions and US$ 301 million in earmarked voluntary contributions.[2] Many would argue that the financial situation has had a direct and negative impact on "the size and the quality of the work of UNESCO".[3]

As the coordinating agency, UNESCO represents a commitment to the full scope of SDG 4 and the values underpinning its agenda. But the financial situation makes UNESCO vulnerable to influence and pressure from donors. For example, the earmarked funding for the development of globally comparable learning metrics has resulted in far more progress on those indicators compared to other SDG 4 indicators.[4]

This is no coincidence. In the context of results-based financing, where development is often framed as a matter of efficiency rather than complex and deeply ideological processes, learning outcomes are posited as the metric for measuring progress in education. While the Education 2030 Framework for Action commits to a broad notion of quality education, including "relevant learning outcomes in cognitive and non-cognitive domains" and the "skills, values, attitudes and knowledge that enable citizens to lead healthy and fulfilled lives, make informed decisions and respond to local and global challenges",[5] some things are easier to measure than others.

The World Bank, as the largest funder of education in low-income countries, has a long history of undermining public education and its private sector arm continues to invest in fee-charging and profit-making education providers. The Systems Approach for Better Education Results, SABER programme is directly discouraging governments from regulating education, setting standards for private schools or limiting private actors and fee-charging.

Recently, the Bank has attempted to play more of a leadership role at the policy level. In 2018, the World Development Report[6] was devoted to education for the first time ever, and later that year, the Bank launched the Human Capital Index,[7] based in part

1 For studies of similar institutional dominance in measuring other SDGs, see Fukuda-Parr/McNeill, eds. (2019).

2 See https://opendata.unesco.org/financial-flows/requirements.

3 Hüfner (2017), p. 98.

4 See http://uis.unesco.org/sites/default/files/documents/report-of-director-on-activities-of-the-institute-2017.pdf.

5 UNESCO (2015), para. 22.

6 See http://www.worldbank.org/en/publication/wdr2018.

7 See http://www.worldbank.org/en/publication/human-capital.

on learning outcomes, and supposedly encouraging Member States to invest more in education. Both of these initiatives promote an instrumentalist view of education, where its importance is determined merely by the economic growth that it yields, even if the Bank has peppered its discourse with occasional references to SDG 4.

While different in terms of both scope and mandate, the OECD promotes evidence-based policy-making and champions its assessment data as a prime indicator of education quality. Its Future of Education and Skills 2030 project looks at the broader set of knowledge and skills needed, but the long running Programme for International Student Assessment (PISA) remains the most visible initiative. Some 80 countries participated in the 2018 round and now low- and middle-income countries can participate through PISA for Development (PISA-D). While PISA-D had been in the works long before the SDGs were adopted, the OECD has been known to sell it as a tool for tracking progress towards SDG 4.[8]

Both the World Bank and the OECD pledge allegiance to SDG 4 and are members of the Education 2030 Steering Committee. Yet, from an SDG 4 perspective, their overemphasis on a small part of the SDG 4 agenda – learning outcomes – risks undermining its full scope. It is not just a matter of framing education as a means to economic growth; what the World Bank and the OECD have done is assert the link between globally comparable assessments and learning outcomes, on the one hand, and a globally competitive nation, on the other. Such an overreliance on learning metrics as the indicator of the quality of education systems denies the importance of contextually relevant education, the complexity of processes of teaching and learning, and the expertise and professional autonomy of teachers. It may push systems towards global convergence and reduce the scope of education provided, marginalizing subjects that are more difficult to assess, such as education for sustainable development and climate action.

## The newer kids on the block

Alongside multilateral institutions, a range of private actors are emerging under the banner of SDG 4 implementation. The Education Commission was established in 2016 by the UN Special Envoy on Global Education and former UK Prime Minister Gordon Brown. This group of prominent individuals, funded by the Norwegian government and the Rockefeller Foundation, among others, tasked itself with rethinking education financing. The UNESCO Director-General was one of the convenors but there was no formal relationship with UNESCO, and the Education Commission was established with its own separate secretariat.

Among the Commission's initiatives are the International Finance Facility for Education (IFFEd) and the Education Outcomes Fund (EOF). IFFEd aims to unlock additional finance for education through the creation of a multilateral development bank investment mechanism, hoping to attract regional development banks to invest in education, and targeting lower middle-income countries. It is not yet operational. EOF, on the other hand, promotes privatization as well as results-based financing in education by applying impact bonds – exclusively for private actors – for the achievement of learning outcomes in Africa and the Middle East. The Fund claims that these initiatives support SDG 4, but there is no formal relationship with its governance or recognition of their incompatibility.

Another prominent private actor is the Varkey Foundation and its annual Global Education and Skills Forum (GESF),[9] a high-level gathering of actors in education promoted as a celebration of the teaching profession. The Varkey Foundation, initially the Varkey GEMS Foundation, is the philanthropic branch of Dubai-based GEMS Education, the world's largest for-profit private school system (the Varkey Group includes healthcare as well as construction businesses). In 2012, the chairman of GEMS Education, Sunny Varkey, was appointed UNESCO Goodwill Ambassador for Education Partnerships, thanks to

8 Auld/Rappleye/Morris (2018).

9 See https://www.educationandskillsforum.org/.

“his contribution to forging innovative public-private partnerships to ensure that underprivileged children across the world receive a good quality education”.[10] He defends a universal right to quality education, but a level of quality that is determined by purchasing power.[11]

Though fairly new on the scene, the Foundation’s de facto convening power seems far greater than that of UNESCO, which struggled to get Ministers of Education to attend its high-level Global Education Meeting in 2018, aimed exactly at measuring SDG 4 progress. The connections and finances of the Varkey Foundation are key, but the GESF is also a venue where private actors get to rub shoulders with ministers and education stakeholders, contrary to the formal SDG 4 structures.

## Wanted: government leadership

In sum, a number of actors are expanding their work and competing for influence in the education space. Importantly, this is not just a matter of turf and pride; it is a matter of ideology and power, given that the ambitious but broad priorities within the SDG 4 targets are not tied to specific policies, implementation modalities or financing arrangements. The UN discourse on the implementation of the SDGs depending on everybody chipping-in leads to all actors and actions being framed as equally important and legitimate. As discussed, this risks marginalizing a rights-based approach and defense of public quality education.

Implementation as well as the SDG 4 governance should be Member State-led. Yet, many Member States are now pushing for a greater role for the private sector, eagerly calling for public-private partnerships and private investment. Despite the guarantee and provision of education being a State responsibility, the Global Partnership for Education is currently discussing whether they should also fund private providers. While Japan is chairing the Education 2030 Steering Committee, they champion the World Bank’s Human Capital approach to education in their role as G20 chair, directly undermining the broader SDG 4 agenda. As long as governments are shying away from their responsibility, the scope and rights-based nature of SDG 4 will be under threat.

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10 See http://www.unesco.org/new/en/goodwill-ambassadors/sunny-varkey/.

11 Ridge/Kippels/Shami (2016).

# SDG 5

## Advancing women's rights and strengthening global governance: the synergies

BY CECILIA ALEMANY AND GITA SEN, DEVELOPMENT ALTERNATIVES WITH WOMEN FOR A NEW ERA (DAWN)

**Why are women's rights central to advancing global governance? The UN Secretary-General's 2019 Report on the SDGs recognizes that "there is simply no way that we can achieve the 17 SDGs without achieving gender equality and empowering women and girls".[1] We argue that taking gender equality seriously in global governance is essential to advancing gender equality and women's human rights at both global and national levels. Equally important, advancing gender equality, women's empowerment and women's human rights are critical to strengthening global governance, particularly with regard to debt relief, global trade, technology transfer and institutional coherence.**



### Advancing women's rights – the role of global governance

The pervasiveness of gender inequality and violations of girls' and women's human rights, despite variations across countries and regions in their forms, manifestations and intensity, co-exists with national level governance systems that are highly uneven in how they tackle this challenge. Measuring the extent and effectiveness of women's participation in different levels of national governance is difficult without data. As a proxy, representation in national parliaments ranges from 0 to 61.3 percent, with the global average being 24.2 percent as of January 2019.[2] In addition to gender stereotypes and patriarchal practices that undermine women's capacity to engage in political processes, other obstacles for women in entering in politics or parliament in different regions are "lack of constituents and lack of financial resources".[3]

This is compounded by varying levels of political commitment as manifested in national laws, policies and social environments. Half of the world's people cannot be left to the vagaries of national governance systems without clear commitments, institutional mechanisms and funding at the level of global governance. Such central elements of women's human rights as the recognition and valuation of unpaid care work, and the rights of informal sector workers including in global production and value chains where women predominate cannot be adequately addressed at the national level alone.

Trans-boundary effects include, to name a few, the presence of very large numbers of migrant and undocumented workers and refugees who are women, the scourge of violence including targeted rapes, kidnapping and other forms of sexual violence in conflict situations, and responsibility for household livelihoods and the survival of family members in the face of the extreme weather, droughts, flooding and other consequences of human-induced climate change. Such effects need to be tackled globally with full recognition of women's positions; their oppression and subordination under patriarchal systems, old and new; and all their human rights – economic,

1 UN (2019), p. 3.

2 Ibid., p. 10.

3 Baliamoune-Lutz (2016).

political, social, cultural, including sexual and reproductive rights. The global 'bully pulpit' of the SDGs as well as real changes in global governance that give institutional positioning and importance to respecting, protecting, promoting and fulfilling these rights can go a considerable way towards encouraging similar changes at national levels.

Without substantive advances in SDG 17 that take such trans-boundary effects seriously, existing efforts to advance SDG 5 could be undermined. The incorporation of women's rights and gender equality in global institutional frameworks, structures, rules and regulations, and effective participation by feminist and women's rights groups in international bodies governing development are essential.

There is certainly greater global visibility thanks to #MeToo, and public manifestations of the need for recognition and inclusion of gender equality from the Bretton Woods Institutions as well as some Northern governments such as Canada and Sweden. But, many forms of gender discrimination remain unrecognised and unspoken, while many harms to women and shortfalls in governance, as well as potential for change remain hidden. Visibility and positive discourses about women's human rights, including sexual and reproductive health and rights, through women's mobilizing for the UN conferences of the 1990s as well as for the SDGs, has also generated vicious backlash from religious and other patriarchal networks operating globally. Overall, the global governance picture for gender equality and women's human rights remains decidedly mixed.

## Strengthening global governance: the importance of gender equality and women's human rights

Feminist analysts, advocates and activists have argued that incorporating women's human rights and gender equality into global governance has the potential for fundamental transformation of its content and institutions. This argument has many dimensions – the importance of unpaid care work for the design of macroeconomic policies (fiscal, monetary, taxation and exchange rate); the role of women as informal sector workers for labour and social protection policies and institutions; the implications of women's responsibilities for household survival and subsistence for policies ranging from trade, public-private partnerships (PPPs), and investment on the one side to climate change and conflict prevention and mitigation on the other. Substantive changes in global governance content requires changes in its institutions. But power, as we have both argued elsewhere, is still very masculine[4] everywhere, and it is hard to find women's rights activists in international financial institutions (IFIs), or in macroeconomic, trade, digital economy, or fiscal debates in mainstream institutions or among government officials.

**Bringing more women to the table:** Some international organizations are responding to the recent amplification of women's voices by having more women at the table, understanding that all-male panels/bodies give the wrong message. By itself this advance does not guarantee that gender equality or women's rights will be effectively incorporated but it does push towards transforming the culture of all-male panels/bodies that have existed for too long in the international institutions, and remain in many spaces (on finances, taxes, IFIs boards, infrastructure, etc.). Another response is to recognize that gender equality does not happen *sui generis* but requires affirmative actions and policies. Some global organizations such as the World Bank have been including gender impact analyses in project baselines and ongoing monitoring. But such advances at the project level can be undermined by regressions at the macro or policy level. In terms of parity efforts, for example, in 2017 the UN Secretary-General launched a System-wide Strategy on Gender Parity, recognizing that "there is an inverse relationship across the system between seniority and women's representation: the higher the grade, the larger the gap in gender parity".[5] Implementation of this strategy is also supposed "to strengthen further geographic diversity, particularly

4 See, e.g., IPS (2008).

5 UN Women (2017), p. 6.

from underrepresented groups".[6] Having a UN gender parity strategy and a Secretary-General who calls himself a feminist are positive, but the general leadership in the UN is still very masculine. Only one-third of leading positions are occupied by women while they represent two-third of the lowest professional positions.[7]

Some organizations are promoting women's participation or even equal participation in boards or executive bodies, as a way to influence top-level governance and policy decisions. But the recent epiphany about gender equality by the head of the IMF does little to change the fact that the IMF remains wedded to austerity policies and PPPs that raise the cost of social services, and reduce access to public infrastructure and social protection, harming many of the poorest among the world's people, including large numbers of women. On the other hand, when forums such as the G20[8] or the World Economic Forum respond to the current demands for inclusiveness, they tend to invite the most privileged women including business women.

**Financing women's organizations, gender equality and development:** There are several efforts to measure funding for women's organizations,[9] for gender equality through national budgets (gender sensitive budgeting and analysis) and development cooperation (through the OECD DAC gender marker).[10] Gender budgeting – and not necessarily more public budget allocations to gender equality – is seeing progress since there is further implementation of gender responsive budgeting according to the Secretary-General.[11] More recently, we have seen an articulation of so-called feminist foreign policies including funding for women's organizations by some governments. This has the potential to engender significant shifts in both policies and participation. But such measures have not yet changed the ways in which these governments hold their own corporations to account for abuses of human rights and negative impacts on women's livelihoods in the global South, or to strengthen women's rights systemically in international governance.

Feminist and women's rights organizations are not necessarily the preferred partners of funders even when they mark their funding as a contribution to gender equality. Traditional funders or donors, and even UN agencies in the field, increasingly tend to partner with and fund women's business organizations. IFIs and financial corporations are promoting "innovative financial tools" such as "gender bonds" launched by the World Bank and private financial institutions,[12] and there is growing interest in the financial community towards so-called 'gender lens investing'.[13] The direct financial contribution of traditional gender-marked ODA disbursed to governments and civil society in developing countries was only 12 percent of total gender-marked ODA in

6 Ibid, p. 8. Results of this strategy need to be seen, since beyond merits and countries' quotas, in some cases candidates' countries' funding leverage may act as a boost to influence higher level appointments. In practice, this may undermine Southern women's access to senior positions and even more so for women coming from the feminist movement that are not necessarily the preferred candidates for their countries' governments.

7 Ibid, p. 10. In Director and Under-Secretary positions only 32 percent in average are women and there is a significant over-representation of women in more junior levels; in the highest professional levels women are 36 percent and in the lowest 61 percent.

8 See the Special Contribution II.1 in this report.

9 Baliamoune-Lutz (2016.)

10 The OECD DAC applies a gender equality policy marker to ODA creditors' reports that provides a basis to understand how ODA contributes to gender equality according to funders. See http://www.oecd.org/dac/gender-development/dac-gender-equality-marker.htm.

11 UN (2019), p. 2.

12 The World Bank has several bonds tagged to sustainable development, and on 8 March 2019 launched bonds "to raise awareness for the importance of investing in women's empowerment in rural areas". Offering "will be made only by means of a prospectus containing detailed information that will made available through HSBC" since it is a public-private financial initiative. These bonds "bring the World Bank's total issuance of bonds that raise awareness for gender equality to US$840 million", and it has also issued US$ 2 billion in bonds to highlight efforts that support women and children's health. See https://www.worldbank.org/en/news/press-release/2019/03/08/world-bank-bond-highlights-importance-of-investing-in-women-through-agriculture and www.worldbank.org/debtsecurities.

13 See https://digital-iadb.lpages.co/idb-invest-gender-lens-investing/.

2017.[14] In addition, the narrow vision of development cycles promoted by many funders, through short-term projects of one or two years, that allocate resources to what funders want and need, has been undermining women's rights and feminist groups. The negative implications are severe for these groups' independence, advocacy and mobilization capacities in many countries where human rights in general and women's rights in particular are being attacked by repressive governments.

In sum, many of the 'innovative financial tools' respond to a reductionist vision of gender equality as smart investments that eschew attention to how macroeconomic policies, international trade rules, tax regimes, global value chains with women at the lowest levels, global governance imbalances, the erosion of multilateralism, and reduced policy space for developing countries harm women, especially the poorest.

## Advancing gender equality and women's human rights

Advancing gender equality and women's human rights in formal and substantial terms, ensuring policy coherence across the development spectrum, and strengthening women's rights groups' and feminists' participation in national and global governance are still large challenges.

**Gender equality and women's rights analysis** in development projects, policy design and recommendations from international institutions in general can contribute to a more inclusive governance. The IMF and the World Bank group should acknowledge, via formal Board-approved policy positions, the obligation not to undermine but rather to promote gender equality through their role in shaping or determining the macroeconomic policies of developing countries.[15]

**Policy coherence** can be promoted in many different ways, such as by ensuring that transnational corporation and country representatives in international organizations such as the World Bank, IMF or the WTO take decisions and agree on negotiated clauses that do no harm, and that respect and protect human rights and international obligations and standards, such as ensuring favourable conditions of work,[16] ensuring social protection for women, mothers and children,[17] respecting the commitments to the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) at the national level, among other rights and development goals internationally agreed.

It is important to recall, with feminists and women's rights groups, that there is "no empowerment without rights."[18] To leave no one behind, all development actors must *strengthen human rights including women's rights in existing policy and funding initiatives and implementation of all SDGs* nationally and internationally, ensuring that all these efforts incorporate human rights principles and standards, and contribute to the implementation of international agreements such as CEDAW and the Beijing Declaration and Platform for Action.[19]

**To strengthen women's rights in gender equality funding** (traditional and innovative), beyond bilateral or regional efforts, governments should secure full funding for the treaty bodies' system and ensure that their sessions are implemented; and that they incorporate women's organizations' voices and recommendations as has been its practice until now. Particularly, securing funding needed to enable the CEDAW Committee to implement its mandate under the Optional Protocol, which allows individuals to bring complaints of violations of women's rights, is critical as it now seems under threat along with other treaty bodies, because of lack of funding. Additionally, at the multilateral level, the insignificant funding allocated to entities of the UN system, including

14 OECD Creditor Report System, total aid projects targeting gender equality and women's empowerment, gross disbursements in 2017 from all DAC donors to development countries versus Government and Civil Society sector allocation to aid projects targeting the same thing.

15 Bretton Woods Project (2019).

16 ICESCR (1966), art. 7; CEDAW (1979), art. 11.

17 ICESCR (1966), art. 10.

18 Sen/Mukherjee (2014).

19 See UN Women (2018).

UN Women, is also a signal of weak political will to support multilateral institutions committed to and leading on women's empowerment and gender equality. This inadequate funding also undermines the UN system's capacity to partner and fund women's human rights and feminist groups in the global South, and drives the pressure to partner with the private sector.

**Strengthening participation and voice for women's rights** in global governance requires ensuring direct participation by women's rights and feminist organizations in governance fora and bodies, not through women philanthropists or women entrepreneurs. The voices of the movement especially from the global South must speak and engage for and by themselves. An important criterion would be to ensure this is built into any new spaces that may be created.

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# SDG 6

## Transforming institutional dynamics of power and governance to enable universal access to water, sanitation and hygiene (WASH)

BY KATHRYN TOBIN, WATERAID

**SDG 6, Ensure availability and sustainable management of water and sanitation for all, represents one of the easiest – and most fundamental – parts of the 2030 Agenda to achieve. Dynamics of power and inequality shape access to water, sanitation and hygiene (WASH) and other basic services, both in terms of tangible metrics (income, nearness and type of family toilet or water source) and because of the unequal distribution of influence over decision-making – the gulf between whose rights and voices count and whose do not. Raising the political leverage of communities facing discrimination in infrastructure and service provision is key in changing the power relationships between users and providers. The preconditions for universal access to WASH at national level must be matched by commitments at international level: to significantly increase official development assistance (ODA), restructure debt, curb illicit financial flows and stimulate new sources of international public assistance through democratic institutions.**

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### Achieving the ambition of "universal and equitable" WASH

SDG 6 calls for "universal and equitable" provision of services, an ambitious and rights-based framing that requires both a holistic approach to SDG implementation and interventions into the political dynamics that determine who has access and who does not. The breadth of SDG 6 encompasses social, environmental and economic concerns, addressing factors of affordability, gender determinants of access and the implications of climate change in increasing pollution, water scarcity and water-related ecosystems. This comprehensive approach – light years beyond the Millennium Development Goals (MDGs) in both scope and ambition – must be matched by integrated implementation through policy, budgeting and programming, at national and global levels.

WASH is an essential enabler for advances in health, education, gender equality, economic participation, decent work, and freedom and safety in public spaces. At the same time, water and sanitation are intrinsically entwined with dynamics of poverty, inequality and the drivers and effects of climate change, conflict and migration. An integrated approach to implementing SDG 6 is therefore central to an overall application of the 2030 Agenda, reflecting its holistic nature and the deliberate intention of the governments who crafted it to address social, environmental and economic drivers of progress and equality simultaneously.

For example, WASH is a critical element of an integrated and holistic understanding of sexual and reproductive health and rights. Women who are most likely to die in childbirth, who don't have access to sexual health services (which depend on WASH) or the ability to make decisions about their reproductive and sexual lives are also often disadvantaged in terms of political voice and representation in decision-making, as well as in lower income quintiles. The lack of safe, affordable, accessible and available water, sanitation and hygiene is a significant contributor to maternal and newborn deaths, as well as to unsafe abortion and to unmet needs for menstrual health.[1] WASH is essential to ensuring the full spectrum of health-related needs and rights of women, girls, and transgender and gender non-conforming people.

Water and sanitation form part of a package of essential services that should be afforded to all in order to achieve the 2030 Agenda and to fulfil their human rights. Cross-ministerial and cross-sectoral efforts to implement SDG 6 and the 2030 Agenda as a whole are therefore required, particularly around health and education, where WASH is a prerequisite for effective care and learning. This integration should be reflected in the institutions set up to implement the SDGs and to advance national development priorities, which requires transforming the underlying causes of inequalities along lines of income, geography, gender, ethnicity, disability, caste, and so on. Amplifying communities' claims for equitable access to affordable, quality services is fundamental in transforming the governance conditions that circumscribe this access, especially for those living in greatest poverty or marginalization.

Intersecting inequalities, democratic governance gaps and institutional weaknesses drive or constrain the equitable and inclusive implementation of SDG 6. These factors are equally or more impactful than the funding available to countries to extend WASH access to the entirety of their populations.[2] Transforming the political and institutional determinants of access should be a priority for States as duty-bearers as well as for all actors committed to the implementation of SDG 6 – and of the SDGs as a whole.

There is more than enough global wealth to pay for the entirety of the 2030 Agenda and to fulfill the rights of all human beings to health, education, water and sanitation, and all other prerequisites for social, economic and environmental justice.[3] For WASH, the technology and knowledge required to extend universal access are neither relatively expensive nor particularly complex, so it should have been possible both to reach the MDG on water and sanitation and be on track to easily achieve SDG 6. Why then are there still 844 million people who lack access to safe drinking water, and 2.3 billion without decent sanitation?

## Weak institutions, unequal voice: constraints to WASH access

Even where 'coverage' with WASH infrastructure or services exist, barriers to access arise through internal and external dynamics of the sector, in terms of institutions, coordination, planning, monitoring, financing, delivery, accountability, water resource management, user demand and behaviour.[4] Working across national governments, municipal authorities and utilities/service providers on 'sector strengthening' is fundamental to the achievement of SDG 6 – especially where the underlying cause of insufficient access is a lack of capacity on the part of providers. Through participatory processes and supporting institutions responsible for WASH delivery, we work in partnerships to enable the WASH sector to capably respond to increasing demand and provide long-term services.

Where access is stymied not because of a lack of capacity but because of a lack of will, it is important to assist communities in efforts to secure their rights, mobilizing to claim services and hold duty-bearers to account, thereby seeking to transform the status quo of exclusion and the norms and attitudes that underpin it. Remote communities' relative lack of access to WASH, for example, is caused by their distance not only from established infrastructure but from centres of power and decision-making. Creating a political cost for ignoring the rights of remote communities by raising their political leverage is key in changing the power relationship between service providers and users, as concrete steps towards ensuring universal access.

But the underlying causes of lack of capacity, lack of will or both must also be addressed along with their

1 WaterAid et al (2019).

2 For detail on a "systems approach" to ensuring WASH access, see IRC (2019).

3 Oxfam (2019) outlines recent figures on the amassing of global wealth; Center for Global Development (2018) has done a lot of thinking around what achieving the SDGs would cost.

4 WaterAid (2018).

locally specific manifestations. It is not enough to determine that a given country has vast disparities in access to sanitation, for example, because its WASH sector is weak and it lacks sufficient funds to pay for upgrading infrastructure upgrades and extending services to its hardest to reach populations. The analysis must also acknowledge how structural adjustment, unsustainable debt burdens, trade regimes that trap developing countries in primary commodity export while flooding markets with cheap foreign goods that disincentivize local production, and a global push towards privatization and public-private partnerships (PPPs) have shifted the focus away from social protection and quality services.[5]

The question of why a sector-strengthening and empowerment approach is necessary – and why gaps in service provision are being filled by international NGOs – hinges on global inequalities and historical trajectories of colonization and imperialism, still played out today through neo-colonial economic structures and inequitable global decision-making.



## Upending global structural drivers of discrimination in access to WASH

Achieving SDG 6 will not happen without a democratic 'enabling environment' at national level. But the fundamental preconditions at national level (transparency, participation of people facing discrimination in determining the priorities of their local and national budgets, adequate expenditure funneled to where it is supposed to go) must be matched by commitments at international level. Transforming national paradigms of voice and access requires international echoes in decision-making and resources.

As with national-level interventions, this requires transforming the structural paradigms that cause inequalities in the first place, and replacing them with a vibrant and equitable multilateral system that sets and enforces rules for the governance of trade, debt, financial flows, taxation and international public assistance through democratic institutions.

In this context, it is important to underline the role of ODA – an obligation grounded in historical responsibility and continuing neocolonial economic structures. The corporate wealth that so enriches the economies of donor countries is generated through the raw materials and cheap labour sourced in the developing world, so the exponential increase of ODA in line with actual economic realities must be part of any discussion of how to finance the SDGs, along with the right to development. ODA is also the missing piece of the current triangle around Financing for Development, which tends to emphasize the role of private/blended finance (despite lack of evidence of its contributions to advancing the SDGs or national development priorities) and domestic resource mobilization, while ignoring the reality that without significant inflows of public, grant-based assistance, most lower-income or fragile states will never be able to finance their full implementation of the SDGs through either taxing their citizens or incentivizing corporate investment.[6]

Advocating for grant-based financing is also essential because levels of external **debt** are again reaching unsustainable levels in many developing countries. Forty percent of low-income developing countries (LIDCs) are now in or approaching a state of debt distress.[7] Servicing high levels of debt prohibits countries from spending domestic resources on the kinds of public services that reduce inequalities, improve people's lives and achieve sustainable development – with particular impact on women and girls, who are then forced to take up the drudgery of care and household work that would otherwise be ameliorated.[8] WASH provides a prime example of the need to link discussions of service provision to broader

5 For a discussion of the structural economic transformation away from primary commodity production required to enable development (with particular focus on agriculture in sub-Saharan Africa), see Hormeku-Ajei (2018). The recent report of the UN Special Rapporteur on Extreme Poverty and Human Rights, Philip Alston, outlines comprehensive research on the effects of widespread privatization of public goods on deepening poverty and violating human rights (2018); a useful summary was posted by the Bretton Woods Project (2018).

6 ODI (2018).
7 IDA (2018).
8 IDS (2016).

structural questions of government spending, such as women's and girls' responsibilities in acquiring water, boiling or otherwise ensuring its safety for use in cooking and drinking, and caring for family members who fall ill due to the lack of sanitation – as well as their own gender-specific WASH needs regarding menstruation, pregnancy and childbirth, and (peri) menopause.[9] Debt relief should therefore be part of a new commitment to increasing international public assistance for the SDGs, ensuring it translates to conditionality-free increases in LIDC government coffers.

Additionally, **taxation** must be re-envisioned at a global level, to complement national-level emphasis on domestic resource mobilization. Financial transaction taxes and carbon taxes can be important components of this, supporting financial stability and the transition to a zero-carbon economy. This vision must also include, through a UN-led global tax body, the introduction of new taxes on technology and on high net-worth individuals. New global rules should govern the reform and restructuring of the taxation paradigms around extractive industries and other corporate investment in developing countries, to prevent a 'race to the bottom' and ensure countries have both policy space and public finances to pay for their development objectives.

Finally, **curbing tax evasion and avoidance**, and stopping illicit financial flows (IFFs) are essential to enable countries to finance SDGs implementation. Taking action on tax havens – estimated to store wealth equivalent to 10 percent of global GDP – addressing transfer mispricing by transnational corporations, and supporting improvements in governance and transparency to tackle corruption are prerequisites. What *prevents* countries from allocating sufficient resources to sustainable development is just as important as what enables them to do so.[10] The OECD Base Erosion and Profit Shifting (BEPS) process is a start, but a truly multilateral, democratic process with global South government ownership is essential in carrying forward the momentum of the Stop the Bleeding campaign around the Mbeki Panel on IFFs,[11] for example, and moving towards meaningful action to address IFFs and tax havens internationally.

These components of global financial governance should lead, in the immediate term, to economic transformation at the national level. Together, these measures should form a new financing compact that re-emphasizes the public over the private, to enable the prioritization of basic services and human rights. Only this level of tectonic shift will enable countries to address the compounding crises of climate change, commodity price volatility and rising inequalities – and to have any chance of achieving the vision set out in the SDGs.

## Towards structural transformation of and through the 2030 Agenda

The 2030 Agenda, while in some ways a watered-down, 'least common denominator' version of the sweeping and interlinked transformative framework envisioned by many of its original proponents, is profoundly political in terms of the systemic, topline decisions it implies of national and multilateral actors. Any honest attempt to achieve it, at country and global level, requires engaging with structural questions of how the economy functions and the institutions through which advances in service provision, infrastructure, regulation, and legislation are shifted and remade in order to carry out its directives.

Without addressing these issues, the international community will spend another 10-15 years tinkering around the edges, not meeting any but the easiest-to-reach SDG targets. Ending inequalities in sanitation (and diseases of poverty resulting from its lack), social protection, violence against women – the elements of the 2030 Agenda that depend on power relations – will continue according to current trends or devolve further as global crises become more urgent and trends towards unilateral and xenophobic decision-making proliferate.

9 Gender and Development Network (2016).

10 Garrett/Tobin (2018).

11 See http://www.trustafrica.org/en/resource/news/item/3194-stop-the-bleeding-campaign.

There are only a few years left to make sure the SDGs are meaningful – which requires engaging in the institutional governance to guarantee human rights, and transforming underlying inequalities that determine access, participation and voice – at national and global levels.

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# SDG 7

## Governing the path towards Sustainable Energy for All

BY ARTHUR MULIRO WAPAKALA, SOCIETY FOR INTERNATIONAL DEVELOPMENT (SID)

**The world is not on track in meeting the Sustainable Energy for All targets. it is time to shift the focus to the governance realm and reshape it to ensure that the decisions taken, the policies promulgated and the finances leveraged are actually contributing more to the goal of ensuring access to affordable, reliable, sustainable and modern energy for all and less to the profits of the private companies involved. This also means taking a hard look at public-private partnerships (PPP) in the energy sector. The record of PPPs to date shows that they have been long on promise and short on results. Essentially, achieving SDG 7 will mean investing much more public resources into renewable off-grid and mini-grid solutions and make them affordable for all, particularly for poor households in remote areas.**

Speaking in September 2015,[1] then UN Secretary General, Ban Ki-Moon identified three goals the Sustainable Energy for All agenda sought to attain by 2030: provision of universal energy access to all; the doubling of energy efficiency; and the doubling of renewable energy sources in the global energy mix. The Secretary-General in the same breath acknowledged that achieving these goals was an ambitious task, but one that was doable if "we work together".

In May 2018 the *Tracking SDG 7: The Energy Progress Report* highlighted the fact that despite "impressive progress in expanding access to electricity in the least developed countries", the world is not on track to meet these targets. Speaking at its launch, the then Director-General of the International Renewable Energy Agency (IRENA), Adnan Z. Amin acknowledged that the tracking report was "an important signal that we must be more ambitious in harnessing the power of renewable energy to meet sustainable development and climate goals, and take more deliberate action to achieve a sustainable energy future".

According to the Executive Summary:

> While overall progress on meeting all targets *falls short*, real gains are being made in certain areas. Expansion of access to electricity in poorer countries has recently begun to accelerate, with progress overtaking population growth for the first time in sub-Saharan Africa. Energy efficiency continues to improve, driven by advances in the industrial sector. Renewable energy is making impressive gains in the electricity sector, although these are not being matched in transportation and heating – which together account for 80 percent of global energy consumption. Lagging furthest behind is access to clean cooking fuels and technologies – an area that has been typically overlooked by policymakers. Use of traditional cooking fuels and technologies among a large proportion of the world's population has serious and widespread negative health, environmental, climate and social impacts.[2]

1 UN (2015).

2 International Energy Agency et al. (2018).

This is the context and background within which to examine how to ensure that we can achieve SDG 7 on access to affordable, reliable, sustainable and modern energy for all and the role that governance and institutions play in this regard.

## Contextualizing access

Much has been made of the need to embrace public-private partnerships (PPPs) as a premier vehicle for countries to achieve SDG 7. In this respect, there has been no shortage of investments in the sector ostensibly to boost energy production and availability. However, it is evident that investments to date have not made any significant headway in tackling energy poverty in spite of the many promises that accompanied them. The reason is simple: energy investments do not necessarily prioritize issues of access in those places where there are huge energy needs – indeed, the Energy Progress Report says as much when it says that the biggest gap that needs to be addressed is that of providing access to clean cooking fuel and technologies. The existing PPPs might make a significant amount of additional megawatts available to national grids, but they have yet to bother seriously with issues of how this energy is accessed and under what conditions.

As the International Energy Agency report *Funding Clean Energy Access for the Poor* noted, there is a fundamental mismatch between the goals of PPPs and ensuring access to energy by those who need it most. Moreover, according to its authors:

> it is not clear that large-scale PPP projects in the energy sector are well suited to address energy access because the World Bank has not provided any guidance on how to align the private sector objectives, i.e., aimed at profits, with government objectives to provide energy access to the poor.[3]

Furthermore, critics have noted, to date, the predominance of 'dirty-energy' PPPs is responsible for "devastating the environment, undermining progressive environmental conservation efforts and exacerbating climate change. PPPs have also led to forced displacement, repression and other abuses of local communities, indigenous peoples, displaced farmers and labourers among others".[4]

This situation is not sustainable: the damage wrought by PPPs not only compromises and complicates progress made to reach the SDGs, but signals the need to challenge the predominant logic that privileges these partnerships and investments considering their poor track record of delivering goods in the public interest. It is therefore imperative to ensure that there is increased investment in renewable energy technologies – notably off-grid and mini-grid solutions that not only hold greater prospects of delivering clean and sustainable energy for those populations that remain unable to access the main grids – but also to reverse or avoid the environmental and social damage that has accompanied the majority of PPP projects to date.

It could be argued that this is beyond the scope of the PPPs and more appropriately a local governance question, but it nonetheless begs a reflection on the purpose of the enterprise if those who are in greatest need remain unable to benefit from the gains. If anything, the logic of the precautionary principle must accompany PPPs and every effort should be made not to harm either the environment or society in the pursuit of partnership goals and the accompanying profits. The PPP model has also been used to circumvent public scrutiny of privately funded projects and has become a convenient way to ensure that private financing is privileged over public and/or concessional funding. In its report *History RePPPeated*, Eurodad noted:

> Many projects have been procured as PPPs simply to circumvent budget constraints and to postpone the recording of fiscal costs. Some accounting practices allow governments to keep the cost of the project and its contingent liabilities "off balance sheet". This ends up exposing public finances to excessive fiscal risks… Every single PPP studied was riskier for the state than for the private

3 Bank Information Center Europe et al. (2017).

4 Sundaram (2019).

> companies involved, as the public sector was required to step in and assume the costs when things went wrong.[5]

Going forward therefore, the PPP model must be challenged and questions of how to ensure access to clean energy, particularly through renewable means, must once again come front and centre of the SDG 7 debate and not be a mere afterthought.

## Setting priorities

This challenge necessitates that we tackle much more incisively the broader questions of what gets financed and how. This requires processes that enable much more inclusive conversations between governments, financing partners and communities. If anything, the kind of large-scale energy projects that many governments have favoured to date have tended to exclude the communities (save through narrowly construed consultative processes with limited scope to alter the trajectory of the project they were being consulted on). Perhaps if the communities were given a much more central role in helping to set energy project priorities, a different set of initiatives would emerge that would possibly privilege different technologies. This generally is a function of the degree and capacity for constructive and collaborative dialogue between the various parties involved (and whom it might be said, do not necessarily have the same outcomes in mind when they are conceiving these projects). Therefore, investing in processes that help establish common ground and which give more than a token role to the communities targeted is critical, if only for the fact that a more complete feedback loop can be established which in turn will strengthen the accountability of all parties involved.

## The financing question

It is increasingly evident that there needs to be a much larger investment made in financing renewable energy technologies and solutions if the gaps that the Energy Progress Report identified are to be narrowed. This means that we also have to take a magnifying glass to the total amount of financing that is being made available for SDG 7-related investments and understand its composition as well as the sub-sectors to which it is being allocated. As a recent article on financing renewable energy points out:

> It is important to understand the consequences of different types of financial investments for the direction of [renewable energy] innovation. If policies favor a subset of financial actors, these actors will come with their particular priorities of financing... Awareness that finance can create directions – whether planned by policy makers or not – is an important point to heed when designing policies. To map the effects that policies have on the direction and not just the amount of financial funds before implementing policies, will help prevent surprises and lock-ins later.[6]

As such, the role of policy in conditioning the financing terrain needs to be analyzed much more attentively and adjustments made as necessary to ensure that those areas where there is a greater need (renewable energy in this case) are privileged. In particular, it is important to acknowledge that investing in renewable energy will require a different risk approach than has been the case hitherto with traditional (fossil-fuel based) projects. In an article on financing renewable energy (RE) in Africa, Schwerhoff and Sy remind us:

> Financing risks play a much larger role for RE than for fossil fuel energy. This might appear somewhat surprising as fossil fuel-based energy projects are exposed to almost the same risks. The difference is, again, the investment profile. RE requires a much larger initial investment while fossil fuel-based energy has higher annual costs. When financing costs increase, RE projects become much more expensive, while costs for fossil fuel energy projects become only moderately more expensive. RE investors are thus exposed to higher risk when the project fails early on.[7]

5 Eurodad (2018).

6 Mazzucato/Semieniuk (2018).

7 Schwerhoff/Sy (2017).

We should also not neglect the issue of cost when looking at access. If we consider the number of new connections to the grids (however established), the ability of the new households connected to afford their connections also needs to be considered. The Energy Access Report notes that the ability of the poor to pay for electricity is a concern across many countries. Quoting the World Bank's Energy Directions Paper it reports that "many countries in Sub-Saharan Africa face electricity costs as high as US$ 0.20-0.50 per kilowatt-hour, against a global average closer to US$ 0.10. Such high electricity costs are a barrier to further electrification."[8]

The affordability question is likely to remain a sticky and persistent problem for years to come and is likely to challenge governments to think much more creatively about how to price electricity so as to ensure that newly-connected households do not remain mere statistics, but can actually benefit in a much more productive manner from the newly obtained energy access.



## Gender issues in access and financing

There is a significant gender question that also needs to be considered and redress sought. Needless to say, in many countries, particularly developing countries, it is women (and girls) who bear the brunt of the absence of clean energy for households. Today, clean and efficient cookstoves are available, yet they continue to be a niche item, not accessible to those who need them most. This continued lack of availability is a crowning failure of business models, finance and policy. Decision-making in the energy, finance, transportation and infrastructure sectors continues to be gender-blind and dominated by male viewpoints. This lack of diversity contributes in a significant way to the inappropriate solutions that are being rolled out.

## Rethinking institutions and governance

The reality is that ensuring electricity access for populations currently not serviced by central grids will be an expensive affair. Putting up the necessary transmission and distribution infrastructure will neither be cheap, nor immediate – particularly considering that the bulk of the populations unserved by grids are in places where the terrain is difficult and/or where populations are dispersed and densities low. Given all this, investment logic will tend to avoid such places and therefore if modern and efficient energy is to be made available to these populations, it will have to be the fruit of explicit political decisions.

Furthermore, traditional measures of energy access which have focused on grid connections (the degree to which the government makes electricity infrastructure accessible to the public), still do not capture broader deficiencies in the affordability, reliability and quality of service. It is here that the governance gap becomes increasingly evident in that the challenges that are present today are in many respects a function of the fact that not enough attention has been given to solutions to overcome the challenges, and a frequent excuse has been the exorbitant cost that would be involved in doing so.

Yet the continued neglect of provision of modern energy to unserved segments of the population comes with costs which, it can be argued, also need to be taken into account in weighing a non-investment decision. Needless to say, the ongoing economic, social and environmental costs are great and in many respects damaging to the future prospects of the countries involved. Referring to the situation in Africa, Schwerhoff and Sy make a clear case for governance mechanisms to enable greater investment openings for renewable energy:

> We have shown that RE has a great potential to simultaneously achieve economic, social and environmental objectives as formulated in SDG 7. RE thus constitutes an extremely promising investment opportunity from a social point of view. Only a small portion of these social benefits, however, can be reaped by those investing in African energy facilities. From this it follows that substantial further efforts are required both by domestic and by international actors ...

8 Bank Information Center Europe et al. (2017).

> African governments can improve their ability to finance crucial projects for the future of their populations. One important step is to improve governance with the objective to achieve a better credit rating and thus reduce their financing cost. A second important step is to improve the quality of local financial markets in order to increase the domestic funding capacity. As long as the domestic funding ability in Africa is still developing, international funding agencies need to increase the volume of investment. Currently available funds fall considerably short of needs to achieve full electrification and a shift towards RE.[9]

Commenting on this situation, Ahlborg et al. remark:

> One of the central debates in research on the drivers behind public goods provision concerns what kinds of governments – democratic or autocratic – that provide public goods, such as basic infrastructure and social services, most effectively. Clearly, democratic institutions – through which the leaders of a country are held accountable to the citizens – create a strong incentive among leaders to deliver, for example, generally demanded public goods such as affordable electricity.[10]

Their article also identifies a number of studies which have identified poor organizational structures and corruption as barriers to successful electrification, along with political interference having a negative impact on the performance of public electric utilities.

In seeking to ensure guaranteed access to affordable, reliable, sustainable and modern energy for all, we cannot avoid looking at the quality of institutions that are responsible for ensuring that there is a successful push towards ensuring universal access. To the extent that we focus on the financial and technical solutions without considering the impact of the political and organizational context, we risk failure. Indeed, one could argue that these latter two factors are perhaps much more important in ensuring that we achieve SDG 7. As the authors of 'History RePPPeated' recommend, there is a need to ensure that "good and democratic governance is in place before pursuing large-scale infrastructure or service developments".[11]

## Meeting the governance challenge

In a 2015 article titled *How can we stop the Sustainable Development Goals from failing*,[12] the authors warned that the SDGs were likely to fail if the governance challenges that are crucial to their implementation were not tackled. In this respect, they highlighted three critical challenges which remain just as urgent and pertinent as they were when the article was published:

- How can the right actors be brought together at the right time in the right place? With respect to SDG 7, they asked: Who will need to be involved in developing, producing, installing and maintaining the technologies to provide universally accessible energy? Who is involved in determining what is 'reliable and affordable' for different communities in different parts of the world? How do governments, the private sector, and communities interact in deciding on appropriate and sustainable energy systems, and how does this differ in different contexts?

- How will trade-offs be negotiated? Implementing actions leading to achieving the SDGs will involve painful trade-offs involving the various actors. How would these trade-offs impact governance processes, particularly where responsibilities are dispersed and interests clashing? The authors submitted that achieving the SDGs will require national governments, the private sector, the nonprofit sector, and communities to make difficult decisions based on thoughtful and genuine commitment to the SDGs.

9 Schwerhoff/Sy (2017).
10 Ahlborg et al. (2015).
11 Eurodad (2018).
12 Patterson et al. (2015).

- How do we build in accountability for action? The authors argued that there is a need to ensure that there are mechanisms that link across local, national and international levels and that can ensure responsibility and accountability for progress towards the SDGs. How would information flow back into policy and political spaces in order to ensure that those responsible are held to account? In the absence of feedback loops, it would be difficult, they argued, to know that the SDGs were actually being implemented.

The SDGs are a political project and as such, attaining them (or not) will be function of the extent to which politics and the political process align to make them happen. With respect to SDG 7, there needs to be more attention focused on the spaces in and conditions under which decisions are being made. While the past years have seen a larger focus on putting together finance and vehicles to lead energy investments, it is time to shift the focus to the governance realm and understand how to reshape this to ensure that the decisions taken, the policies promulgated and the finances leveraged are actually contributing more to the goal of ensuring access to affordable, reliable, sustainable and modern energy for all and less to the profits of those involved in putting together the projects and infrastructure. This also means taking a hard look at the PPP vehicles that have been set up, and question whether such partnerships can truly take decisions in the public interest, divorced from the profit-driven motives of the private sector actors involved in them. The record of PPPs to date shows that they have been long on promise and short on results.

Essentially, achieving SDG 7 will mean investing a larger chunk of resources into renewable off-grid and mini-grid solutions to enable populations to access clean energy in countries where there is limited access to the conventional grid. Additionally, the linkage between the SDGs and the role of energy in meeting them needs to be continually made clear: if we are unable to solve the energy problem, it is highly unlikely that we will find lasting solutions to the challenges in health, food production/security, education and water provision, as well as reducing inequalities within and between countries. But above all, we should not fall prey to the poverty of ambition – the quest for SDG 7 is not about providing energy to light a household bulb or two, or to power a phone charger, but to ensure that we have sufficient energy to power and sustain our economic activities. This means that we have to shift the metrics to look much more keenly at how access is being established and whether this is sustainable in the long run. An example from Kenya highlights the challenge – while over 880,000 households were connected to the grid in a push to electrify the last mile, the utility company has been left with a US$ 30 million debt due to the fact that these households are not able to afford to access it.[13] It is one thing to provide reliable, sustainable and modern energy ... but is it affordable? This is a critical question upon which the success of SDG 7 hinges and to which answers will have to be found – if we are to have any hope of achieving this goal in the next decade.

13 Alushula (2018).

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# SDG 8

## Reclaiming the socio-economic transformation space for realizing SDG 8 in Africa

BY TRYWELL KALUSOPA, AFRICA LABOUR RESEARCH NETWORK (ALRN), ITUC-AFRICA

**Globally, the dialogue on the progress made to achieve the Sustainable Development Goals (SDGs) since their political high moment in 2015, is in earnest and has gained momentum. That debate is equally relevant and alive for Africa. This article seeks to add to the global dialogue from a trade union point of view, focusing on the assessment of progress in Africa towards SDG 8 targets on growth and employment. It argues that the current capitalist neoliberal global financial and economic production system tends to reproduce economic insecurities, a prime source of inequalities, unemployment and poverty. It asserts that the unfettered globalization enterprise, defined in the purview of the integration of trade, technology and labour, is an inherent driver of decent work deficits around the world. This is clear in the global commodity and value chains of the formal and informal economies that are now linked across borders, altering political, socioeconomic structures and ultimately employment relations. In that light, the increased integration of the global economy simply means that both formal and informal workers are enmeshed in integrated capitalist production processes that present newer challenges to worker organizations and ultimately undermine human development and progress. The article closes with some recommendations that underscore the need for a radical development paradigm that can address the historical and structural rigidities that hinder real structural transformation in Africa.**



### Quest for sustained economic growth, productivity and creation of decent jobs in Africa

In Africa, over the years, evidence suggests that there is no automatic link between economic growth and employment and sustained human development. For example, the earlier widely acknowledged and much publicized improved growth performance experienced in the new millennium[1] did not translate into concrete employment gains and human development. The annual average growth rates accelerated from 2.2 percent during the period 1980-1989 and 2 percent during 1990-1999 to 4.6 percent for the period 2000-2006,[2] rising in the later years to a GDP growth rate between 4 percent and 5.8 percent; with about a quarter of African countries recording a growth rate of more than 7 percent. Yet, the employment situation has not shown commensurate improvement over the past decade. This growth is driven by external factors, including strengthening global demand and a moderate increase in commodity prices in formal natural resource enclaves; while the rest of the national economies did not have the presumed trickle-down effects.[3]

The 2017 Africa regional report on Agenda 2063 and the SDGs assessment observes that, “a decade away from the SDG endpoint, African countries continue to search for policy mixes to help accelerate the

1 See, e.g., World Bank (2009); ILO (2008).

2 World Bank (2009), p. 31.

3 UNECA (2019).

achievement of these targets".[4] The assessment also paints a gloomy picture of the slow decline in the rate of extreme poverty (US$ 1.90 per day) in Africa, to a mere 15 percent during the period 1990-2013; with women and young people bearing the full brunt of poverty.[5] Decent jobs, which are an important route out of poverty, are hard to find given that Africa's growth has not created sufficient jobs to match demand. Approximately 60 percent of jobs in Africa are considered vulnerable, less than 1 percent of the unemployed receive unemployment benefits and only 19 percent of the African population (excluding North African) is covered by social insurance.[6]

In addition, SDG target 8.2 focuses on raising productivity, diversification, technological upgrading and innovation. The assessment report noted that the agricultural value added per worker in Africa (excluding North Africa) at constant dollars is US$ 1,221, below the world average of US$ 1,978 and US$ 1,657 for Asia and the Pacific countries, which continue to search for policy mixes to help accelerate progress on these targets.[7]

## Future prospects – where do we go from here?

So where do we go from here? What holds for Africa and what are some of the practical recommendations on achieving SDG 8 and related goals in general? Following are some of the dominant views that trade unions have been voicing in various fora.

## Advocating for an alternative development paradigm

The enduring structural features of African economies (enclave and dual economies) that entrench the underutilization of labour are a product of colonial capitalism, which captured a small segment of the economy, the formal sector, leaving the bulk of the economy (non-formal segment) under pre-capitalist modes of production.[8] They also reflect the failure of post-independence policies to deal with them.[9] As such, this disarticulate structure implies that the formal sector has a growth momentum of its own, and relates to the non-formal segment in a manner that marginalizes and impoverishes it, resulting in uneven development. This structural distortion therefore implies that even in the presence of growth, the economy is unable to absorb the vast numbers of the unemployed and underemployed into the mainstream economy.[10] As a result, most Sub-Saharan African economies are not able to meet SDG 1 on poverty elimination. Going forward, it is only through the conscious implementation of integrative measures such as redistributive policies and active labour market policy interventions that sustainable employment creation and poverty reduction can be achieved. The centrality of an ethical development State that is inclusive with an endogenous agenda is proposed to drive this process.

## Dealing with capitalist tech oligarchies in the labour market

From a labour narrative, the issue of market concentration and monopoly practices among multinationals, especially technology companies, usually results in market distortions and poor working conditions, which continue to undermine progress on SDG 8. Automation can reduce worker control and autonomy, as well as the richness of work content, resulting in a potential deskilling and decline in worker satisfaction. Life-long learning measures will be crucial for those workers who are in transition in the labour market. More especially for those working on digital labour platforms, technology should be used to guarantee payment of minimum wages and facilitate the portability of skills and social protection and the payment of social security.[11] Companies need to ensure

4 UNECA (2017), p. ix.
5 UNECA (2017).
6 Ibid.
7 UNECA (2017), p. 50.

8 The non-formal segment is broader than, and encapsulates, the informal economy, which is defined by the ILO as "all economic activities by workers and economic units that are – in law and practice – not covered or insufficiently covered by formal arrangements" (see ILO, 2002).
9 ANSA (2006).
10 Ibid.
11 ILO (2019).

that they have policies on transparency and data protection so that workers know what is being tracked. Workers should be informed of any monitoring done at the workplace and limits should be imposed on the collection of data that might prompt discrimination, such as on union membership. Workers should have access to their own data, as well as the right to hand that information to their representative or regulatory authority. The need to develop an international governance system for digital labour platforms that sets and requires platforms (and their clients) to respect certain minimum rights and protections is therefore cardinal. Trade unions are actively further calling for the recognition of social dialogue as a governance tool to tackle the impact of new technologies on work. The underlying view is that governments, employers' and workers 'organizations should work within a framework that respects the dignity of workers.

### Small and medium enterprises (SMEs) as catalysts of job creation

SMEs remain a potential entry point to industrialization, entrepreneur revival and job creation in Africa; yet their role has not been well harnessed. There is a need to encourage the establishment of national data bases on the size and structure of the SME sector, including output, product range, employment and exports and a competitiveness observatory for the development of SMEs. This should be able to assist in national tracking and monitoring on their contribution to achieving SDG 8 in the national context and comparison at regional and global levels.

### Enhancing national statistical systems

One gap has been the inability and incapacity of national statistical systems to enhance the collection of quality data on SDG 8 targets. For example, the 2017 Africa regional report on Agenda 2063 and the Sustainable Development Goals (SDGs) assessment of the continent's performance alludes to the fact that "approximately six out of every ten SDG indicators cannot be tracked in Africa due to severe data limitations".[12] The report underscores the fact that "strengthening statistical systems in Africa is an imperative for successful implementation of the SDGs and Agenda 2063 as it underpins evidence based policy making".[13] Accordingly, investing in the improvement of national statistical systems contributes to better informed policies, faster response times to pressing issues, increased civic engagement, and of course, markedly improved transparency and accountability. This means "disaggregated data by age, gender, income and geographical location is necessary to better target support to groups at risk of being left behind in the development process".[14]

Evidence also points to gaps in SDG labour market indicators owing to under-resourced and weak national labour market information systems (LMIS) infrastructure, especially in Africa. This calls for the development of common methodologies in the data collection and analysis of core labour market indicators that integrate SDG targets. There is also need to establish multi-stakeholder coordination mechanisms for LMIS at national and regional levels to share experiences and develop national LMIS that are SDG target compliant.

### Domestication through national development plans

The other gap lies in the opaque nature of the implementation of national development plans in Africa. Whilst there have been efforts in some few countries to engage key civic stakeholders at the formulation level, evidence points to less involvement of these stakeholders by most national governments in implementation; and this makes it difficult to assess progress in their SDG compliance. It is therefore proposed that national governments should include social partners in planning and assessing their national plans on the SDGs.

12 UNECA (2017), p. ix.

13 Ibid.

14 Ibid.

### Strengthening participation of social partners in measurement of targets

Based on the fact that most agreed SDGs and targets are in place, there is a need to strengthen work being undertaken across institutional stakeholders to develop policy tools that measure human-centered development and progress. The need for additional measures to capture well-being, environmental sustainability, and equality should be reinforced. For example, to reflect the growing conviction that decent employment is a key sustainable route out of poverty; work should focus on indicators as identified by the ILO and other stakeholders over the years to measure full and productive decent jobs, such as: (i) employment-to-population ratios; (ii) vulnerable employment; (iii) the share of working poor (US$ 1 a day) in total employment; (iv) growth in labour productivity; (v) gender equality for the future of work; (vi) inclusive social protection for formal and informal workers; (vii) collective worker and employer representation and social dialogue; (viii) labour protection on health and safety; and (ix) environmental sustainability and equality at the workplace and beyond.

### Strengthening the role of the State and social protection mechanism

Practically, from a human development perspective, there are concerns that the mass-based poverty and social deficits in Africa require active social protection systems that reduce poverty, contribute to asset redistribution and that include measures to address the underlying structural basis of poverty and social exclusion. There is a need to reinforce the human rights-based dimension. An essential element of this is the need to tackle more concretely and firmly the formalization of the informal economy. Formalizing the informal economy according to ILO Recommendation 204, supported by ILO recommendation 202 on social protection floors, in a sustainable way is pivotal to reach the objectives of the 2030 Agenda. In view of the importance of the informal economy as a source of employment in Africa, it is critical that the decent work deficits that characterize it are addressed as a basis for sustained poverty reduction. The typical challenges affecting workers in the informal economy, more particularly in the SMEs, that need to be addressed include the following:

1. Exposure to inadequate and unsafe working conditions, and high illiteracy levels, low skill levels and inadequate training opportunities.

2. More uncertain, less regular and lower incomes than those in the formal economy, suffering longer working hours and an absence of collective bargaining and representation rights, and often have an ambiguous or disguised employment status.

3. Their physical and financial vulnerability is increased by the very fact of working in the informal economy, which is either excluded from or effectively beyond the reach of social security schemes or safety and health, maternity and other labour protection legislation.

### Strengthening independent monitoring tools on SDG 8

The participation of trade union organizations is based on a call to strengthen the buy-in to an independent monitoring process on SDGs such as the one developed by International Trade Union Confederation (ITUC). The monitoring report is focused on priority goals and targets and structured by a standardized methodology. The reports complement 'official' monitoring, using also additional indicators relevant to trade unions. The objective of these reports is to reinforce workers' efforts to keep governments accountable to their 2030 Agenda commitments. By evaluating the implementation based on transparency, consultation and social dialogue, trade unions establish whether key requirements for an inclusive approach are being met. Based on this analysis, they provide specific recommendations to governments.[15]

### The call for a New Social Contract

The trade union movement calls for a New Social Contract for governments, business and workers, with a

15 See country reports output (https://www.ituc-csi.org/IMG/pdf/hlpf2018-countryprofile-congo_en.pdf).

floor of a universal labour guarantee for all workers. This means rights are respected, jobs are decent with minimum living wages and collective bargaining, workers have some control over working time, social protection coverage is universal, due diligence and accountability must drive business operations, and social dialogue ensures just transition measures for climate and technology. "Just transition" is premised on an inclusive approach that brings together workers, communities, employers and governments in social dialogue to drive the concrete plans, policies and investments needed for a fast and fair transformation towards a low carbon economy. It adopts a rights-based approach to build social protection systems, provide skills training, redeployment, labour market policies and community development. Governments must strengthen their capacity to deliver just transition measures and implement National Just Transition Plans, together with social partners.

## Conclusion

This article has examined the assessment of progress towards SDG 8 targets in Africa. It underscores the fact that the current development paradigm in Africa reflects the perpetuation of global unbalanced production systems driven largely by capitalist interests that undermine progress on SDGs. It highlights the view that both formal and informal workers are trapped and embedded in the vicious systemic and structural rigidities in the global production systems that breed a 'dog-eat-dog' society. In that regard, real progress on SDG 8 and other allied targets requires a structural transformative agenda, one that strives for a sustainable development framework that is anchored on equality and solidarity that cuts across production, protection, reproduction, redistribution and social cohesion functions.

Therefore, given the mass-based poverty and social deficits, Africa will require a human centered economic governance system propelled by an ethical State that will address the underlying structural basis of poverty and social exclusion. What is needed is a comprehensive development paradigm shift that recognizes a broader and tactical disengagement from deepened neoliberal globalization; and the re-engagement of the global partnership that recognizes the role of the developmental State in the provision and guarantee of human dignity. The SDGs must be seen beyond the 'basic business as usual' policy interventions that place emphasis on conventional macro-economic measures that undermine the role of the State and workers' conditions of employment. Their implementation must not be driven by the promotion of a neoliberal market agenda that often reinforces enclave forms of resource exploitation and allocation that perpetuate underdevelopment and poverty in Africa.

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# SDG 9

## Towards a new approach to public infrastructure provision

BY DAVID BOYS, PUBLIC SERVICES INTERNATIONAL (PSI)

**Public infrastructure and services are the bedrock of our societies – they help families thrive, they allow communities and businesses to grow and prosper, they provide support for people in need. They include health and social services; education; water and sanitation; energy; public transport; roads; land use planning (both urban and rural); justice, security and more. These core government responsibilities are one of the main guarantors of fulfilling human rights and reducing poverty.**

**Although the UN's 2030 Agenda implicitly acknowledges the fundamental role of public services and the importance of universal access, its Financing for Development policies and the emphasis in SDG 17 on partnerships are pushing us towards the private, for-profit model. This even as the for-profit model demonstrates its inability to ensure universal access, especially for the poor. Therefore, a different framework is needed, one that rebalances the needs of people and planet over profit.**

The promotion of private sector engagement in implementing the SDGs rests upon an unchallenged assumption: that it is not possible to find enough public funding. This is, in effect, a submission to marketization and corporate power – especially considering that many of the 'private partners' who are promoting the privatization agenda make liberal use of 'tax optimization' strategies. Recent estimates suggest there is over US$ 20 trillion stashed offshore: if corporations and the mega-rich paid their fair share of taxes, there would be more than enough public funding to end poverty, stop austerity and achieve the SDGs. By linking calls for increased public investment with the wider debate on tax justice, we can provide a strong and coherent alternative to the privatization agenda, while also tackling inequality, wealth-redistribution, climate finance and other key issues of our time.

Much less discussed than the global push for privatization is the growing wave of de-privatization, also known as re-municipalization, nationalization or insourcing. Local governments of all stripes are ending the private operation of public services, for a range of reasons: cost, control, social or environmental priorities, and so on. Some are responding to social pressure, others seeking to manage services more holistically. Many recognize that the contracts with the private operators are too complex, too rigid and too expensive. Since 2010, more than 850 re-municipalizations have been tracked.[1]

Public infrastructure decisions are governed at the global, national and local levels, and are usefully examined from these perspectives.

### The global level

At the global level, international institutions need to promote new and creative ways to ensure public funding for infrastructure investment rather than

1 Kishimoto et al. (2017).

pushing the failed privatization agenda. Current proposals from the UN, G20 and OECD are to create asset classes for different public services, privatize them, and then securitize the assets so that they can be bundled into new financial instruments and sold on to investors. By means of financial engineering, private investors will own infrastructure assets without the problems of illiquidity and with no responsibility to the communities whose services are privatized. Public money will underwrite some of the risks in each asset class, in the hope that the private investors will accept lower 'risk-adjusted rates of return'. However, recent research shows that the promises of 'innovative and blended finance' will not come anywhere close to attracting the amounts of private capital anticipated.[2] This current obsession with private finance distracts from the policies needed to build public infrastructure and services.

Many bi- and multilateral trade agreements are less about trade and more about protecting investors by restricting the role and policy choices of governments. These trade deals are designed in the interests of multinational corporations. They can block the preference of domestic suppliers and local markets in public procurement; prevent the return to public management and can even chill the use of regulations and legislation designed to protect people and planet. Even more controversial are the investor-state dispute settlement (ISDS) provisions which allow corporations to sue governments to block progressive policy changes such as plain-packaging tobacco or environmental protections. The implications of such clauses need to be better understood by governments that are negotiating, and a number need to be abrogated.[3] As of 2016 seven states had withdrawn from bi-lateral investment treaties, including Bolivia, Venezuela, Ecuador, Indonesia, South Africa, Italy and Russia.[4]

2 Kapoor (2019); see also World Bank (2018).

3 Multi-year ISDS reform talks at the UN Commission on International Trade Law (UNCITRAL) are expected to be concluded in November 2019, see https://www.iisd.org/blog/isds-reform-talks-resume-uncitral.

4 The first three have also abrogated the ISDS mechanism, see Peinhardt/Wellhausen (2016).

The current global tax architecture allows corporations and the mega-rich to ship money offshore, wiping billions from public balance sheets and helping fuel the push for more privatization. This issue can only be tackled at the global level. Some attempts are being made, such as the OECD's Base Erosion Profit Shifting (BEPS). However, global tax rules should not be written by a small club of rich countries, but at the UN, by all Member States, via the auspices of a UN Global Tax Body. The purpose of such an institution would be to monitor global capital flows, reduce tax evasion and avoidance, ensure profits are taxed where they are made and help redistribute the rewards of globalization.

The World Bank and the IMF have for many years both imposed privatization and sought to shrink the public sector, often with disastrous results. The World Bank styles itself the 'knowledge bank' and spends a lot of public funds detailing how and why to privatize but is unable to show systemic and sustainable contributions to development targets. The same is pretty much true for the regional development banks, which often hold up the occasional 'success' to demonstrate the value of the Public-Private Partnership (PPP) approach, while ignoring the many failings.

Bilateral aid sees embassies focus on winning contracts in foreign countries for their home corporations. In bilateral aid processes, 'tied aid' refers to the conditionality of grants and loans requiring that the recipient country uses private corporations from the donor country to replace public service operators. Tied aid brings privatization through the back door.

At the global level, we should examine the positive model of UN Habitat's Global Water Operators Partnership Alliance, GWOPA, which provides tools to support public municipal utility partnerships run on a not-for-profit basis. These partnerships focus on knowledge exchange between the staff of the operators, allowing them to grow their skills and better fulfil their mandates. This type of Public-Public Partnership (PUP) provides a model of development based on mutual understanding and exchange. PUPs are a time-tested mechanism to support skills building and transfer of knowledge. Regrettably, this approach is not getting enough institutional support from the global community. GWOPA is a real example of connecting global to local. It is important to promote these examples and reform national and global institutions, based on the progress made at local and community levels.

### The national level

At the national level, governments need to recognize the negative effects of infrastructure and service privatization and commit to public delivery.

Many of the systemic problems of privatization become evident over the long term, by which time the politicians having implemented them are gone. The temptations of up-front cash and accounting legerdemain can be too hard for many national politicians to resist. But, as UN Special Rapporteur on Extreme Poverty and Human Rights Professor Philip Alston ably noted,[5] privatization is not just about economics or efficiency as much as it is about the values and ethos that shape the society we live in. Privatization weakens democratic institutions that represent our collective will in favour of private corporations that treat us as individual, atomized consumers, who are theoretically better able to exercise free will.

Instead of taking us down a dangerous path which will give the largely unregulated parts of the financial sector (asset managers, private equity and investment funds) control over public services, we need policies that have been tried and tested. Most of the rich countries, members of the OECD, used public funds to build and run public infrastructure services – while maintaining high tax rates for corporations and top income earners.[6] The private sector can play a role, largely under public procurement of goods and services, but not to finance, own and manage key public services. We should examine a range of options including bonds, development banks, balance sheet expansion and others.

5 Alston (2018a and (2018b).

6 Hall (2014).

### The local level

Much public infrastructure is managed and delivered at the municipal level, closest to where people live. Yet international commitments such as the SDGs are negotiated by national governments. There are too many disconnects between global policies and the needs of local authorities, notably in financing. As the various agencies of the UN, the G20 and the OECD develop the architecture of sustainability, they must integrate the challenges and opportunities of local governments – not an easy task given their core constituency of national governments and the multiplicity and fluidity of local governments. Given that most public funds are raised by national governments, we need mechanisms to ensure equitable, stable and predictable transfers of income between different levels of government. This could include strengthening municipal tax collection to ensure sustainable and predictable finance.

We need to help local governments become global champions for policies which allow them to engage in not-for-profit work outside of their geopolitical borders.

### Public services and democracy

Building public infrastructure and services is part of strengthening democratic institutions, where people determine which public services to prioritize and how they are to be delivered and paid for. This is especially true at local level, where people have more direct access to their governments. For example, few people would deliberately choose to eliminate public services through austerity policies imposed both by structural adjustment and financial market pressures. People must have a voice in government choices and participate in the evaluation of government performance.

### Public procurement

Governments at all levels are the single largest consumers of goods and services. Governments should be able to encourage local growth with their procurement decisions and be able to develop and guide national industrial plans. Current rules built into trade and investment agreements force governments to open bids to all providers – often multinational corporations which sell proprietary systems and export profits. Procurement rules also constrain governments to accept the lowest bid, which results in low-ball bids and contract manipulations. What is needed are procurement rules that allow more democratic participation and transparency, including for eliminating corruption or clientelism.

### Tariffs

The costs that people pay to access public services must be determined democratically and ensure universal access and equity. Tariff policies can serve to cross-subsidize between income groups and regions. Tariffs should never be a barrier to access. In many countries, full-cost recovery is not an option, especially not for poor people. Some proposals suggest services be free at point of access to overcome the complexity of subsidies, which often don't reach the intended groups and are instead captured by those with means and access.

### Workforce issues

One problem with privatization is that public sector loses the skills and expertise, as the workforce passes to the private company. The transition back from private to public should ensure that the workers with needed skills needed are brought back, that their skills and expertise are recognized and applied in the transition, and that these staff are appropriately trained in the priorities and mechanisms of public enterprise.

Building the skills of public service staff is a fundamental prerequisite to implementing the 2030 Agenda. There is however very little support from the development banks and international agencies for such basic, workplace-focused training and skills-building. No matter the types of policies decided in New York or in national capitals, if the staff are not sufficiently skilled, the work will not be done.

Fundamental workforce challenges:

- Where to get enough well-trained and motivated staff to work in health, water and sanitation, waste, energy, transport and education – not to mention justice, tax administration or building, food and health inspection?
- If you train these workers, how do you keep them from immediately migrating to better-paid jobs in the private sector?
- How to ensure that staff are on career paths and can contribute their skills and expertise to long-term planning and implementation?

### A new approach is necessary and possible

A different framework is needed, one that rebalances the needs of people and planet over profit. Elements should include:

- Enforceable rules for corporate 'citizenship' that ensure: respect for worker rights; oversight of supply chains; responsibility for externalities (use or spoliation of natural resources, carbon emissions, displacement of people, etc.); just taxation; transparency on lobbying and contracting;
- Strong penalties for bribery, influence peddling and other corrupt and unethical practices, as well as universal protections for whistle blowers;
- Public procurement rules that allow governments to develop national and local industrial policies and that don't impose lowest-price purchasing;
- Trade agreements that do not impose (and lock in) privatization, and that balance the needs of investors with the rights of people and their governments;
- An intergovernmental tax body under UN auspices that protects against the many forms of corporate tax manipulation and abuse;

- New mechanisms for public participation in policy-making and implementation – democracy must be more than two or three ballots per decade and must be strengthened and engaged at local levels.

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# SDG 10

## The IMF's role in economic governance: conducive to reducing inequalities within and among countries?

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**The International Monetary Fund (IMF) plays a central role in economic governance, both at the global and national levels. Although it presents itself as neutral economic arbiter, its approach is in fact deeply rooted in certain economic orthodoxies, many of which have proven incompatible with the achievement of sustainable development and the meaningful reduction of inequalities, particularly in the Global South. Drawing on the examples of Egypt and Brazil, we present concrete examples of how IMF governance – in its various forms – has led to deepening of social and economic inequalities, and threats to human rights enjoyment. This is in stark contrast to the image that the IMF is painting of itself as a champion of the SDGs.**

Increasingly, the IMF is claiming a role for itself as a central player in the implementation of the 2030 Agenda, and has positioned itself as an important actor on SDG 10 and tackling inequalities (economic and gender-based). However, in practice this commitment has been patchy at best, with little evidence of any meaningful policy realignment.[1] Are the IMF's actions really conducive to 'Transforming Our World', the official title of the Agenda?

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SDG 10 is a particularly useful case study. It includes target 10.4 to reduce inequality through social protection, fiscal and wage policy; whereas the Fund's approaches to all three of these policy areas has been subject to robust criticism, precisely for exacerbating inequalities.[2] Indeed, despite a recent pivot towards defining income and gender inequality as 'macro-critical' issues, evidence gathered by Oxfam[3] and the Bretton Woods Project,[4] among others, suggests that the IMF's own policy recommendations and loan conditionality have in fact been – and continue to be – a major contributor to the inequality crisis. A recent academic study analyzing IMF loan conditionality from 1984 to 2014 finds that overall, "policy reforms mandated by the IMF increase income inequality in borrowing countries" and that "the IMF's recent attention to inequality neglects the multiple ways through which the organization's own policy advice has contributed to inequality in the developing world."[5] And this is not a matter of history: for example, in many countries the Fund persists in pushing austerity measures, which have taken a heavy human rights toll on the poorest and most disadvantaged groups, including women.[6] The IMF has also continued to emphasize regressive taxes like the value-added tax (VAT), rather than reining in and redistributing the incomes and wealth of the top 1 percent and multinational corporations.

Of course, SDG 10 also aims to tackle inequality *between* countries. There are a lot of policy areas

1 See Donald (2019), from which parts of this chapter are adapted.
2 See e.g. Alston (2018) and Bretton Woods Project (2017).
3 See www.oxfam.org/en/research/great-expectations-imf-turning-words-action-inequality.
4 See www.brettonwoodsproject.org/wp-content/uploads/2019/02/Operationalising-Change.pdf.
5 Forster et al. (2019).
6 See e.g., CESR (2018) and Donald/Lusiani (2017).

where the IMF could be doing much more to reduce inequality between countries: preventing the 'race to the bottom' on corporate tax rates rather than advocating for cutting them, and deepening its efforts to prevent cross-border tax abuses.[7] Meanwhile, what are the IMF and its 'developed' country members doing to meet target 10.6 on enhanced representation for developing countries in decision-making in international financial institutions, on which they could have a very direct effect (for example through the upcoming quota review)?

The two main forms of governance through which the IMF exercises its power over countries' economic policy can be viewed as representing its 'soft power' and 'hard power' arms: the former via Article IV surveillance reports; and the latter via loan conditionality. This can be illustrated in the cases of Brazil and Egypt: Brazil is subject to routine IMF policy advice including Article IV surveillance over its economic and financial policies, albeit in the context of economic crisis; Egypt has an IMF loan, and is therefore subject to strict loan conditions.

### Brazil – IMF providing cover for dangerously regressive economic policies[8]

In 2016, the Brazilian government passed a constitutional amendment (EC 95) freezing real public spending for the next 20 years (the "Expenditure Ceiling Act"). This unprecedented measure will prevent any future elected governments without an absolute majority from determining the size of investments in human rights and sustainable development, even in the context of aging populations and increased financing needs. The UN Special Rapporteur on Extreme Poverty and Human Rights considered EC 95 "a radical measure, lacking in all nuance and compassion",[9] while the Inter-American Commission on Human Rights expressed grave concern about the impacts on poverty, inequality and discrimination.[10] Fiscal policy in Brazil had already become more regressive – and other austerity measures have been taken since the election of President Bolsonaro in 2018 – but the public spending freeze will keep these deficiencies in place for 20 years.

However, the IMF has expressed continued support for this draconian measure,[11] providing a cover of economic prudence for this nakedly political act, which has already had severe, detrimental human rights impacts. Regressions in health and education outcomes are already visible, while forecasts show that EC 95 will result in significant reductions in health and education investment over the next two decades. For example, if a similar limit had been imposed since 2003, the health budget in 2015 would have been 43 percent less. In 2017, the share of health and education spending within the federal budget already dropped 17 percent and 19 percent, respectively.[12] This is having immediate and concrete impacts: for example, in 2017, the Ministry of Health closed 314 public pharmacies, leaving only 53 in operation and 305 municipalities without access; despite the fact that more than a third of beneficiaries depended on these pharmacies for access to medicines. And for the future, a recent paper predicts an increase of 8.6 percent in the infant mortality rate by 2030 due to austerity.[13]

Fiscal policy in Brazil was already ineffective at reducing inequalities, while a proposed pension reform would seriously erode the country's most redistributive policy.[14] The reform focuses on the general social pension,[15] which is the scheme that most

7 As of April 2019, there are signs that the IMF may be moving towards a more positive position in this regard. See e.g., https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/03/08/Corporate-Taxation-in-the-Global-Economy-46650.

8 Much of this section – including statistics – is adapted and updated from CESR/INESC/Oxfam Brasil (2017).

9 Alston (2016).

10 IACHR (2018).

11 See e.g., www.imf.org/en/Publications/CR/Issues/2017/10/04/Brazil-Technical-Assistance-Report-Supporting-Implementation-of-the-Expenditure-Rule-Through-45275 and https://blog-pfm.imf.org/pfmblog/2017/10/by-fabian-bornhorst-and-teresa-curristine1-brazil-is-emerging-from-a-deep-recession-while-the-country-is-expected-to-regist.html.

12 INESC (2017a).

13 Rasella et al. (2018).

14 ANFIP/DIEESE (2017).

15 The other two schemes are the specific pension for public servants and the specific pension for the military.

reduces inequalities and benefits the larger and poorest part of the population. Also, the reform intends to untie the Continuous Cash Benefit (BPC), the rural pension and the widow pension from the minimum wage. Women, older persons and persons with disabilities would be most affected by these changes and obliged to live on less than what is considered minimum income in Brazil.[16] Yet the IMF has promoted the reform as “much-needed”,[17] ignoring likely effects on inequalities and human rights.

Austerity particularly threatens the rights of women (especially black women) in Brazil. In 2017, the government reduced funding for food security programmes – essential for low-income mothers in particular – by 55 percent.[18] Under the cover of austerity, it is also dismantling the institutions which promote gender equality, such as the Secretariat on Policies for Women, and slashing funds to women’s rights programmes. For example, the number of specialized services offered to women suffering from violence has been reduced by 15 percent as a result of budget cuts – although cases of violence have been on the rise and Brazil has the world’s fifth highest female homicide rate.[19] EC 95 therefore not only violates the human rights principles of non-retrogression and non-discrimination, it “endangers the lives of Brazilian women”.[20]

Despite this evidence, underlined repeatedly by civil society, the IMF 2018 Article IV report for Brazil doubles down on austerity, expressing concern only that it might not go far enough: “continued fiscal consolidation is of paramount importance.”[21] The human and social impacts of these measures are not considered – let alone the related political consequences, in a country where an openly misogynistic, racist and authoritarian leader has just taken power and basic human and environmental rights are under threat.

In contrast to SDG 10’s commitments to eliminate discrimination and social exclusion, Bolsonaro’s election has normalized openly discriminatory attitudes and actions, and even violence: data from "Call 180", a reporting channel for violence against women, shows that in the first two months of 2019, 17,836 notifications were received, an increase of 36.85 percent for the same period in 2018.[22]

Moreover, despite IMF protestations to the contrary, there *are* alternatives to austerity. For example, according to the Brazilian Union of Tax Prosecutors, combating tax evasion could raise R$ 571.5 billion, almost four times the 2016 federal deficit. A reform of the personal income tax, taxing profits and dividends and adding a rate of 35 percent for very high incomes, would generate another R$ 72 billion in additional revenue, while reducing inequality by 4.31 percent.[23] And a broader tax reform redistributing the composition of the tax burden could not only enlarge fiscal space on the revenue side, but also reduce inequality.[24]

### Egypt – loan conditionalities exacerbating inequalities and rights deprivations

In November 2016, the executive board of the IMF approved an agreement with the government of Egypt for a US$ 12 billion loan. Intended to remedy the country’s economic woes, the agreement purports to support the “government’s home-grown comprehensive economic reform plan”, which include cuts to public spending, shrinking the public wage bill, introducing a VAT, liberalizing the exchange rate and encouraging foreign investment.[25] The reforms have resulted in drastic cost-of-living increases, exacerbated by unprecedented spikes in inflation and currency fluctuations. Accompanied by the dismantling of the fuel subsidy system, these have had huge consequences on affordability of basic goods (including

16 See https://g1.globo.com/politica/noticia/2019/02/20/bolsonaro-chega-ao-congresso-para-entregar-proposta-de-reforma-da-previdencia.ghtml.
17 IMF (2018), p. 4.
18 INESC (2017b).
19 CESR/INESC/Oxfam Brasil (2017).
20 David (2018).
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24 ANFIP/FENAFISCO/Plataforma Política Social (2018).
25 See www.imf.org/en/News/Articles/2016/11/11/PR16501-Egypt-Executive-Board-Approves-12-billion-Extended-Arrangement.

medicines and food), especially for those living in poverty.[26] Although official data on poverty have not been updated since 2015 (when the poverty rate rose to 27.8 % of the population), the Egyptian Initiative for Personal Rights (EIPR) reports that an "unpublished government study estimates that poverty rates are likely to have increased in 2017 to 35 percent".[27]

The IMF has classified the Egyptian reforms as successful, because of improvements in growth and employment.[28] However, experts argue that the growth experienced has not been inclusive or sustainable, but rather has been in capital-intensive industries, like tourism and the extractive industries.[29] Meanwhile, the overall fall in unemployment belies the deep inequities in how far Egyptians are able to enjoy their right to decent work, as revealed by the independent Egypt Social Progress Indicators.[30] For example, the youth unemployment rate is still over 25 percent, women's labor force participation is extremely low at 22.9 0percent, and Egypt ranks 134 out of 140 countries on the 2017 Global Gender Wage Gap Index.[31] Moreover, between 2016 and 2017 wages decreased by 14 percent in real terms, and labour rights are increasingly criminalized or restricted.

Of particular relevance to SDG 10, economic inequality in Egypt is astoundingly high, and worsening. In 2017, Egypt's wealth Gini coefficient was the third highest in the world, reflecting an increase from previous years. The World Inequality Lab estimates that in 2015 the share of pre-tax national income was 19.1 percent for the richest 1 percent of the population and 48.5 percent for the richest 10 percent.[32] However, despite the IMF's professed commitment to tackling inequality, the reforms they have pushed and supported are far from redistributive.

26 Corkery and El-Badrawi (2016).

27 EIPR (2018).

28 See www.imf.org/en/News/Articles/2019/02/05/pr1933-egypt-imf-exec-board-completes-4th-review-extended-fund-facility.

29 EIPR (2018).

30 See on this and the following indicators Egypt Social Progress Indicators (2018).

31 World Economic Forum (2017).

32 See Alvaredo/Assouad/Piketty (2018).

Egypt already has one of the lowest social spending levels as a percentage of GDP compared to similar Lower Middle Income Countries. Its social spending is below half the average for the Middle East, which is 1 percent of GDP.[33] The central tax reform undertaken – at the urging of the IMF – has been the introduction of VAT (now at 14 %, replacing the sales tax of 10 %). Although some basic food products have been exempted, the VAT has added to the increasingly unaffordable cost of living for poor families.[34] Meanwhile, direct taxes (which are more progressive) make up only 44 percent of total tax revenue collected, and the effective corporate tax rate in Egypt is 7 percent lower than the statutory rate. Therefore, although Egypt certainly needs to improve its tax-to-GDP ratio, there are far more progressive vehicles for doing so than VAT (e.g., implementing the long-discussed capital gains tax,[35] a modernized and effective property tax, and a higher rate of income tax for the highest earners).

Although the IMF has claimed that social protection is a "cornerstone of the government's programme" and will help to cushion the blow of austerity, the Egypt Social Progress Indicators show that only 50 percent of those living under the poverty line receive support under the three main social protection programmes. Moreover, these programmes show extremely high exclusion errors, a symptom of the highly 'targeted' approach favoured by the IMF. Public health spending in Egypt is already remarkably low (even among peer lower middle income countries), at only 1.25 percent of GDP, and public expenditure on health has declined since 2015.[36] This produces severe inequities in access to health care, with households having to shoulder the large majority of health care spending from their own pockets, and women in particular facing major barriers to needed health care. It raises the question of how responsible it is for the IMF to push for further cuts to public spending, when the levels of unmet need and

33 EIPR (2018).

34 See Corkery/El-Badrawi (2016).

35 See www.reuters.com/article/us-egypt-economy-tax/egypt-president-ratifies-capital-gains-tax-freeze-extension-approves-stamp-duty-idUSKBN19D2DM.

36 Egypt Social Progress Indicators (2018).

disparities in access to basic services are already so high.

Nevertheless, in January 2019 IMF Managing Director Christine Lagarde praised the "substantial progress" of the Egyptian economic reform programme.[37] She urged the government to "press ahead" with the reforms, and a weak reference to the need for "measures to increase transparency and accountability" is the closest her statement gets to acknowledging the dire human rights situation in Egypt. She closed by "commend[ing] the patience and commitment of the Egyptian people to the reform process."

In fact, the reforms triggered significant social resistance and opposition, even before the loan agreement was reached,[38] which has only been controlled by the government's brutal crackdown on human rights defenders and other 'critics', including an economic researcher who questioned the government's economic policy.[39] These measures are of course in stark contrast to the government's human rights obligations and commitments under SDG 16. Instead of saluting the "patience" of the Egyptian people, the IMF would do better to interrogate the social impacts of its loan conditions on the Egyptian people and inequalities in the country. EIPR has assessed that of the 14 measures imposed by the IMF in Egypt from November 2017 to May 2018, eight measures have a negative impact on Egyptian people and socio-economic development more broadly.[40] Certainly, the evidence suggests that the IMF is not playing a positive role with regards to Egypt's chances of achieving SDG 10.

## Conclusion

The larger question we should ask is: Is it really legitimate that the IMF should wield and exercise this degree of power over economic governance? It is essentially imposing a narrow, neoliberal and non-rights-compliant approach to economic policy (usually centered on 'fiscal consolidation' or austerity) across the globe; an approach which has been proven to have negative impacts on human rights, poverty eradication, and the reduction of inequality. The UN Committee on Economic, Social and Cultural Rights, for example, recently expressed concern about the impacts that Argentina's latest agreement with the IMF was having on human rights, poverty and inequalities.[41] It raises the question: Should the IMF's advice and strictures have more weight than human rights obligations? Should the current system of global economic governance, which is dominated by the richest countries and has produced the inequality crisis that the SDGs are at least grappling with, be trusted to play a constructive role in the transformation we need?

The IMF can no longer maintain the pretense that human rights concerns are not within its purview, especially while their policies and practices have such far-reaching impacts on economic and social rights, and while they claim to be helping countries achieve the SDGs, which are explicitly underpinned by human rights law. Ultimately, what is most disappointing is that, rather than seizing a much-needed opportunity to question and realign its practices based on the SDGs, and especially the commitment to reduce inequality within and among countries, the IMF is instead using the SDGs to justify what it is already doing, no matter how incompatible this may be with equitable sustainable development. Given the IMF's profound influence over global macroeconomic governance – and therefore the enabling (or currently, disabling) environment for sustainable development – these contortions are deeply irresponsible.

37 See https://www.imf.org/en/News/Articles/2019/01/25/pr1918-statement-by-imf-managing-director-christine-lagarde-on-egypt?cid=em-COM-123-38298.

38 Egypt followed Article IV recommendations closely since at least 2013, in preparation for a potential loan. See e.g., https://foreignpolicy.com/2012/11/29/politicizing-egypts-economic-reform/.

39 See www.reuters.com/article/us-egypt-arrest/author-of-critical-book-on-egypts-economy-arrested-sources-wife-idUSKCN1MV102.

40 EIPR (2018).

41 See www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=23661&LangID=E.

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# SDG 11

## Tackling the challenges of global urbanization: flagship local government initiatives to meet the SDGs

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**Highlighting the crucial role of local and regional governments in the frontline implementation of the SDGs, this article showcases a selection of innovative initiatives by subnational governments, often in dialogue and cooperation with trade unions and community groups. Cases go beyond the scope of SDG 11 (sustainable cities and communities) reaching out to other SDGs relating to essential public service access, housing, climate change and public procurement.**

In 2018, 4.2 billion people in the world lived in cities and an additional 2.5 billion will urbanize by 2050.[1] Rapid and disorderly urbanization has led to deep inequalities and unsustainable urban environmental footprints. Over 100 million people are homeless, and about 900 million live in slums and informal settlements where access to vital services is precarious or non-existent. Public transport still only represents 16 percent of global daily urban transit,[2] while cities account for more than 70 percent of global energy consumption and greenhouse gas emissions.[3]

In response to these daunting challenges, the international community has committed to several global policy frameworks, including the 17 Sustainable Development Goals (SDGs), the New Urban Agenda (NUA), the Paris Agreement on Climate Change, and the Sendai Framework on Disaster Risk Prevention. While these international agreements have been signed by national governments, it is local and regional governments that are on the frontline of their implementation.

Global local government networks including United Cities and Local Governments (UCLG), Metropolis, Cites Climate Leadership Group (C40), and Local Governments for Sustainability (ICLEI) – gathered under the umbrella of the Global Taskforce of Local and Regional Governments – are asking for a stronger acknowledgement of subnational authorities' role in global policy and decision-making. Many subnational governments have already embedded sustainability targets into their local policies and responsibilities and are developing path-breaking initiatives to localize SDGs implementation well beyond SDG11 on sustainable cities. Nonetheless, this work goes largely unnoticed: out of the around 100 countries which submitted Voluntary National Reviews to the UN High Level Political Forum (HLPF) between 2016 and 2018, only 45 had involved local governments in the reporting process, and 39 had engaged them in national policy coordination mechanisms.[4]

1 UN Department of Economic and Social Affairs, Population Division (2018).

2 Global Taskforce of Local and Regional Governments and UCLG (2018) p. 54.

3 C40 (2018), p. 11.

4 Global Taskforce of Local and Regional Governments and UCLG (2018).

The following selected initiatives showcase how local governments are leading the implementation of the SDGs, often in dialogue and cooperation with trade unions and community groups.

## Local solutions to enhance access to essential public services for all

Universal, free access to essential public services are the foundation blocks of the SDGs and at the core of local governments' commitment to the 2030 Agenda.[5] In most countries, local and regional authorities carry full or shared responsibility for water and sanitation, health and social care, waste management, education and culture. Government investment in public services is one of the most powerful policy tools to fight income inequality: it is estimated that free access to public services in OECD countries reduces it by 20 percent.[6]

Lack of service access and regressive user fees are associated, instead, with income inequality, largely borne by the most vulnerable dwellers.[7] Water privatization in Chile and Jakarta failed to expand access to water beyond affluent urban areas,[8] and waste management privatization in Dar es Salaam translated into unequal service, with private providers collecting waste only from areas where residents can afford to pay fees.[9] Where privatization brought no improvement or impacted negatively on service accessibility, quality and affordability, cities and communities are seeking alternatives by bringing (back) in-house essential public services through a process referred to as "(re)municipalization". Research from 2017 listed 832 such cases since 2000, involving 1,600 municipalities in 45 countries, in relation to water, energy, waste, transport, health and social care, education and other local government services.[10]

Some of these initiatives are promising. In 2010, Paris remunicipalized its water facility, creating *Eau de Paris*. Since then, the company has made substantial reinvestments in network maintenance and enhancement (€71.1 m in 2017)[11] and could lower water user fees by 8 percent, saving water users €76 m between 2011 and 2015.[12] The management board includes local government, worker, consumer and civil society representatives, and a participative body has been established ("Paris water observatory") where stakeholders have a say. Barcelona has moved towards energy remunicipalization by creating publicly owned *Barcelona Energia* (BE).[13] In 2019, the public utility started servicing 20,000 households, distributing locally-generated renewable energy. Its tariffs are controlled by the local administration, which expects to make significant savings just by using it to power all its public buildings and services.

The role that public services play in addressing socioeconomic inequality is especially evident in the global South, where such services are typically delivered by informal workers who often lack basic human rights. In the case of waste services, the progressive transition of informal workers into local and national integrated waste management systems can be a powerful lever for enhancing service quality and coverage while fighting inequality by creating decent work opportunities.[14] In Belo Horizonte, Brazil, this approach led to improved working conditions of over 600 informal waste workers while it increased waste service coverage for *favela* residents up to 70 percent.[15]

5 The Bogotá Commitment and Action Agenda, adopted at UCLG's 5th World Congress in October 2016 by over 400 mayors and local authority officials, states that "access to basic services is a human right that should be guaranteed for all", p. 7 (www.bogota2016.uclg.org/sites/default/files/bogota_commitment.pdf).

6 Oxfam (2014).

7 Wainwright (2014).

8 Karunananthan/Kishimoto (2018).

9 van Niekerk/Weghmann (2019).

10 Kishimoto/Petitjean (2017).

11 Eau de Paris en chiffres, Rapport annuel 2017 (www.eaudeparis.fr/uploads/tx_edpevents/EDP_RA2017_V_BD.pdf).

12 See Le Strat (n.d.).

13 See www.barcelonaenergia.cat.

14 Cibrario (2018).

15 Global Taskforce of Local and Regional Governments and UCLG (2018), p. 74; Lethbridge (2017), pp. 30-31.

## Tackling the global housing crisis: between informality and gentrification

The commitment to achieve decent, safe and affordable housing for all tops the SDG 11 target list, is at the heart of the NUA,[16] and is enshrined in the Universal Declaration of Human Rights. However, rapidly increasing urbanization and demographic rates, insufficient public infrastructure investment, urban gentrification, real estate financialization and the privatization of public housing, land and services are making it harder to fulfil. Skyrocketing prices for the sale and rent of housing are reshaping cities across income-segregated geographies, expelling low-wage workers and vulnerable dwellers to the outskirts of cities, while forced and violent evictions are a common occurrence.

The frameworks for housing, real estate regulation, rent and tenancy agreements are usually set by national governments. However, subnational governments are typically responsible for neighbourhood development and in some countries for housing policies. Confronted with systemic housing crises, they find themselves in a structural mismatch between their responsibilities and their actual powers and resources to deliver affordable housing to their communities. Nearly US$ 1 trillion are needed to improve conditions in informal settlements, not counting homelessness and displaced people in conflict-torn zones.[17]

The housing crisis is a global one, with informality and gentrification being two sides of the same coin. Medellín,[18] Nairobi[19] and Harare[20] have all developed participatory, inclusive schemes of slum and neighbourhood renovation or upgrading. Paris, São Paulo, Barcelona, and Vancouver have instead taken measures to disincentivize vacancies and unused lots, regulate the private rent market and enhance access to affordable housing for vulnerable tenants. Amsterdam, Barcelona, Berlin, Mexico, Durban, London, Montreal, Montevideo, New York, Paris and Seoul launched the *Cities for Adequate Housing Declaration*[21] at the 2018 HLPF, joining the *Make the Shift* initiative promoted by the UN Special Rapporteur on Adequate Housing.[22]

In this global scenario, the case of London and the UK is emblematic: one in three of lowest rental homes are unhealthy[23] and renters spend on average 41 percent of their wages on rent.[24] As of 2017, English local councils had 1,155,285 households on social housing waiting lists.[25] A national borrowing cap and the national Right-to-Buy scheme resulted in a drastic drop of councils' ability to provide social housing: out of 326 UK local authorities, 166 have sold off their social housing assets,[26] 40 percent of which are now privately owned and often rented back to councils at much higher rates.[27] Working together with civic associations, progressive local governments and members of parliament, UK trade unions Unison and Unite are documenting and disseminating evidence of the disastrous social effects of national policies that constrain local governments' housing prerogatives.[28] They are now reclaiming councils' financial and political powers to pursue social housing goals.[29]

16 UN General Assembly (2016).
17 Ibid., para. 34.
18 Mejoramiento Integral de Barrios Project (http://isvimed.gov.co/programa/mejoramiento-integral-de-barrios).
19 Mukuro slum project (www.iied.org/special-approach-slum-upgrading-special-planning-area-mukuru-nairobi).
20 Open Reblock project (https://openreblock.org/about.html).
21 See www.uclg.org/en/media/news/cities-adequate-housing-call-action-ensure-right-housing.
22 See www.unhousingrapp.org/the-shift.
23 The Guardian (2018): Study reveals rise in children raised in squalid rental homes, 10 September (www.theguardian.com/money/2018/sep/10/study-reveals-rise-in-children-raised-in-squalid-rental-homes).
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26 UNISON (2019).
27 The Guardian (2019): New homes alone won't solve the housing crisis, 11 January (www.theguardian.com/society/2019/jan/11/new-homes-alone-wont-solve-the-housing-crisis).
28 See UNISON (2018) and (2017).
29 See www.unison.org.uk/at-work/community/key-issues/housing/.

### Fighting climate change and reducing disaster risk at the local level

The SDGs require a substantial shift towards renewable energy to fight climate change and related disasters and to enhance energy access and efficiency. Over 90 percent of urban dwellers are exposed to high concentrations of particles.[30] Cities and local communities are also often the most vulnerable and severely hit by extreme climate events and disasters, especially in low- and middle-income countries. It is no surprise that local and regional governments lead in climate change mitigation and adaptation, testing innovative approaches for transition into renewable energy and in the response to extreme weather events.[31] To date, 9,322 cities have committed to the fight against climate change under the framework of the Global Covenant of Mayors for Climate and Energy.[32]

Dakar is implementing its Territorial Climate Energy Plan (PCET) to reduce pollution assisted by the Covenant of Mayors and EU funding.[33] Izmir, the third-largest city in Turkey, committed to a 20 percent $CO_2$ emission cut by 2020 through the Izmir Development Agency's sustainability plan to improve public transport efficiency through renewable energy electrification.[34] Recife, Brazil, developed a climate change mitigation and adaptation plan to strengthen its public transport system.[35]

The Australian state of Queensland launched in 2017 an ambitious integrated energy policy to achieve 50 percent renewable energy by 2030 with the creation of CleanCo, a renewable publicly owned energy generator.[36] The initiative aims to ensure a stable, affordable energy supply and to create 4,600 quality jobs for local communities transitioning away from carbon-intensive generation. The plan was developed with the involvement of local energy workers, their trade unions and civil society groups. A "Just Transition" consultative forum was set up to inform the transition policy framework and support the local community along the process.[37]

In November 2013, typhoon Haiyan hit the Philippines causing over 6,000 deaths, displacing over 4 million people, and leaving 90 percent of Tacloban City destroyed.[38] Drawing from this tragic event and recognizing the fundamental role of public emergency workers in responding to extreme climate events and post-disaster rebuilding, Bislig City agreed in 2016 to develop a comprehensive disaster preparedness action plan in cooperation with its workers' union,[39] recognizing that "a functioning and effective social dialogue between local government employers and workers (...) is the essential condition for a successful disaster preparedness scheme".[40]

### Making public procurement socially and environmentally responsible

Representing on average 10-15 percent of a country's GDP,[41] the public procurement of goods, services, works, utilities and infrastructure building is a key instrument for governments to fulfil their mandates. Subnational governments are major public procurement agents, accounting for almost 40 percent of the

30 UN (2018), p. 9.
31 See Climate Chance (2018) for thematic initiatives and city case studies led by subnational governments.
32 See www.globalcovenantofmayors.org/.
33 See www.reseau-cicle.org/wp-content/uploads/rapport_final_arene_pcti_dakar_vf2_04_04_2016.pdf.
34 See www.investinizmir.com/upload/Node/27742/xfiles/2014-2023_ingilizce.pdf.
35 See http://www2.recife.pe.gov.br/sites/default/files/plano_de_baixo_co2_recife.pdf.
36 See https://cleancoqueensland.com.au/.
37 See https://desbt.qld.gov.au/employment/transition-programs/just-transition.
38 See e.g. www.worldvision.org/disaster-relief-news-stories/typhoon-haiyan-facts.
39 The Bislig City Employee Association, affiliated to the Public Services Labour Independent Association (PSILINK); https://pslinkconfederation.wordpress.com/tag/bislig-city-employees-association.
40 With the help of a union solidarity fund, Bislig emergency workers can upskill, get disaster preparedness training and personal protective equipment to better respond to their city emergencies and save lives and infrastructures. See www.world-psi.org/en/memorandum-undertaking-disaster-risk-reduction-between-local-government-bislig-city-and-psilink.
41 See www.wto.org/english/tratop_e/gproc_e/gproc_e.htm.

world total public investment.[42] By promoting and implementing socially responsible public procurement beyond price-only considerations, local and regional governments exercise a powerful lever for implementing the SDGs. The inclusion of labour and environmental clauses in public procurement tenders and contracts enables local authorities to promote sustainable sourcing practices along short and long supply chains.[43]

In Bordeaux, since 2017 a team of the city's public procurement officials and CFDT Interco union representatives have been looking at the sustainability of procurement contracts. Their pilot project, covering the industrial laundry cleaning of municipal workers' uniforms, involved approaching and visiting contracted suppliers, disentangling their supply chains, and agreeing on manageable improvements to enhance the social and environmental performance of the city's public contracts.[44] This approach led to sharpened sustainability specifications in the city's contracts and earned the union the only stakeholder place in the city's *Steering Committee for Public Procurement Innovation.*[45]

## Conclusions

Local governments and their communities are actively taking up the urban and territorial challenges of our times to meet the SDGs and comply with global sustainability policy frameworks. To do so, they need adequate resources, powers and institutional capacity to transform cities and local communities into hubs of opportunity, sustainability and inclusion for all. Effective decentralization, subnational government empowerment, adequate financing, improved cooperation among all levels of government, and interagency policy coherence are necessary requirements if local authorities are to step up their efforts to localize implementation of SDGs.

Systematic involvement and dialogue with public service workers and their unions are a precondition to succeed in the many challenges cities and territories face every day, as subnational government staff need to have the appropriate skills, equipment and decent working conditions to deliver quality public services to their local communities. Finally, collaborative, participatory, democratic, multilevel governance involving all local stakeholders is critical to ensure that urban and territorial development is inclusive and sustainable and can fulfil the promise that no one and no place will be left behind.

42 OECD-UCLG (2016).

43 Examples include contract specifications to foster social inclusion and fight poverty in their communities by selecting local bidders that employ workers under decent conditions; pay a living wage; negotiate and implement collective agreements; and facilitate access to employment for disabled, vulnerable, young workers or to the long-term unemployed.

44 Bordeaux's procurement contracts incorporate by default social clauses with a focus on professional rehabilitation, see www.achatsresponsables-aquitaine.fr/images/documents/SPASER_BxMtropole_2016.pdf.

45 See www.world-psi.org/fr/les-agents-territoriaux-et-syndicalistes-cfdt-interco-sengagent-dans-une-demarche-innovante-sur-les.

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# SDG 12

## Initiatives to reduce the production and consumption of plastics

BY LARISSA COPELLO DE SOUZA, ZERO WASTE EUROPE

**The way we currently produce and consume plastics is not sustainable. The massive production and consumption of plastics, especially single use plastic products, have contributed greatly to the plastic pollution crisis. Plastic pollution impacts our ecosystems, endangers animal lives and also threatens human health. There is just too much plastic to be managed, and recycling itself is not enough. Plastic pollution is a multidimensional problem that requires a holistic approach. Tackling this issue and enhancing sustainable production and consumption of plastics requires rethinking the way economic development is pursued. Game-changing steps have to be taken by all economic players – producers, policy-makers, businesses and consumers worldwide.**

### The crisis: Current unsustainable production and consumption of plastics

Over the past 50 years, global production and consumption of plastics have increased more than 20 times over, and plastic production has reached 320 million tonnes a year.[1]

The impacts of plastic litter, especially of single-use and disposable items (e.g., bags, straws, coffee cups, beverage bottles, most food packaging) are growing as each year more plastic waste accumulates in our environment and oceans.

Single-use plastics are a major source of pollution, especially marine litter. Around 18 billion pounds of plastics enter the ocean each year.[2] Plastic is choking our oceans and marine life: in March 2019, we've been shocked by the news that a whale was washed up dead in the Philippines with 40 kilograms of plastic in its stomach.[3]

Also, plastic is a persistent material. Once in the environment, it does not go away, it will take centuries to degrade. To have an idea, one single water bottle can remain on the planet for around 450 years. What's more, plastic often contains toxic chemicals, and exposure to plastics can impact human health in different ways throughout the entire life cycle, for instance by entering our food chain as micro particles (microplastics) that can concentrate toxic chemicals, such as persistent organic pollutants. As plastic production increases, this exposure will only grow.

Alongside this massive plastic production came increased pollution. Of the estimated 8.3 billion tonnes of plastic produced since the 1950s, only 9 percent has been recycled.[4] In fact, the recycling systems in place have not kept pace with the excessive

1 Gaia/CAG/BFFP (2019).
2 National Geographic (2019).
3 See https://edition.cnn.com/2019/03/18/asia/dead-whale-philippines-40kg-plastic-stomach-intl-scli/index.html.
4 Gaia/CAG/BFFP (2019).

consumption of this material. Only an insignificant amount of the plastic on the market is recycled; most plastic goods and materials ultimately become waste and are being dumped in landfills, littered, or burned.

The harm caused by plastic vastly outweighs the benefits it brings to society, and the profits realized by companies will never compensate for the damage caused by the pollution it creates, including increased greenhouse gas emissions, impacts on biodiversity, and impacts on tourism, fisheries, public safety and human health.

The reason why we have reached such an unprecedented level of pollution is the way we currently produce and consume plastics, which is linear[5] and inefficient. Mostly plastic products are used in short-lived applications, which are not designed for re-use or even for recycling.

Tackling this problem and promoting a sustainable use of plastics requires a drastic reduction of plastic production, particularly of single-use, low-value, disposable plastics.

### The movement for a change has (just) begun

Due to the impact and increased awareness of the effects of plastics on the world's oceans, environment and on our health, many organizations have gathered strength, unified by the same vision: a future that is free from plastic pollution.

Break Free From Plastic (BFFP) is one of the biggest global movements envisioning a future free from plastic pollution.[6] Since its launch in September 2016, nearly 1,500 organizations across the world have joined to demand massive reductions in single-use plastics and to push for lasting solutions to the plastic pollution crisis.

These organizations share the common values of environmental protection and social justice, which guide their work at the community and global level. Among their activities are brand audits based on beach clean-ups, to identify the brands which are the biggest responsible for plastic pollution.[7] Last year, BFFP member organizations engaged nearly 10,000 volunteers in 239 clean-ups in 42 countries on six continents, collecting and analyzing over 187,851 pieces of plastic pollution. The action revealed the **top 10 polluters** worldwide:

- Coca-Cola
- PepsiCo
- Nestlé
- Danone
- Mondelez International
- Procter & Gamble
- Unilever
- Perfetti van Melle
- Mars Incorporated
- Colgate-Palmolive

Also, BFFP members have produced and published reports alerting society and policy-makers to plastic pollution and its hidden costs, which include the impacts on human health.[8]

In Europe, BFFP is also represented by the Rethink Plastic alliance, which brings together 10 leading European NGOs working closely with European policy-makers to design and deliver policy solutions to curb plastic pollution.[9]

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5 That is, based on a 'take-produce-consume-throw away' approach to resources.

6 See https://www.breakfreefromplastic.org.

7 BFFP (2018a).

8 See www.breakfreefromplastic.org/reports/.

9 See https://rethinkplasticalliance.eu/.

Thanks to the influence and hard work of the movement to break free from plastic worldwide, several countries have already taken important steps to cut down on single-use plastics.

In Europe, tackling plastic pollution has been a key priority on the EU agenda. In January 2018 the European Commission launched its Strategy for Plastics in a Circuar Economy, and in December 2018 the EU agreed on pioneering new laws to reduce the environmental impact of certain plastic products, the so-called Single-Use Plastics Directive.[10]

Several other countries have already adopted legislation or are considering proposals to target disposable plastic products. In early 2018, BFFP published a report listing existing national prohibitions, restrictions and levies on single-use plastics worldwide, including in Belarus, Montenegro, the UK, India, and many countries in Asia and Latin America.[11]

10 See https://data.consilium.europa.eu/doc/document/ST-5483-2019-INIT/en/pdf.

11 BFFP (2018b).

But it is just the beginning. Because of the borderless nature of the plastic pollution, a global solution is needed.

### The need for a global solution

There is no doubt that plastic pollution is a growing global problem. Plastics are transported by ocean currents and end up beyond national boundaries. Many floating masses of plastics have been discovered in the ocean – the so-called 'garbage patches' in oceanic gyres.[12] Actually, almost every corner of the world has been impacted by this material, contaminating our environment and harming living beings.

The international community needs to come together and agree on an ambitious framework to resolve the crisis: we need a legally binding international agreement to tackle plastic pollution with a full life-cycle approach, and promotethe prevention of plastic waste.

12 The Ocean Clean Up (2018).

Box 12.1

## The EU Single-Use Plastics Directive

The Directive includes a set of measures to tackle marine litter,[1] including:

- **A ban on selected single-use plastic products** for which market alternatives exist: cotton bud sticks, cutlery, plates, straws, stirrers, balloon sticks, as well as cups, food and beverage containers made of expanded polystyrene, and all products made of oxo-degradable plastic
- **Measures to reduce consumption** of plastic food containers and beverage cups and specific marking and labelling of certain products
- **Extended Producer Responsibility schemes** covering the clean-up cost of litter, applied to products such as tobacco filters and fishing gear

A 90 percent separate **collection target for plastic bottles** by 2029 (77% by 2025) and the introduction of design requirements to connect caps to bottles, as well as a target to incorporate 25 percent of recycled plastic in polyethylene terephthalate (PET) bottles by 2025 and 30 percent in all plastic bottles by 2030.

1 See http://europa.eu/rapid/press-release_STATEMENT-19-1873_en.htm.

In fact, tackling plastic pollution has become an integral part of the 2030 Agenda and its Sustainable Development Goals (SDGs). Implementing SDG 12 on sustainable consumption and production patterns is especially important in curbing plastic waste generation.[13]

Anchored by the SDGs, the United Nations Environment Assembly (UNEA) has recognized the plastic crisis as a serious and rapidly growing issue of global concern, which requires an urgent global response. At the close of the fourth session of the UNEA in March 2019, governments adopted a Ministerial Declaration titled 'Innovative Solutions for Environmental Challenges and Sustainable Consumption and Production', that commits to significantly reduce the manufacturing and use of single-use plastic products by 2030.[14]

Many civil society organizations and legal experts have identified huge gaps in the existing frameworks addressing plastics and plastic pollution. The United Nations Environment Programme (UN Environment) agreed that "current governance strategies and approaches provide a fragmented approach that does not adequately address marine plastic litter and microplastics."[15]

The BFFP members call for a new global Convention on Plastic Pollution with a mandate to manage the lifecycle of plastics, including production. "The new Convention should anchor, build upon, and complement existing regional and global voluntary and binding frameworks, allowing them to contribute within their core competencies."[16]

All sectors of the economy must be addressed with new global agreements, especially regarding corporations, as the way they operate has a significant impact on how resources are deployed. Producers are at the root of the problem by extracting fossil fuels (including by fracking, one of the most environmentally damaging processes), to incessantly produce plastic and inundate the planet with single-use goods.

In fact, plastic pollution does not start when it enters the environment, but from its very first production stage. This is why tackling plastic requires a lifecycle approach, taking into account the whole value chain.[17]

### The way is upstream: prevention and reduction

Plastic is one of the fastest growing pollutants in the world. The way we currently design, produce and consume plastics is both unsustainable and inefficient. Tackling this issue and enhancing the sustainable production and consumption of plastics requires rethinking the way economic development is pursued. Game-changing steps have to be taken by all economic players – producers, policy-makers, businesses and consumers worldwide.

Notably, urgent measures are needed in three key areas: reduction of plastic production and consumption, redesign of plastic products to be safe and sustainable, and better management of plastic waste.

Production and consumption patterns need to be ethical, and not solely driven by economics. Most products are created purely in pursuit of profit, with little regard for their environmental and health impacts. We need to shift away from economic models that value growth for growth's sake, towards a new mindset that respects planetary boundaries.

Changing the current way plastics are produced and consumed requires a fine balance between regulations and incentives, and government policies have an important role to play in driving the necessary paradigm shift from downstream solutions, such as recycling, to more upstream solutions, such as reduction, prevention and alternative business models.

13 See also Plastic Soup Foundation (2018).

14 UN Doc. UNEP/EA.4/HLS.1, para. 5(l). See also the Progress on Plastic Update, Issue 10: UNEA4 (www.ciel.org/wp-content/uploads/2019/03/Progress-on-Plastics-Update-Issue-10-UNEA4-Mar-2019-1.pdf).

15 UN Environment (2017), p. 5.

16 CIEL et al. (2018).

17 Cf. CIEL et al. (2019).

Recycling alone is not sufficient, neither are the heroic efforts of the 'beach clean-up' volunteers. There is just too much plastic to be managed. Coca-Cola has recently declared that they produce around 200,000 plastic bottles per minute.[18] We need to close the tap and get to the source of the problem by preventing the generation of plastic waste in the first place, and build virtuous cycles within resilient economic systems. successfully This can be done through upstream measures such as redesigning plastics for circularity (e.g., quality long-life products free of toxic chemicals), and implementing extended producer responsibility schemes (EPR) to ensure producers bear the full costs of waste management and the clean-up of their products.

Plastics that cannot be recycled should not be produced in the first place, and single-use plastic applications for which sustainable alternatives are widely available should be restricted from the market. Also, reusable local schemes should be promoted and scaled up where possible. Countries all over the world should follow the example of the new European Single Use Plastic Directive, to implement the right economic incentives as well as bans on wasteful single-use products: such measures can really open the door to innovative alternatives.

Zero Waste solutions already exist, and new business models are already proving successful outcomes. Moving away from a disposable and packaging intensive market to more local and resilient economies based on services and short supply chains is within reach. In fact, the transition to a post-single-use plastic era can bring new jobs and thriving economies. However, for this to happen, we need a solid and supportive legislative framework to put the right economic incentives in place.

18 The Guardian (2019).

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# SDG 13

## Climate finance support to developing countries imperative for ambitious climate action

BY INDRAJIT BOSE, THIRD WORLD NETWORK (TWN)

**Climate change is increasingly making its impact felt worldwide. Everyone is suffering, but the poor in the developing world is bearing the brunt of the impacts. It is not fair that those who did not contribute to the problem of climate change are suffering the most, and sometimes even paying with their lives. The developed world, historically responsible for causing climate change must own responsibility and fulfil longstanding commitments to reduce emissions and provide developing countries the means – finance, technology, capacity building – to deal with climate change.**

**Under the Paris Agreement on climate change countries agreed to climate action via nationally determined contributions (NDCs). Developed countries have been mandated to help developing countries with the means to achieve their climate goals. However, they have reneged on their commitments time and again. This cannot continue.**

**The Green Climate Fund is going through its first formal replenishment in 2019, after which a needs assessment of developing countries and a new collective goal on finance is to be agreed. Calls for ambitious goals must be accompanied by calls for ambitious support to developing countries who are facing overriding social and environmental challenges. While climate action is urgent, support to developing countries for such action is even more urgent.**

Cyclone Idai, which devastated Mozambique, Zimbabwe and Malawi in March 2019, is yet another reminder of the catastrophic impacts of climate change. Lives lost, infrastructure destroyed and survivors grappling with the trail of destruction left behind by the cyclone in camps and shelters – a disturbing pattern following such events.

Climate-induced events – heatwaves and drought, tropical storms, floods, extreme rainfall, cold and snow, wildfires – appear to have become the norm. Twenty of the warmest years on record have occurred in the past 22 years, with the top four in the past four years.[1] Extreme weather events and slow-onset events like sea-level rise and glacial retreat threaten ecosystems – together, these have ravaged people's lives and livelihoods. All this is happening as the global average temperature has increased just 1 °C above pre-industrial levels due to human activities.

The future looks very bleak.

According to the 2018 Special Report on 1.5 °C (SR15) by the Intergovernmental Panel on Climate Change (IPCC): "Warming from anthropogenic emissions

1 World Meteorological Organization (2019).

from the pre-industrial period to the present will persist for centuries to millennia and will continue to cause further long-term changes in the climate system, such as sea level rise, with associated impacts."[2] It adds:

> … temperature extremes on land are projected to warm up more than GMST [global mean surface temperature] … extreme hot days in mid-latitudes warm by up to about 3 °C at global warming of 1.5 °C and about 4 °C at 2 °C, and extreme cold nights in high latitudes warm by up to about 4.5 °C at 1.5 °C and about 6 °C at 2 °C … The number of hot days is projected to increase in most land regions, with highest increases in the tropics …[3]

The Fifth Assessment Report by the IPCC, released in 2014, noted that major future impacts are expected on water availability and supply, food security and agriculture; poverty reduction will become even more difficult; and new poverty traps will be created.[4]

The future these reports warn about is not very distant. According to SR15, global warming is likely to reach 1.5 °C between 2030 and 2052 if it continues to increase at the current rate.[5]

## Who is responsible?

The scientific community has established that the bulk of the temperature increase is due to historical emissions of developed countries who have attained their current levels of development through carbon-intensive growth since the pre-industrial period. And yet, the poor – especially in the developing world are paying with losses, and their lives, for something that they have not caused and contributed to.

To prevent catastrophic climate change, the world signed on to the United Nations Framework Convention on Climate Change (UNFCCC) in 1992. This recognized that equity should be the bedrock of climate action, and that developed countries must take the lead in reducing greenhouse gas emissions and help developing countries with finance, technology transfer and capacity building so that they do not follow the carbon-intensive model of the developed world. However, the gap in the means of implementation needed to achieve sustainable, low-carbon development has not been filled. Regarding subsequent agreements under the Convention – Kyoto Protocol in 1997 and Paris Agreement in 2015 – several developed countries reneged on their Kyoto commitments and some have pulled out entirely.

As far as the Paris Agreement is concerned, the world at present awaits its implementation, the rules of which were finalized in December 2018, even as the USA announced its intention to withdraw from the agreement and not fulfil its finance pledges. Under the Paris Agreement, countries have submitted their action plans for climate change, called Nationally Determined Contributions (NDCs). Finance continues to remain among the biggest needs and gaps in the fulfilment of the NDCs.

## Growing needs and unmet commitments

The needs of developing countries to reduce emissions, adapt to the drastic changes are ever increasing. Add to that the burden of loss and damage, the permanent damage from events such as Cyclone Idai.

Although estimates vary, they all point to growing costs to meet the climate burden. According to one study, adaptation costs could reach US$ 140-300 billion a year by 2025-2030 and by 2050, climate change costs could exceed USD 1 trillion a year, even if global average temperature is contained to below 2 °C.[6] According to SR15, more than US$ 2.38 trillion would need to be invested annually in mitigation to stay well below 2 °C.[7]

2 IPCC (2018), p. 7.
3 Ibid, p. 9.
4 IPCC (2014).
5 IPCC (2018).
6 Climate Change Finance Unit, Department of Economic Affairs, Ministry of Finance, Government of India (2018).
7 IPCC (2018).

Just the finance needs of developing countries in the NDCs amount to about US$ 4 trillion.[8] Of the NDCs presented, 86 percent of developing countries referred to the need for international support to fulfil their NDCs.[9]

In 2010, developed countries had committed to jointly mobilizing US$ 100 billion a year by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance, to address the needs of developing countries. Developing countries stressed the need for new and additional financing. As a result, the Green Climate Fund (GCF) was established in 2010 and launched in 2011.

While the goal itself was meagre, its fulfilment are more meagre still. Consider the following: finance flow figures from developed to developing countries as reported in the official communication to the UNFCCC were US$ 33 billion in 2015 and US$ 38 billion in 2016.[10] Further, the USA had pledged US$ 3 billion to the GCF, but provided only US$ 1 billion.[11] In relation to the Global Environment Facility's (GEF) seventh replenishment, of the US$ 4.1 billion pledged, only US$ 3.3 billion is actually new funding, and the amount saw an aggregate 37 percent decrease compared to GEF's sixth replenishment.[12]

Clearly, as developing countries continue to be increasingly impacted by climate change, the gaps in resources needed urgently to address climate change widen.

## Hope in the GCF?

When it was established, the GCF was intended to be the main fund for global climate change finance.[13] Governments agreed to set it up "as an operating entity of the financial mechanism of the Convention under Article 11, with arrangements to be concluded between the Conference of the Parties and the Green Climate Fund to ensure that it is accountable to and functions under the guidance of the Conference of the Parties".[14]

According to the GCF's governing instrument the purpose of the Fund is to "make a significant and ambitious contribution" to the global efforts in combating climate change. As part of its objectives and guiding principles, the governing instrument states that:

> In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.[15]

The Fund will seek a balance between funding for adaptation and mitigation, "while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach".[16] In allocating adaptation resources, the GCF Board decided that there would be a floor of 50 percent of the adaptation allocation for particularly vulnerable countries, including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African States. With developed countries favouring mitigation (arguing that adaptation is a national responsibility), this allocation was a major achievement.

For mitigation, the GCF provides resources to reduce emissions from energy generation and access; transport; building, cities, industries and appliances; and forests and land use. For adaptation, resources are provided to increase the resilience of health, food and water security; the livelihoods of people and communities; ecosystems and ecosystem services; and

8 Climate Change Finance Unit, Department of Economic Affairs, Ministry of Finance, Government of India (2018).
9 Green Climate Fund (2019).
10 UNFCCC (2018).
11 Singh/Bose (2018).
12 Bomzan(2018).
13 Singh/Bose (2018).
14 UNFCCC Decision 1/CP.16, para. 102.
15 Green Climate Fund (2011), p. 2.
16 Ibid.

infrastructure and the built environment. Funding proposals are assessed against their impact potential; paradigm shift potential; sustainable development potential; needs of the recipient; country ownership; and efficiency and effectiveness.

The GCF also has a Readiness Support Programme, which provides up to US$ 3 million per country for the formulation of National Adaptation Plans (NAPs) and/or other adaptation planning processes.

The GCF's initial resource mobilization period lasted from 2015 to 2018, during which it received US$ 10.3 billion in pledges. Of this, US$ 10.2 billion was signed in the form of *contribution agreements* between the governments and the GCF. However, this does not mean that the GCF realized the US$ 10.2 billion. The US contribution agreement merely expresses an intention to pay US$ 3 billion. The USA paid US$ 1 billion to the GCF and is not likely to contribute more, given the announcement by US President Donald Trump that his country would pull out of the Paris Agreement and would not put any more resources into the GCF. This put in jeopardy the realization of the US$ 10.2 billion of signed contributions.[17]

Then there are exchange rate fluctuations that further shrink the fund – to the tune of nearly US$ 1 billion. According to the GCF Secretariat, as of July 2018, the initial resource mobilization period would yield only US$ 7.2 billion by the end of the year as opposed to the US$ 10.2 billion in signed contributions.

In the four years of funding operations, as of March 2019, 102 projects and programmes have been approved, committing US$ 5 billion of GCF resources for climate action in 97 developing countries.[18] These are expected to benefit 276 million people and reduce 1.5 billion tonnes of $CO_2$ equivalent. Of the projects approved, 40 projects with US$ 1.8 billion in GCF funding are being implemented at present.[19] These range from delivering stronger climate information services and early warning systems to clean energy, resilient water supplies, climate-resilient farming and access to finance for climate-directed businesses.

In relation to readiness activities, the Fund has also approved over US$ 147 million in 121 countries, striving to build national capacities to access and programme climate finance. This includes work to build the capabilities of direct access entities and support for national adaptation planning and project preparation.[20]

With the initial resource mobilization completed, 2019 is a crucial year for the Fund, especially since the first formal replenishment process is under way. Clearly there is considerable interest from developing countries. Currently, there is a "USD 15 billion pipeline of funding proposals and concept notes, and a further USD 20 billion plus in project ideas emerging from developing countries' and entities' work programming".[21]

The big question is how much money the Fund will receive as part of its first formal replenishment.

### North-South divide at the GCF

The process leading up to the replenishment has been marred by several controversies. During the initial discussions on the issue, developing countries insisted, rightly so, that needs of developing countries should be taken into account in the replenishment process. They underscored that the GCF is the financial arm of the Convention and its Paris Agreement and reiterated that developing countries' contributions under the Paris Agreement were conditional upon predictable financing. Developed countries, however, said that any replenishment amount would be a political decision and would be the sovereign decision of a country's Parliament.[22]

17 Singh/Bose (2018).

18 See www.greenclimate.fund/news/green-climate-fund-board-meeting-sets-stage-for-successful-replenishment-allocates-usd-440-million-for-climate-action-strengthens-governance-and-selec.

19 Green Climate Fund (2019).

20 Ibid.

21 Ibid, p. 3.

22 TWN Info Service on Climate Change (Mar18/01), 5 March 2018 (www.twn.my/title2/climate/info.service/2018/cc180301.htm).

Developed countries on the other hand wanted to condition the replenishment process subject to the fulfilment of certain policies such as co-financing and decision-making in the absence of consensus.[23] Co-financing refers to developing countries having to find other sources of financing for a project before coming to the GCF, which could pose a burden on developing countries if made mandatory. On decision-making in the absence of consensus, developed countries, in the past, wanted to link voting to their contributions that they put into the Fund, a practice in the World Bank and the IMF, which developing countries were not comfortable with.

After protracted discussions through 2018, the Board agreed on a process, which is set to conclude by October 2019 with a pledging session. Reflecting on the discussions and the attitude of some of the developed country Board members, a developing country negotiator told Third World Network along the margins of one of the Board meetings: “It appears that the colonial mentality is hard to give up. Some of the developed countries are simply uncomfortable with the fact that we (developing countries) have equal say in the decisions of the Fund, and that our arguments are full of substance.” (The GCF comprises a Board with 24 members, composed of an equal number of members from developing and developed country Parties).

## Demand for climate justice

It is important to remember the context in which the discussions are happening. Developing countries and its peoples inherited the climate injustice. It is time developed countries fulfilled their obligations on climate finance so that climate justice for developing countries and the future generations is delivered. Civil society organisations have also rallied around the demand of climate justice and actively engage with the UNFCCC and GCF processes, calling for equity and ambition of climate actions.[24]

Besides finance, there is a critical need in developing countries for capacity to implement low-emissions and climate resilient projects and programmes. This needs to be recognized.

The IPCC has established that:

> sustainable development supports, and often enables, the fundamental societal and systems transitions and transformations that help limit global warming to 1.5°C. Such changes facilitate the pursuit of climate-resilient development pathways that achieve ambitious mitigation and adaptation in conjunction with poverty eradication and efforts to reduce inequalities.[25]

Such transitions and transformations must be enabled through support and international cooperation based on common but differentiated responsibilities and equity.

Under the Paris Agreement, countries agreed that a new collective quantified finance goal would be decided before 2025 that would take into account needs of developing countries. A needs determination process is also under way in the UNFCCC. Summits are planned to focus on increasing ambition by countries. It is crucial to remember that increased ambition by developing countries is dependent on increased support from the developed world, a key UNFCCC undertaking. Financial support can be channelled through institutions such as the GCF, which hold promise for developing countries to enable transformation to happen. This is urgent. The planet and its peoples are fast running out of time.

23 TWN Info Service on Climate Change (Jul18/02), 9 July 2018 (https://www.twn.my/title2/climate/info.service/2018/cc180702.htm).

24 See CSO Equity Review (2018), (2017), (2016), and (2015).

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# SDG 14

## Ocean governance for sustainability

BY MAUREEN PENJUELI, PACIFIC NETWORK ON GLOBALIZATION (PANG)

**Global powers and Pacific Island nations are racing to divide up the ocean's resources using the narratives of Blue Economy and Blue Growth to justify their exploitation. Technology advances make once-unfeasible seafloor depths increasingly viable and will allow corporations to plunder oceanic resources in a bid to secure food security and alternative sources of minerals and energy for rapid growing populations.**

**The Blue Economy concept grew out of the broader green growth concept and a growing concern about the heavy damage wrought on our ocean ecosystems by overfishing, habitat destruction, marine pollution, ocean acidification and climate change. The science behind the health and resilience of the ocean to sustain human activities and life on the planet remains little discussed, a gap that SDG 14 and the 2030 Agenda attempt to address. For Pacific people who have a spiritual relationship with the ocean, its industrialization reshapes the way its value was defined by former colonial rulers into that of transnational corporations and multilateral financial institutions. Such a move must be resisted not just for the benefit of the Pacific people but for all of humanity and the planet.**

Ocean resources have been the foundation of global trade and economic activities, a major source of food, energy and livelihood for centuries.[1] Oceans provide 50 percent of atmospheric oxygen and absorb 25 percent of human-induced $CO_2$ emissions and the circulation dynamics make our planet habitable.[2] Oceans are home to extraordinary biodiversity and unique ecosystems.[3] Science is only just discovering how much of a global service to the functioning of our planet our oceans provide.[4]

Increasingly over the last 13 years, international concerns have focused on the health of the world's oceans and threats to marine biological diversity, including illegal, unrecorded and unreported (IUU) fishing and destructive fisheries practices, bottom trawling and climate change along with emerging issues such as bio-prospecting in the deep sea.

At least 40 percent of our oceans are already heavily polluted and showing signs of ill health.[4] In the past decades, as scientific understanding increases, concerns over how to manage and conserve the areas beyond national jurisdiction have heightened. Scientists admit to having a poor understanding of the deep ocean; more is known about the surfaces of the moon, Venus and Mars. The 2018 special report

1 The ocean is a primary source of protein for over 3 billion people (www.un.org/sustainabledevelopment/oceans/).

2 See http://enb.iisd.org/oceans/climate-platform/html/enbplus186num14e.html.

3 Oceans contain nearly 200,000 identified species, but actual numbers may lie in the millions (www.undp.org/content/undp/en/home/sustainable-development-goals/goal-14-life-below-water.html).

4 See www.undp.org/content/undp/en/home/sustainable-development-goals/goal-14-life-below-water.html.

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by the Intergovernmental Panel on Climate Change (IPCC) on the effects of global warming of 1.5 degrees or more and its catastrophic impact on oceans and consequent sea level rising shows the urgent need for new tools and methods for the governance of the world's oceans.[5]

### Harvesting the oceans under the Blue Economy

The UN puts the value of the coastal and marine resources at US$ 3 trillion or about 5 percent of world GDP. According to a 2014 report, China's ocean economy is worth US$ 962 billion or 10 percent of its GDP while the USA values its at US$ 258 billion, or 1.8 percent of GDP.[6]

Updated figures from the European Union estimate the value of new ocean industries at 5.4 million jobs, and gross added value of € 500 billion.[7] The OECD suggests that the ocean economy is likely to outpace the global economy in the next 15 years. Even so, some commentators caution that the true value of oceans remains undervalued.

Framed as perhaps the last untapped, under-explored and under-exploited region in the world, the Pacific Ocean is set to be a contested space for resources.[8] The Blue Economy heralds a new race to carve up the Pacific, turning the Pacific Ocean, from surface to seafloor, into a crowded and contested space. Pacific state leaders are courted with economic gains that are a fraction of the value of the ocean resources that will be extracted. The destruction of Pacific fish stocks after years of licensing to allow uncontrolled commercial fishing extraction is a case in point.[9]

### Legal instruments: Still fit for purpose?

There are a number of relevant UN legal instruments governing different uses of the ocean, yet each is aimed at a different use or need. Shipping is governed by the International Maritime Organization (IMO), while fisheries are governed by the Fisheries

5 IPCC (2018).
6 "Defining and quantifying China's ocean economy", Marine Policy, Vol 43, January 2014, pp. 164-173.
7 See https://ec.europa.eu/maritimeaffairs/policy/blue_growth_en.
8 See http://siteresources.worldbank.org/INTPACIFICISLANDS/Resources/3-chapter+1.pdf.
9 Gillet (2016).

Box 14.1

## Significance of the Pacific Ocean

Covering approximately 59 million square miles and containing more than half of the free water on Earth, the Pacific is by far the largest of the world's ocean basins. Its vastness is illustrated by the fact that all of the world's continents could fit into the Pacific basin.[1]

Pacific Island countries retain considerable control and power over their ocean territory which comprises a significant portion of the world's ocean – on average 28 times more than actual land area. For example, the Republic of Kiribati has a land-size half that of London but has the 13th largest exclusive economic zone in the world, making it a large ocean state.[2]

The indigenous view of the Pacific Ocean is that it is our home and our source of life, one inherited from our ancestors who paid attention to the protection and conservation of ocean resources. The People of Oceania's well-being never derived solely from the land (which is small in comparison) but equally and perhaps more significantly from the Ocean, which, was treated as a single, sacred unit, integral to life and culture in the region.

1 See https://oceanservice.noaa.gov/facts/pacific.html.
2 See https://sustainabledevelopment.un.org/content/documents/2189SIDS-IN-NUMBERS-CLIMATE-CHANGE-EDITION_2015.pdf.

Stocks Agreement although managed by regional fisheries management organizations (RFMOs). Deep sea minerals are governed by the International Seabed Authority (ISA) while the UN Convention on the Law of the Sea (UNCLOS) primarily governs the oceans. Matters relating to trade such as fisheries subsidies are dealt by the World Trade Organization (WTO). There is currently no mechanism or framework that deals with how to coordinate these different sectors that are under distinct legal frameworks, making it difficult to effectively address the various conflicts of interests.

Protection of the ocean was included in the UN Framework Convention on Climate Change (UNFCCC), specifically in Article 4.1 (d) concerning the sustainable management, conservation and enhancement of sinks and reservoirs of greenhouse gases including 'oceans, coastal and marine ecosystems'. Issues such as equity, benefit sharing, traditional knowledge and capacity building for small island developing states to benefit from ocean resources and to ensure their sustainability can be found in several instruments, most notably the Convention on Biodiversity and a new instrument on the conservation and use of areas beyond national jurisdiction (BBNJ), currently being negotiated.[10]

But despite its critical role as a carbon sink, the ocean has largely been ignored by the UN climate change negotiations.[11]

### SDG 14 and the 2030 Agenda

The inclusion of the oceans as a stand-alone goal was heralded as a breakthrough, focusing on ocean acidification as a way to bridge the 2030 Agenda and the UNFCC process. It also attempts to address the issue of IUU fishing by tackling the issue of fisheries subsidies, currently under consideration by the WTO.

Yet SDG 14 is disturbingly quiet on deep sea minerals particularly in the area described as the common heritage of mankind (Clarion Clipperton Zone).

10 See https://www.un.org/bbnj/.

11 See https://unchronicle.un.org/article/international-seabed-authority-and-deep-seabed-mining.

Box 14.2

## The ocean's crucial role in climate regulation

Recent scientific research has revealed that deep seabed and hydrothermal vents make potentially critical contributions to both biodiversity and global climate regulation. First discovered over 40 years ago, these unique hydrothermal vents and habitats play a significant role in sequestering both methane and toxic sulphide. Scientists conclude that the life forms in these vents and seeps consume 90 percent of the released methane – considered 25 times more potent than carbon dioxide – and keep it from entering the atmosphere. These life forms are literally saving the planet. A 2016 study released by 14 Universities and oceanographic institutions confirmed that carbon sequestration by hydrothermal vents and seeps were even more extensive in space and time than previously thought.[1] There is more methane on the ocean floor than there are other forms of fossil fuels left in the ocean, its release would be a "doomsday climatic event". Recent scientific breaks through have further revealed that most of the excess heat resulting from atmospheric Green House Gas (GHG) concentrations has been absorbed by the deep ocean, thereby significantly limiting climate change impacts on the ocean's surface and on land.

Even as researchers learn more about the deep sea habitats role in sustaining a healthy planet, these habitats are being threatened by a wide range of human activities, including deep sea mining, bottom trawling and energy harvesting. In addition, the deep sea mining industry has heavily promoted the need for these rare earth minerals for ironically, 'green' technology.

1 See https://phys.org/news/2016-05-hydrothermal-vents-methane-seeps-enormous.html.

14

The UN Ocean Conference in June 2017 highlighted seabed mining under a Blue Economy narrative with side events and voluntary commitments pushed by the International Seabed Authority (ISA).[12]

A review of SGD 14 raises significant questions on whether the existing and somewhat fragmented institutional structures and arrangements established under UNCLOS are still fit for purpose. The question is whether they can be re-designed to rebalance the growing economic demands under a Blue Economy narrative and at the same time protect the health of the oceans necessary to ensure life itself on the planet.

The UN Conference to Support the Implementation of SDG 14 (the Oceans Conference) in June 2017 sought to engage "all stakeholders" in fulfilling Goal 14 through "innovative new partnerships". It issued a Call to Action and announced a list of voluntary commitments to fulfil the goal. One, called the Abyssal Initiative, jointly announced by UN DESA and the International Seabed Authority (ISA) intends to promote the Blue Economy as a means of enabling Small Island Developing States (SIDS) to benefit fully from the sustainable development of deep sea mineral resources.[13] However, a review of model legislation, funded by the European Commission,[14] found that it focused more on ensuring a clear licensing regime and conditions favourable to industry rather than establishing effective safeguards and sufficient environmental protection for Pacific peoples and the environment.[15]

Several Pacific island states have made applications on behalf of mining companies, including Nautilus Minerals, Deep Green and Chinese Oceans Minerals Resources Research and Development Association (COMRA),[16] all without explicit consultation with their own people. There is a seemingly revolving door for governments acting as agents for industry interests, as is evident in the ISA.

What's worrying is that the ISA assumes that the governance of the area considered the common heritage of mankind, the Clarion Clipperton Zone, is the sole responsibility of States to act on our collective behalf without requiring indigenous peoples and communities' participation let alone their free, prior and informed consent. However, in this new era of ocean exploitation, Pacific Island states are in uncharted territory as their knowledge of the resources in their EEZs is limited. At least four Pacific Island states (Tonga, Nauru, Kiribati and the Cook Islands) are actively involved in the Zone.

## Caught in the net

In 2017, following the Oceans conference on SDG 14, members of the WTO set a deadline of 2020 to rein in harmful subsidies in the fishing industry that have led to widespread collapse of global fish stocks. Their mandate, as part of the Doha Development Agenda (DDA) and the Hong Kong Ministerial Declaration, is to clarify disciplines on fish subsidies. Despite no consensus in 16 years of negotiations, members seem closer to a potential agreement on the issue than ever before. In part this is due to SDG target 14.6, which includes a mandate to, among other things, "by 2020, prohibit certain forms of fisheries subsidies which contribute to overcapacity and overfishing, and eliminate subsidies that contribute to illegal, unreported and unregulated [IUU] fishing ..."

Any outcome will have major implications for Pacific Island states as fish provide 50-90 percent of animal protein in rural areas (primarily from subsistence fishing), and 40-80 percent in many urban centres. Fisheries is also a key driver of developing country economies with fish and fish products generating a

12 See https://oceanconference.un.org/commitments/.

13 See https://oceanconference.un.org/commitments/?id=16538.

14 The SPC-EU Deep Sea Minerals Project has 15 Pacific Island states: The Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu. See the SPC-EU DSM Deep Sea Minerals Project, Secretariat of the Pacific Community (http://gsd.spc.int/dsm).

15 Blue Ocean Law (2016a) and (2016b).

16 ISA licenses have been awarded to: Cook Islands Investment Corporation (July 2016); Marawa Research and Exploration Ltd (Kiribati Jan 2015); Tonga Offshore Mining Ltd (Jan 2012); Nauru Resources Ltd (July 2011).

Box 14.3

## Cautionary tale of deep sea mining and oceans' untapped riches

Consumer demand for electronic minerals such as copper, lithium, rare earth minerals, cobalt, and manganese nodules coupled with advances in technology and infrastructure[1] is set to make the ocean floor the next frontier for exploitation.

The total area of seabed covered under deep sea mining (DSM) licenses is over 1.3 million square kilometers. At the time of writing, the ISA had issued 29 licenses, 22 of which are located in the Pacific Ocean, 16 of them in the Clarion Clipperton Zone, approximately 500 miles southeast of Hawaii. While the ISA is still in the process of developing a mining code for a little-known part of the world, it ultimately plans to award contractors with 30-year exploration licenses.

In the Pacific, Cook Islands, Fiji, Kiribati, Nauru, Papua New Guinea (PNG), Solomon Islands and Tonga are some of the first to undertake seabed mining within their Economic Exclusive Zones (EEZ). PNG has already issued the world's first commercial license due to start exploitation by 2019 although Nautilus Inc has run into financial difficulties in the Solwara 1 project.

Proponents argue that sea floor ores are exceptionally rich[2] and that as it takes place in smaller areas, DSM is more environmentally friendly than land-based mining. This low-risk and high-return rationale is being pushed strongly by the ISA and UN DESA, despite the fact that it is not known what the full impact will be on the deep seabed and the waters where it will take place.

Scientific knowledge is only just beginning to catch up to the significance of deep seabed, seamounts and hydrothermal vents and their critical contribution to both biodiversity and global climate regulation.[3] Scientists have discovered over 300 new species, 80 percent of which are endemic around vents where temperatures can be as high as 113 degrees Celsius, making each vent system unique. Studies have found that there would be immediate adverse impacts on ocean ecosystem health, species abundance and biodiversity, with little or no recovery of biodiversity in mined sites.[4] Moreover, the impact of industrial-scale operations (in terms of size, intensity and duration) would be devastating, covering on the order of 10,000 to 100,000 sq kilometers of the ocean floor.

Many of the projected impacts on biodiversity and species extinction would likewise hurt communities. Pacific communities in New Ireland and East New Britain in PNG are already experiencing negative impacts from exploratory mining and drilling occurring 30 to 50 kilometers away. Villagers have reported increased frequency of dead fish washed up on shore, including a number of deep sea creatures hot to the touch. The PNG Fisheries Authority warned that "vast areas could be polluted and with tuna being a highly migratory species, contamination of stock could have dire consequences for the entire region, far overstretching the immediate impact zone of the mine".

1 It is estimated that every mobile phone needs 0.02kg of copper; Volkswagen will need at least a third of the global supply of cobalt by 2025 for energy efficient cars; while if all European cars are electric by 2040 (using Telsa Model 3), they would require 28 times more cobalt than is produced now (https://www.bbc.co.uk/news/resources/idt-sh/deep_sea_mining). See also Hein et al. (2013).

2 Nautilus Minerals forecasts that in copper alone, seabed mining could be worth US$ 30 billion a year by 2030 (https://www.bbc.co.uk/news/resources/idt-sh/deep_sea_mining).

3 www.pewtrusts.org/en/research-and-analysis/fact-sheets/2018/07/the-western-pacific-ocean#0-overview.

4 See e.g. Dando/Juniper, eds. (2001) and Tunnicliffe (1992).

higher export value than coffee, bananas, cocoa, tea, sugar and tobacco combined.

Fisheries subsidies by developed countries have long been contentious for Pacific Island states which see their natural resources exploited by highly subsidized foreign fleets at the expense of their own potential local industries. As reported by IUU Watch, in the Western and Central Pacific Ocean, illegal, unregulated and unreported fishing "claims at least €470 million annually, with actual lost revenue to Pacific Island countries around €140 million."[17]

Countries with huge industrialized fishing fleets are using these negotiations to try to include matters such as management measures under the ambit of the WTO. Any outcome must ensure that small-scale and artisanal fisherfolk can be supported, that the policy space of Pacific developing countries and Least Developed Countries (LDCs) is protected through effective special and differential treatment, and that there is no undermining of fisheries management measures.

## Call to ensure indigenous peoples and communities' participation

Although the potential negative environmental impacts of DSM are increasingly being documented, less attention is being paid to the human rights violations, particularly of indigenous peoples and communities.

The legal assumption is that because most of the DSM activities are designated in areas beyond national jurisdictions, the rights of indigenous peoples and communities including those living in coastal states closest to proposed sites, are not impacted. This ignores the fact that effects are experienced inside and outside national jurisdictions. Indigenous peoples can credibly claim they are entitled to invoke the highest protection of international law. Moreover, indigenous communities have obligations to sponsoring states (Tonga, Kiribati, Nauru and the Cook Islands) to ensure their compliance with the highest standards of environmental and human rights laws.

A recent assessment of the regulatory frameworks governing DSM[18] shows why it is so important for the principle of free, prior and informed consent for indigenous peoples and communities to be applied to deep sea mining particularly, particularly in the Pacific region, where numerous indigenous communities stand to be directly and disproportionately impacted by DSM. The authors argue that UNCLOS clear parameters on the prevention of harm to the marine environment have created a due diligence standard that is imposing even higher duties on an increasingly wide range of actors.

## Conclusion

A review of SDG 14 provides the global community with the opportunity to further consider how to strengthen global governance of oceans. It is clear that there are significant gaps and a need for strong accountability mechanisms to resolve what are clear conflicts between different users in areas beyond national jurisdictions to ensure the health of the oceans for future generations. It may require a new UN body on Oceans.

17 http://www.iuuwatch.eu/2017/09/fisheries-africa-caribbean-pacific-immense-opportunities-critical-challenges/.

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# SDG 15

## Cornerstones of the Post-2020 Biodiversity Framework

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**The state of our natural world – the biological diversity that is critical for life on earth – is in great peril. Action to stem the loss of biodiversity, including through the implementation of Sustainable Development Goal 15, is urgently needed. Under the Convention on Biological Diversity (CBD), efforts are underway to develop a post-2020 biodiversity framework. It is imperative that key governance issues are addressed. Key among these is to establish binding targets and implementation commitments for Parties to the CBD. New and additional financial resources, in accordance with the principle of common but differentiated responsibilities, are needed to ensure the means of implementation. Reversing the structure of power relations, by holding corporations to account for biodiversity loss and adopting rigorous safeguards for private sector involvement, while strengthening and protecting the rights of indigenous peoples and local communities, will allow community-based, biodiversity-protecting solutions to flourish.**

The fact that life on earth is in crisis is not a new conclusion. Climate change scientists have been warning of an existential crisis for more than a decade. What is new is the proposition that biological diversity and ecosystems – nature itself – are so threatened that this risks global catastrophe, linked to but independent of the dire climate change warnings.

As veteran environment journalist John Vidal puts it:

> Nature is in freefall and the planet's support systems are so stretched that we face widespread species extinctions and mass human migration unless urgent action is taken.
>
> The last year has seen a slew of brutal and terrifying warnings about the threat climate change poses to life. Far less talked about but just as dangerous, if not more so, is the rapid decline of the natural world. The felling of forests, the over-exploitation of seas and soils, and the pollution of air and water are together driving the living world to the brink ...[1]

### Central role of the IPBES report

These shocking warnings from the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) were officially adopted by world governments in May 2019.[2] The IPBES report is the first such report since the Millennium Ecosystem Assessment (2005), and offers insights on achievements towards key international goals, including the Sustainable Development Goals (SDGs), the Aichi Biodiversity Targets of the Convention on Biological Diversity (CBD) and the Paris Agreement on climate change.

SDG 15, to "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage

1 Vidal (2019).

2 IPBES (2019) and IPBES (n.d.).

forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss", could not be more pressing.

The IPBES report will play a central role in CBD processes, especially in informing its negotiations for the post-2020 biodiversity agenda. The 14th Conference of the Parties (COP 14) to the CBD in November 2018 launched formal and ambitious negotiations for a "Post-2020 Global Biodiversity Framework". In 2020, COP 15 is expected to adopt its final outcome.

The post-2020 framework is touted as a stepping stone towards the CBD's 2050 Vision of "Living in harmony with nature", and will be accompanied by an "inspirational and motivating" 2030 mission.[3] It is expected that the post-2020 framework will follow on from the Aichi Biodiversity Targets, which translate the CBD's general obligations into specific strategic goals and targets.

The CBD treaty itself establishes general obligations, which its Parties must implement through national measures. In particular, the Strategic Plan for Biodiversity 2011-2020 together with the Aichi Biodiversity Targets are to be implemented through Parties' National Biodiversity Strategies and Action Plans (NBSAPs).[4] The Aichi Targets are a "flexible framework" for the development of national and regional targets which in turn are to be incorporated into Parties' NBSAPs and mainstreamed into national policies, strategies and planning.[5]

The Aichi Targets will not be met by 2020. We have to ask why this is true, and critically examine the core systemic issues. To move beyond 2020, a clear understanding of the failure to arrest the biodiversity crisis to date is necessary. Much can be said about this, but here we will focus on structural governance issues in the post-2020 framework which can still be shaped at this early stage.

## Voluntary pledges must not detract from legally binding obligations

But some of the writing is already on the wall. In the wake of the Paris Agreement on climate change, the same momentum towards *voluntary* pledges and erosion of the long-agreed Rio principle of "common but differentiated responsibilities" (CBDR), in relation to developed countries' obligations to take action and to provide the necessary means of implementation – finance, technology transfer and capacity building – to developing countries for them to take action, are already evident. CBDR has been reaffirmed in the 2030 Agenda for Sustainable Development.

The serious work of establishing voluntary pledges, including from actors beyond national governments, as the way forward has already begun. The COP 14 post-2020 framework decision invites all countries to consider developing "voluntary" biodiversity "commitments" that "contribute to an effective post-2020 global biodiversity framework, without prejudging the outcomes …".[6] Indigenous peoples and local communities, organizations and stakeholders are also encouraged to do the same. The co-chairs of the post-2020 framework negotiation process have summarized the submissions to date from Parties and observers to the CBD on this issue, stating: "There is general support for voluntary commitments from Parties and the private sector."[7]

A *voluntary* commitment is not a real commitment; it is not legally binding. It must be simply understood for what it is – a pledge. While the Aichi Targets are international obligations on Parties to implement, the nature of targets in the post-2020 framework and its relationship with national pledges remains to be seen. While contributions from various sectors of society are in principle welcome and are undoubtedly

3 Comprehensive and participatory process for the preparation of the post-2020 global biodiversity framework, CBD/COP/DEC/14/34, 30 November 2018 (www.cbd.int/doc/decisions/cop-14/cop-14-dec-34-en.pdf).

4 Secretariat of the Convention on Biological Diversity (2011).

5 The Strategic Plan for Biodiversity 2011-2020 and the Aichi Biodiversity Targets, UNEP/CBD/COP/DEC/X/2, 29 October 2010 (www.cbd.int/doc/decisions/cop-10/cop-10-dec-02-en.pdf).

6 CBD/COP/DEC/14/34.

7 Post-2020 Global Biodiversity Framework: Discussion Paper, CBD/POST2020/PREP/1/1, 25 January 2019 (www.cbd.int/doc/c/d431/b38f/3d580bb73e7c2b5aaa286310/post2020-prep-01-01-en.pdf).

voluntary, this must not detract from state Parties' legally binding obligations to conserve and sustainably use biodiversity in their territories, and to share the benefits equitably. Mixing the two obfuscates obligations by Parties and voluntary contributions by other actors, diluting and lessening Parties' obligations.

Contributions by the private sector, business and industry, especially those that are driving the biodiversity crisis, are contradictory in many ways. Allowing them, among other things, provides an opportunity for companies to 'greenwash' their practices, often with tokenisms, leaving systemic flaws intact. It opens the door to conflicts of interests. It allows for the introduction of false solutions, which often benefit the companies. It turns a blind eye to the corporate lobby that prevents real action. There is also evidence that some corporations are playing a role in destroying biodiversity and violating human rights.[8]

Efforts at the CBD in 'mainstreaming biodiversity' in sectors such as agriculture, forestry, fisheries and aquaculture, tourism, energy and mining, infrastructure, manufacturing and processing will have to be implemented with caution so as to not provide corporations with cover to continue business-as-usual on their own terms. Systemic measures such as the move by the United Nations Human Rights Council to negotiate "an international legally binding instrument… to regulate the activities of transnational corporations and other business enterprises"[9] are truly needed and much welcomed. Negotiations are now underway on such an instrument.

Most of the world's biodiversity is in developing countries, and States have sovereign rights over their own biological resources. However, as Article 20.4 of the CBD recognizes:

> The extent to which developing country Parties will effectively implement their commitments under this Convention will depend on the effective implementation by developed country Parties of their commitments under this Convention related to financial resources and transfer of technology and will take fully into account the fact that economic and social development and eradication of poverty are the first and overriding priorities of the developing country Parties.

These articulations of the CBDR principle enshrined in the CBD are absent from recent COP decisions, marking a retreat by developed country Parties from their international commitments and leaving a huge biodiversity financing gap.[10] In the COP 14 decision on resource mobilization,[11] an expert panel will "explore options and approaches for mobilizing and providing additional resources from all sources" and "consider ways to strengthen the engagement of a wider range of financial and private institutions, at all levels and from all sources, to support the implementation of the post-2020 framework". Resource mobilization is to be an "integral part" of the post-2020 framework.

The move towards resource mobilization "from all sources" includes South-South cooperation, the private sector, foundations, non-governmental organizations and academia, as well as domestic resource mobilization from developing countries.[12] While such contributions are in principle welcome, this cannot be an opportunity for developed country Parties to avoid their legal obligations. Further, any private sector contributions or innovative financing mechanisms can only be supplemental, and rigorous safeguards must be in place.

The CBD's implementation rests not only on the Strategic Plan and the Aichi Targets, it is also supported by thematic programmes of work on critical ecosystems, work on cross-cutting issues, and a standing working group on the knowledge, innova-

8 See, e.g., the case studies in Amis de la Terre France et al. (2018).

9 Resolution 26/9. Elaboration of an international legally binding instrument on transnational corporations and other business enterprises with respect to human rights. Adopted by the UNHRC. 14 June 2014. https://documents-dds-ny.un.org/doc/UNDOC/GEN/G14/082/52/PDF/G1408252.pdf?OpenElement.

10 See, e.g., Zhu/Chee (2016).

11 Resource mobilization, CBD/COP/DEC/14/22, 30 November 2018 www.cbd.int/doc/decisions/cop-14/cop-14-dec-22-en.pdf).

12 Zhu/Chee (2016).

tions and practices of indigenous people and local communities. These fundamentals, including the Aichi Targets, must be built upon, and not lost in the hype around the post-2020 framework.

The CBD's three objectives are the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources. The last objective has now been operationalized by another international agreement, the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization. Another earlier agreement, the Cartagena Protocol on Biosafety operationalized the CBD's provisions on living modified organisms (LMOs) resulting from biotechnology. Additionally, the Nagoya – Kuala Lumpur Supplementary Protocol on Liability and Redress to the Cartagena Protocol on Biosafety was adopted to deal with potential damage from LMOs.

These three additional legal instruments now form part of the CBD's scope of work. The issues safeguarded by these instruments were championed by developing countries as important issues for them. They must remain central, and not be sidelined in the negotiations and outcome of the post-2020 framework.

## Crucial role of indigenous peoples and local communities

The CBD recognizes the role of indigenous peoples and local communities (IPLCs) in safeguarding biodiversity. Indeed, IPLCs play a crucial role in protecting forests and the biodiversity within them, at the same time helping to mitigate climate change. According to recent estimates, this "avoided deforestation", through community-based tenure systems, continues to protect the equivalent of over 1,000 Gt $CO_2$ as carbon stocks in (and under) community-managed lands and forests.[13] While half of the world's land is associated with customary land use, only 10 percent is legally under IPLC ownership. Concerted effort to secure community land rights is therefore an "effective, efficient and equitable climate action",[14] and also important for biodiversity and food security.

In addition, real solutions can be found in the numerous efforts by IPLCs, who are the guardians of biodiversity. In the realm of agriculture, for example, a global crowdsourcing contest called "Solution Search" yielded 338 community-based solutions from over 75 countries across six continents that help farmers and other agricultural practitioners adopt ecologically friendly practices that protect soils, water, forests, and fish stocks.[15] The resulting report demonstrates that communities are at the heart of biodiversity protection and sustainable use of its resources.

However, in many areas, IPLCs are facing threats from destructive logging, industrial agriculture and mining. The persistent violation of their rights means that both biodiversity and the climate remain under threat. These wrongs must be put right. And the kinds of bottom-up solutions implemented by IPLCs on the ground, together with "governance from below" must be safeguarded, promoted and entrenched in the post-2020 framework, and privileged in its negotiation process.

## Post-2020 governance cornerstones

In light of the above, key governance cornerstones for the post-2020 framework include:

- **Binding targets and implementation commitments for Parties, in accordance with common but differentiated responsibilities (CBDR).**
  International biodiversity targets that are integral to the post-2020 framework, that strengthen and build upon the Strategic Plan for Biodiversity for 2011-2020 and its Aichi Biodiversity Targets, with corresponding implementation obligations and commitments on state Parties should be adopted by the COP in 2020. International commitments by Parties should not be downgraded to voluntary national pledges.

13 Dooley et al. (2018).

14 Ibid.

15 Gwinner/Neureuther (2018).

- **Contributions by other actors must be regarded as supplemental to, not a replacement for, commitments by Parties.**
  The USA, which is not a Party, and other stakeholders should additionally be encouraged to undertake voluntary commitments, in line with their responsibilities, that complement and enhance Parties' commitments. Their contributions must not undermine or supplant the international obligations of state Parties.

- **Rigorous safeguards for private sector involvement, and ensuring corporate accountability at all levels.**
  Any private sector involvement in the post-2020 framework should be subject to careful evaluation to ensure that such involvement has no net negative impact on biodiversity or on the communities that nurture it, and that issues such as conflicts of interest are effectively addressed. Mechanisms by which corporations can be held to account for biodiversity loss and rights violations are also needed in the post 2020 outcome.

- **Implementation of the principle of common but differentiated responsibilities for financial flows and technology transfer.**
  Principle 7 of the Rio Declaration on Environment and Development (1992) specifies that: "In view of the different contributions to global environmental degradation, States have common but differentiated responsibilities. The developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command."
  The principle of CBDR should be operationalized in the context of international biodiversity commitments by developed countries through the well-established means of implementation – financial flows, technology transfer and capacity building of developing countries.

- **Mobilization of new and additional financial resources from developed country Parties, with robust safeguards in place for biodiversity financing mechanisms.**
  Developed country Parties are legally bound under the CBD to provide new and additional financial resources to enable developing country Parties to implement their biodiversity commitments. This should not be sidelined or overtaken by calls for resource mobilization from all sources in the post-2020 framework.
  Parties have adopted voluntary guidelines on safeguards in biodiversity financing mechanisms, intended to avoid or mitigate unintended impacts on the rights and livelihoods of indigenous peoples and local communities. A specific safeguards framework on indigenous peoples and local communities under the CBD should be an integral part of the post-2020 outcome.

- **Building upon and ensuring implementation of existing obligations, including under thematic programmes of work, cross-cutting issues and the Protocols to the CBD.**
  The existing implementation obligations and a whole body of work that has progressed under the CBD and its Protocols since 1992 should be the foundation of the post-2020 framework. The lack of implementation of the CBD and related obligations is a major factor in its failure to halt biodiversity loss.
  Measures to address compliance and enforcement of the CBD and other obligations, in accordance with the principle of CBDR, must be addressed in the post-2020 framework.

- **Coherence with other relevant international agreements and processes that are supportive of the CBD's objectives.**
  It is crucial that the biodiversity crisis is tackled coherently with other environmental crises, which are safeguarded by other multilateral agreements, such as the UN Framework Convention on Climate Change (UNFCCC) and the UN Convention to Combat Desertification (UNCCD), as well as with other environment and biodiversity-related processes and treaties, which include the 2030 Agenda for Sustainable Development and the International Treaty on Plant Genetic Resources for Food and Agriculture.
  Furthermore, linkages should be built with other processes that will have positive implications for biodiversity, such as the proposed international legally binding instrument on transnational

corporations and other business enterprises with respect to human rights.

- **Strengthening and protecting the rights of IPLCs**
  The role that IPLCs play in conserving and sustainably using biodiversity is recognized by the CBD. Often they are at the forefront of these efforts but are facing threats to their lands and territories. Concerted effort needs to be made, globally and nationally, to ensure that their rights are not violated, but instead fully respected, protected and fulfilled. The UN Declaration on the Rights of Indigenous Peoples sets the international norms and standards that Parties should adhere to and relevant corresponding targets should be set within the post-2020 framework.

- **Recognizing and incentivizing community-based solutions, including indigenous peoples and community conserved areas.**
  The post-2020 framework should include clear recognition of community-based solutions and require Parties to put in place the requisite policy measures to support and incentivize such efforts. Such support should complement the protection of the rights of indigenous peoples and local communities.

- **Establishing structures for bottom-up governance**
  Facilitating the genuine participation of indigenous peoples and local communities should be a priority at international, national and local levels of governance. Structures for 'bottom-up' governance or 'governance from below' should be established at all levels for the democratic governance of the post-2020 framework. In the negotiations of the post-2020 framework, existing practices in the CBD for enhanced participation by indigenous peoples and local communities, such as in the working group on Article 8(j) on traditional knowledge, innovation and practices of indigenous peoples and local communities, should be built upon.

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# SDG 16

## Governing for gender equality and peace? Or perpetual violence and conflict?

BY ABIGAIL RUANE, WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM (WILPF)

**Realizing SDG 16 on peaceful, just, and inclusive societies requires a power shift that re-centres work on equality, development and peace around the voices, human security and rights of women and those most marginalized. This requires not just technical fixes, but structural transformation that moves from institutionalizing a form of governance that enables domination and violence to institutionalizing a form of governance that enables equality and peace for people and planet.**

According to a 2018 Institute for Economics and Peace report, the economic cost of violence globally was US$ 14.7 trillion (12.4 % of global GDP or US$ 1,988 per person) in 2017, a 16 percent increase since 2012.The single largest contributor to this cost was military expenditure (37 %), followed by internal spending on security (police, judicial, and prison system) (27 %).

The current crisis-response approach to conflict and violence is not sustainable. The number of forcibly displaced people increased by over 50 percent between 2007 (42.7 million) and 2017 (68.5 million) as a result of persecution, conflict or generalized violence. Meanwhile, support for gender equality and women's rights remains marginal and at risk.

The research is compelling: A 2015 global study found that gender equality is the number one predictor of peace,[1] and feminist movement building is the number one predictor of policies on reducing violence against women.[2] Yet total world military expenditure rose to US$ 1,822 billion in 2018,[3] and just the 26 richest people owned the same wealth as the poorest half of humanity.[4] Meanwhile, the Women's International League for Peace and Freedom calculated in 2016 that the global feminist movement had the approximately the same budget (US$ 110 million) as one F-35 fighter plane (US$ 137 million).[5]

The fact that the world is spending such sums on violence and war reflects more than bad funding priorities: our governance systems are also structured for violence. In 2018, the UN Special Rapporteur on Human Rights and Fundamental Freedoms while Countering Terrorism found that counter-terrorism laws and practice constitute de facto and permanent states of emergency which undermine and violate human rights globally. This ties up human rights activists in red tape due to the burdensome regulations and risk criteria determined by the intergovernmental Financial Action Task Force, initiated by the G7 as a way to prevent money laundering. Meanwhile, before the 2013 Arms Trade Treaty (ATT), international trade in bananas was more regulated than was the global trade in arms. Today, thanks to the ATT, we have a legally binding treaty that

1 UN Women (2015).

2 Weldon and Htun (2013).

3 See www.sipri.org/publications/2019/sipri-fact-sheets/trends-world-military-expenditure-2018.

4 Oxfam (2019), p. 12.

5 WILPF (2016).

requires arms not be transferred if there is an overriding risk of gender-based violence or humanitarian harm. Yet arms exports continue to be facilitated and subsidized directly and indirectly. Furthermore, the international community fails to hold to account those States whose continued financial transfers violate the ATT and other international law.

## Root causes of violence

A key hazard to peace is militarism[6] as a way of thought, which heroizes violence and devalues nonviolence. Militarism affirms the idea that we live in a dangerous world and that we need masculine protectors to protect feminine victims. It creates a climate of political decision-making in which resorting to the use of force becomes a normalized mode of dispute resolution. It relies on fear and intimidation of being 'feminized' (socially-subordinated) to catalyse militant action. It institutionalizes force and creates a climate of fear, which particularly impacts women and at-risk communities. Further, militarism grooms societies for war by normalizing violence as culturally heroic and economically prioritized.

Shifting away from militarized approaches to peace is a critical challenge. This shift requires addressing institutions with power, prestige and resources which benefit from these systems, including military and corporate power. It also requires addressing current social, economic and legal systems that institutionalize relationships of coercion and control.

## Opportunities for structural change

Opportunities for structural change must be evaluated in two different situations: 1) post-conflict countries and 2) non-conflict countries.

### 1. Post-conflict countries

In the wake of conflict, post-conflict countries have at least the opportunity to re-set legal, political and social systems based on gender equality, non-discrimination and peace. Of course, countries can may instead return to – or further regress within – patriarchal institutions based on exclusion of the voices and rights of women and those most marginalized. However, steps toward transformation are possible. In Rwanda, for example, systems reforms in the wake of the genocide based on the 2003 constitution, which mandated 30 percent women's representation, resulted in the country becoming the first country in the world with a majority-female legislature in 2008. While continued pressure remains critical for action, in Colombia, mobilization by women-led civil society organizations resulted in a peace agreement with over 100 gender provisions, including on zero tolerance for sexual and gender-based violence.

Acting on the opportunity that post-conflict reconstruction provides to re-set the baseline requires joined-up and inclusive peace processes and economic reconstruction, with women at the table and a human rights and peace agenda. Rather than the segregated and gender-blind approaches that tend to dominate in peace and reconstruction today, this means designing democratic systems for non-discriminatory participation, investing in reparations for harms suffered during the conflict, and prioritizing social protection floors that ensure economic, social and cultural rights, rather than austerity measures that undermine and re-institutionalize discrimination and violence.

Too often, however, donor countries undermine peace by exporting arms and supporting neoliberal economic policies that undermine social protection and re-institutionalize gendered discrimination and violence. Leveraging post-conflict spaces for transformation requires a global governance system that holds arms exporting and developed countries accountable for so-called 'spill-over effects', including arms exports and illicit financial flows. It also requires supporting human rights based policies by International Financial Institutions, particularly the International Monetary Fund, to support social protection and women's economic, social and cultural rights.

6 See http://peacewomen.org/sites/default/files/Fact%20Sheet%20Militarism.pdf.

**2. Non-Conflict Countries**

For countries that are not in formal conflict, structural change requires strategic government action. One example is Sweden, where political leadership by Minister for Foreign Affairs Margot Wallström resulted in the country becoming the first in the world to launch a feminist foreign policy in 2014; this aimed at systematically integrating a gender perspective into the foreign policy agenda by "strengthen[ing] all women's and girls' Rights, Representation and Resources, based on the Reality in which they live".[7] Another is Costa Rica, which has managed to finance a universal health care system – in part owing to the non-existence of a military since 1949.

Feminists have pointed out how unpaid care work subsidizes economies of societies while perpetuating social, economic and political discrimination against women. The corollary to this is that purveyors of violence are being subsidized by communities. Making explicit the global cost of violence and identifying and accounting for (redistributing) responsibility to the source is critically needed. Strategies should include: 1) demilitarizing defense, 2) demilitarizing society, and 3) investing in gender equitable and resilient societies. For example in Colombia, in the run-up to the peace agreement women activists launched a "Mas Vida, Menos Armas" ("More Life, Less Arms") campaign in 2015, calling for not just demilitarization of the major guerrilla organization, but demilitarization of society as a whole.

## Why can't we give up the war system?

Four years after Member States endorsed the SDGs, we are not on track to realizing the 2030 Agenda. Conflict-affected countries remain some of those furthest behind. Achieving "the world we want" for people and planet that creates peaceful, just and inclusive societies requires moving from technical solutions to structural change that shifts systems of governance from power and privilege to justice, nonviolence and peace.

7 Government Offices of Sweden, Ministry for Foreign Affairs (2018), p. 11.

Three key challenges require particular attention:

**1. Domestic resource mobilization and military accountability**

The 1992 Rio Declaration and Agenda 21, and the 1995 Beijing Declaration and Platform for Action both contained commitments on innovative finance, including reallocating military resources toward sustainable peace. The SDGs means of implementation should support this principle.

However, military budgets are too often a black box, and military lines are treated as sacrosanct. Beyond this, the governments of top arms exporting States are often in bed with arms producing companies: Arms exports continue to be facilitated and subsidized directly and indirectly, through export financing schemes, marketing subsidies, operational support and payment of initial research and development costs. For the USA, whose military expenditure is more than the next seven highest spending countries combined, military production is even more enmeshed. For example, US military funding to projects like Google's Project Maven have fuelled the science and technology sector, yet also direct tech towards warfare technology; the US government's E3 Visa allowing Australians to migrate for professional jobs may also have been a reward for Australia's contribution of troops to the Iraq war.

Regulating and reducing runaway military budgets requires strengthening civilian control over security and increasing transparency, accountability and anti-corruption. It also requires a re-evaluation of priorities to stop subsidizing violence, and regulate, reduce and eliminate harms. Uruguay is a case in point: after the dictatorship, governments were able to shift certain positions from military to civilian control and reduce and control military budgets.

**2. Universality and extraterritorial accountability**

The 2030 Agenda and the SDGs are universal. UN Secretary-General Antonio Guterres' new disarmament agenda (2018) affirmed that States should refrain from authorizing exports of arms and ammunition if there is an overriding risk of gender-based violence, in line with the 2013 Arms Trade Treaty, as a contribution to SDG target 5.2 on gender-based violence.

Yet, many countries of the global North are actively undermining peace outside of their borders. Civil society organizations have found that arms sales from Germany, Spain and Sweden were linked with gender-based violence and violence against women in Brazil, Cameroon, Colombia, India, Indonesia, Iraq, Kazakhstan, Mexico, Namibia, Qatar, Saudi Arabia and United Arab Emirates. They have also found that arms transfers from the UK, Sweden and France violated obligations on economic, social and cultural rights in Yemen, including on health (SDG 3), education (SDG 4) and housing (SDG 11). Yet, Ireland was one of few States to recognize its extraterritorial obligation for realizing peace and sustainable development in its 2018 SDG Voluntary National Review (VNR), as well as to prioritize investment in conflict prevention.

Development assistance cannot substitute for development justice: this requires structural changes, including regulating illicit financial flows, changing unfair trade rules, addressing debt unsustainability, and obliging corporations to pay taxes and refrain from predatory practices. Furthermore, too often donor aid masks parallel action that undermines development and peace: for example, although the UK is providing aid to Yemen, it is also transferring arms to Saudi Arabia which are fueling the conflict. Funding civilian relief cannot make up for fueling unbearable human suffering.

#### 3. Policy coherence and cherry picking

Sustainable development, as is well known, has three core dimensions: economic development, social development, and environmental protection: it is development for people and planet. This framework should essentially require States to conduct a gender, peace, and environment audit of everything they do. Yet, despite commitments on policy coherence, coordination remains ad hoc. Countries such as Germany, Sweden, Netherlands and South Korea have high-level coordination bodies that oversee planning and implementation of the SDGs. However, realizing a 'whole of government' or 'whole of society' approach continues to face substantial gaps. For example, despite the gap on addressing extraterritorial obligations of arms transfers, the OECD Development Assistance Committee (DAC) has expanded its scope to include some military expenditures (e.g., training of partner country military employees and use of the military as a last resort to deliver development services and humanitarian aid),[8] without addressing problems of militarizing development. For another, despite the existence of existing instruments, such as the Arms Trade Treaty and Programme of Action on Small Arms and Light Weapons, a fractionation of the disarmament agenda (i.e., de-linking of how legal transfers contribute to illicit flows) has resulted in the identification of SDG indicator 16.4.2 on illicit arms imports with no indicator on arms exports.

Realizing the transformative intent of the SDGs will not be possible by continuing siloed approaches that perpetuate patriarchy and conflict. It requires joined-up thinking and action that shifts action towards peace that works for women and all people. All stakeholders must strengthen institutional opportunities to promote policy coherence across the 2030 Agenda, but from a perspective that shifts power to be bottom-up.

### What would designing governance for gender equality and peace look like?

Realizing the transformative intent of the 2030 Agenda requires recognizing that current systems are not inefficient: their construction undermines gender equality and peace. Linking up commitments to UN Security Resolution 1325 on Women Peace and Security and disarmament with action on the SDGs will be critical if we are to have transformative change.

To move forward, we need both short-term and long-term solutions:

In the short term, take action to #MoveTheMoney:

- Shift funding priorities away from funding the

8 See www.oecd.org/dac/HLM_ODAeligibilityPS.pdf.

military and toward funding women's human security

- Tax global expenditures on violence (i.e., global arms tax)
- Strengthen military transparency, accountability, and anti-corruption
- Stop militarization of development aid (e.g., OECD-DAC rules)
- Accelerate implementation of Resolution 1325 National Action Plans (NAPs) as part of realizing SDGs 5 and 16
- Invest in care economies and social economic and cultural rights though prioritizing social protection and public sector support, and preventing austerity measures
- Report on military versus social spending for SDGs in line with the Beijing Platform and Agenda 21 Declaration

In the long term, take action to govern for nonviolence and gender justice:

- Disarm defense systems by shifting power from military to civilian control
- Regulate those with power and privilege (i.e., militaries, private military corporations) and open opportunities for those at risk (i.e., women's and social justice movements)
- Institutionalize leadership for peace (i.e., ministries of reincorporation, decolonialization, peace, women)
- Strengthen gender-responsive budgeting (human security/ human rights budgeting)
- Use post-conflict reconstruction and recovery processes to redress inequalities, including gender inequalities, including through linking reparative measures to wider transitional processes, such as economic reforms
- Promote development justice

## Conclusion

Tackling root causes of violence requires creating structural rather than technical changes that shift entrenched power away from systems of violence towards systems of nonviolence, justice and peace. The SDGs provide a tool to make this shift. However, change is not a given. Following the courageous leadership of local women human rights defenders and peace-makers around the world who continue to demand accountability for the exercise of patriarchal power, and the need to take political, rather than technical action, is essential to delivering on sustainable development and peace.

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# SDG 17

## Can the Technology Facilitation Mechanism help deliver the SDGs in the era of rapid technological change?

BY NETH DAÑO, ETC GROUP

**As the international community reels from massive inequality in wealth and aspires to leave no one behind by 2030, the world stands at the brink of a technological revolution. Frontier technologies are sweeping across the land like wildfire and leaving unprecedented disruptions in their trails. Artificial intelligence and machine learning are transforming not just the landscape of manufacturing and services sectors, but revolutionizing every aspect of life and work. Automation and robotics are displacing jobs in industries and bringing in new challenges to decent work. Digitalization in agriculture is resulting in historic mergers and acquisitions and vertical integration that attract unconventional players like technology platforms into the sector. Synthetic biology is gradually eroding the markets of high-value low-volume commodities of developing countries, which could potentially wipe out the livelihoods of traditional farmers. Financial technologies, digital finance and investment, and cryptocurrencies that claim to be decentralized and inclusive are bringing in new players and forcing banks to adapt their operations. Supercomputers and cloud storage are enabling the digitalization of data including on biological and genetic resources, redefining how they are governed. Big Data has made technology platforms so powerful that their spheres of influence are threatening the core foundation of democracy.**

Concerned about the potential impacts of so-called 'exponential technologies' on developing countries and on achieving the SDGs, Mexico with a number of developing countries, sponsored a resolution requesting a report on the subject by the Technology Facilitation Mechanism at the 72nd session of the UN General Assembly in 2017[1] which was reiterated at the 73rd session in 2018.[2] The government of South Korea was the first to impose taxes on and remove subsidies from factories that use robots to compensate for displacement of workers. As governments grapple with how to deal with these rapid technological changes, the UN invited a robot named Sophia developed by a private robotics company to speak in a panel and interact with Member States in a joint meeting of the Second Committee of the UN General Assembly and ECOSOC in October 2017.[3] Two weeks after, Sophia the robot was granted citizenship by the Kingdom of Saudi Arabia, the first country to have bestowed citizenship to a humanoid.[4]

### Multiple UN initiatives on new technologies

UN agencies are reacting in different ways to this technological tsunami. Some have embraced particular technologies by promoting inclusive development

1 UN General Assembly (2017).

2 UN General Assembly (2018).

3 United Nations, video clip from the joint meeting of the Second Committee and ECOSOC on "The future of everything – sustainable development in the age of rapid technological change", 11 October 2017 , see https://www.youtube.com/watch?v=qNoTjrgMUcs.

4 Arab News, "Saudi Arabia becomes first country to grant citizenship to a robot", 26 October 2017 see: http://www.arabnews.com/node/1183166/saudi-arabia.

and equitable access. The International Telecommunications Union (ITU) since 2017 has convened the AI for Good summit series as an action-oriented platform for dialogue on AI aimed at ensuring "trusted, safe and inclusive development of AI technologies and equitable access to their benefits". The World Food Programme (WFP) is testing out blockchain and the use of cryptocurrency for its hunger relief work by facilitating cash transfers to beneficiaries.[5] Other UN agencies are adopting a more cautious approach and struggling with how to cope with the impacts of new technologies on their mandates and on the existing treaties and norms agreed by UN Member States. The Convention on Biological Diversity (CBD) has been deliberating on whether or not synthetic biology and genome editing are covered by its biosafety protocol and on the implications of digital sequence information on its protocol on access and benefit sharing. The Seed Treaty is likewise grappling with the impacts of de-materialization of genetic resources on implementation of farmers' rights and material transfer agreements. There is a raging debate about which part of the UN is responsible for governance of geoengineering, the deliberate large-scale manipulation of climate systems.

The UN Secretary-General came out with a "Strategy Paper on New Technologies" in September 2018 outlining his priority directions in harnessing the potentials of new technologies while addressing concerns and impacts.[6] He convened a High-Level Panel on Digital Cooperation in July 2018, led by big names in the world's leading technology platforms, to help raise awareness on the transformative impact of digital technologies, to contribute to public deliberations on ensuring safe and inclusive digital future and to come up with proposals for cooperation among various actors.[7] The Secretary-General also created the Task Force on Digital Financing of SDGs, comprised of top-level UN officials and finance experts from the private sector, in November 2018 to harness the potentials of financial technologies, including the use of blockchain, digital finance and investments to advance the SDGs.[8]

### The Technology Facilitation Mechanism

Despite the General Assembly Resolution mentioned above, curiously missing in all these UN initiatives to make sense of the technological wildfire is the involvement of the mechanism that the UN established to mobilize science, technology and innovation (STI) for the SDGs: the Technology Facilitation Mechanism (TFM). Created in 2015 on the heels of Rio+20 as one of the key means of implementation of the 2030 Agenda for Sustainable Development, the TFM was hailed as one of the few positive outcomes of the Addis Ababa Agenda for Action.[9] The idea was proposed by the G77 and China in response to developing country frustration over the absence of a dedicated institution at the UN to help developing countries address the challenges and obstacles to access technologies for sustainable development. Developed countries stridently opposed the creation of a new institution and argued that concerns on STI are already addressed by specific UN agencies and, in the case of intellectual property rights, in the World Trade Organization (WTO). As a result of compromises between irreconcilable views, the mandate of the TFM is deliberately nebulous at best, raising more questions and cautious expectations.

Instead of a new institution, a mechanism was established with elements that aim to ensure coherence, coordination and collaboration among UN agencies, governments and various stakeholders towards mobilizing STI for the achievement of the SDGs.[10] An interagency task team (IATT) on STI for the SDGs, comprised of UN agencies, was created with mandate on technology development and transfer supported by a multi-stakeholder 10-Member Group appointed by the UN Secretary-General. The annual STI Forum is envisioned as a multi-stakeholder process that facili-

5 World Food Programme, "Blockchain for Zero Hunger; Building Blocks", see https://innovation.wfp.org/project/building-blocks.

6 UN (2018).

7 See https://www.un.org/en/digital-cooperation-panel/.

8 See www.un.org/sg/en/content/sg/personnel-appointments/2018-11-29/task-force-digital-financing-sustainable-development.

9 Third World Resurgence No. 300, August 2015, pp. 12-14, https://www.twn.my/title2/resurgence/2015/300/cover03.htm.

10 UN (2015), para. 123.

tates sharing of experiences and lessons on the role of STI for implementing the SDGs, promoting exchanges and transfer of technology and innovations, enabling matchmaking between technology providers and users, mobilizing support and resources from various actors, and so on. The co-chairs of the STI Forum, two diplomats from developed and developing countries designated by the ECOSOC President, are tasked to sum up the two-day discussions to be presented at the HLPF. The STI Forum has managed to attract participation from governments, academic institutions and the business sector, although only marginally from civil society organizations, which send representatives to the annual forum and its parallel events at their own expense. The development of an online platform to comprehensively map and serve as a gateway for information on STI programs, mechanisms and initiatives has yet to take off from the recommendations of an independent assessment due to absence of financial resources.

As the UN struggles to implement the vague mandate of the TFM with no dedicated funding, the relevance of the new mechanism seems to have been pushed into a very limited space delinked from the UN responses to rapid technological changes while its role is to mobilize STI for the SDGs. The upcoming review at the HLPF on sustainable development should address concerns on how the mechanism created to support the achievement of the SDGs through STI could effectively deliver in the face of frontier technologies and in the midst of disparate UN approaches towards new technologies. The untapped potential of the STI Forum as a multi-stakeholder platform to deliver STI for SDGs must be harnessed by bringing together the various initiatives of the UN on new and emerging technologies under one umbrella. The platform should not be limited to those that embrace and promote inclusion in specific technologies but more urgently should enable societal deliberations on how frontier technologies are redefining established norms and impacting on the achievement of the SDGs, and how these should be governed.

The aspiration of the TFM as a global mechanism for horizon scanning, early warning and technology assessment should be realized by bringing various UN initiatives on new technologies under its wings.

The multi-stakeholder nature of the STI Forum and the TFM in general is an ideal space for such deliberations and ensure that outcomes directly feed into the implementation of the 2030 Agenda. The recognition of broad sources of knowledge, gender issues and grassroots innovation are important pillars for bringing in diverse and inclusive views in deliberations on potentials and challenges associated with new technologies. Understanding potential impacts of new technologies can best be done with direct participation of those who are actually or potentially affected, not just by proponents of technologies. Such awareness is critical in designing interventions to build capacities of governments, institutions and stakeholders at the national, regional and global levels to govern frontier technologies to advance the public good.

## Greater coherence on means of implementation needed

More coherent links need to be established between the annual Financing for Development (FfD) Forum and the STI Forum as parallel review streams of two most crucial means of implementation for the 2030 Agenda. This could also help efficient utilization of the limited funds available for the implementation of the TFM. Operationally, the review of progress of the TFM falls under the FfD Forum since the latter was created as a means of implementation for the 2030 Agenda under the Addis Ababa Agenda for Action.

The HLPF Review should lead to operationalization of stronger coherence and coordination in the work of the TFM and the Commission on Science and Technology for Development (CSTD) which is the principal arm of the UN General Assembly on STI.

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# Reshaping governance for sustainability

## Reforming institutions - shifting power - strengthening rights

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