

# SUSTAINABLE DEVELOPMENT GOALS



Transforming  
our world

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# The 2030 Agenda: our answer to the naysayers

*The Global Goals are the key to addressing the challenges we face, from climate change to rising nationalist sentiment*



By **María Fernanda Espinosa**,  
President, 73rd session,  
United Nations General Assembly

I am delighted to present the 2019 edition of *Sustainable Development Goals: Transforming our world*. The overarching theme for my presidency of the General Assembly has been ‘making the UN relevant for all’, and I commend the United Nations Association – UK for producing this publication. It serves to communicate the work of the UN to a broad global audience, and to convey fresh thinking and perspectives to policymakers in New York and around the world.

In 2015, world leaders made a promise: to free the human race from the tyranny of poverty and want, and to heal and secure our planet. They also pledged to leave no one behind as we seek to build a safer, fairer and more sustainable world. The 2030 Agenda for Sustainable Development and its 17 Goals (SDGs) are our action plan for making this promise a reality.

We are now approaching the end of the first cycle of implementing the SDGs, and the final decade for delivering them. We have made commendable progress on issues such as extreme poverty, child mortality, unemployment and access to electricity. In our efforts to catalyse further action, we must not lose sight of these gains. They must be part of our narrative so that our stakeholders know: progress is possible.

But deep challenges and disparities continue to exist. A staggering half of the world’s population still lacks access to proper sanitation, healthcare and social protections. It is still the case that if you are a woman, an older person, a person with disabilities, a refugee or migrant, from a rural, minority or indigenous community, or from a small-island developing state, then you are less likely to have benefited from our efforts to date, and more likely to suffer discrimination, exclusion or abuse.

◀ **Children playing before school starts in a remote village in the Oriente rainforest, Ecuador. Reducing child mortality is an aspect of the SDGs where significant global progress has already been achieved. In Ecuador, the infant mortality rate was almost halved in the period 2000-2014**

The structural causes of these inequalities, meanwhile, are yet to be addressed. I often refer to the 2030 Agenda as something very close to a ‘global Green New Deal’. The missing element is a vision for reshaping global governance.

And we must also contend with the risks posed by the climate and environmental crisis, by narrow nationalism and extremism, and by the rapid transitions we are undergoing in demography and technology.

This is our operating context. So we must ensure that we use every opportunity we have to turn the tide. This July’s High-Level Political Forum (HLPF) on Sustainable Development is an important milestone as we prepare for key meetings this September:

- the HLPF under the auspices of the General Assembly (SDG Summit), attended by heads of state and government;
- the Secretary-General’s Climate Action Summit;
- the High-Level Meeting on Universal Health Coverage;
- the High-Level Dialogue on Financing for Development; and
- the High-Level Midterm Review of the plan of action for small island developing states.

These meetings cannot be talking shops. States must not go through the motions. They are a crucial opportunity not just to make progress on the Goals, but also to push back against the challenges we face.

#### **Strengthening multilateralism: making the UN relevant by delivering for all**

The adoption of the SDGs marked a high point for multilateralism. They were the product of the largest and most inclusive consultation in UN history. Similarly, their achievement needs to involve all of society. The commitment to ‘leave no one behind’ means engaging stakeholders, as well as reaching the most vulnerable.

The future of humanity – and of our rules-based international system – rests on this commitment. Through it, we have acknowledged that the gains of the past seven decades have not been shared

equally. We have reaffirmed that we cannot overcome the challenges we face – or leverage the opportunities we have – without harnessing the full potential of all the world’s people.

We cannot push back against those questioning the value of multilateralism without delivering on this commitment. From soaring inequality to human rights abuses, the factors fuelling xenophobia, extremism and unilateralist rhetoric are all addressed by the 2030 Agenda.

The best way to demonstrate that multilateralism works is to generate, through the SDGs, tangible benefits to people’s lives. It is our answer to the naysayers. It is the hope we can offer to the disillusioned, the reassurance we must give to those who have lost faith in our capacity to deliver.

We must use the key meetings this year to review the evidence we have gathered and identify the most transformative next steps to be taken by stakeholders from all sectors. And we must draw up clear plans on how to put them into practice.

#### **Eleven years to deliver, six days to make it count**

We have just 11 years to keep the promises we made through the 2030 Agenda. We have just 11 years to avoid the worst impacts of climate change. The six days from 23 to 28 September 2019 must put us on the right track.

This is the moment to make strategic choices together. We cannot succeed unless we massively scale up partnerships. Not as an afterthought, but as an integral part of our plans. We must move forward our long-standing discussions on how we engage with those on whom we rely, on those who are counting on us. Political leaders must inspire the ambition and multifaceted contributions of their societies: youth, civil society, environmentalists, indigenous peoples, the private sector, local governments – all those who have a stake in the 2030 Agenda.

I urge heads of state and government to accelerate their efforts to drive progress, and rally others. Every meeting this year is an opportunity to make our vision for humanity a reality. Let’s use them. ●

# Cooperation can change everything

*A more integrated, holistic approach to sustainable development must be the focus for the UN in 2019*

By **Achim Steiner**, Administrator, United Nations Development Programme (UNDP)

**T**his year is a turning point for the world. It simply must be. We have just over 10 years to set the world on a more peaceful, equitable and sustainable path, with an international community working together to tackle climate change.

At this time of fluidity in the international system, when isolationist sentiment is growing, it is more crucial than ever to work in an integrated way on development. The reasons are simple. They are the same reasons that we hold on to the ideals of the United Nations and the sentiments conveyed in the UN Charter. The only way to navigate through this pivotal decade is to successfully work together. This spirit of cooperation will be critical if we are to achieve all 17 Sustainable Development Goals (SDGs) by 2030.

The UN System plays a key role in driving the essential sustainable development that allows so many to build a brighter future. The concrete results achieved by the UN every day clearly show the power of cooperation and engagement. But what does this actually look like?

The UN is striving to eradicate poverty in all its forms and dimensions. In 2018, 31 million people had better access to basic services – from water to energy to finance – through support provided by UNDP, the UN's development arm. It is essential for the UN to not merely be reactive but to build resilience to shocks and crises. Much of the UN's work centres on accelerating critical structural transformations for sustainable development. Last year alone, 21 million people were registered to vote, 48 per cent of them women; while four million people living in (or recovering from) crisis got a job or improved their livelihood through UNDP engagement.

As these examples demonstrate, 2018 was another remarkable year for the UN. It was a year of reform and transition to allow the UN System to provide even better results to the communities we serve. For UNDP, it was a year that marked the emergence of a modern, results-oriented, next-generation organisation, which achieved its highest programme delivery in five years – even while powering the repositioning of the UN Development System. This involved several elements, not least the emergence of a new generation of Country Teams, designed with the main purpose of accelerating progress on the SDGs.

Our concrete results were largely achieved by listening closely to the needs of the developing countries, their communities and our Member States. This feedback has also guided UNDP's *Strategic Plan 2018–21*. This sets out a vision for the continued evolution of UNDP over the next four years, given the changing development landscape and the evolving needs of our partners to achieve the 2030 Agenda. UNDP's new 'integrator' mandate at the country-level will also help to streamline UN services and platforms to accelerate progress on the SDGs. UNDP itself is launching new 'Accelerator Labs' in 60 developing countries in 2019 to identify and quickly scale up local solutions – in renewable energy, for instance – which can further support the SDGs.

For 2019, I have set out three priorities for UNDP. This guidance aims to make UNDP work even better, as part of a more integrated, holistic approach with both our UN and other multilateral partners.

## 1. Climate change

We are facing more and more extreme weather events, droughts, floods, rising sea levels, diminishing polar ice, ecosystem collapse and declining crop yields. These will impact communities, particularly the

poorest and most vulnerable, and threaten livelihoods.

UNDP is the largest implementer of climate action in the UN System. We will continue to provide this long-standing expertise while working to double our support for the integrated implementation of the nationally determined contributions (NDCs) at the heart of meeting the Paris Agreement. Our work in over 140 countries aims to reduce emissions and increase resilience to the impact of climate change.

The world's leading climate scientists from the UN's Intergovernmental Panel on Climate Change say that we only have until 2030 to stop the planet warming above 1.5°C. After that, it may be impossible to reverse the effects of climate change. Recognising that time is running out, UN Secretary-General António Guterres has convened a crucial Climate Action Summit in September. He has asked world leaders to bring concrete plans – not mere speeches.

## 2. Inequality

Inequalities – between and within countries – are on the rise. Today, 42 individuals own as much wealth as the poorest 3.7 billion people. High levels of inequality are detrimental to economic growth, undermine poverty reduction, increase political and social tensions, and drive instability and conflict.

Much of UNDP's work on poverty eradication and implementation of the SDGs focuses on reducing inequalities, be they between men and women or between people with disabilities and others. Bridging the inequality gap is enshrined in the 2030 Agenda and its central pledge to 'leave no one behind'.

UNDP is pushing forward new ways to consider how we measure inequality to re-articulate human development for today's world. We need new metrics that take a long-

term view to go beyond GDP and beyond averages, to allow us to design better policies to tackle inequality.

### 3. Migration

UNDP brings a central perspective and approach to the issue of migration: that of sustainable development. Our focus is on tackling the drivers and root causes that lead people to leave their home countries. These include poverty, inequality, climate change, conflict and poor governance.

Such work is critical given global instability. There has been a 300 per cent rise in the number of major conflicts since 2010, while such conflicts caused a record 70 million people to be displaced from their homes in 2018. UNDP's work on migration is also linked to change and inequality. By addressing the root causes and drivers of migration, we can help to ensure that people do not decide to leave, or are not forced to leave, their homes.

#### Results through collaboration

The UN's long-term engagement to support countries on their sustainable development pathways has generated deep-rooted trust in governments and in the local populations we serve. Our dedicated staff, with nuanced local expertise, work where many other actors do not want to tread. UNDP itself works in 170 countries, identifying both key risks and opportunities for the entire development community. It could not achieve such results without the critical cooperation of its multilateral partners.

In this respect, UNDP will continue to actively listen and to seek direction from key partners to both inform and direct our work. Organisations like the United Nations Association – UK also have a key role to play in informing the public, policymakers and beyond about the work of the UN.

Political commitment to cooperation and engagement are critical to achieving the SDGs. When we come together, the results on the ground are there for all to see. In this respect, this publication provides a clear added-value with its new, innovative and timely insights from leading experts in their fields. The contributors shed light on both the results achieved through multilateralism



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and how the SDGs can accelerate progress on the 2030 Agenda to address the biggest international challenges of our time.

There is no time left for indecision, nor for being overwhelmed by obstacles. There is only time for courage and to come together as part of a stronger multilateral system.

We may only have a decade to change the world. However, the people that are the United Nations can be relied upon to lead

▲ Women from a Moringa cooperative meet up on the Tristao Islands in Guinea. The cooperatives, set up with grants from UN Women, provide training to women in rural communities, teaching them how to farm Moringa trees and sell the leaves to international markets as a medicinal and dietary supplement

from the front, in a spirit of cooperation, to forge a more peaceful, fairer and more sustainable world. ●

# Globalism on trial

## *Can the current global system deliver the Global Goals?*

By **Fred Carver**, Head of Policy,  
United Nations Association - UK

**R**eading through the submissions to this, perhaps the most exciting and hopeful edition we have yet produced of *Sustainable Development Goals* (SDGs), what stuck out was the multiple virtuous feedback loops that are created as a result of synergies between the Goals.

The SDGs were designed to capture the interconnectivity of various factors that influence, strengthen or hamstring our desire to live life in the 'larger freedom' promised by the UN Charter. When the Goals were adopted in 2015, critics said that there were too many of them, and that their scope was too broad. But now, as they bed in, their value in describing the ecosystem of development has become apparent.

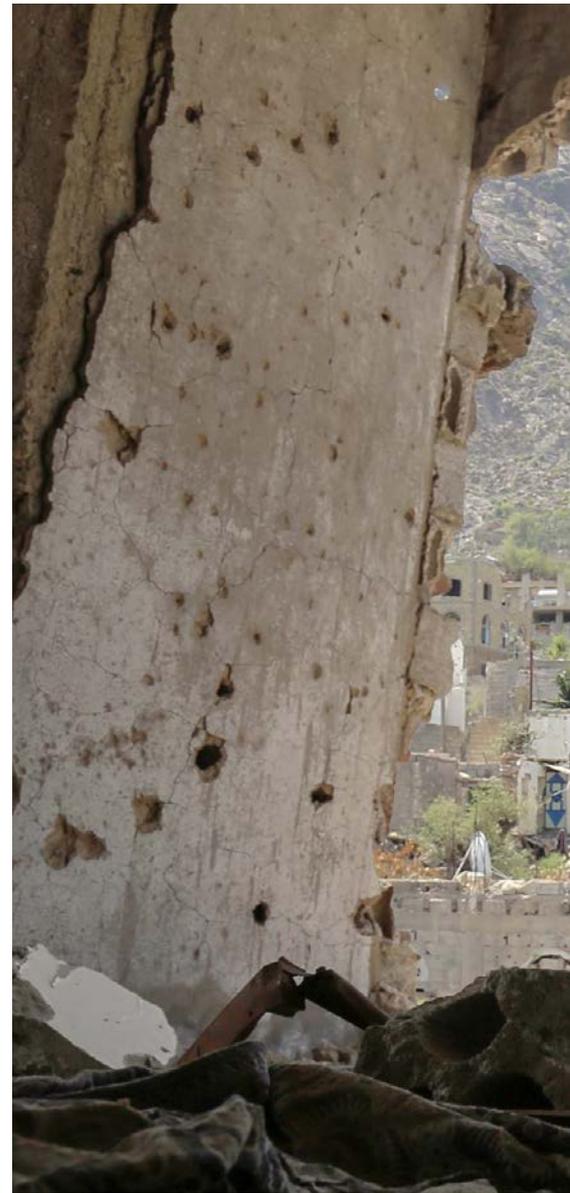
So Liu Zhenmin (page 88) tells us how climate action (SDG 13) is vital to good health, affordable energy, responsible consumption and life below water (SDGs 3, 7, 12 and 14). Devi Sridhar and Lauren McGivern (page 74) tell us how good health in turn drives decent work (SDG 8).

This interconnectivity means actions have effects on multiple parts of the agenda. Florencia Montagnini and Kjell Berg (page 98) tell us how preventing soil erosion

The positivity of these pieces and the possibility of this agenda itself poses questions. Firstly, given all these synergies, it would appear that the path to implementing the SDGs should be clear and enticing to policymakers. Why then does it feel that, nearly a third of the way through the 15-year timescale of the agenda, progress has been intermittent and patchy?

Why do 1.5 million people die from vaccine-preventable diseases each year? Why are our seas full of plastic? Why have nearly three quarters of our insects died in the course of the last human generation? Why is measurable inequality greater now than it has been at any previous point in our history? Why is the social status of one's parents as influential today as it was 50 years ago in determining a person's future? And why, in the midst of this 'second gilded age', is one person in ten malnourished?

Secondly, the SDGs envisage a brighter future for humanity delivered by means of an interconnected global polity. This vision is clearly articulated in the inspirational words of Lysa John (page 120) and María Fernanda Espinosa (page 8). But it's sometimes hard to square this hopeful, internationalist outlook with the vision of the world we receive through popular media: societies turning inwards, international cooperation



verge of delivering its greatest success? Or is the vision of success itself illusory? Do the critics of our global system, who appear to become more mainstream and influential by the day, have a point?

These are existential questions for this system and the SDGs represent perhaps the last chance of comprehensively answering them. On page 55, Robert Eccles articulates how a more far-sighted understanding of financial returns could both realise the SDGs and provide returns for the private sector.

But if our current institutions and processes cannot deliver the SDGs, this

## *Is there a risk that our global system might collapse, rejected, just as it is on the verge of delivering its greatest success? Or is the vision of success itself illusory?*

is vital to achieving four goals. Costanza Biavaschi (page 86) tells us how 11 goals relate to migration. Ambar Narayan and Roy van der Weide (page 27) tell us how four goals cannot be achieved without seriously considering intergenerational fairness.

faltering, fear of 'the other' increasing, and the rules and norms that make up our global system being more honoured in the breach than the observance.

Is there a risk, then, that our global system might collapse, rejected, just as it is on the



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suggests the problems we face are more fundamental and systemic. Is globalism, or perhaps capitalism itself, incapable of delivering meaningful change that truly does leave no one behind?

As Jonathan Glennie argues (page 16) there needs to be, at bare minimum, a transformation in how our system works: who it works for, and who it is answerable to.

A transformation, then, but to what? Could an economy still based upon growth become sustainable and deliver the Goals if it embraced a Green New Deal, as Edward Barbier (page 48) argues? How about if it existed within a framework of

globally recognised and respected human rights (including, as they must, economic rights) as argued by Michelle Bachelet (page 106) and Hu Yuan Qiong (page 78)? Or is the centrality of growth within our economic system part of the problem? Should we instead measure the efficacy of our economy in terms of its ability to deliver wellbeing, as argued by Katherine Trebeck (page 52) or human development, as argued by Pedro Conceição (page 24)?

Should the economy even grow? Valerie Cerra (page 44) argues that it needs to, but many have argued that the only way to make our economy truly sustainable would

▲ A child looks out at buildings damaged in an air strike in city of Taiz, Yemen. The failure of the international community to end the war in Yemen demonstrates some of the failings of our global system, particularly when it comes to abuse by the powerful of the voiceless

be to transition to a steady state, or even to embrace degrowth (although none of the pieces in this publication goes that far).

Others have argued for a ‘doughnut model’: the economy must provide enough to meet the social needs of the world’s population (as identified by the SDGs) but it must not overproduce to the point where it exceeds planetary boundaries or exhausts any of our finite resources. Dame Ellen

MacArthur's (page 92) vision of a circular economy is valuable here.

Whatever form this transformation takes, it will need to win over the critics of our current global system if it is to achieve the SDGs.

Populism has had the effect it has had by successfully marrying the real grievances of those for whom our global system has not delivered with the anxieties of those whose historical privilege is being eroded. This is a coalition which can powerfully oppose things, including the institutions charged with delivering the SDGs. But it is harder for populists to promote an alternative agenda without revealing the deep fissures between those two groups – one cannot simultaneously provide redress to the losers of historical injustice and protect the primacy of the winners.

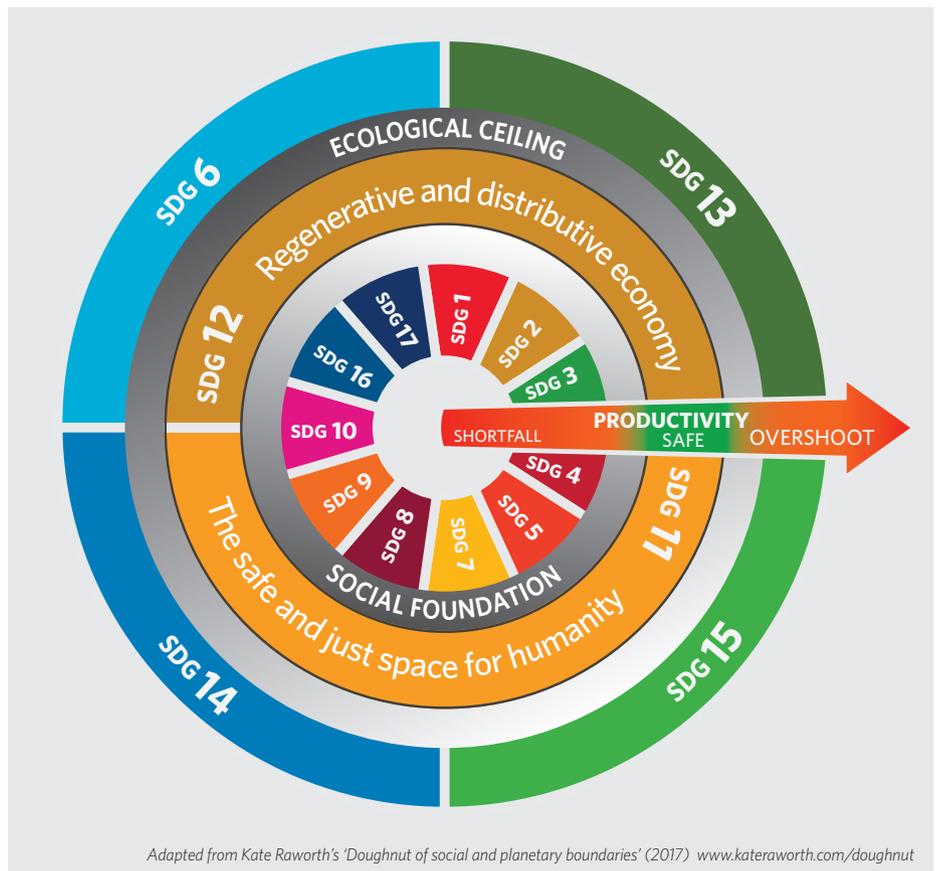
But populism's inability to provide better answers than those of the SDGs should not afford us any comfort. Across the world, millions of people clearly feel that the global system is not responding – or listening – to their needs and aspirations. The absence of viable alternative agendas does not change that sentiment or solve the problems caused by the resultant alienation.

The SDGs need to capture imaginations and inspire dreams. In part this will come from better communication: consistently making the argument that the Goals exist to create a better world for all – as we do in this publication. The fact that this year's High-Level Political Forum will focus on 'Empowering people and ensuring inclusiveness and equality' – with a specific focus on SDGs 4 (quality education), 8 (decent work), 10 (reduced inequalities), 13 (climate action), 16 (peaceful and inclusive societies) and 17 (global partnerships) – will help.

In part this will come from telling stories and finding words that resound: be it in Forest Whitaker's advocacy, Greta Thunberg's activism or the creativity of the Extinction Rebellion's staged 'die-ins', like the one illustrated on our front cover.

But above all, what people are demanding is a stake, a say, in the conversation. There is a limit to how inspired people can be by other people's dreams. If we want the SDGs to truly be a

## The SDG doughnut



global agenda for civil society, for industry and for the people of the world, it must be their agenda.

On page 20, Adriana Abdenur tells us how civil society can be empowered without state actors shirking their responsibilities. This is a vital first step. But as the UN Civil Society Forum argued last year, this must be just the start of a journey towards 'people-centred multilateralism' – a reimagining of our global system as an interconnected network of all the world's individuals and groups. Such a network would answer neither to the petty self-interest of narrow nationalism nor to the grandiose self-interest of oligarchical transnationalism, but would instead reflect all the world's voices.

That is why UNA-UK has launched the 'Together First' initiative. This seeks to make our global institutions fit for the mid-21st century and beyond, by widening the conversation about global governance

reform to include the public and civil society. We are hoping to achieve a radical redistribution of influence in global affairs by means of listening to the voices less heard. We will start by taking a global to-do list, written by the people and civil-society organisations of the world, to the UN's 75th anniversary celebrations next year.

But what we will not do is rewrite the SDGs. The Global Goals already describe the world we want. They already provide the tramlines that any process of global transformation must follow if it is to have any hope of influencing the breadth of stakeholders required for change. But a mobilisation of those inspired by the SDG vision of a better world could change the politics of those stakeholders, and of the international institutions themselves.

This internal revolution to capture the agenda on behalf of the people provides our best chance to achieve the SDGs. ●

# SUSTAINABLE DEVELOPMENT GOALS



End poverty in all its forms everywhere

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End hunger, achieve food security and improved nutrition and promote sustainable agriculture

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3 GOOD HEALTH AND WELL-BEING



Ensure healthy lives and promote well-being for all at all ages

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4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

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5 GENDER EQUALITY



Achieve gender equality and empower all women and girls

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Ensure availability and sustainable management of water and sanitation for all

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Ensure access to affordable, reliable, sustainable and modern energy for all

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Reduce inequality within and among countries

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# Countering populism

*Transformation is the only response to populism. The SDGs are the roadmap*



◀ Demonstrators take part in 'No Salvini Day' in Milan, Italy, protesting against what they view as inhumane government policies on immigration. The surge in populist leaders around the world threatens the SDGs

By **Jonathan Glennie**, independent writer and researcher on international cooperation

**T**he rise of populism in recent years, on left and right, has raised concerns about a new era of divisiveness. This is the main electoral strategy of populist parties, defined not so much by common policies as by a common political playbook: divide the public and discredit opponents.

According to some estimates, the number of populists actually in power around the world has quintupled since 1990, including

in some of the world's largest countries. This is not to mention all the populist movements not actually in power but influencing the political landscape.

Populism is always harmful, leaving behind societies that take generations to heal. Normally, it is the already marginalised, either socio-economically or ethnically, that are most damaged by populism's deluge of rhetoric and real-life political upheavals. And the line between rhetoric and actual violence, which tends to require demonising the intended victim first, can be worryingly thin.

On the other hand, it is not hard to see populism's appeal. The future is always uncertain, but in today's world a number of factors make it more precarious than anyone can remember. The financial crash in 2008 destroyed confidence in the political classes paid to manage the economy. Meanwhile, continued rapid technological advance makes it hard to know what is around the corner for one of the ingredients of any successful society – decent jobs. Add mass migration to the mix for the perfect storm.

And people often do have every right to be angry or worried. Whether they have been excluded from the progress seen in the 20th century or benefited from it, they now see bleaker futures for their children.

Populist leaders promise rapid change for those that want it, or a return to some kind of glorious past for those that don't, evoking images in the human psyche that bear little relation to reality. Sometimes they offer both. Change is either too fast or not fast enough, depending on the flavour of populism taking advantage of people's thirst for opportunity and wellbeing.

But while populists are criticised for offering simple solutions, the same criticism could be levelled at those non-populists (we could call them liberal globalisers, or small-c conservatives) that have held power over the last few decades. They have overseen, in many countries, increasing inequality and threats to the natural world. Their failure

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to deal with the fundamentals of inequality and unsustainability is the basis on which populism now thrives.

Neither group has the answers to today's complex questions. So who does?

It is almost ironic that, in this most uncertain and divided of eras, the world also has in its hands, for the first time, a comprehensive plan to deal with pretty much all the major challenges it faces. Sure, it's only a piece of paper signed in a building surrounded by flags, and it doesn't change the real-world politics raging outside. But there is, nevertheless, a roadmap to a more equal, sustainable future, supported (at least formally) by all the countries in the world.

### The SDG roadmap

Agenda 2030, the document which presents the Sustainable Development Goals (SDGs) to the world, is neither populist nor conservative – it is inclusive and transformative.

We are so used to the main aspects of the SDGs by now that we forget how powerful they are as part of a real-world response to both populism and small-c conservatism, the precursor of populism.

The SDGs do what both populists and small-c conservatives fail to do:

- they are holistic, not bitty;
- they are inclusive, not divisive;
- they are ambitious, not defeatist;
- they are based on evidence and data, not soundbites;
- they are internationalist, not nationalist, linking the struggle for equality and dignity in one country to the struggles in all countries;
- they comprehend natural resource constraints and the importance of conserving the natural world;
- they are grounded in the principles of human rights, which one might argue is now a foundational aspect of our global human culture, something to which we can all refer, however different and divided we appear.

The focus on evidence and data, which perhaps in previous times would have seemed simply a parenthesis, is the solid

core of the SDGs. It becomes a political position in an era when fake news competes with fact for the public's attention. Science is with the SDGs, and that makes them at least somewhat more likely to prevail.

Crucially, they go way beyond principles. One common source of despair is simply the gigantic size of the task ahead. And indeed anyone who thinks they have all the answers to this complex global situation is kidding themselves and probably many others. But we have quite a lot of them.

### Basic principles

This is the time for cool heads, for clear principles and for remembering the basics. While we keep working on what we don't know, let's implement what we do. Focus on women's rights. Invest in clean energy. Increase spending on public health and education, on public water and housing.

their way, probably the easy bit. Now we need the vehicles, the fuel and the drivers.

And that is where those of us engaged with the SDG effort need to step up our game. Because although transformation is implied by the SDGs, there are still too many parts of the international development ecosystem that don't quite get it. We say we want radical change, but don't seem to quite grasp what that means.

Some cling to a kind of comfort blanket of seeing the SDGs as just an extension of the Millennium Development Goals: MDG+. This agenda was good while it lasted but the world has moved on fast. Anything that sets out to paper over the cracks again or stick plasters on wounds – anything, in short, that resists a holistic and transformational approach – is going to lose out to populism.

Small-c conservatism, rolling with inequality and unsustainability, is not an

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## *The SDGs should be fully integrated into national manifestos, not left in the hands of foreign ministries, only to be discussed at UN forums. The SDGs only work globally if they are implemented nationally*

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Reduce irresponsible consumption. Act on threats to climates, oceans and forests.

These policy directions are now so well known as to be almost glib. But perhaps we didn't anticipate the threat they would be under, not in politics (we always knew political will would be hard to mobilise) but in theory: actually having to win the battle again on these basic policy facts.

The SDGs in 2019, then, play a role that their authors perhaps did not anticipate. Not only are they a vision for a better world. They are now also a bulwark against attempts to backslide not only on promises made, but on scientific facts accepted, and on proven fiscal and social policies backed by hard evidence and accepted by acclamation in September 2015.

So having this roadmap matters. But a roadmap is only a small part of reaching a destination and, annoyingly for all those who worked so hard to set the SDGs on

option. Populism is a wrong turning. Transformation is the only way forward.

We have the roadmap in the SDGs, the perfect counter to populism. But most politicians are still only coming to them half-heartedly. Why haven't they embraced them? The SDGs should be fully integrated into national manifestos, not left in the hands of foreign ministries, only to be discussed at UN forums. The SDGs only work globally if they are implemented nationally, in North and South. Sometimes it seems that the private sector is more at home with the SDGs than the political classes. This has to change.

Things are beginning to fall apart in many parts of the world, always related to equality: either the thirst for it, or the backlash against it. How countries respond will define the 21st century. There is no point just rallying against populism. We have to rally for something better. ●



SDG 3.3  
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# What to expect from the new champions

*Where action by national governments on SDG implementation is lacking, can others fill the void?*



© Vatican Media/Handout via Reuters

By **Adriana Erthal Abdenur**,  
Coordinator, Peace and Security Division,  
Igarapé Institute

**A**genda 2030 is in trouble. The rare political consensus that led to the adoption of the Sustainable Development Goals (SDGs) four years ago has become fractured. In many countries, even when the state has the capacity to implement the Goals, political will has fallen behind the commitments made in 2015.

In other contexts, nationalist leaderships openly attack multilateralism – including the United Nations – as irrelevant, or even worse as a threat to national sovereignty. Across a wide spectrum of countries, protection systems are being weakened rather than reinforced, levels of wellbeing are falling, and inequalities are rising.

As economist Diane Elson has noted, these trends indicate that in addition to the challenge of leaving no one behind by reaching the most vulnerable populations, Agenda 2030 faces the additional challenge of preventing governments from “pushing many even further behind”.

This dual challenge requires a broad cross-sectoral engagement. Indeed, although Member States were the protagonists during the SDG negotiations, the process raised expectations of engagement by non-state actors. In addition to the intergovernmental sessions that shaped the goals were global consultations, hearings, high-level panels and side events that underscored the need to incorporate non-state actors. Likewise, the Addis Ababa Action Agenda acknowledged the role of the “diverse private sector” and of “incentivising changes in financing as well as consumption and production patterns to support sustainable development”.

Alongside this attention to non-state actors was a surging belief that subnational government, sometimes acting at odds

with nationalist federal governments, could compensate for the failings of Member State commitments. The international community cast a wide net seeking out ‘new champions’ for the 2030 Agenda.

The attention granted to these ‘non-traditional’ actors was, understandably, a response to the mistakes committed during the period of the Millennium Development Goals (MDGs). The MDGs’ agenda remained excessively state-centric and largely failed to localise its achievements.

#### **From abstract to reality**

By underscoring the role of non-state actors, the 2030 Agenda recognises that states’ capacity to reach targets is limited. It also acknowledges that civil society and the private sector frequently play a role in filling those gaps, and that they can bring unique capabilities to the table. Often non-state actors are better able to translate the abstract goals into concrete reality for people on the ground, whether through

The expectations are, in part, a result of the visibility of successful cases. Where national leadership is lacking or unwilling, a broad array of non-state actors and subnational governments has stepped up. This has led to a wave of optimism that some of the world’s most complex challenges can be met through a combination of grassroots ingenuity, corporate social responsibility and decentralised government.

Non-state actors have also become relevant actors in key UN processes related to Agenda 2030. For example, in some countries, non-governmental organisations (NGOs) have assumed a vital role in the monitoring of SDG implementation, including by submitting inputs into the voluntary national reviews.

These success stories have been amplified by instances in which non-state actors and subnational governments seem to proactively ‘fill the shoes’ of the federal state. These stakeholders often possess or

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### ***Often non-state actors are better able to translate the abstract goals into concrete reality for people on the ground, whether through innovative service delivery or more sustainable consumption***

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innovative service delivery or more sustainable consumption.

Likewise, subnational governments were largely left out of the MDG agenda, meaning that the goals often remained abstract planning instruments rather than translated into concrete reality at a local level. One of the ‘new ideas’ behind Agenda 2030 was precisely that by tapping into these previously overlooked pools of knowledge, capacity and resources, the international community could make SDG implementation both more effective and more credible.

#### **Driving SDG implementation**

Since 2015, the pressure for these new champions to help drive SDG implementation has only increased.

can tap into evidence-based knowledge of the local context and identify real needs and demands.

In many parts of the world, NGOs have greater capillary reach than the federal state into the targeted populations and can better identify the needs of the most vulnerable groups. Think tanks, research centres and universities are also vast repositories of knowledge about what works and what does not in areas as varied as social services, infrastructure and climate action.

NGOs sometimes promote grassroots models of sustainable development that are more cost-effective and inclusive than their top-down, government-designed counterparts. They can also work effectively through networks that cut across the silos of government, in ways that

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◀ As many national leaders pull back from global public goods, some surprising ‘new champions’ have emerged. Climate activist and Swedish teenager Greta Thunberg meets Pope Francis at the Vatican

are closely aligned with the cross-cutting nature of the SDGs. In a number of countries, civil society has come together through coalitions aimed at promoting effective SDG implementation.

### **Innovative funding**

The private sector, too, can bring its own added value to SDG implementation. Not only are companies and corporations themselves an important source of funding, they also offer innovative funding instruments, including via social impact investments.

The private sector encompasses an entire range of services and products, from financing tools to consumer goods. These must be taken into account in strategies for SDG implementation, and some companies have heeded the call to make their offerings more sustainable.

Innovative technologies that are useful in SDG implementation, from communications to transport, are often the result of private-sector initiatives. At the intersection of civil society and the private sector, philanthropic organisations have dispersed billions of dollars to address the social issues of the agenda and are sometimes willing to make ‘big bets’ in tackling particularly tricky issues in health, education and other areas. They, too, are necessary actors given the \$2.5 trillion funding gap in achieving the SDGs.

### **Localising the SDGs**

Subnational governments have also become the object of unprecedented high expectations. Provinces and cities are much better positioned to localise the SDGs than federal bodies. But assumptions are sometimes made that they can also compensate for failing global regimes.

Perhaps the most salient example of the resulting optimism is the role expected of such actors in compensating for political reversals in the Paris Agreement on climate action, in particular President Donald Trump’s announcement that the United States would withdraw from the accord. In the wake of this decision, city and provincial governments have been praised for picking up where states have slacked off.

In June 2017, the *New York Times* editorial board gleefully proclaimed in its opinion pages that subnational governments in the US and elsewhere were compensating for “Mr. Trump’s Climate Stupidity” – a claim relevant not only to the Paris Agreement but also to SDG 13, on climate action.

### **Managing expectations**

While there is reason for optimism that these new champions can catalyse action around the SDGs and provide resources for their implementation, the expectations are sometimes overblown.

This is particularly true because private-sector actors have overwhelming incentives to favour short-term gains over long-term strategies, which are at the heart of an effective strategy for SDG implementation. This tension is also present in public–private partnerships, which are often held up as combining the best of both worlds. Yet they can also replicate some of the tensions in the private-sector approach to investments.

More broadly, shifting central responsibility for planning, coordination, resources and implementation away from the state to non-state actors makes those

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## ***Money is not a panacea for poverty and exclusion. Sometimes SDG implementation depends far more on policy transformation than on a surge in investments***

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First, the assumption that civil society, the private sector and subnational government can solve the world’s increasingly complex problems is unrealistic. There are constraints to what these actors can accomplish, especially in contexts where state backing is inadequate or, even worse, oppositional.

Civil-society organisations frequently lack sufficient resources even for institutional survival, let alone for scaling-up sustainability efforts. Both civil society and the private sector can fall prey to the silo effect, especially if they have a long track record of specialised action and a poor one in cross-sectoral coordination.

Excessive reliance on the private sector also carries its own set of risks, some of them stemming from the conflicts between a profit-based logic and that of sustainable development.

While some corporations have pledged hefty commitments to Agenda 2030, any talk of ‘unlocking’ trillions in private financing overstates the impact of these resources. Money is not a panacea for poverty and exclusion. Sometimes SDG implementation depends far more on policy transformation than on a surge in investments.

processes more vulnerable, especially where state budgets are being slashed at the expense of the most vulnerable populations. In many parts of the world, including much of Latin America and areas of Africa, the ongoing weakening of social protection systems has left non-state actors and subnational governments alike scrambling for basic resources. Against this backdrop of social services backsliding, efforts by civil society and the private sector are ancillary at best.

The SDG agenda is moving more slowly than it should, but it remains a powerful global narrative and a much-needed framework. As more populist and nationalist leaderships emerge, Member States pull back from global public goods.

Within this scenario, the role of the new champions in implementing the 2030 Agenda is vital, but expectations should be managed. Their successes, where they occur, should be celebrated and promoted, but these achievements should not be spun into justifications for the minimal state. Allowing this to happen would be worse than failing to ‘leave no one behind’ – it would exacerbate the trend, already too common, of pushing the most vulnerable even further behind. ●



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# Human development and the SDGs

*UNDP's Human Development Report turns 30 next year. This is a moment both for celebrating the report's impact, and for reflecting on how it can continue to help global development in a landscape dominated by the SDGs*

By **Pedro Conceição**, Director,  
UN Development Programme's  
*Human Development Report*

"People," began the first *Human Development Report* (HDR), "are the real wealth of nations". That 1990 report marked a turning point in the global development debate.

During the second half of the 20th century there were growing concerns about the tyranny of gross domestic product (GDP). Many decision-makers seemed to believe that economic growth and wellbeing were synonymous. But those who understood what GDP actually measures disagreed. Their arguments were well encapsulated in Bobby Kennedy's now famous speech in which he noted that GDP "measures everything in short, except that which makes life worthwhile".

Thirty years later global development stands at another milestone. The 2030 Agenda is an opportunity to end poverty, protect the planet and ensure lasting peace and prosperity. Can human development thinking inspire a new generation of analysis, measurement and decision-making to revolutionise global development once again?

◀ Singapore ranked ninth in the 2018 Human Development Index, one of only two Asian countries in the top 10 - Hong Kong being the other. It ranked higher than all G7 countries bar Germany, with Canada at 12, USA 13, UK 14, Japan 19, France 24 and Italy 28

## How does human development relate to the SDGs?

There are many links between the human development approach and the 2030 Agenda. But it is worth noting up front that the two are fundamentally different things. The Sustainable Development Goals (SDGs) are a globally agreed tool for assessing development progress. Human development, meanwhile, is a philosophy – or lens – for considering almost any development issue one can think of. In other words, the SDGs provide a development destination. Human development allows one to design the route to get there.

Two characteristics of the approach make it particularly suitable for designing the policies that nations need to achieve the SDGs.

First, the SDGs are 'integrated and indivisible'. And so, though the goals are discrete, the policies for achieving them need to recognise the interlinkages between the different areas. The human development approach stresses the importance of integrated thinking and the 'joined up' nature of development. For instance, when trying to make it easier for someone to find work, one also needs to think about that person's health, other responsibilities (at home, for example), education, access to transport, freedom to take a job (particularly for many women), and so on.

Second, while all nations have agreed on the importance of the SDGs, it is for



each nation to pursue the goals according to their own priorities. And so any broad development approach will need to be flexible if it is to be useful to many countries. Human development can be thought of as broad as – or broader than – the 2030 Agenda. It is an approach that can be applied in different places, by different people and in different ways to tackle different issues.

### Measuring and communicating progress

The SDGs comprise 17 goals, 169 targets and 232 indicators. Some commentators see the quantity of targets as a weakness. Others argue it is a necessary reflection of the complexity of life. Whatever one thinks, the number of indicators undoubtedly makes it difficult to readily summarise a nation's overall progress against the 2030 Agenda. Indeed, it is often argued that one reason for GDP's dominance in political debate is that it provides a 'one number' measure of progress that captures public attention.

The Human Development Index (HDI) provides an alternative single-number measure, capturing progress in three basic dimensions of human development: health, education and living standards. It enables cross-country comparisons similar to – but broader than – those provided by GDP. Mahbub Ul Haq, the father of the HDI, recognised the convening power of a single number: "We need a measure of the same level of vulgarity as GNP – just one number – but a measure that is not as blind to social aspects of human lives as GNP is."

But the HDI has also attracted criticism. This is primarily because – as with almost all composite indicators – it is impossible to avoid rather arbitrary weighting when combining component indicators measured in different units: life expectancy (in years of life), income (in purchasing power) or education (in years of expected and actual schooling). If this is problematic for the HDI, built from just four indicators, then imagine the uproar if one tried a similar approach with the SDGs' 232 indicators.

Is there a middle ground? There might be a case for using the HDI as one of a very few measures to summarise progress towards the 2030 Agenda. Many of the

SDGs relate directly to the HDI: poverty, health, education and work, for example. Others – such as peace and hunger – relate indirectly. And if the HDI is moving in the right direction, it is rather likely that those SDGs are progressing too.

This is not to say that the HDI should replace those targets and indicators. It cannot. But the index can offer a rough indication of whether a nation is progressing against many of the SDGs.

Finding other summary measures – to sketch a fuller picture of progress towards the 2030 Agenda – is undoubtedly a challenge given the diversity of goals and targets. But work we are planning at UNDP might help.

if all the SDGs are achieved. Old concerns will continue. New ones will emerge. And the HDR has an important role to play in ensuring we keep one eye on the horizon, even if most attention is focused on the next 11 years.

For example, this year's HDR will be about inequality. An emerging theme suggests that although many countries are making progress in closing key development gaps, new fissures are opening just as quickly.

In many countries today, for example, the gap between rich and poor children has closed when we look at whether they have access to primary education. But differences between these children are

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***Global development will not, of course, grind to a halt in 2030 even if all the SDGs are achieved. Old concerns will continue. New ones will emerge. The Human Development Report has an important role to play in ensuring we keep one eye on the horizon***

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It is fair to say that the HDI has not evolved as dramatically as the world's development challenges have over the past 30 years. Some of the challenges the planet is grappling with are new, such as understanding what the rise in artificial intelligence might mean for the labour force a decade from now. And some global challenges are more urgent than 30 years ago: the frightening pace of climate change being the most obvious example.

Indeed, the natural environment is a crucial component of the 2030 Agenda. But neither the HDI, nor our other composite indicators of human development, touch on environmental concerns. We intend next year to investigate how environmental – and other – considerations could be included within a composite development index.

### Looking to the future

The development world is rightly focused on the SDGs. But global development will not, of course, grind to a halt in 2030 even

widening when we consider the quality of that education, or whether they have access to other schooling, such as early childhood education.

These 'new' inequalities will have lifetime consequences, particularly given the rapid technological changes that are already impacting labour markets. It is important that we pay attention to them now. It is also important that we get ahead of the curve to see what important gaps will emerge in the next decade, even if they are not included in the SDGs.

The 2030 Agenda and the SDGs – with their universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity – foreshadow a better world that the human development approach is helping to build.

But the story of global development will not end in 2030. It is our job to ensure that human development thinking will continue to shape the global development landscape for the rest of the 21st century. ●



# Upwardly mobile

*Economic mobility is still largely the preserve of high-income countries. With the right policy interventions, developing countries can stimulate educational and economic mobility*

By **Ambar Narayan**, Lead Economist, Poverty and Equity Global Practice, World Bank, and **Roy van der Weide**, Senior Economist, Development Research Group, World Bank

A common aspiration for people everywhere is to live in a society that offers a fair chance of success to all, where one's life prospects are not tied to the socio-economic status of one's parents.

To see how the world has fared by this yardstick of 'intergenerational fairness', our recent World Bank study analyses economic mobility across generations for individuals born between the 1940s and the 1980s in 148 economies that comprise 96 per cent of the world's population. Intergenerational relative mobility measures the relationship

between an individual's position on the income or education ladder with his or her parents' position. The stronger this link, the less mobile (and intergenerationally fair) a society is.

The ability to move up the economic ladder, irrespective of the socio-economic background of one's parents, contributes to reducing poverty and inequality, and arguably helps boost economic growth by giving everyone a chance to deploy their talents.

When mobility is low, it means that individuals are not operating on a level playing field. This is not only unfair but also leads to a waste of human capital, as talented individuals may not be given the opportunity to reach their full potential.

Reducing this inefficiency will raise the stock of human capital and thereby stimulate economic growth.

Since the waste of human capital tends to be concentrated toward the bottom of the distribution, the growth brought about by mobility-promoting policy interventions tends to be of an inclusive nature.

The global study finds that for large parts of the world's population, individual socio-economic success is still too closely tied to the success of one's parents, and that there is

▲ Palestinian youths practise parkour in Gaza City. The poorest regions of the world have the least economic mobility and there is little prospect that this generation's economic status will be better than their parents' without fundamental changes to policy

a clear divide between the high-income and developing world. There is no sign that this gap is closing. In large parts of the world, particularly the developing world, economic mobility (or equality of opportunity) is stagnating. The social status of one's parents is as influential today as it was 50 years ago in determining a person's future.

The poorest regions of the world – sub-Saharan Africa and South Asia – are also the least mobile. Average relative mobility of these two regions and of Eastern Europe and Central Asia has not improved since the 1950s generation, in contrast with the gradual improvements seen for other developing regions and high-income economies. Indeed, 13 of the 15 least mobile countries are either in Africa or South Asia. Some of the highest levels of mobility are found in Western Europe, Canada, Australia and Japan. Overall, lack of mobility (or high inequality of opportunity) tends to be concentrated in the poorer areas, which hampers the prospects for convergence with richer areas over time.

### Investing in children

If the world does not alter the way it invests in its children, particularly those coming from less advantaged backgrounds, there is little reason to believe that this assessment will be different in 10 years' time. This prospect makes the Sustainable Development Goals (SDGs) an even bigger challenge: most notably the eradication of extreme poverty by 2030 (SDG 1), providing inclusive and equitable quality education (SDG 4), and reducing inequality within and between countries (SDG 10). Public policy therefore has a vital role to play in providing a level playing field, so that every child regardless of parental background can reach his or her full potential.

Which policies can improve intergenerational fairness in developing economies? Importantly, policies that promote economic growth are good for mobility, since growth increases the size of the economic pie and generates greater resources for public investments.

But higher growth may not necessarily lead to higher relative mobility, as the experiences of several emerging economies

► Students wearing 1970s-style school uniforms at the Naksan 'art village' in Seoul. Investing in education is the key to creating intergenerational mobility, as South Korea has demonstrated

(including China and India) illustrate. Lower relative mobility is associated with higher inequality, as the two tend to reinforce each other. Breaking this vicious cycle requires the state to play a proactive role in promoting inclusion: reducing inequality of opportunities for individuals born into vastly different circumstances.

Policy interventions to narrow opportunity gaps need to start early in life by targeting maternal health and early childhood, since gaps that emerge then are difficult and costly to close over time. As children get older, the education system must focus on closing gaps in access and learning between the 'haves' and 'have-nots' (as reported in the *World*

## Public policy has a vital role to play in providing a level playing field, so that every child ... can reach his or her full potential

*Development Report 2018, Learning to Realize Education's Promise*). Mobility in education tends to be higher in countries that invest more public resources in education relative to the size of their economy and where this spending is more effective and targeted at disadvantaged children.

The fiscal system has a key role in promoting mobility by reducing the gaps in starting points for individuals (direct redistribution) and mobilising resources to finance 'equalising' public investments. Doing so without imposing too high a cost on economic efficiency requires increasing progressivity and broadening the tax base through less distortionary means – such as property, wealth and inheritance taxes – and strengthening tax compliance.

Lower tax revenue and a smaller share of direct taxes in total revenue (or a less progressive tax structure) are associated



with lower relative mobility. Redistributive transfers and tax credits to poor families can help enhance their human capital investments.

Economic mobility also depends on the functioning of markets that determine job creation and earnings. If economic opportunities do not keep pace with the expectations of citizens with rising education levels, societies may come under growing stress.

Weak labour markets are important reasons why income mobility is lower in many middle-income economies – including several in Latin America and the Middle East – than would be expected given their levels of educational mobility. Improving labour



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markets would require policies to enhance job creation and competition among employers, protect workers against discrimination, and ease the access of lagging groups including women and youth to labour markets.

### Creating a fairer society

To the extent that governments in more-developed countries have more resources available than governments in less-developed countries, they have a greater chance to proactively increase intergenerational mobility as they get richer.

But this does not mean that developing countries cannot aspire to become a more mobile society, or that they must 'grow first' to high-income status before investing

in policies to raise mobility. In the global data, higher public spending on education relative to the size of the economy (as a share of gross domestic product) has a strongly positive effect on relative mobility in education irrespective of the country's level of development (as measured by per capita income).

This suggests that countries at any stage of development can raise intergenerational mobility by investing more to equalise opportunities. Historical experiences support this view: educational mobility in some developing countries – most notably in East Asia – started improving long before they reached high-income status, because of rising investments in human capital development.

Mobility-enhancing policies in developing countries can help reduce entrenched inequalities to create a fairer society over time where the gains from economic progress are shared more equitably.

Such policies can also increase the productivity of an economy by expanding its human capital stock and improve economic efficiency by matching resources and rewards more closely to ability rather than to inherited privilege.

Achieving higher intergenerational mobility as a society can thus help stimulate economic growth and accelerate poverty reduction in developing countries and reduce their income gaps with high-income countries. ●



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# Inclusive economies

*To be sustainable, economies must allow all people, not just a privileged few, to benefit from development*



◀ Fish farming in Huai'an, China. Productivity improvements in food production were one of the factors that contributed to China's economic transformation, which in turn helped more than 850 million lift themselves out of poverty

mixing of social and economic measures is crucial in sustaining progress and achieving the Sustainable Development Goals (SDGs).

### Economic development for social progress

There is no doubt about the importance of economic progress for poverty reduction. The rapid reduction, indeed halving, in global poverty over the past few decades has been due to economic growth and transformation, particularly in China. China's achievement can be attributed to improved agricultural productivity and the creation of special economic zones that promote manufactured exports and create jobs. Consequentially, real wages in manufacturing are currently growing at more than 10 per cent a year, which is providing opportunities for such activities elsewhere.

A clear example of economic progress coinciding with social progress is Bangladesh. The country has now become the second-largest garment exporter in the world, despite the sector there only starting in the late 1980s. The last three decades have also coincided with rapid poverty reduction in Bangladesh. The garment sector offers one direct route out of poverty for the rural poor who have migrated to urban areas. This has required investments in rural roads, attracting and spreading the appropriate skills, and facilitation of credit. The sector has created some three million jobs for women. Clearly the health, skills and human development of workers are crucial in the success of garment firms.

### Social and economic progress

Taking a long view of the progress of developing countries over the last two centuries, Deepak Nayyar points to the symbiotic links between economic and social progress. The spread of education has provided a basis for development in

latecomers to industrialisation. Social and physical infrastructure are also crucial in the early stages of industrialisation, as is the role of the state.

However, it is essential that states must be able to combine economic growth with human development and social transformation in an interactive way. Poverty eradication and employment creation are the objectives and means in development, in the way Amartya Sen describes development as freedoms in economic, social and political rights.

### Not all growth is equal

The pattern of growth matters a lot. Economic transformation is necessary to enhance the quality of growth, create jobs and reduce poverty. As continuous, and sometimes remarkably fast, economic growth has become more usual in much of the developing world over recent decades, attention has shifted to the pattern, quality and resilience of that growth.

Issues of concern include the sectoral and social distributions associated with the aggregate increases in gross domestic product, the low-growth elasticity of extreme poverty in many countries (ie extreme poverty does not fall by as much as one might expect as growth rises) and the weak capacity of the most dynamic sectors to generate sustained increases in productive employment.

Much of the growth since the late 1990s, especially in sub-Saharan Africa, has been the result of high commodity prices generating higher incomes within an economic structure that retains many features established several decades ago.

Other sources of recent growth include buoyant urbanisation and the expansion of a service economy serving new upper and middle classes, without any prior transformation of staple agriculture or the emergence of a sizeable manufacturing sector.

This pattern of growth is highly skewed and non-inclusive. Poor countries have been getting economic growth but not economic transformation (as seen in the East Asian tiger economies), or growth with depth. Moving to a different pattern of growth,

By **Dirk Willem te Velde**, Principal Research Fellow, Overseas Development Institute

**E**conomic development lies at the heart of progress on the global development goals. But some paths are more inclusive than others, and economic development is often rooted in social progress. In responding to today's major challenges, the sequencing, timing and

## ICD: OUR ROLE IN FINANCING SMALL AND MEDIUM ENTERPRISES (SMEs) TO ADVANCE PROGRESS AND PROSPERITY



Since its inception in 1999, ICD's committed investment exceeded \$3.1 billion to address SMEs' funding requirements through local and regional financial intermediaries or the 'channels' approach.

Due to the record size of operations, ICD found SMEs quite agile and dynamic in adapting to unstable environments and tough situations. Therefore, SMEs in fragile contexts remain beneficiaries of ICD's support, which brings not only economic development, but also social cohesion, less inequality and higher resilience to their communities.

As of 2018, 29 out of 54 ICD Member Countries (MCs) are classified as fragile (54%). The Organisation for Economic Co-operation and Development (OECD) defines fragility as the state's exposure to risk and its ability to cope or mitigate those risks across economic, environmental, political, societal and security dimensions.

The fragility context is important for ICD for several reasons. First, it has significant impact on poverty and economic growth, affecting the most vulnerable population segments. Second, it acts as a roadblock for MCs to achieve the SDGs. More than 80% of the world's poorest will be living in fragile contexts by 2030.

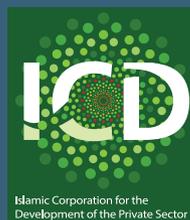
The SDGs were first integrated into the ICD approach in 2017, and the corporation has pledged to concentrate its investments into a number of specific targets: including SDG 7 (energy), SDG 8 (jobs and financial inclusion) and SDG 9 (industry and infrastructure), while engaging with SDG 13 (climate action) and SDG 17 (partnerships) in order to impact on

SDG 1 (poverty), SDG 2 (agriculture), SDG 3 (health), SDG 4 (education) and SDG 5 (gender equality).

One of the most successful private-sector development initiatives from ICD can be seen in the recent scaling-up of the Business Resilience Assistance for Value-adding Enterprises (BRAVE) programme in Yemen.

BRAVE started its operations in January 2017, and aims to enhance the resilience of the SMEs in vital sectors against the impacts of the ongoing conflict, in collaboration with development partners including the Islamic Development Bank (IsDB) and the Small and Micro Enterprise Promotion Service (SMEPS, a subsidiary of the Social Fund for Development in Yemen) along with unique international donor partnerships.

The preliminary impacts showed that the programme helped 266 enterprises stay in business, creating 800 direct jobs and improving access to healthcare services to 600,000 people. The programme's second phase was launched in December 2018 with a \$9 million grant from the Yemen Transition Fund and a further \$32.24 million from the Women Entrepreneurs Finance Initiative.



[www.icd-ps.org](http://www.icd-ps.org)

which combines quality economic progress, job creation and social progress, is essential.

### Creating socio-economic links

Responding to today's major challenges such as economic and climate crises or digital transformations also requires the right prioritisation of economic and social challenges.

For example, safeguarding the welfare of the poorest during global economic and financial crises is important. Enhancing consumption opportunities and addressing credit constraints of the poorest during economic crises can often be effective demand-side interventions. Indonesia's social protection scheme is often mentioned as a useful example that could protect the poorest during crises.

Moreover, it is often the poorest and women who suffer most from environmental degradation such as water scarcity, so overcoming climate and natural challenges can also be done in a way that supports the poorest. On the flip side, poverty and lack of productivity and innovation can lead to lack of investment in green technology and practice. The right type of transformation that provides quality jobs in smart, urban, connected centres (as opposed to urban sprawl) would tackle poverty and climate challenges at the same time.

Finally, today's digital transformation will only serve society if the process is transparent and inclusive. A risk is that the 'platform economy' could concentrate technologies and data in the hands of the few, allowing them to dominate an entire economy. This risks hollowing out the labour market, favouring a few skilled workers while also needing lots of low-quality and low-pay work. Digital transformation can be a success for everyone, but it requires that the workforce be equipped with the right skills and that the benefits are spread evenly.

History shows us that to tackle today's challenges and achieve the SDGs, we need to consider the combination of social and economic progress. It is not possible to achieve one in a sustained way without the other, although in the short term one can lead the other. ●



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# Multilateralism under threat

*The SDGs came out of and rely on multilateral enterprise. The efforts of more powerful nations to flex their muscles and sabotage the multilateral institutions pose a real threat to the SDGs*

By **Louis Charbonneau**, United Nations Director, Human Rights Watch

**T**he network of multilateral institutions that oversees everything from states' progress toward the Sustainable Development Goals (SDGs) to the daily distribution of humanitarian aid is under

threat as never before. One of the clearest dangers is the unpredictable administration of US President Donald Trump, but that is not the only threat. Other countries are trying to weaken key international organisations and make them docile. There is also an internal risk: above all, that leaders of these multilateral organisations will

compromise their mandates in the name of protecting them.

▲ Mothers waiting with their newborn babies at a maternity health centre in the village of Nassian, Côte d'Ivoire. The US administration has cancelled its contribution to the UNFPA, which provides vital health services for mothers and children around the world

The risk Trump posed to the United Nations system was clear from the moment he set foot in the White House on 20 January 2017. Within days, media reports emerged about a draft executive order calling for crippling cuts to US funding for UN agencies and programmes. The proposed cuts were so severe that they would have made it difficult for the UN to continue numerous peacekeeping, humanitarian, vaccination and other essential programmes around the world that preserve countless lives on a daily basis.

That executive order never made it out the door, but the rejection of multilateralism has continued in other ways. Trump's aggressive speech at the 2018 UN General Assembly praised sovereignty and independence over "global governance". His administration has worked hard to gut funding to the UN and other international organisations in a way that's scarcely precedented for the US, the UN's biggest financial contributor. Congress has worked to undermine the administration's more radical ideas, but Trump has not given up.

As under George W. Bush, the Trump administration has used a clause in a congressional funding bill to block the already appropriated US contribution to the UN Population Fund (UNFPA), which provides vital maternal and child health services around the globe. But some of the Trump administration's moves were beyond what one would expect from conservative Republicans. When Trump ended all US financial support to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), it was a move that even raised eyebrows in Israel.

Trump's hawkish national security adviser, John Bolton, is a hardline unilateralist who never hid his contempt for the UN and other international organisations. He was the architect of a campaign against the International Criminal Court (ICC) under George W. Bush that ultimately petered out. The Trump administration mounted a fresh attack, threatening retaliatory steps should the ICC pursue investigations of US or allied citizens. The administration made good on one of its threats by revoking ICC Chief Prosecutor Fatou Bensouda's US visa, against

the backdrop of her request to open an investigation in Afghanistan that might touch on US conduct.

But the Trump administration does not have a monopoly when it comes to attacking international organisations. Russia has worked hard to discredit the Organisation for the Prohibition of Chemical Weapons (OPCW), the guardian of the Chemical Weapons Convention based in The Hague, due to its investigations into chemical weapons in Syria and the poisoning of a former intelligence agent and his daughter in Salisbury, UK.

As the US withdraws from more UN agencies and haphazardly decreases its financial contributions, China is working hard to fill the vacuum by boosting its leverage and influence across the UN. It is already the UN's number two financial

Limiting the court to situations in which cooperation by states is guaranteed would all but neuter its mandate. The perception that the judges took this approach in the face of US pressure is damaging to the ICC's credibility as an independent judicial institution.

Hobbling the ICC would have severe consequences. SDG 16 (strong institutions) includes the crucial objective of "access to justice for all". ICC judges – and the court's states parties – need to see the importance of overcoming problems with cooperation as part and parcel of delivering on the court's mandate, not a reason to refrain from acting. There is real work to be done to strengthen the ICC. But moving away from those ambitions risks sending a message to the many victims of serious crimes that the

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### ***It is no surprise that in a world of sovereign states, powerful countries routinely try to strong-arm institutions to make them more compliant***

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contributor. China's assertive approach to the UN brings risks. It has tried to sabotage the functioning of the UN's human rights mechanisms in Geneva and New York and has used its influence within the UN Department of Economic and Social Affairs to curtail access to the UN premises for selected non-governmental organisations. Its prime target is human rights groups like the World Uyghur Congress, which highlights the persecution Uyghurs face at the hands of the Chinese government.

Some of the external threats were predictable. It is no surprise that in a world of sovereign states, powerful countries routinely try to strong-arm institutions to make them more compliant. But there is a risk of real damage that will not be easy to undo.

At the ICC, a panel of judges rejected Bensouda's request to open a formal investigation in Afghanistan. They found that moving ahead would have limited prospects for success – most likely a nod in part to the Trump administration's increasing attacks on the ICC.

international community is not willing to do its part to make access to justice more than an empty promise.

Fear of provoking Trump and risking precious US financing has in some ways paralysed UN Secretary-General António Guterres, who has made avoiding confrontations his top priority. Guterres has chosen the path of least resistance, avoiding public criticism of Member States, whether it is Russia, China, the US, Saudi Arabia or Syria. This approach is a deliberate strategy. One European ambassador told me Guterres considers the fact that he has remained on cordial terms with the Trump administration his single biggest success after two and a half years in office.

Placating Trump's White House means avoiding explicit criticism even of its most egregious abuses. Even when confronted with the situation of thousands of migrant children being separated from their parents at the border as many of them sought to claim asylum, Guterres' condemnation of the practice pointedly didn't mention the Trump



© China Daily CDIC/Reuters

administration. That undermines the UN's credibility and sends a message to minorities persecuted by their own governments that they are on their own. China's Uyghurs say they feel abandoned by Secretary-General Guterres. While he has repeatedly praised Beijing's controversial 'Belt and Road Initiative', he has refused to publicly condemn their policy of rounding up a million Turkic Muslims in Xinjiang and confining them to 'political re-education' camps.

If UN Member States are to succeed in meeting the SDGs, justice and human rights should be at the core of all of them, not just a single one about the rule of law. Accountability and the rule of law are essential for durable political and economic stability, but also to meet the daunting challenges of ending poverty, tackling climate change and addressing inequality within and between states. Serious human

rights abuses underlie many of the world's conflicts and crises. Those conflicts and crises are also a major impediment to sustainable development, and ending impunity for the abuses that fuel them is essential. Justice is not a can to be kicked down a distant road.

How can the world's multilateral institutions survive the current threats? First, countries that believe in the UN and other international organisations should find ways to support their key programmes that protect rights and justice. When the US cut off funding to the UNFPA and UNRWA, European and other governments stepped in to provide vital financial support to help overcome funding shortfalls. Some countries have spoken out publicly in support of the ICC, but more voices are needed.

Second, leaders of international organisations should stand up to bullies and

▲ Celebrations in Urumqi, commemorating the 60th anniversary of the founding of the Xinjiang Uyghur Autonomous Region. China has used its influence within the UN system to stifle protests about the mistreatment of the Uyghurs

protect their groups' mandates. It may be costly and provoke retaliation, but it is the best way to ensure that the organisations built to stop atrocities in the wake of two world wars can survive in the 21st century as they survived through the Cold War and genocide in Europe and Africa.

Institutions like the UN and the ICC may not be perfect, but they are worth preserving and improving. If the international community is serious about laying the groundwork for improving the lives of people around the world and achieving the SDGs, these institutions need to be healthy, effective and independent. ●

# Resilient institutions

*Bribery and corruption divert money away from development. Although the Global South pays the highest price, the Global North is not immune and is often a party to corruption elsewhere*

By **Patricia Moreira**, Managing Director, International Secretariat, Transparency International

**T**he Sustainable Development Goals (SDGs) are ambitious: to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Taken together, they are a framework to address the most pressing challenges of our time. Corruption represents a major obstacle to achieving these goals.

In July this year, Goal 16 of the SDGs (peace, justice and strong institutions) will be among six Goals reviewed in depth at the High-Level Political Forum on Sustainable Development at the United Nations General Assembly. SDG 16 is a vital target for the global anti-corruption movement, as it includes commitments to fight corruption, increase transparency, tackle illicit financial flows and improve access to information.

The failure to achieve these commitments will undermine not just SDG 16, but all of the Goals. It will adversely affect human development and the wellbeing of individuals and communities around the world. In this sense, the SDGs are not just a challenge: they represent an enormous opportunity.

The United Nations estimates that corruption, bribery, tax evasion and related illicit financial flows deprive developing countries of around \$1.26 trillion per year. This has recently been reinforced by research from the International Monetary Fund showing that corruption reduces global tax revenues by \$1 trillion annually.

Reducing corruption is an important component of the sustainable development agenda, and one that all state parties have an obligation to address. Although corruption

is often thought of as a ‘third-world problem’, institutions in the Global North play an important role in the corruption cycle, and are therefore an essential part of the solutions.

## Strong democratic institutions

Transparency International’s research makes clear the link between the successful control of public-sector corruption and strong democratic institutions, such as an independent judiciary and a functioning system of checks and balances within political systems.

If we compare the results of our 2018 Corruption Perceptions Index (CPI) with measures of the quality of democracy, we see that countries with healthier democracies have public sectors that are less corrupt. Looking at the Economist Intelligence Unit’s Democracy Index, for example, we see that not a single ‘full democracy’ scores below the halfway point in the CPI.

## Preventing a vicious cycle

Robust and effective integrity systems in public-sector institutions are essential for ensuring that the actions of corrupt individuals do not undermine society’s trust in the entire system of governance.

In countries where corruption has deeply eroded public trust, we have seen populist leaders take advantage of outrage to drive forward an agenda that threatens fundamental rights and freedoms. This, in turn, can lead to an undermining of the very democratic institutions that are the best controls available against corruption.

Even in established democracies, corruption can undermine citizens’ trust and provoke reactions like abstention from elections, or contribute to other

destabilising phenomena like the rise of anti-establishment parties and the spread of fake news.

As the receiving end of much of the world’s illicit financial flows, as well as the origins of many multinational bribery scandals, the Global North ultimately has an enormous effect on the extent to which high-level corruption impacts the lives of the poorest and most vulnerable members of our global community.

The developed world may experience fewer major public-sector corruption crises, but its institutions have to be able to respond and adapt when they do occur. Greater resilience in key areas would have a significant impact on achieving SDG 16.

## 1. Financial markets

The recent money-laundering crisis in Nordic and Baltic states has embroiled banks in countries with some of the least corrupt public sectors in the world, according to the CPI. In recent years, whistle-blowers and leaks of banking data analysed by investigative journalists have revealed multiple schemes to secretly funnel corrupt money into Europe. These illicit funds went towards bribing politicians to downplay human rights abuses, or were laundered for buying luxury property or access to elite schools.

Up to €200 billion of suspicious transactions passed through the Estonian branch of Danske Bank, Denmark’s biggest lender. Deutsche Bank, Swedbank and Nordbank have also been caught up in scandals. Money laundered through these mechanisms often originates in tax fraud and embezzlement, which deprives the country of origin of vital revenue for state services like education, healthcare and



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infrastructure. This is money that could fund much of the SDGs.

For countries in the Global North, achieving SDG 16 – and particularly target 16.4 to “significantly reduce illicit financial and arms flows, strengthen recovery and return of stolen assets, and combat all forms of organised crime” – means closing the regulatory loopholes that allow the corrupt to hide and launder their ill-gotten gains. Authorities need to adapt quickly to prevent more of these so-called ‘laundromats’ for dirty money from operating. To achieve this in Europe, we urgently need to see anti-money laundering supervision at the EU level.

## 2. Real estate and company ownership

Real estate in cities from London to Toronto to Dubai has also been shown to be highly susceptible to money laundering. In the last decade, almost CAD10 billion worth of property in the Greater Toronto Area was bought by companies with cash, much of it bypassing statutory anti-money laundering checks on sources of funds and

company ownership. The list of politically connected individuals revealed to own luxury property in Dubai seems to grow longer on a monthly basis.

Opacity in company ownership compounds the problem by allowing the corrupt to remain anonymous in bank transactions or property purchases. A recent study by our coalition partners in the United States found that it takes less personal identification to establish a company there than it does to acquire a membership card at a public library.

To tackle this problem, governments around the world must ensure they fully implement their commitments on beneficial ownership transparency: in other words, revealing who really benefits from a company. G20 countries in particular should be leading the field in this area by making their high-level principles on beneficial ownership transparency a reality. Unfortunately, Transparency International’s latest assessment of their progress found that most were falling well short of their targets.

▲ Protestors call for Malta’s police commissioner to resign due to his failure to find the killers of the journalist Daphne Caruana Galizia. She was murdered after accusing Pilatus Bank of facilitating corrupt political activities and money laundering

Success in these areas requires not only regulation but resources. Authorities tasked with supervising both the financial sector and real-estate markets have to be able to function effectively and keep pace with criminals and the corrupt, or they will lurch from crisis to crisis. The more authorities are under-resourced, the more the victims of corruption – ordinary people whose public services are undermined – will suffer.

## 3. Foreign bribery

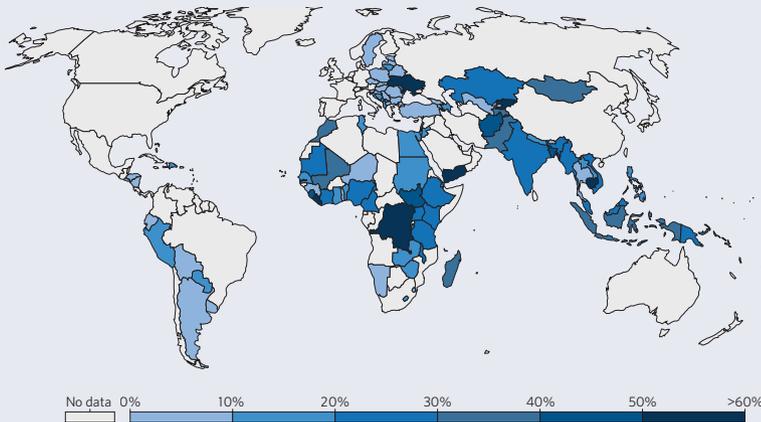
Resources for fighting corruption are especially important for combating bribery by multinational corporations. One of the most shocking examples exposed in recent years is the massive foreign bribery scheme carried out by the Brazilian construction conglomerate Odebrecht. This involved about \$788 million in bribes to government

# 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



## Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Bribery incidence (% of firms experiencing at least one bribe payment request), 2016

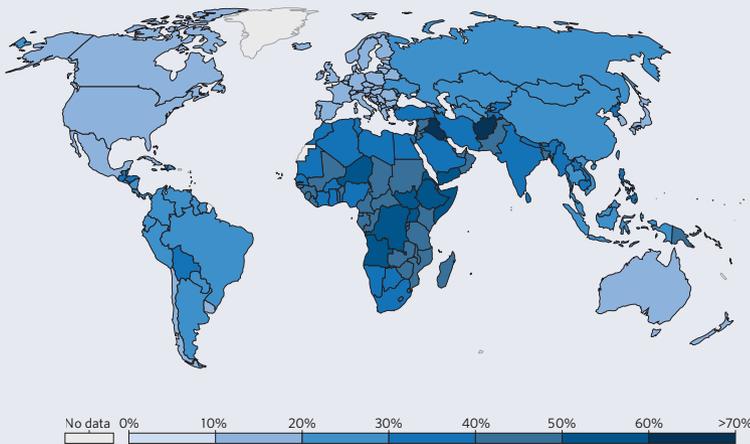


Source: World Bank



**Target 16.5:** Substantially reduce bribery and corruption in all their forms

Share of women who experienced physical or sexual violence by an intimate partner in the last 12 months, 2016



Source: Institute of Health Metrics & Evaluation (IHME)



**Target 16.1:** Significantly reduce all forms of violence and related death rates everywhere

**Indicator 16.1.3:** Proportion of population subjected to (a) physical violence, (b) psychological violence and (c) sexual violence in the previous 12 months

officials and political parties in at least 12 countries. By distorting the playing field and reducing the quality of service delivery, international bribery has an enormous impact on our ability to achieve all the other SDG targets, such as those aimed at improving access to education and healthcare, eradicating poverty, achieving gender equality, improving climate governance and building sustainable cities.

Yet our research shows that enforcement against foreign bribery is lacking among most signatories to the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention and four major exporters in Asia. Together, these countries account for more than half of the world's exports, meaning that the majority of world trade is susceptible to insufficient anti-bribery oversight. OECD countries must ensure that their law enforcement agencies are equipped to investigate and prosecute companies when they pay bribes abroad. They also need to be better at cooperating and sharing information with authorities in other countries.

### Missing targets

These are just a few areas where the North can help stop the global corruption cycle. Of course, they must not neglect the integrity of their own political systems either.

Because corruption severely undermines development, our view at Transparency International is that SDG 16 should be reviewed every year by the United Nations, and that this annual review should include the Goal's progress indicators. As yet, there is no source or methodology to calculate the progress indicator for target 16.4: a reduction in the total value of inward and outward illicit financial flows. Nor is there an official indicator for measuring the return of confiscated proceeds of corruption to their rightful owners.

Such concrete targets could be a powerful tool in guiding institutions in the Global North towards more active responses to the corruption risks they are known to face. If they were to make greater strides towards effectively combating corruption, we would come closer to building a fairer, more peaceful and prosperous world for all. ●



© Shynar Jetpissova/World Bank

# The IMF, World Bank and SDGs

*The SDGs have required a thorough reassessment of the way the Bretton Woods Institutions operate. Are they still relevant, and what role should they play to advance the SDGs?*

By **Pallavi Roy**, Lecturer in International Economics, Centre for International Studies and Diplomacy, SOAS University of London

**T**he 2030 Agenda for Sustainable Development has been crystallised into concrete form through the 17 Sustainable Development Goals (SDGs)

and 169 targets. These were meant to replace and carry on the unfinished agenda of the eight Millennium Development Goals (MDGs). The two Bretton Woods Institutions (BWIs), the World Bank and the International Monetary Fund (IMF), were considered close partner organisations by the United Nations in

terms of facilitating the implementation of the MDGs. They are also closely involved in partnering with the UN in the

▲ Construction of Intumak Dam on the Nura River, Kazakhstan, part of a new generation of World Bank water projects. Large dams came to symbolise what many saw as the failings of the World Bank, a narrow focus on economy, with a debt burden attached

implementation of the SDGs. However, their role (particularly that of the IMF) in implementing the MDGs came under close scrutiny, and was criticised by the UN and civil society organisations. To be fair to the IMF, while this criticism is not entirely lacking in merit, the MDGs were not as closely aligned with their mandate as some of the SDGs are. The World Bank, which has a treaty-based relationship with the UN, has been working relatively more closely with the UN as an implementation partner for both the MDGs and SDGs. But it too does not escape criticism.

### Facing a backlash

The objections against both the BWIs are on similar grounds: their focus on an almost canonical growth-first paradigm over other goals such as inclusion and environmental sustainability. The BWIs have been some of the strongest proponents of globalisation; promoting capital flows, liberalisation and privatisation, and are now facing a backlash from governments and civil-society organisations alike. Their ability to impose conditionalities on countries who have few alternatives for financing has also led to questions of whose side they are really on.

Essentially, the logic of a multilateral financial order should be to help developing countries catch up with developed ones, so that bargaining power is more evenly distributed. That has clearly not been the case: developing countries have ratcheted up debt at an alarming pace and convergence with developed nations has slowed. For some, it is ironic that the BWIs are being made to revisit their aims through the SDG framework.

To state the issue another way: the BWIs are mandated to help countries achieve economic growth. This has normally meant a narrow definition of growth in terms of macroeconomic management (like debt sustainability) in the case of the IMF, and a deregulation-based framework in the case of the World Bank – for instance through its work through the ‘ease of doing business’ survey. This is why the BWIs have at times been at odds with many UN organisations whose focus on growth is more tempered and less rigid.

UN agencies like the UNDP, UNIDO, UNESCO, UNCTAD or the UNFCCC that are working closely on the SDGs have a very clear socio-economic mandate and are not unrelentingly growth focused. But most importantly it is the governing structure of the BWIs that differentiates them from the universe of UN organisations.

Most UN organisations are either under the purview of the UN Economic and Social Council (ECOSOC) and UN General Assembly or report to them. The BWIs are only nominally under the ECOSOC’s purview. They have independent governing structures and are not substantively answerable to either the ECOSOC or the UN General Assembly.

are ultimately transferring financial resources with the hope of repayment in some form or other. Hence they need to look at how and where repayments will be coming from. This does not mean they can ignore growth. But, equally, it does not rule out their interest in issues of social value, borne out by their close involvement with the SDGs. The BWIs’ earlier mistake was to believe that all it took to tackle broader issues of social development were higher rates of growth.

Both the IMF and World Bank have undergone visible changes in the years since the MDGs. And this change is strengthened by the SDG’s better alignment with the IMF’s and World Bank’s mandates: both broadly at the levels of the five pillars

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## *The SDGs should provide a way for the BWIs to deliver both the Global Goals and their own remits as responsible lenders... it is possible to pursue social development alongside the maintenance of financial stability*

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Decision-making within the BWIs’ governance structures lies with the developed economies, especially the US and Western European economies, while that of the UN agencies more closely reflects the multilateral UN structure. In fact, there is a historical controversy around the BWIs’ governance structure: namely, a failed early attempt by the ECOSOC to integrate the IMF and World Bank as specialised UN agencies.

### Attaining a balance

The SDGs should, however, provide a way for the BWIs to deliver both the Global Goals and their own remits as responsible lenders. This is because the way the SDGs are structured means that it is possible to pursue social development alongside the maintenance of financial stability. This is a key balance to attain. The issue is not about maximising returns: the BWIs aren’t looking for that either. Instead, they need to rule out interventions that have a high financial return but are socially damaging.

As lending institutions with shareholders, they have to be financially responsible, as they

of people, prosperity, planet, peace and partnership, and more specifically with respect to those SDGs related to ending poverty, reducing inequality, providing decent work, building strong institutions and climate change. For instance, some of the recent work done by the IMF has been on reducing inequality. There is recognition of the fact that high and sustained levels of inequality have a pronounced negative effect on social cohesion and are inimical to growth.

The World Bank has moved closer to SDG 13 on climate action with its recent announcement that it will no longer invest in projects involving fossil fuels. Both BWIs have significant anti-corruption agendas and are already engaging with SDG 16 on building strong institutions. The Goals focused on eradicating poverty (SDG 1), providing decent work (SDG 8), or building sustainable industry (SDG 9) fit easily into the ambit of the BWIs.

Issues of taxation pricing are critical to ensuring practical solutions for environmental sustainability. Here, the BWIs

can be called upon to work on these in line with the environmental SDGs: 6, 7, 12 and 13. Gender equality (SDG 5) is also a critical focus area for both.

### Playing a critical role

But to consider the IMF and World Bank as partners only for specific SDGs is not doing justice to the range of capabilities they possess or how these complement the work of UN agencies. Indeed, the UN system has recognised this. The BWIs have a critical role to play in the 'financing for development' agenda.

The IMF has embarked on a series of studies that outline what the financing gap is for funding the SDGs. This recognises the fact that achieving the SDGs will require significant investments by developing countries and need careful planning and foresight. For instance, according to an IMF study the increase in average additional annual spending to achieve some key SDGs by 2030 is 15 percentage points of GDP for the average low-income developing country. This is a huge ask for developing countries, so the competencies of the World Bank and the IMF are being mobilised to address this financing gap.

Along with the United Nations Department of Economic and Social Affairs, which provides capacity-building support to countries for the SDGs, the IMF and the World Bank can play a key role in country-level uptake and monitoring through their programming experience and strong in-country presence.

The BWIs' involvement in both finance and development means that they have a critical function to fulfil in terms of meeting the SDGs. Complementarities also exist with the UN agencies responsible for working on the SDGs. Thanks to external and, to some extent, internal pressure, it would be safe to say that the BWIs are no longer holding on to the orthodoxy of a growth-first approach over projects that deliver social value. As 'owners' of the SDGs, it is important for the UN agencies to provide the correct nudge to the BWIs. But the BWIs have also come around to acknowledging that a broad-based shared prosperity is the key to ensuring global stability. ●

## 17 PARTNERSHIPS FOR THE GOALS



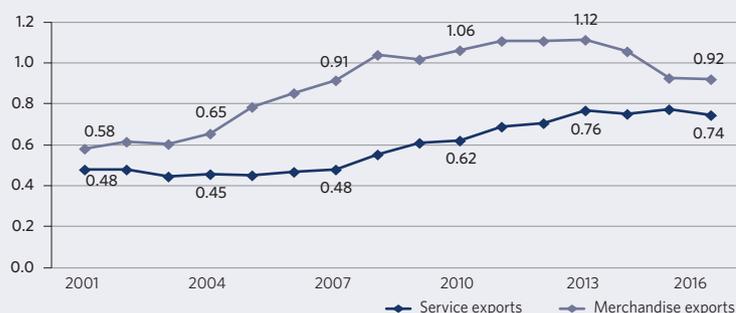
### Strengthen the means of implementation and revitalise the global partnership for sustainable development

Goal 17 seeks to strengthen global partnerships to support and achieve the ambitious targets of the 2030 Agenda, bringing together national governments, the international community, civil society, the private sector and other actors. The targets and indicators attached to the goals recognise that for many Least Developed Countries (LDCs), share of global merchandise, Foreign Direct Investment (FDI) and remittances are just as important as Official Development Assistance (ODA).

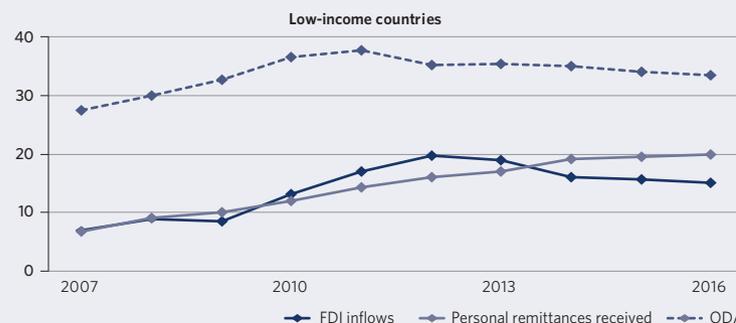
In 2017, **net ODA** totalled \$146.6 billion in 2017, a **decrease of 0.6 per cent** from 2016 in real terms. ODA as a share of donors' gross national income (GNI) remained low, at 0.31 per cent. In LDCs, **debt service** as a proportion of exports of goods and services **increased for five consecutive years** - from a low of 3.5 per cent in 2011 to 8.6 per cent in 2016.

**The developing regions' share of world merchandise exports declined for two consecutive years: from 45.4 per cent in 2014 to 44.2 per cent in 2016.**

Share of global merchandise and service exports from least developed countries, 2001-2016 (percentage)



Volume of foreign direct investment (FDI), ODA and personal remittances flows, 2007-2016 (billions of current US\$)



The sum of foreign direct investment (FDI), ODA and remittances by international migrants to low-income countries grew from \$41.2 billion in 2007 to \$68.5 billion in 2016. Remittances, which grew from \$6.8 billion in 2007 to \$19.9 billion in 2016, tend to be the most reliable, least volatile, source of income

Source: The Sustainable Development Goals Report 2018, UN



© VCG via Getty Images

# Demographic dividends

*Policies based on an understanding of population dynamics will help countries achieve the SDGs*

By **Sang-Hyop Lee** and **Andrew Mason**,  
Senior Fellows, East-West Center

**P**rogress toward achievement of the Sustainable Development Goal (SDG) targets is closely linked to demographic trends. Although developing countries around the world are at various stages in their demographic transition, most of them are experiencing a time that is particularly conducive to economic development.

Known as the ‘demographic dividend’, it is a period during which the proportion of working-age people is increasing relative to the rest of the population. In these countries, the proportion of children is declining because of low fertility, and the proportion of elderly people is still small. This economically favourable period can contribute to the creation of the necessary savings, productive conditions, financial and social institutions, and social protection systems to accelerate progress towards the SDGs.

Taking advantage of the opportunities and responding to the new challenges presented by the demographic transition require forward-looking policies that take account of population dynamics. Implementing policies to promote economic growth and respond to the social protection needs of a changing population are also critical to addressing high levels of economic inequality. Hence, the success of the 2030 Agenda for Sustainable Development, which pledges that no one will be left behind, is

◀ Graduates attend a job fair at Tianjin University Sports Arena, China. China and other East Asian countries are compelling examples for the development benefits of the 'demographic dividend'

strongly bound to anticipating and planning for the effects of the demographic transition that will unfold during the SDG period.

### The evidence

If we are to deliver on the SDGs, it is crucial to promote evidence-based policies. Building reliable and comparable data linking population change and socio-economic development is a precondition for analytical work. National Transfer Accounts (NTAs) represent a new set of tools that reveal the age dimension of an economy, showing how populations at each age produce, consume, save and share resources.

In all countries, children and the elderly consume more than they produce. In a country with a large share of children, working-age adults are devoting so much of their production to the basic needs of their many children that too little is left to invest in their children's education or to save and invest for their own future.

During the early stages of demographic transition, people have fewer children and are living longer. As a result, the working population makes up a relatively large proportion of the population, compared with a small elderly population and a shrinking population of dependent children. This change in population age structure ushers in a period of accelerated economic growth called the 'first demographic dividend'.

With fewer children in the population, families and governments also have more resources to care for and educate each child, and invest in the economy and standards of living. The earlier investments on health, education and physical capital can help the nation maintain long-lasting economic growth, achieving the 'second demographic dividend'.

The NTAs project provides ample evidence on the first and the second demographic dividends. Many countries

have experienced this unique opportunity to realise higher standards of living and lower rates of poverty.

This process is beginning in Africa, where it will relieve the pressure created by very young populations. East Asian countries provide the most compelling evidence, as they have achieved many of the central elements of the SDGs, such as poverty reduction and expansion of education and health. In many countries of Southeast and South Asia, and Latin America, age structure will be favourable for several more decades.

In addition to the demographic dividend, the demographic transition has also created favourable conditions for another powerful dividend. Known as the 'gender dividend', it results from the increase in female

## *Policymakers need to think ahead about how their growing elderly populations will be supported in the future*

labour-force participation, which implies overcoming discriminatory barriers against women that exist both inside and outside of the labour market. The National Time Transfer Accounts (NTTAs) provide a framework for assessing the magnitude of the gender dividend. They also allow us to measure changes in gender specialisation in economies over time, the hidden care economy, and progress toward gender equality (itself a specific SDG – Goal 5).

By providing a framework for understanding the impact of changing age structures and women's roles on national economies, the NTAs and NTTAs allow us to fully integrate population dynamics into sustainable development planning. This has become more crucial with the adoption of the 2030 Agenda for Sustainable Development, as well as the regional development agendas (the Montevideo Consensus on Population and Development, Agenda 2063, and the Asian

and Pacific Ministerial Declaration on Population and Development).

### Key policy options

The changing dynamics of population have important implications for sound and sustainable public policy. As child dependency declines, families and governments alike can increase their investment in each child without increasing overall spending. Better child health and more education will lead to higher incomes, so that national economies can continue to grow and important social programmes can be sustained.

Jobs are critical at every stage of the age transition. Policies should draw a wide range of the population into the workforce, including young adults, women and the elderly who can still work. Policy options for the labour market could include: increasing the mandatory retirement age; varying pension benefits so that early retirement is neither encouraged nor discouraged; and improving flexibility for employers to hire part-time workers, which may be especially attractive to women and the elderly.

Governments should create an economic environment that encourages high rates of saving. In addition to providing retirement income for individuals, high saving supports investment that leads to higher wages and a more productive workforce. One priority is to ensure that financial institutions provide attractive and secure long-term investment opportunities in the context of low inflation, so that money saved today will retain its value tomorrow.

The beneficial period of the demographic dividend will be followed by a period of population ageing. This will pose new social and economic challenges that can impede progress towards the SDGs. Policymakers need to think ahead about how their growing elderly populations will be supported in the future without overburdening those of working age or sacrificing economic growth.

The goal should be to establish public programmes that provide some basic level of security but that can be sustained in the years ahead. ●

# From crisis to growth

*A decade on from the global financial crisis, most economies still show their scars. Has the global economy recovered, and how well equipped is it to attain the SDGs and inclusive growth?*

By **Valerie Cerra**, Assistant Director, Institute for Capacity Development, International Monetary Fund (IMF)

**T**en years have elapsed since the global financial crisis rocked the world, sending more than half of countries into recession and dragging down global economic growth for the past decade. The crisis had lasting effects in most countries even after their recessions ended. A decade later, the level of output remains far below the pre-crisis trajectory by an average of around 10 percentage points.

The crisis left other scars too. Debt and inequality rose in many affected countries, and trust in institutions eroded. The aftermath of the crisis witnessed rising political polarisation and populist pressure for policy changes such as trade protectionism that inadvertently further reduced growth and social welfare.

The scarring pattern of the global crisis is very similar to earlier episodes of crises and recessions, from countries as diverse as Japan and Sweden to those that went through the Asian crisis. In fact, historical data shows that following recessions and crises, countries do not fully recover to their pre-crisis trends.

**Countries need to be mindful of the role of macroeconomic and financial stability in avoiding major economic distress**

## Stability for development

Developing and emerging economies have had more frequent and severe crises and recessions than advanced economies. The permanent output loss associated with these adverse events sharply deterred long-term growth, knocking the countries back from

their development path and weakening their ability to achieve development goals. In fact, it is a major reason why these countries historically have not been able to converge to the income levels of advanced economies.

Sustained economic growth is critical for meeting many of the Sustainable



Development Goals (SDGs). High growth, especially in China and India, has helped lift more than a billion people out of poverty since 1990 (related to SDGs 1 and 8).

Improvements in material living standards are also directly associated with advances in health and education and can provide the basis for productive work (SDG 8).

Higher output also increases the economic base for raising tax revenue from which governments can finance spending to build resilient infrastructure (SDG 9). This includes ensuring the availability of water and sanitation (SDG 6), affordable clean energy (SDG 7) and resilient and sustainable cities (SDG 11). Public resources are also required to provide social services that ensure nutrition, health and

education (SDGs 2, 3 and 4). Therefore, to achieve the 2030 SDG targets, countries need to be mindful of the role of macroeconomic and financial stability in avoiding major economic distress that can permanently set them back from this path.

#### Financial fault lines

The financial sector is an integral part of a modern economy, channelling household savings into loans that enable firms to invest in socially beneficial projects. Financial inclusion can create opportunities for everyone to take a stake in improving the future.

▼ A Gilet Jaune or Yellow Vest walks past a mural to the cause in Paris, France. The recession and austerity programmes that followed the 2009 financial crisis have spawned numerous protest movements worldwide



© Kiran Ridley/Getty Images

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The global financial crisis demonstrated the importance of maintaining a healthy, stable financial system. Financial innovation brought a proliferation of complex financial instruments in advanced economies, and credit grew rapidly prior to the crisis. Risks were distributed across the financial sector in non-transparent ways that were difficult to assess. This contributed to a breakdown of trust among financial institutions and amplified the general public's mistrust in the economic order.

discretionary fiscal stimulus. This policy reaction was able to stop the bleeding and prevent a deeper depression.

In addition, emerging and developing countries had improved their policy space prior to the financial crisis. They had reduced their debt levels and introduced stronger frameworks for macroeconomic management. This enabled them to create buffers against the adverse financial and trade spillovers hitting them from the crisis originating in advanced economies.

to build in several systemically important countries in the sovereign, corporate and non-bank financial sectors, raising medium-term risks.

Higher debt levels and financial vulnerabilities may weaken the ability of public and private sectors to weather the impact of any future adverse shocks. These growing vulnerabilities also limit the space for fiscal and monetary policy to respond to any materialisation of the downside risks.

### What needs to be done?

History, including the experience of the global financial crisis, taught us that robust, steady growth is needed to advance well on a development path. Countries should aim to rein back the rise in public and private financial vulnerabilities to ensure a stable macroeconomic environment. Given the elevated risks to the outlook, they should restore fiscal, financial and foreign reserve buffers to respond to any spillovers from an increasingly interconnected world.

Governments should foster higher and more inclusive growth and identify sustainable ways of financing their key development goals, including through improved revenue collection. They should gradually reduce debt to create space to respond to the next downturn. Spending can be better targeted to promote social inclusion and environmental sustainability, such as by reallocating resources from environmentally unfriendly energy subsidies to priority investments in infrastructure and public services. Countries should also promote deeper and more inclusive financial markets while safeguarding financial stability.

Strong institutions can boost investor confidence and public trust and improve policies for economic stability and growth. Thus, countries should build capacity of their economic institutions, improve governance, and enhance coordination with global partners. These efforts could help countries progress towards the SDGs with strong, inclusive growth. ●

*The views expressed in this paper are those of the author and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.*

## **Robust, steady growth is needed to advance well on a development path. Countries should aim to rein back the rise in public and private financial vulnerabilities to ensure a stable macroeconomic environment**

Over a decade of reform, new regulatory standards and supervisory practices have strengthened financial systems, reducing leverage, curtailing shadow banking and raising capital cushions and liquidity. Going forward, financial regulation needs to strike the right balance in promoting a vibrant financial sector that will fund projects with uncertain returns, while preventing excessive risk-taking that leads to financial distress.

### Policies matter

The good news is that policies can help. Evidence shows that macroeconomic policies can influence the speed of economic recovery, helping to regain some of the lost ground from recessions and financial crises. Monetary and fiscal stimulus, real depreciation, foreign aid and more flexible exchange rate regimes can spur a rebound. In advanced countries suffering from recessions associated with banking crises, fiscal policy has been particularly effective in boosting growth during the recovery.

During the 2008 crisis, advanced-country policymakers reacted very quickly to shore up the financial system. They introduced unconventional monetary policy and undertook unprecedented financial operations with domestic and foreign financial institutions, along with

Most countries inevitably are susceptible to external events from which they have no control, such as fluctuations in commodity and other international trade prices or a slowdown in global trade. But the lesson is that countries can help protect themselves by building policy buffers and resilience during good times. That allows them to act swiftly to address financial and economic distress as soon as it arises.

### Current indicators and outlook

Looking ahead, the growth forecasts for many countries have weakened. The IMF's April 2019 *World Economic Outlook* projects growth of the global economy to decline to 3.3 per cent in 2019 from a recent peak of close to 4 per cent in 2017. Downside risks abound, particularly related to mounting trade tensions and heightened uncertainty, and could further lower incentives to invest.

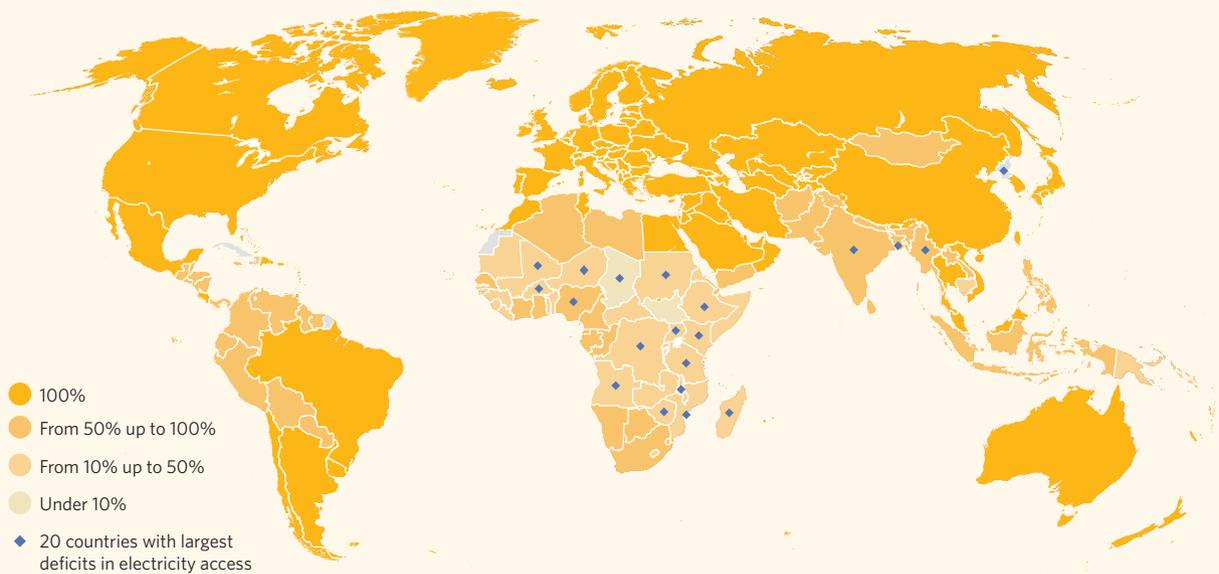
Analysis in the IMF's *Fiscal Monitor* shows that public and private debt has increased to near historical peaks in many advanced, emerging and developing economies. In some cases, this is raising concerns over fiscal sustainability and pushing up borrowing costs. According to the latest IMF *Global Financial Stability Report*, financial vulnerabilities have continued

7 AFFORDABLE AND CLEAN ENERGY



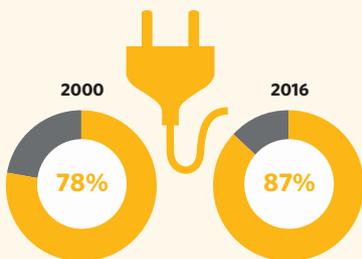
## Ensure access to affordable, reliable, sustainable and modern energy for all

Share of the population with access to electricity, 2016 (percentage)

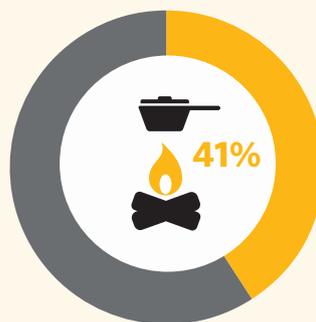


**From 2000 to 2016**, the proportion of the global population with access to electricity increased by almost 10 percentage points, reaching 87 per cent. Substantial gains in access rates were achieved in rural areas, in part due to off-grid solar electricity. Still, access rates to electricity in rural areas (at 76 per cent) are much lower than in urban areas (97 per cent). The largest deficits in electricity are found in sub-Saharan Africa where the access rate is 43 per cent. The outlook for electrification shows that the world is not yet on track to achieve universal access by 2030.

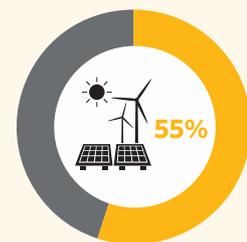
► From 2000 to 2016, the proportion of the global population with access to electricity increased from **78 per cent to 87 per cent**, with the absolute number of people living without electricity dipping to just below **one billion**



► In 2016, **three billion people** (41 per cent of the world's population) were still cooking with polluting fuel and stove combinations



► The share of **renewables** in final energy consumption increased modestly, from **17.3 per cent in 2014 to 17.5 per cent in 2015**. Yet only **55 per cent** of the renewable share was derived from modern forms of renewable energy



Source: The Sustainable Development Goals Report 2018, UN

# A Green New Deal

*If done right, the Green New Deal offers a blueprint for urgent action to combat climate change*

By **Edward B. Barbier**, Professor, Department of Economics, and Senior Scholar, School of Global Environmental Sustainability, Colorado State University

One of the surprise policy developments in the United States has been the revival of the concept of the ‘Green New Deal’.

Representative Alexandria Ocasio-Cortez and Senator Edward Markey have introduced a resolution in Congress calling for such a Green New Deal for the US. It asks for massive government spending over the next 10 years to shift the US economy away from polluting industries, embrace green infrastructure and produce 100 per cent of energy from renewables. In the process, the Green New Deal aims to create jobs and boost the economy.

Although lacking in specifics, the core objective of the Green New Deal is clear. The US government should invest heavily over the next decade in cutting carbon emissions across the economy, from electricity generation to transportation to agriculture.

If designed correctly, such a plan for decarbonising the American economy could play a significant role in achieving several Sustainable Development Goals (SDGs), including affordable clean energy (SDG 7), inclusive and sustainable growth (SDG 8), resilient infrastructure and green innovation (SDG 9), and more sustainable patterns of consumption and production (SDG 12). Above all, a workable Green New Deal is a blueprint for achieving urgent action to combat climate change and its impacts (SDG 13), for the United States and many other economies.

To be successful, any Green New Deal needs to draw on the lessons from past efforts to ‘green’ economies.

## Spending plans

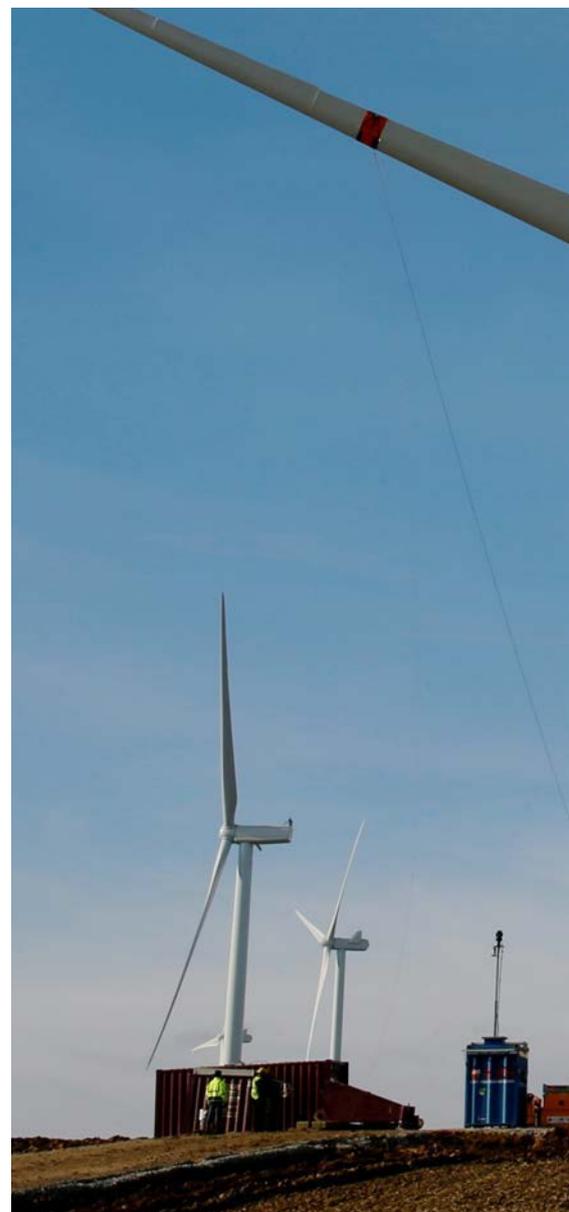
A good place to start are the various green stimulus plans enacted by major economies during the 2008–09 Great Recession. During that turbulent time, I was asked by the UN Environment Programme to construct a Global Green New Deal: a plan to rethink the world’s economic recovery. My UNEP report was published in 2010 by Cambridge University Press as *A Global Green New Deal: Rethinking the Economic Recovery*. It included a comprehensive review of green stimulus plans, examining what worked and what did not in terms of lasting efforts to green economies. I believe that this review offers several important lessons for any decarbonising strategy.

For starters, it is important to be realistic. Rather than setting an arbitrary target such as going 100 per cent renewable – which would take decades – a Green New Deal should be built on three critical objectives:

- how much public spending is needed over the next five years to kick-start the transition to an economy less reliant on carbon;
- what these public investments should entail;
- how to pay for this initial five-year plan.

For example, during the 2008–09 recession, major economies spent typically between one and two per cent of their gross domestic product (GDP) on green stimulus. More than 60 per cent of the stimulus went to improving energy efficiency, with an aim to create much-needed jobs in hard-hit sectors such as construction. Clean energy did receive a boost, especially in Asian economies and the US, but there was no lasting impact on reducing greenhouse gas emissions globally.

In contrast, to be effective in promoting low-carbon and green growth, a Green



New Deal requires a five-year plan of public spending totaling around five per cent of GDP. For the US, based on 2017 US GDP (purchasing power parity) of \$19.4 trillion, this amounts to a down payment of \$970 billion.

Two types of spending are key. First, there needs to be more public support for green innovation by the private sector. Such support includes: research and development subsidies; research grants and partnerships; public investments in research facilities; and protecting intellectual property.



© Pascal Rossignol/Reuters

Second, public support and investments may also be critical for other bottlenecks to green growth. These include: developing ‘smart’ electrical grid transmission to integrate renewables; combining municipal planning and transport policies to foster more sustainable cities; and investing in mass transit systems, both within urban areas and in new major transport networks.

### Pricing reforms

But spending alone will not decarbonise the economy. There is a need for complementary pricing reforms to

transition to clean energy, such as phasing out fossil-fuel subsidies and taxing carbon.

Implementing these reforms will provide the incentives for long-term investments in low-carbon energy and for reducing dependence on fossil fuels. The drop in emissions accompanying any tax on carbon would also reduce the price tag of any Green New Deal, as it would speed up the transition to a greener economy.

Pricing other pollutants and excessive resource use through taxes, charges, tradable permits, payments for environmental services and other market mechanisms

▲ Erecting a windmill turbine in Graincourt-lès-Havrincourt, France. The attempts at green stimulus during the 2008-2009 recession indicate there is a minimum scale and duration needed to yield a lasting benefit: a Green New Deal would require a five-year plan and spending of around five per cent of GDP

can also generate additional health and environmental benefits, boost green sectors and stimulate economy-wide green growth.

Because such policies will save or raise revenues, these funds can help finance key government-led investments for the green transition. This could go a long way

towards paying for a Green New Deal. For example, Resource for the Future calculates that, for the United States, a \$20 tax per tonne of carbon could reduce US emissions by 11.1 billion tonnes between now and 2030. It could also raise \$970 billion – the amount needed for a five-year Green New Deal for the United States.

The revenues raised could also be allocated to other spending priorities for a successful transition. They could be used to raise the minimum wage, provide payments or retraining for displaced workers, and reduce burdens for vulnerable households affected by the green transition.

### Network effect

There is good news, too, on the costs of promoting clean energy. The high costs today of reducing carbon emissions through some low-carbon technologies could fall quickly if the right policy is adopted.

In particular, expenditures targeted at clean energy research and development will lead to lower costs and wider adoption, as the technology becomes more familiar, innovation spreads, and production scales up. The rapid fall in solar panel costs and their widespread installation is one example of this effect occurring.

There is also a network – or ‘chicken and egg’ – effect, where increasing demand for a clean-energy technology or product fosters related innovations that lower cost. For example, purchases of electric vehicles will stimulate demand for charging stations, which once installed will reduce the costs of running electric vehicles and further boost demand. This suggests that subsidies for purchasing electric vehicles or public investment to spread charging stations can kick-start this network effect, but can be safely phased out once the effect takes hold.

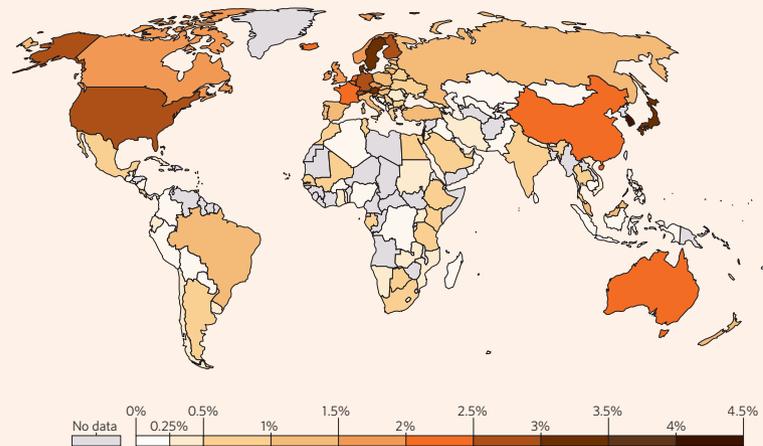
Urgent action on climate change and attaining other critical SDGs may require a ‘green push’. If designed correctly, and if accompanied by the right price reforms and incentives, the Green New Deal could be that impetus. The type of policies and investments adopted, and the decision as to how to pay for them, could ultimately determine the success of any Green New Deal. ●

## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



### Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

Research and development expenditure (% of GDP), 2015

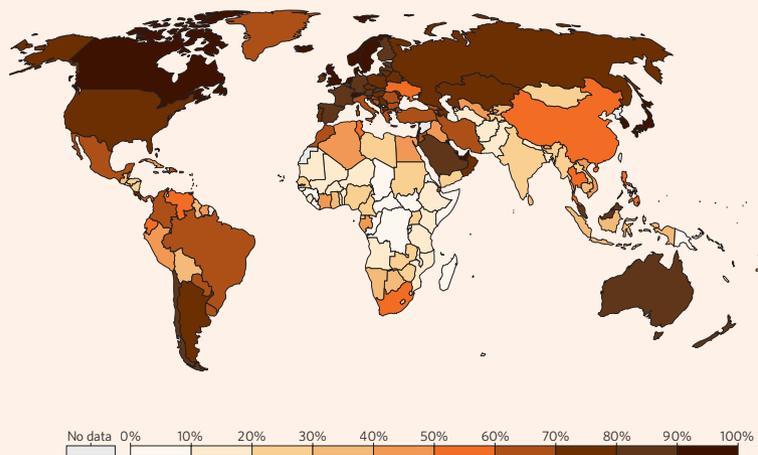


Source: World Bank



**SDG Target 9.5:** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per one million people, and public and private research and development spending

Share of the population using the internet, 2017



Source: World Bank



**SDG Target 9.C:** Significantly increase access to information and communications technology and strive to provide universal and affordable access to the internet in least developed countries by 2020

Source: Our World in Data

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# A new economy for all

*With levels of inequality rising across the world, we need a new approach for people and planet*

By **Katherine Trebeck**, Knowledge and Policy Lead, the Wellbeing Economy Alliance

**T**he Sustainable Development Goals (SDGs) speak to an agenda that is familiar the world over, even though different terms might be used to describe the key ideas: quality of life, flourishing for all people and sustainability for the planet. These ideas are increasingly coalescing around the notion of wellbeing, in all its dimensions.

This shared vision for a better way of doing things can be found across a range of sources. It is embedded in the scripts of many

religions. It is contained in the world views of First Nations communities. It can be read in the scholarship of development experts and in research findings about what makes people content. This vision echoes in evidence from psychology about human needs and from neuroscience about what makes our brains react. Perhaps most importantly, it can be heard loud and clear in deliberative conversations with people all over the world about what really matters to them. It is set out in the 17 SDGs, and perhaps is best captured by the overriding mantra of ‘leave no one behind’.

## **An economy that leaves people behind**

This is a call to ensure that everyone is included, that no one is marginalised. ‘Leave no one behind’ implies that it is the system, our collective institutions and their interactions, which does the ‘leaving’ – not that it is those left behind who are to blame. Taking this system-wide viewpoint enables a conversation about the interconnected nature of people’s opportunities and conceptualisations of development, how they interact with the environment, and how shifts in one sphere have consequences in the other. In the worst-case scenario,

◀ **A homeless man in Brooklyn, New York. Income inequality has been getting more extreme over the last decade. In the US, 81 per cent of the population is in an income bracket which experienced flat or declining income over this period**

these interactions can spark spirals that devastate lives, threaten human rights and undermine peace.

The systemic nature of these processes means that it is inadequate to keep plastering over “wounds caused by inequality by building more prisons, hiring more police and prescribing more drugs” (as Danny Dorling puts it in his book *Injustice: Why Social Inequality Still Persists*). Expenditure on such items is a grave testament to the failure to help people flourish and enjoy quality of life. This tally is even higher when one looks at the expenditure necessitated by environmental breakdown – cleaning up after climate-change-induced flooding or storms, treating asthma exacerbated by toxic particles in the air, and buying bottled water when rivers and streams are polluted.

Of course, such expenditures are the preserve of those fortunate enough to have the resources to spend. Environmental breakdown hits those without such resources the hardest due to their increased vulnerability. People’s ability to escape from sources of toxicity and risk is determined by whether they can command access to uncontaminated, safer land and food sources, or if they are among the great numbers of those who must make do with what is left.

The vulnerability of those who are least to blame reflects the unequal distribution of power, resources and opportunity: economic resources are as unequally shared as the impact resulting from plunder of natural ones.

### **An unequally shared harvest**

One of the best-regarded authorities on economic inequality is the *World Inequality Report*. The 2018 publication revealed that in recent decades income inequality, measured by the top 10 per cent’s share of income, is getting worse in almost all parts of the world. Statistics compiled by Credit Suisse show that the richest one per cent own as much wealth as the rest of the

world. The gap between the real incomes of people in the Global North compared to those in the Global South has expanded by approximately three times since 1960. Taking the broader definition of poverty adopted by Peter Edward’s ‘ethical poverty line’ (identifying the income threshold below which life expectancy rapidly falls, currently \$7.40 a day) as many as 4.3 billion people live in poverty.

Those GDP-rich economies that most epitomise the current economic model provide some of the starkest evidence that the prevailing system distributes inadequately. The McKinsey Global

## **Those who reap most of the rewards of this system are also those putting the planet in most danger**

Institute reports that 81 per cent of the US population is in an income bracket which experienced flat or declining income over the last decade. The figure is 97 per cent in Italy, 70 per cent in Britain and 63 per cent in France. People living in GDP-rich countries are struggling to get by. In the UK, for example, the use of food banks has risen dramatically in recent years.

Those who reap most of the rewards of this system are also those putting the planet in most danger. On climate change, figures published by Our World In Data show that the richest countries (high and upper-middle income countries) emit 86 per cent of global CO<sub>2</sub> emissions. In the UK, emissions are strongly correlated with income, while in the US, the richest 10 per cent have a carbon footprint three times that of people in the poorest 10 per cent of incomes.

### **Rebuilding the system**

It is not unusual to hear people who are concerned about the state of the world pointing to the levels of inequality. They cite the lack of sufficient job quality, bemoan the plunder of the planet and declare that the economic system is ‘broken’.

But if one peers beneath the symptoms, it becomes apparent that the root cause of so much of this is directly due to how the economy is currently and proactively designed. Our economic system does not sufficiently account for nature, is blind to distribution of resources, and elevates measures of progress that encompass perverse incentives (such as short-term profit and GDP at the expense of human wellbeing).

The system is not broken: it is doing what it was set up to do. The roots of inequality and environmental breakdown are found in a heady mix of institutions, processes and power relations that shape allocation of risk and reward. Decisions taken over many years by successive governments have resulted in: inadequate minimum wage levels and inadequate social protection; different rates of tax on income compared to capital; relatively low rates of top income tax (particularly in the UK and US compared to other OECD countries, and compared to previous levels); loopholes inserted in legislation that enabled tax avoidance; undermining of unions’ scope to collectively bargain and fight for workers’ pay and conditions; narrow ownership of many firms; and corporate governance that fixates on short-term profit.

The same system dynamics are seen in the links between inequality and environmental impact. These links arise through: the pressure to consume status items to maintain the appearance of wealth; the consumption patterns of the richest; the way inequality undermines collective efforts to protect environmental commons; and the break that inequality exerts on pro-environmental policies.

These structures are deliberate, even though the side effects may not be. Although they stretch back many decades (centuries even), they can be dismantled and designed differently.

### **Building a wellbeing economy**

The patterns highlighted above suggest that while the vision might be to leave no one behind, today’s reality is that some might be too far ahead – hoarding economic resources and doing much damage to

natural ones. This arrangement is a construct that reflects political decisions and choices by enterprises.

A wellbeing economy can be built that would deliver good lives for people from the beginning, rather than requiring so much effort to patch things up, to cope and recover after the damage is done, and to redistribute what is unevenly shared. A wellbeing economy can be achieved by reorienting goals and expectations for business, politics and society.

A wellbeing economy is one that is regenerative, that is cooperative and collaborative, and that is purposeful. It will have equal opportunity at its core: not simply by meekly redistributing as best one can the outcomes from an unequal economic system, but by structuring the economy so that better sharing of resources, wealth and power is built in. For example, it would entail:

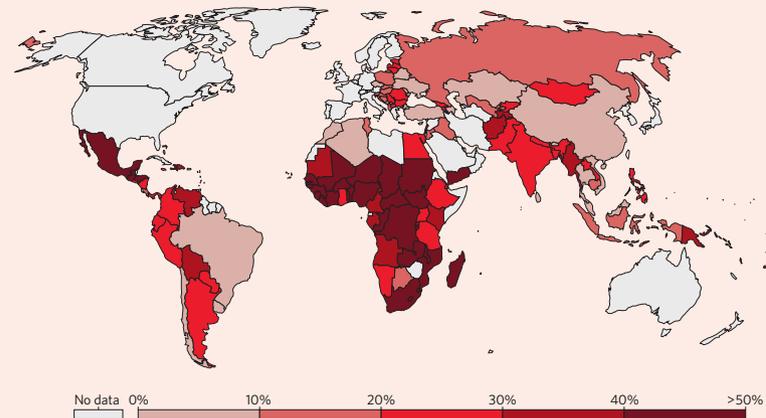
- regenerated ecosystems and extended global commons;
- a circular economy serving needs rather than driving consumption from production;
- people feeling safe and healthy in their communities, mitigating the need for vast expenditure on treating, healing and fixing;
- switching to renewables, generated by local communities or public agencies wherever possible;
- democratic economic management (in terms of power, scale and ownership);
- participatory, deliberative democracy with governments responsive to citizens;
- purpose-driven businesses with social and environmental aims in their DNA, using true-cost accounting;
- economic security for all, and wealth, income, time and power fairly distributed, rather than relying on redistribution;
- jobs that deliver meaning and purpose and means for a decent livelihood;
- recognising and valuing care, health and education in the 'core' economy outside the market; and
- focusing on measures of progress that reflect real value creation.

A growing movement is forming around the idea of such an economy. It comprises



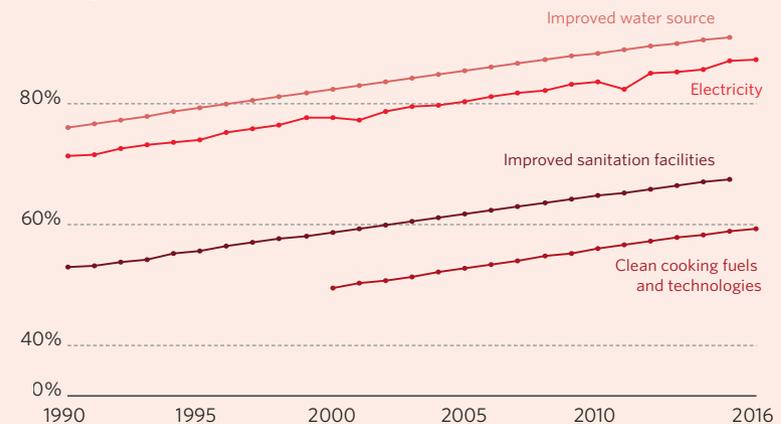
## End poverty in all its forms everywhere

Share of population living in poverty by national poverty lines, 2017



Source: World Bank

Share of global population with access to basic resources, World



Source: World Bank (World Development Indicators)

Source: Our World in Data

academics laying out the evidence base, businesses harnessing commercial activities to deliver on social and environmental goals, and communities working together not for monetary reward, but following the innate human instincts to be together, to cooperate and collaborate. Such efforts will be made so much easier as pioneering policymakers

are emboldened to step away from the constraints imposed by a 20th century vision of 'development as GDP'. Instead, they must embrace a new agenda for the 21st century – an economy geared up to deliver human and ecological wellbeing. This work bodes well for the creation of a world in which no one is left behind. ●



© Hemis/Alamy Stock Photo

## A new business case

*How can companies embed sustainability into their operations while also delivering ongoing returns for their investors?*

By **Robert G. Eccles**, Founding Chairman, Sustainability Accounting Standards Board and Visiting Professor of Management Practice, Säid Business School, University of Oxford

**F**or many years the prevailing belief was that companies and investors who cared about sustainability were helping to make the world a better place but were giving up financial returns. This framing pitted the tree huggers against the hard-

nosed capitalists. It was largely false and played off of stereotypes on both sides.

The world has changed. Research by academics, companies and investors continues to mount, showing that there is no inevitable trade-off between sustainability and financial returns. In fact, sustainability can actually contribute to superior financial performance for both companies and investors. The key to demonstrating this is moving beyond a broad notion of sustainability to one more

focused on the material environmental, social and governance (ESG) criteria that create both downside risk and upside opportunity.

Here the non-profit Sustainability Accounting Standards Board (SASB),

▲ A textile workshop in Narayanganj, Bangladesh. Fair labour practices and good governance of supply chains can make a major contribution to SDG 1 (no poverty) as well as SDG 8 (decent work). Until the Rana Plaza tragedy in 2013, most businesses sourcing textiles from Bangladesh had turned a blind eye to working conditions

founded by Jean Rogers in 2011 and for which I was the Founding Chairman, has made an important contribution. It has identified – for 77 industries organised into 11 sectors – the material ESG issues which affect financial performance. This information is publicly available for free in SASB's 'Materiality Map'.

The map identifies which of 26 ESG issues are 'material' for these 77 industries. The issues are organised into the categories of environment (six), social capital (seven), human capital (three), business model and innovation (five) and leadership and governance (five). The definition of materiality is 'what matters to investors'.

In a world of systemic risks coming from climate change, resource scarcity, income inequality and global supply chains, mainstream investors have come to recognise the value and relevance of ESG. A rigorous academic study *Corporate Sustainability: First Evidence on Materiality* by Mozaffar Khan, George Serafeim and Aaron Yoon of Harvard Business School used SASB's work to show that companies performing well on the material ESG issues for their industry had superior financial performance, measured in both accounting metrics and stock returns.

### Material issues and the SDGs

While this addresses the false myth that sustainability is the same as philanthropy, it also begs the question of whether companies are making the world a better place, such as seen through the lens of the 17 Sustainable Development Goals (SDGs). This is what the world cares about, as opposed to what investors care about. Yes, investors increasingly care about the state of the world in which they must earn returns for their beneficiaries. But do material ESG issues for investors have any relationship to the SDGs?

This is a critical question, since it is expected that the private sector needs to invest \$2.5–3.0 trillion per year for the 2030 goals to be met.

To address this question, Professors Gianni Betti and Costanza Consolandi of the University of Siena and I mapped all of the material issues for each of SASB's 77 industries to the 169 targets of the

SDGs. We published our results in *The Relationship Between Investor Materiality and the Sustainable Development Goals: A Methodological Framework*. What we wanted to find out was whether the ESG issues that matter to investors could contribute to achieving the targets of the SDGs that matter to the world. We found substantial evidence that this is indeed the case.

We also found a great deal of variation. Some sectors (for example, food and beverage, healthcare, and extractives and mineral processing) have much more impact on the SDGs as a whole than others (such as financial services, services and transportation). For financial services, it

environmental social impacts on assets and operations are less important.

For SDG 1 (no poverty), the human capital issue of fair labour practices and the leadership and governance issue of supply chain management are very important. However, the business model and innovation issue of environmental social impacts on assets and operations and the leadership and governance issue of accident and safety management are much less so.

### Five-step process

So what does this mean for a company that wants to make as much contribution to the SDGs as it can while also providing returns

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***In a world of systemic risks coming from climate change, resource scarcity, income inequality and global supply chains, mainstream investors have come to recognise the value and relevance of environmental, social and governance issues***

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should be noted that this is just the direct impacts of the sector, not the much greater impacts it has through how it deploys capital.

Some industries have more impact on a given SDG than others. For example, biotechnology and agricultural products are high for SDG 3 (good health and wellbeing) while others, such as consumption and services, are low. There are SDGs for which the private sector as a whole can have substantial impact. The total impact across all sectors is high for SDG 12 (responsible consumption and production) and SDG 14 (life below water), but much less so for SDG 4 (quality education). For the latter, the public sector will have to do most of the heavy lifting.

Some of SASB's material issues have more of an impact on a given SDG than others. For example, the environmental issues of energy management and fuel management are very important for SDG 7 (affordable and clean energy). But the social capital issue of access and affordability and the business model and innovation issue of

to its shareholders? This can be done through the following five-step process.

First, the board of directors needs to publish a 'Statement of Purpose'. In this, the board articulates its intergenerational view of the company's role in society. If the board believes the company's only role is to provide steady short-term returns to shareholders, it should simply say so. It can make that judgement as the board. This is the 'purpose is profit' perspective.

But if it believes the company has a broader role to play in meeting the needs of an identified set of stakeholders (it can't be all of them) and that in doing so it enables the company to provide long-term returns, it should identify who these stakeholders are and the time frames under which it will evaluate the impact of the company's decisions on these stakeholders. This is the 'profit through purpose' perspective.

Second, senior management needs to identify what it regards as the material ESG issues of interest to shareholders and then map these to the targets of the SDGs. SASB can be used as a guide, but

ultimately each company needs to make this determination for itself. No company can address all the SDGs, or even all targets within one or two SDGs. Any company, no matter how large, has limited resources, so it must therefore have a clear focus on where it wants to have impact.

Third, senior management needs to communicate externally, such as through an integrated report. The report should set out the company's material issues, the SDGs and the targets for which they are relevant. It should also set goals on all of these and report on the company's ESG and impact performance. ESG performance is about a company's activities and operations, and can be reported on from data generated inside the company.

Impact performance is about the externalities the company is creating in the world and requires data from outside the company to put ESG performance in context. For example, there is more positive impact from a wind farm in a region of coal-fired utility plants than one in a region of hydropower. Impact measurement and reporting is still in its infancy but the work of the Impact Management Project can be helpful here.

Fourth, the board of directors needs to set senior executive compensation so that it is aligned with the goals and metrics derived in the third step. If senior management is only evaluated and rewarded on financial performance, it is unlikely that these other objectives will be achieved. It is also likely that management will be more focused on the short term. Fifth, senior management and the board need to engage with shareholders and other stakeholders on the company's statement of purpose and its commitments to the SDGs. Through engagement, the company will learn whether it is meeting the expectations of those on whom its own long-term sustainability depends.

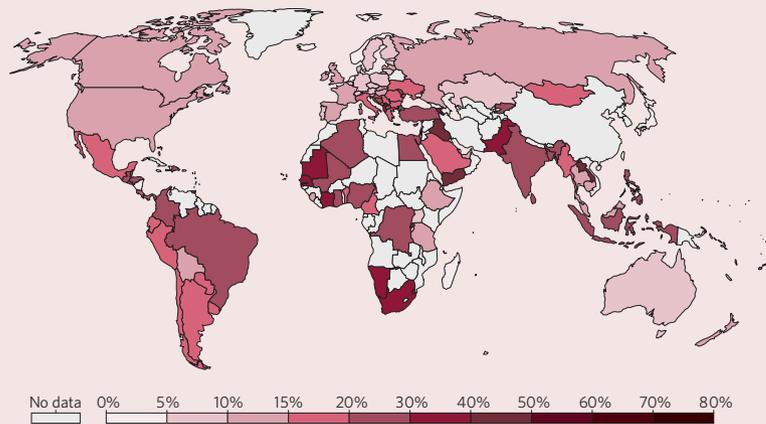
Are these steps hard to take? Not in any technical sense. The challenge is in breaking out of the prevailing ideology of short-term profit maximisation. While that may reward current management, it is only taking money away from future generations of management and society as a whole. ●

## 8 DECENT WORK AND ECONOMIC GROWTH

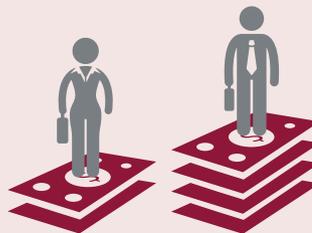


### Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

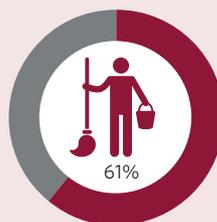
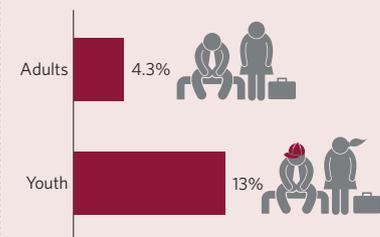
Share of young people (aged 15-29) not in education, employment or training



**Earning inequalities** are still pervasive: men earned **12.5 per cent** more than women in 40 out of 45 countries with data

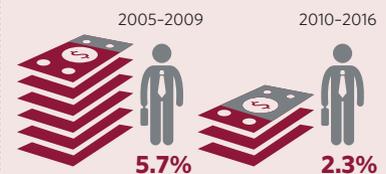


Youth were **three times more likely** to be unemployed than adults in 2017



**61 per cent** of all workers were engaged in informal employment in 2016

Real GDP per capita growth for LDCs in the period 2010-2016 was only **0.6 per cent** higher than the world average



**Although there has** been global improvement in labour productivity and unemployment rates, more progress is needed to increase employment opportunities for young people, reduce informal employment and address the gender pay gap

Source: The Sustainable Development Goals Report 2018, UN



# Fiat Concept Centoventi: affordable, modular, electric mobility

FCA welcomes and supports the SDGs in their ambition to achieve a more sustainable world. By focusing on our environmental, social and governance commitments, we continue to search for new and creative ways to contribute to advancing the SDGs on both the global and local levels

The automotive sector is changing, and it's changing fast. This poses continued challenges within the industry to develop technologies that address consumer expectations, driven by a growing demand for safety, convenience, affordability, mobility-as-a-service and connectivity.

At Fiat Chrysler Automobiles (FCA), we have been working on a personal mobility approach that meets customer needs while striving to minimise the impact on the environment. During 2018, we invested approximately €3.5 billion in research and development at 46 R&D locations around the world.

## Fiat Concept Centoventi, the ABC of cars: Affordable But Cool

At the 2019 Geneva International Motor Show, we revealed the Fiat Concept Centoventi (meaning 120 in Italian), to celebrate the 120<sup>th</sup> anniversary of the Fiat brand.

The Fiat Concept Centoventi represents our expression of a more sustainable mobility experience: it features affordable electric mobility technology with a range that is extendable from 100 km to 500 km via a modular and replaceable battery system, useful for long trips. This concept projects the brand into the future, 'democratising' everything appealing and trendy: 'The ABC of cars: Affordable But Cool.'

## Modular design

The Fiat Concept Centoventi is inspired by Italian design and embodies the Fiat brand's 'less is more' concept. This means eliminating everything unnecessary and complex; providing more space for people; more attention to the environment and the community; a tailor-made battery range and more attention to the brand's DNA in terms of values, look and feel.

## Designed on demand:

- It is a 'blank canvas' that can be customised to fit the owner's personal taste or needs at any phase of its life.
- The exterior can be 'dressed' by the customer using the '4U' programme, with

a choice of four roofs, four bumpers, four wheel covers and four external wrappings.

- The interior can be chosen from among the 120 add-ons and the space adapted according to customers' needs.
- Various parts of the interior are created on the 'plug and play' principle. The dashboard has small holes into which a variety of add-ons, of any shape and function, can be fitted, thanks to the patented interlocking mounting system.
- The passenger seat can be easily replaced by a toddler's seat, a basket, a PC docking station or just removed to give more room inside the car.
- The seats are innovative, too, with a bare back structure made from eco-sustainable materials.
- Some basic accessories can even be produced using a 3D printer at home.

This concept car brings an affordable family-oriented brand's approach to mass mobility into the near future, disrupting the entrenched ideas of electric technology with ingenuity and versatility.

#### Fiat 120<sup>th</sup> anniversary

The Fiat brand's tradition is to stand out from the crowd, as the original Fiat 500 did in the 1950s. It sparked an industrial and cultural revolution, going beyond the traditional boundaries in looks, design and engineering to become a masterpiece unlike anything else in automotive



history, and the first real example of affordable mobility for all.

To celebrate the brand's 120<sup>th</sup> anniversary, Fiat launched the new 500 Family 120th at the 2019 Geneva International Motor show. Available in selected European countries, these special edition versions of the 500, 500X and 500L represent the most connected 500 family ever. FCA's responsibility to foster innovation is also represented by this model range, which opens up a new chapter in terms of connectivity that, according to Fiat, must always be simple, 'democratic', safe and user-friendly.

The Uconnect 7" HD LIVE system, for example, allows customers to stay connected to the information they want and need, while remaining focused on the road and engaged in driving. Uconnect offers an additional function that encourages eco-friendly driving through awareness campaigns and software tools like eco:Drive.



By promoting eco-friendly driving, we help our customers to try to reduce the impact of their vehicles during their usage phase. ■

*Fiat Chrysler Automobiles (FCA) is a global automaker that designs, engineers, manufactures and sells vehicles in a portfolio of exciting brands, including Abarth, Alfa Romeo, Chrysler, Dodge, Fiat, Fiat Professional, Jeep, Lancia, Ram and Maserati. It also sells parts and services under the Mopar name and operates in the components and production systems sectors under the Comau and Teksid brands.*

For more information regarding FCA, please visit [www.fcagroup.com](http://www.fcagroup.com)



*UNA-UK thanks Fiat Chrysler Automobiles for its generous support for this publication*



The new 500 Family 120<sup>th</sup>



© UN Women/Ryan Brown

# Unequal under the law

*Too many countries enshrine different legal rights for men and women. Why is this, and how can we rid legal systems of this long-standing prejudice?*

By **Phumzile Mlambo-Ngcuka**,  
Under-Secretary-General, United Nations  
and Executive Director, UN Women

One of the areas where we have the greatest potential to accelerate gender equality and women's empowerment is in tackling laws that discriminate against women and girls. There is both scope and incentive for improvement.

Discrimination in law is commonplace. It can take the form of different standards for women and men in passport application, the transfer of nationality to a child or foreign spouse, participation in court proceedings, receipt of inheritance or choice of employment or marriage partner. Often these laws reflect long-standing exclusion of women and girls from the spaces where laws are designed, implemented or studied. The result has been to normalise – and legitimise – gender inequality.

More than 2.5 billion women and girls around the world are affected by

discriminatory laws and lack of legal protection, often in complex, intersecting ways. This puts them at strong risk of being left behind but, conversely, provides a direct route to change. World Bank analysis this year has shown that a typical economy gives women only three-quarters of the legal rights of men, but that where there was reform, more women worked and were better paid.

Legal discrimination affects women and girls of all social classes and contexts, leaving them vulnerable to a wide spectrum of human rights violations. For example, lower levels of gender equality in national laws are associated with fewer girls enrolled in primary and secondary education, doing skilled work, owning land and accessing financial and health services. They are also linked with more women facing domestic, family and sexual violence.

When a state allows gender discrimination in its nationality laws, it is implicitly endorsing the notion of women as inferior,

with 'second class' citizenship. Children can be left stateless when their mothers are unable to pass on their nationality to them, especially when children cannot acquire their fathers' nationality. As adults, they may not be able to get paid work, move freely, open a bank account, own or inherit property or fully participate in society.

Discriminatory laws can also exacerbate inequalities in families by affecting the extent to which women can make choices and exercise agency. Discriminatory personal status laws impede equality in marriage, divorce, inheritance and parental authority and responsibilities. These shortfalls often overlap with gaps in other rights, such as the right to be protected from various forms of violence, the right to food security, and girls' right to an education.

On the other hand, laws that promote gender equality can yield multiple dividends for women and societies. When women can inherit on an equal basis with men, mothers can then better invest in the education of

◀ UN Women's 'Gender Road Project' is a 124-mile road project that stretches between the townships of Batchenga, Ntui and Yoko, in central Cameroon. In an impoverished area, where women have limited access to land or finance, the project teaches them financial and entrepreneurial skills and improved farming techniques, and facilitates their access to public services and land rights

their daughters. This in turn can increase the average age of marriage, because girls who stay in school are less likely to marry early. Avoiding early marriage can limit early childbirth and widowhood, with substantial physical and socio-economic benefits. Instead, girls are better able to look forward to decent work and a sustainable future income. The McKinsey Global Institute recently estimated that women's equality in wages and labour force participation could increase global gross domestic product by up to \$28 trillion by 2025. This is an opportunity that we cannot afford to miss.

#### A need for universal action

Law reform more broadly, and the repeal or revision of discriminatory laws specifically, is inherent to the achievement of gender equality. This is itself a requirement for realising the transformative ambitions of the 2030 Agenda for Sustainable Development. Yet progress in eliminating discriminatory laws has so far been uneven. That is why we want universal action now.

To this end, UN Women, the African Union, the Commonwealth, Inter-Parliamentary Union, Organisation Internationale de la Francophonie and Secretaría General Iberoamericana have jointly issued a strategy to fast-track the repeal of discriminatory laws in 100 countries. This will address the legal needs of over 50 million women and girls between 2019 and 2023, building on existing related programmes and partnerships and sharing platforms, resources and technical expertise.

Together, we have the potential to achieve gender equality in the law and more equal and prosperous societies. To get there will take strong political will, dedicated investment and strategic partnership. ●

### Justice for all?

- Women do not have the same rights as men to apply for a passport in 37 countries and travel outside their home in 16 countries.
- Nearly 40 per cent of countries have at least one constraint on women's property rights.
- In 35 of 187 countries, widows are not granted the same inheritance rights as widowers.
- 38 countries prevent daughters from inheriting the same proportion of assets as sons.
- 65 countries restrict women from working in mining. Women also face job restrictions in industries such as manufacturing (47 countries), construction (37 countries), energy (29 countries), agriculture (25 countries), water (26 countries) and transportation (19 countries).

Source: World Bank, *Women, Business and the Law 2019: A Decade of Reform*

## 5 GENDER EQUALITY



## Achieve gender equality and empower all women and girls

An estimated 650 million girls and women today were married in childhood



650 million

Globally, in 2017, an estimated 21 per cent of women between 20 and 24 years of age reported that they were married or in an informal union before age 18. Rates of child marriage have continued to decline around the world. In Southern Asia, a girl's risk of marrying in childhood has dropped by over 40 per cent since around 2000

One in three girls aged 15 to 19 had been subjected to female genital mutilation in the 30 countries where the practice is concentrated, compared to nearly one in two around 2000



1 in 3



Women spend about three times as many hours in unpaid domestic and care work as men



Gender inequality continues to hold women back and deprives them of basic rights and opportunities. Empowering women requires addressing structural issues such as unfair social norms and attitudes, as well as developing progressive legal frameworks that promote equality

Source: The Sustainable Development Goals Report 2018, UN

# Fair tax for development

*Recent high-profile tax avoidance and evasion cases suggest an urgent need for international tax reform*

By **Martin Hearson**, Research Fellow, International Centre for Tax and Development

**W**e can't meet the Sustainable Development Goals (SDGs) without taxation. To bridge the SDG financing gap, developing countries will need to tax more and better. The donor community has already stepped up its efforts to support them, committing to double its collective provision of technical assistance on taxation between 2015 and 2020.

This new attention on taxation is a positive development, but it does carry with it some risks. Tax is primarily integrated into the SDGs through target 17.1, to “strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection”.

Measuring this using the ratios of tax revenue to national income and to total government revenue, as has been decided within the SDGs framework, is dangerous. It focuses on the quantity of tax raised and not how it is raised. Yet how tax is raised is where many of the risks and benefits are most significant: from exacerbating inequality to encouraging or discouraging investment. Tax can also help to reduce inequalities within and between societies (SDG 10), support stronger and more accountable political institutions (SDG 16) and – as in the case of environmental taxes – steer economic behaviour in a more sustainable direction (SDGs 12 to 15).

Structural constraints on developing countries' abilities to raise revenue, including

their positions in the global economy and the interactions between their tax systems and those of other countries, are also not captured by national-level aggregate indicators.

The last ten years have seen a huge growth in awareness of two problems related to those interactions: tax evasion by wealthy individuals who hide their income in tax havens, and tax avoidance by multinational companies that move their taxable profits to low-tax jurisdictions. Estimating the amounts lost is difficult, but most attempts to do so highlight that developing countries are more vulnerable. Fixing this problem is an essential part of any package to increase tax revenues in developing countries, and it requires cooperation among states.

The rules of international tax cooperation have been designed by and for developed countries over the past century, and there are good reasons to question their suitability for developing countries. Tools designed to help developed states prevent tax avoidance and evasion can make life harder for developing countries. They are not always targeted at the biggest problems facing them, not always appropriate to their more constrained administrative capacity, and they contain within them a bias in favour of developed countries' interests. According to a press release by a group of finance ministers from francophone developing countries, “the global tax system is stacked in favour of paying taxes in the headquarter countries of transnational companies, rather than in the countries where raw materials are produced. International tax and investment treaties need to be revised.”



These concerns are particularly important at a time when donor countries – most of them members of the Organisation for Economic Co-operation and Development (OECD) – are investing in much-needed technical assistance for developing countries. There is a risk that such assistance may encourage the adoption of tools that are not in developing countries' best interests.

Certainly, the OECD's position as the dominant institution of international tax cooperation seems inconsistent with efforts to design institutions that meet developing countries' needs. This has been borne out repeatedly. An example can be seen in new rules that require companies to disclose a country-by-country breakdown of their financial information to tax authorities, which can be used to detect potential instances of abusive tax planning for further investigation. Multinationals are only required to disclose this information to their



© Andrew Biraj/Reuters

home countries. However, the developing countries in which they invest are forced to go through a series of steps to obtain them, making it exceedingly difficult to access information that the OECD itself recognises to be useful.

### Contentious subject

Because their interests do not always align, taxation has been a contentious subject in the relationship between developed and developing countries during the SDG process. At the Third United Nations Financing for Development summit in Addis Ababa in 2015, geared around filling the SDG financing gap, debate over the institutional arrangements for international cooperation in tax matters proved so divisive that it jeopardised the outcome of the summit.

Developing countries acting through the Group of 77 wanted a stronger role for the United Nations in tax cooperation.

Developed countries did not support any action that would undermine the dominant position of the OECD, a group of 36 wealthy democracies. As another example, four years into the SDG period, there is still no agreement on how to incorporate tax matters into the measurement of SDG target 16.4 on “illicit financial flows”. Many developing countries, alongside campaigners, consider tax avoidance by multinational companies to be a major contributor to such flows. But this view is not shared by the home countries of those multinationals.

There are three reasons to believe that this situation might change in the future. First, there is already a United Nations body with a remit to design international instruments that better suit developing countries’ needs. The Committee of Experts on International Cooperation in Tax Matters plays second fiddle to the OECD for now,

▲ Ship-breakers in Chittagong, Bangladesh. A recent report by the Tax Justice Network uses the case of British American Tobacco to highlight ways the international tax system allows inequitable distribution of revenue. According to TJN, methods used by BAT will deprive six developing countries, including Bangladesh, of an estimated £540 million between now and 2030

but remains an important vehicle to take up developing countries’ concerns. Second, the OECD has begun to open up, creating new bodies in which developing countries can participate on an equal footing. Third, there are signs that developing countries are beginning to work together to shape the decisions made by these institutions. The Group of 24 developing countries has been actively promoting its own vision in current discussions at the OECD over the taxation of digitalised business models. This development is not before time: to meet the SDGs, we need international tax rules that better reflect developing countries’ needs. ●



# Shaping the future by integrating the SDGs

Funding the SDGs exceeds the capacity of public funds – mobilising private wealth will be critical



*Simon Tribelborn,  
CEO, Liechtenstein  
Bankers Association*

The record-breaking summer of 2018 has clearly shown that climate change is taking place and that measures are urgently needed. However, our society is facing major challenges from an environmental, social, technological and political perspective. We are the first generation to destroy our planet, and we are the last that can save it. We must all fulfil our social and corporate responsibilities and contribute to a sustainable future.

The financial sector, and banks in particular, can and must play a central role in the necessary transformation process, mobilising and channelling the financial resources needed. The question will soon no longer be, 'why sustainable?', but rather, 'why not?'.

## UN SDGs are key

In 2015, the UN adopted Agenda 2030, with the backing of all Member States. The core components of this agenda are 17 Goals for sustainable development, the SDGs. For the first time, sustainable development and combating

poverty have been combined in a single agenda. It aims to achieve an all-round improvement of the future: the future of our planet. "No one shall be left behind", emphasised then UN Secretary-General Ban Ki-moon when adopting the SDGs.

The holistic dimension of this sustainability approach shows that new ways of thinking and acting are urgently necessary. Only then can a compromise be reached between sustainability and development. But the true test is yet to come – namely implementation. The UN can only achieve these goals if all actors play their part: states, businesses, local communities and each individual person.

## A question of allocation

The inclusion and mobilisation of private wealth is crucially important for reaching the SDGs. According to the consulting firm PwC, the annual global investment volume required to achieve these goals is some US\$7 trillion. Currently, only one seventh of this amount is financed by public funds.

This means a substantial portion must come from the private sector. Enough capital would be available in principle, given that even just the assets managed by institutional investors around the world amount to about US\$83 trillion. Private investments and investments by institutional investors could accordingly be employed worldwide to end hunger, ensure education, promote health and wellbeing, secure access to affordable and clean energy, support innovation and infrastructure projects, and fund climate protection measures.

Asset owners will therefore be critical for a more sustainable future. Their preferences ultimately decide how capital is channelled into the economy. At present, there is no commonly agreed definition as to when an investment can be considered 'sustainable'.

The taxonomy that is currently being developed under the leadership of the European Commission aims to overcome this lack of comparability and the inherent uncertainty by establishing an EU-wide classification system. It will be essential that we get this right. With a robust and workable taxonomy, banks and other stakeholders will be better able to enhance awareness, to deliver on investors' preferences and to improve investment advice and suitability.

Furthermore, in order to overcome the challenges we are facing and to achieve the SDGs by 2030, a coordinated approach across sectors and cooperation between the public and private sector is needed as never before. This includes blended finance as a critical tool that can mitigate early-entrant costs or project risks, helping re-balance risk-reward profiles for pioneering investments and unlock those trillions – and as a result close the funding gap.

#### **'Next-Gen' plays an important role**

According to the Global Impact Investing Network (GIIN), to which 1,300 impact investors belong, the volume of impact-related investments has more than doubled in recent years to an estimated US\$502 billion. This increase is primarily attributable to millennials.

Currently, approximately 75 per cent of millennials take into account ESG principles when investing. In addition, about 460 billionaires will pass on roughly US\$2.1 trillion to the next generation over the coming 20 years. This means that high net worth individuals, and in particular the young generation, will also play a major role. This generation is less motivated by material wealth, being more driven by values

and an interest in changing the environment and society for the better. Millennials are not just interested in short-term performance, but also in the question of whether their money is being invested in a meaningful and responsible way. And they are the same generation for whom use of digital technologies is a matter of course in everyday life.

Digitalisation and sustainability are thus more than just trends, they are integrated issues that financial firms absolutely have to come to grips with in order to survive in the marketplace in the longer term. Neither is more pertinent than the other, for both will substantially determine the industry agenda over the next few years.

Interestingly, digitalisation and sustainability are increasingly behaving like twins. Progressive digitalisation will simplify many things. On the one hand, it will help us to automate processes, reduce costs and achieve positive economies of scale. On the other hand, the fact that the effective impact of an investment or portfolio (in terms of ESG factors) was difficult to quantify and measure was an obstacle for a long time.

With the help of digitalisation, this will be much easier and effective in the near future. The availability of a comparable data set will allow asset managers to translate the data into financial investment metrics. Thus, the ongoing digitalisation of the financial industry is undoubtedly playing an increasingly important role. Sustainability is the *what*, while digitalisation – and especially blockchain technology – will in future heavily influence and facilitate the *how*.

#### **In a nutshell**

This all demonstrates that there is a need for action, information and education. The financial industry plays an essential role. It is apparent that to overcome these obstacles, leadership at the top of every financial institution is needed, driving change and accepting responsibility – for ourselves and for future generations.

It is important that sustainability is embodied in the corporate culture and at the strategic level. The tone must come from the top. Ongoing digitalisation opens up new opportunities to tackle all these issues, be it having correct data available, everywhere at anytime; new educational tools; innovative business and working models; or more sustainable financial products and services. It will also enable us to reach out to new-generation clients via innovative channels. ■

## ABOUT THE LIECHTENSTEIN BANKERS ASSOCIATION

Established in 1969, the Liechtenstein Bankers Association (LBA) is the domestic and international voice of the banks operating in and out of Liechtenstein. It is one of the country's most significant associations and plays a key role in the successful development of the financial centre. Member interests are pursued in accordance with the principles of sustainability and credibility.

As a member of the European Banking Federation (EBF, [www.ebf.eu](http://www.ebf.eu)), the European Payments Council (EPC, [www.europeanpaymentscouncil.eu](http://www.europeanpaymentscouncil.eu)) and the European Parliamentary Financial Services Forum (EPFSF, [www.epfsf.org](http://www.epfsf.org)) the Liechtenstein Bankers Association is a member of key committees at the European level and plays an active role in the European legislation process.

Since 2017, the LBA has also been a member of the Public Affairs Council (PAC, [www.pac.org](http://www.pac.org)) with offices in Washington and Brussels. Since April 2018, it has also been a member of the international network Financial Centres for Sustainability (FC4S, [www.fc4s.org](http://www.fc4s.org)).

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## Filling the finance gap

*The evidence shows that public funding for the SDGs is well below what is needed. Private investment can help fill the gap but isn't a substitute for public funds and isn't compatible with all development needs*

By **Vanessa Fajans-Turner**, Managing Director for SDG Financing, UN Sustainable Development Solutions Network (SDSN)

**M**eeting the UN Sustainable Development Goals (SDGs) requires the sustained mobilisation of large-scale public and private resources. But with just over 10 years to go before the Goals' 2030 deadline, countries have yet to fulfil their Addis Ababa Action Agenda financing

◀ **Seven-year-old Edeline Jean stands on the foundation of the new earthquake- and hurricane-resistant building at Caimite National School, Haiti, which was funded by UNICEF. Although there are many examples of private investment in the education sector, its utility is constrained by the need to put investors before 'clients'**

commitments, while many lack the scale of resources necessary to achieve the Goals. Filling this financing gap will require a broad range of interventions: not only increased public and private investments, but also public service improvements, regulatory changes, transfers to vulnerable populations and behavioural changes.

Each of these intervention categories is critical for SDG success. Yet in the face of domestic resource mobilisation challenges, static or declining aid levels, rising debt burdens and increased trade tensions, policymakers have increasingly targeted private finance as among the most promising areas for funding growth.

At the UN Financing for Sustainable Development Forum in April 2019, the UN Secretary-General, President of the General Assembly and President of the Economic and Social Council all emphasised the importance of unlocking more and better-aligning private capital for SDG advancement.

As private markets comprise the largest parts of the economy in most countries, unlocking their resources to fill development financing gaps is widely viewed as essential. However, so far the quantity of private capital invested in and aligned with the SDG agenda has been limited. These are both for reasons that investors can rectify and others that they, alone, cannot.

### SDG financing flows

There are multiple categories of SDG financing, the sum of which includes all outlays of both public and private domestic and international funds for Goal-related purposes.

Public SDG financing includes all SDG-related budget or state-owned enterprise funding for capital and operating expenditures, as well as for transfers to

vulnerable populations. Official financing flows with SDG impacts include official development assistance and other official flows.

The remainder of SDG financing flows come from private or blended SDG financing. Private SDG financing includes private development assistance from individuals and charities, and other private flows (the main subject of this article).

Other private SDG flows refer to all SDG-related financing at market terms from private-sector resources. These include international bank and bond lending and, notably, direct investment. Blended finance is a hybrid category that

increase their budget outlays significantly to achieve the SDGs, significantly outstripping their current and potential domestic revenues. These countries' public financing needs are between \$300 billion and \$528 billion per year between now and 2030, or approximately 40 to 50 per cent of their GDP.

The IMF concluded that even if LICs increased their tax-to-GDP ratios by five percentage points of GDP within the next 10 years, they would still only be able to finance one third of the additional \$528 billion that they will need to spend in 2030 to fund the core work of achieving the SDGs.

## *As private markets comprise the largest parts of the economy in most countries, unlocking their resources to fill development financing gaps is widely viewed as essential*

refers to philanthropic, public or official development finance deployed to mobilise private capital for development purposes.

### Assessing SDG financing needs

Although the limited availability of data and standardised criteria make SDG needs assessments difficult, the world's estimated financial needs for achieving the SDGs are between \$5 trillion and \$7 trillion a year. Having found approximately \$3 trillion so far, we need an extra \$2 trillion to \$4 trillion a year between now and 2030. While an objectively large figure, this amount constitutes just a small fraction of the \$87 trillion in gross world output, according to figures from the International Monetary Fund (IMF).

For the world's 31 low-income countries (LICs), which have the furthest way to go, and 51 lower middle-income countries, the SDSN estimates that the SDG funding gap is between \$1.4 trillion and \$3 trillion per year.

In late 2018, the IMF and SDSN found that the world's 59 poorest countries face a particular challenge: they will need to

Given the size of the remaining financing gap, most SDG financing efforts emphasise resource mobilisation rather than assessing resource needs. While this is hugely important, SDG financing needs assessments provide critical data and guidance to policymakers, investors and donors. Needs assessments can facilitate greater alignment between investment policies, financial flows and financing needs to enable and incentivise financing for the areas with the greatest needs and the potential for social returns.

### Mapping private finance to SDG needs

Just as financing needs assessments are important for optimising SDG resource plans, so too are reviews of financing sources' compatibility with the development needs they are mobilised to meet.

The SDGs include multiple provisions for access to merit goods and public goods, as well as to protection from natural monopolies. These entitlements are traditionally provided with public financing, given their recognition as

fundamental rights to which all people should have access regardless of ability to pay, and the tendency of the market to under-provide or under-regulate them.

There are many examples around the world of private investment in these types of goods and services, notably in the healthcare and education sectors. Acute shortages of public and official funding in these areas mean the trend is likely to increase. Yet the impact and utility of private finance in these areas is constrained by its prioritisation of returns over access, and its accountability to investors over ‘clients’.

Recognising this, there are multiple pillars of the 2030 Agenda with which private finance and public–private financing partnerships are well aligned. These include infrastructure funding for roads, rail, power and fibre-optic networks. The Global Infrastructure Hub estimates that Africa alone will require \$3.3 trillion to meet its SDG infrastructure goals by 2040, most of which will be spent on road and electricity network construction.

Governments and international groups like the G20 have taken many steps to facilitate increased private investment in infrastructure projects, but so far there has been no significant growth in private investment levels. As the UN’s 2019 *Report on Financing for Sustainable Development* finds, the public sector “still largely dominates infrastructure spending in low and middle-income countries, accounting for 87 to 91 per cent of infrastructure investments”.

Private investment in unregulated natural monopoly sectors can also endanger SDG progress by driving prices up and wages down in the absence of competition. Since 1990, the average wage share of world gross product has fallen from 57 to 52 per cent, largely due to market concentration. This has exacerbated income inequality and undermined SDG progress.

### Geographic targeting of development finance

While all countries have significant areas for improvement and face their own unique challenges in achieving the SDGs, the shortfall that LICs face between their domestic revenues and SDG resource needs

set them apart. Given LICs’ particular need for external financing, it follows that SDG-aligned flows would predominantly target LICs. This is not the case for either official or foreign private financing flows, though limited data make it difficult to draw conclusions about corresponding levels of domestic private investment and philanthropy for development.

The Organisation for Economic Co-operation and Development (OECD) reports that LICs, which are home to over 70 per cent of the world’s population, received just 20 per cent of official development assistance in 2017, taking in only \$29 billion of the \$147 billion allocated as aid for that year.

Similarly, a 2018 OECD report on private philanthropy for development found that philanthropic flows also skew away from the world’s poorest countries: just one third of private development assistance funds go to LICs and 67 per cent to middle-income countries, in which only 22 per cent of the world’s population resides (high-income countries are not eligible for development assistance funds).

Private investment flows – and foreign direct investment (FDI) flows in particular – are similarly concentrated outside the poorest countries. Only five per cent of total international private capital flows for developing countries go to LICs.

Finally, the geography of financial flows matters as much for what flows out as for what flows in. As the percentage of FDI in developing countries has grown relative to those countries’ gross domestic product (roughly tripling since the 1980s), the significance of FDI as a source for tax revenue has also grown.

However, pervasive profit-shifting by private investors has cost countries tens – even hundreds – of billions of dollars, hitting poor countries hard.

The UN Conference on Trade and Development’s *World Investment Report 2015* estimates that a single type of profit-shifting cost developing countries around \$100 billion a year in lost annual revenues, though additional research must be done in this area to produce more data and estimates.

The world agreed upon an ambitious, urgent and achievable agenda in 2015 to which leaders committed political and financial capital. To achieve this goal, the UN has challenged the world to shift the scale of the SDG financing conversation from billions to trillions. The magnitude of this mandate and the persistent SDG funding shortfall have focused stakeholders

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## *To improve our understanding of where and how to focus financing mobilisation efforts, more research is needed on the country-level funding needs to achieve the SDGs*

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on matters of funding quantities, sometimes at the expense of funding qualities, particularly with regard to how financing sources and incentives align with the 2030 Agenda.

There is no question that private capital has a significant role to play in filling the SDG funding gap. But its mobilisation should be as a complement to public and official financing flows, not a substitute for them. To improve our understanding of where and how to focus financing mobilisation efforts, more research is needed on the country-level funding needs to achieve the SDGs. The SDSN is doing this needs assessment work as co-chair of an SDG costing group initiative it launched with the IMF, OECD and World Bank as co-chairs and leaders.

As UN Secretary-General António Guterres neatly put it when opening the April 2019 Financing for Development Forum: “Policy frameworks are key to reducing risks, creating an enabling business environment, incentivising investment in public goals, and aligning financial systems with long-term sustainable development.” ●



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# Responsible investment means action and accountability

*The initiative between Climate Action 100+ and Royal Dutch Shell has demonstrated the potential power of investors. All asset owners committed to responsible investing must exercise shareholder power in support of the Paris Agreement and the SDGs*

By **Adam Matthews**, Director, Ethics and Engagement, The Church of England Pensions Board and Co-Chair, Transition Pathway Initiative (TPI), and **Rory Sullivan**, Chief Technical Advisor, TPI

**S**ustainable Development Goal (SDG) 13 calls on us to take urgent action to combat climate change and its impacts. Investors are responding to this challenge.

Over 320 investors, collectively representing \$33 trillion in assets, now support the Climate Action 100+ (CA100+) initiative. This is an investor-led engagement to ensure the world's largest corporate emitters of greenhouse gases (GHGs) take necessary action on climate change.

Similarly, investors have also supported stronger policy action by governments. During the most recent Conference

of the Parties to the UN Framework Convention on Climate Change (COP24) in Katowice, Poland in December 2018, investors managing similar size of assets

▲ Relatives and friends hold a vigil in Brumadinho, Brazil for the victims of the Vale tailings dam collapse. Following the disaster, investor action coordinated by TPI resulted in the International Council on Mining and Metals agreeing to set up an independent panel to set safety standards for tailings facilities

called on world governments to achieve the Paris Agreement's goals and to accelerate private-sector investment in the low-carbon transition.

### Actions as well as words

This unparalleled coordination and mobilisation by investors is beginning to have a credible impact as investors back words with concrete actions. Perhaps the most striking example has been the December 2018 joint statement between the oil and gas major Royal Dutch Shell and institutional investors operating under the banner of CA100+ and the European Institutional Investors Group on Climate Change (IIGCC). The joint statement was the first time that investors had come to a common position with an oil and gas company about the nature of their transition to a Paris-aligned future.

The statement committed Shell to reduce its 'net carbon footprint ambition' by around half by 2050, to lock the ambition into rolling intermediate targets, to link these targets to executive remuneration, and to publish annual reports on progress. Shell also committed to review its membership of industry associations that lobby on climate change-related issues, to check that this lobbying aligns with Shell's stated support for the goals of the Paris Agreement.

These outcomes could not have been achieved without the support of investors in CA100+ and IIGCC. The process and outcomes have also shown that it is possible to align the long-term interests of institutional investors with a company that needs to manage an ambitious multi-decadal transition – in effect turning an oil and gas company into an energy provider.

### The role of asset owners

Asset owners such as pension funds have been at the forefront of these efforts. There are various reasons for this. Some relate to the investment risks and opportunities presented by climate change.

The transition to a low-carbon economy may affect company cash flows and profits. Energy-intensive sectors, fossil fuel-based industries and high GHG-emitting sectors may see assets stranded. Delivering

emissions reductions of the magnitude envisaged by the Paris Agreement will require considerable capital investment by both the public and private sectors.

The drivers for action are about more than the investment case. Asset owners have responsibilities to their beneficiaries and to wider society. Ultimately, asset owners not only need to provide pensions to retirees but must also ensure that they have not harmed the world these individuals will retire into. Asset owners, therefore, need to take a long-term perspective on climate

to make bold statements on carbon performance knowing that they are debating on their terms and that investors are unlikely to be able to properly hold them to account.

It has not been straightforward for asset owners to assess whether company strategies sufficiently address the climate risks that are embedded in business models, or whether companies are positioning themselves appropriately for a low-carbon economy and to meet the goals of the Paris Agreement.

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## *Asset owners occupy a privileged and influential role in the investment system. Through their commitments and actions on climate change, they can drive change through the system and in corporate practice and performance*

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change, and its implications for their assets and liabilities.

Asset owners also occupy a privileged and influential role in the investment system. Through their commitments and actions on climate change, they can drive change through the system and in corporate practice and performance. It is a uniquely important position that is beginning to demonstrate what can be achieved.

Since the joint statement with Shell, further agreements have been reached by investors with major coal producer Glencore on capping its coal production, and with HeidelbergCement and a range of other German companies to review their corporate climate lobbying. Other corporate commitments are expected in the coming months as investors ramp up their engagement.

However, asset owners have faced challenges in delivering on this leadership role. Corporate disclosures on climate change practice and performance remain inconsistent and incomplete. The consequence is that it is often not clear to investors what the transition to a low-carbon economy looks like for individual companies or for key energy-intensive sectors. This has allowed companies

to make bold statements on carbon performance knowing that they are debating on their terms and that investors are unlikely to be able to properly hold them to account.

It has also been difficult for asset owners to demonstrate to their own beneficiaries, clients and stakeholders that their interventions are making a meaningful contribution to the goals of the Paris Agreement – or that they are effectively managing the risks and opportunities presented by the transition to a low-carbon economy.

### Clear objectives

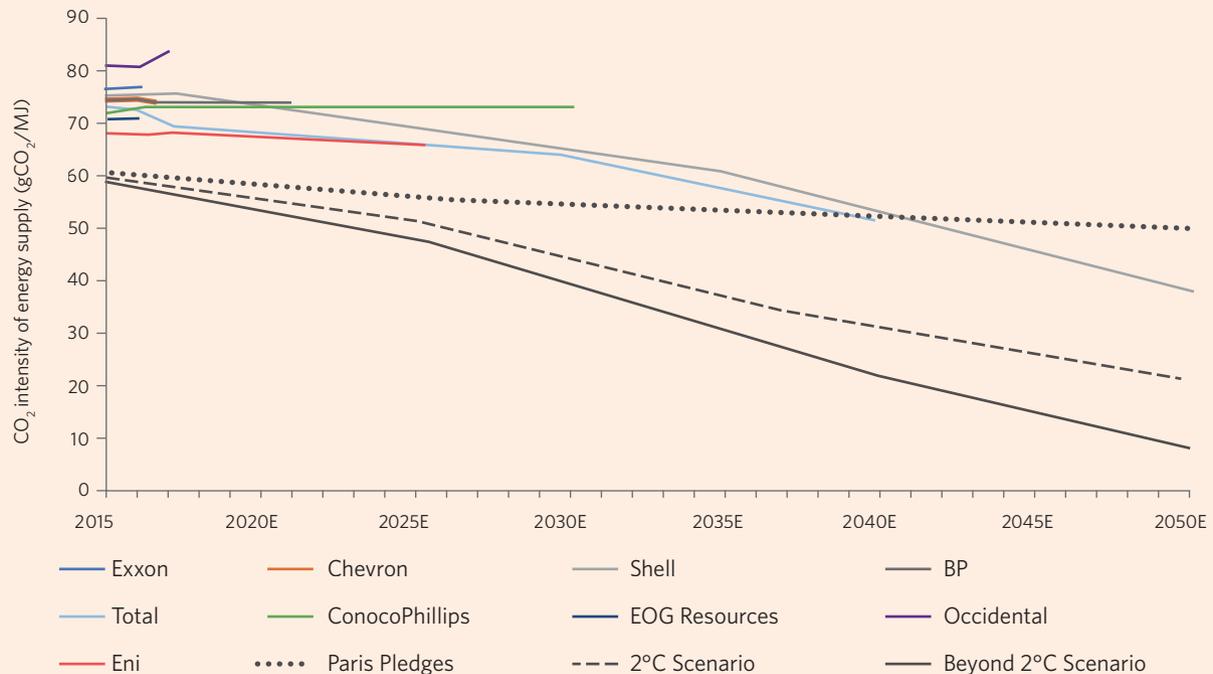
These issues are important. If they are addressed well, they have the potential to unlock far greater capital and support for the Paris Agreement. Investors – both the asset owners at the top of the investment chain and their investment managers – need to recognise that these are, fundamentally, questions of corporate and societal governance.

How do boards ensure that companies are run in the interests of their investors/owners? How do we – investors, governments, stakeholders and so on – ensure that companies are run in a way that aligns with the short and long-term interests of society?

Ultimately, companies should be clear about their:

- purpose (what they are and what they

**Figure 1. Carbon intensity pathways (emissions from operations, direct and indirect, plus from use of sold products) for nine of the top ten oil and gas companies, versus low-carbon benchmarks**



want to achieve);

- goals (their objectives and targets, and how these are to be measured);
- strategy (how they are going to deliver on their purpose, objectives and targets – both the actions they will take to deliver on their goals and the investments they will make to ensure the goals are delivered);
- main risks to their purpose, goals, strategy – and how these are to be managed; and
- performance against their objectives and targets.

### Transition Pathway Initiative

The Transition Pathway Initiative (TPI) is an asset owner-led initiative co-chaired by the Church of England Pensions Board and the Environment Agency Pension Fund. It has been established to enable investors to hold companies to account for the goals that they set themselves and for the actions that companies take to deliver these goals.

For companies in high-impact sectors, TPI evaluates the quality of companies' management of the most significant GHG emissions associated with their business. It also assesses how these companies' planned or expected future carbon performance compares to international targets and national pledges made as part of the Paris Agreement.

This allows investors to clearly and unambiguously identify those companies whose current and expected future emissions align with the Paris Agreement. As TPI data are updated annually, they allow companies to be held accountable for the delivery of the goals they set for themselves.

Figure 1 (above) presents an example from TPI's recent analysis of the oil and gas sector. TPI has prepared similar analysis for many of the other high-emitting sectors such as auto, electricity, steel, aviation and cement.

TPI allows asset owners to hold investment managers to account for the companies held in their portfolios and for the actions being taken by the investment managers to reduce the emissions from these companies. Importantly, TPI also allows beneficiaries and other stakeholders to hold asset owners to account for their investments and for the effectiveness of their engagement with companies.

Ultimately, if asset owners want investment markets to take responsible investment seriously, then asset owners must start by demonstrating their own commitment to responsible investment, and then driving this through the investment chain. Through aligning their investments with the goals of the Paris Agreement, and using their unique position as owners of the companies to drive change in corporate behaviour, asset owners can play a key role in enabling society to meet the challenge of SDG 13. ●

# Shareholder engagement on health and wellbeing

There are challenges and opportunities in the global health and wellbeing sector



**Kimberley Lewis,**  
Director, Engagement,  
Hermes EOS



**Will Pomroy,**  
Director, Engagement, Hermes  
Investment Management

Of the 17 global Sustainable Development Goals (SDGs) for 2030 set by the United Nations (UN) General Assembly in 2015, SDG 3 includes arguably some of the most challenging milestones to reach.

SDG 3 relates to health and wellbeing. Despite the overall population leading a healthier lifestyle than it did ten years ago,<sup>1</sup> non-communicable diseases are on the rise, costing trillions in treatment. Many of these diseases are avoidable. Similarly, infectious diseases remain a significant challenge, even those for which cures exist.

According to the UN: “Overcoming disease and ill health will require concerted and sustained efforts, focusing on population groups and regions that have been neglected.”<sup>2</sup>

We recognise that businesses need healthy workforces to maintain and enhance productivity levels; they also of course need thriving consumers. To that end, we believe there is much that all businesses can do to promote healthy behaviours and support mental resilience, from encouraging healthy lifestyles to establishing disease prevention and treatment programmes. There is also of course a significant responsibility on those companies in the healthcare industry – to consider the overall global health burden in their R&D and pricing strategies. Some challenges may present commercial opportunities; others might not, but a broader duty towards society remains.

## Challenges to address

As an SDG-focused investment manager we believe we are in a strong position to help address some of the challenges faced.

One of the core challenges when combating illnesses is the declining efficacy of some medicines. It is absolutely necessary that new varieties of antibiotics and antivirals are introduced to treat drug-resistant conditions; however, these new drugs are in short supply and R&D directed towards developing replacements appears to be decreasing – we are thus pressing pharmaceutical companies to maintain investment in those areas of paramount importance to society.

Obesity is a major cause for concern on a global scale. Even though it is a non-communicable disease, its contribution to conditions such as heart disease and diabetes is undeniable. Worryingly, 11% of men and 15%

of women were obese in 2016<sup>3</sup> – representing a threefold increase since 1975, according to the World Health Organization (WHO). We are therefore engaging with food and beverage companies around their marketing practices and the nutritional characteristics of their portfolio.

Aligned with these issues is the structural issue of healthcare provision itself. One matter is the serious shortage of basic medical provisions and services in developing countries. The WHO reports that, while over 80% of medical supplies are donated to emerging markets, only 10-30% of them are actually being put to use. It also reveals that many of these donations are either malfunctioning or incompatible with local power systems.<sup>4</sup> To that end, we engage with medical equipment companies around their market access strategies in the knowledge that simply donating old kit does not help address the core problem.

These examples are just the tip of the iceberg. Different societies are contending with rising and ageing populations and the repercussions for labour markets and the need for companies to make accommodations for what are now commonly multi-generational workforces. The challenges are daunting, and the solutions multi-faceted, yet we maintain that all companies have a role to play and can make a difference.

**3** GOOD HEALTH AND WELL-BEING



## THE IMPORTANCE OF TARGET 3.7

Within SDG 3 is Target 3.7, in which the UN calls for “universal access to sexual and reproductive health-care services, including family planning, information and education, and the integration of reproductive health into national strategies and programmes”.<sup>5</sup>

This is an issue with relevance to all countries but, of course, particularly pertinent to those in lower-income countries where access to modern contraception remains difficult. This lack of access has significant repercussions for gender equality and ultimately economic development.



© Alex Treadway/Getty Images

### Making a difference

- In the United States, half of pregnancies are unplanned and four in ten of these are the result of poorly used contraception.<sup>6</sup>
- Worldwide in 2015, 12% of married or in-union women are estimated to have had an unmet need for family planning. The level was much higher, 22%, in the least developed countries.<sup>7</sup>

Whether in the most or the least developed nation, unplanned childbirth impacts mental (and possibly physical) well-being. Importantly, access to birth control significantly increases a woman's independence and earning power and in turn narrows gender inequality and income gaps.

Initiatives that raise awareness of the benefits of universal access to contraception, and developing partnerships to provide this access in a culturally sensitive way, have the potential to tap into significant latent demand and even transform gender equality. We believe there are likely commercial opportunities for private sector companies to explore, as well as opportunities to share knowledge, networks, connections and ideas for the wider good.

**A healthcare consultation in Nepal. Access to birth control is one of the single greatest determinants for women's health, also bringing profound benefits for gender equality and economic capacity. In the least developed countries, the unmet need for contraception is estimated to be 22%**

## Access to birth control significantly increases a woman's independence and earning power

With the SDGs at the front of our mind, we expect that meeting SDG 3 by 2030 is going to be an uphill battle, but feel that for forward-thinking companies and investors, there are clear opportunities to create value and have a positive impact on individuals' health and wellbeing. Equally, we believe that increasing access to and usage of effective contraceptive devices is critically important. In its absence, many, if not most, of the other goals will remain difficult to achieve.

Of course, will alone is not sufficient, and the challenges are significant. Collaboration between public, private and third-sector actors is essential – something we, as an investor, are familiar with through our long history of engaging with investee companies. ■

- 1 Hermes SDG Engagement Equity Fund Annual Report 2018: [www.hermes-investment.com/uki/insight/equities/sdg-engagement-equity-2018-annual-report/](http://www.hermes-investment.com/uki/insight/equities/sdg-engagement-equity-2018-annual-report/)
- 2 <https://sustainabledevelopment.un.org/sdg3>
- 3 "Obesity and overweight," published by the World Health Organization on 16 February 2018.
- 4 World Health Organization, cited in "Rage against the busted, medical machines," by Nahid Bhadelia. Published by NPR on 8 September 2016.
- 5 <https://unstats.un.org/sdgs/METADATA?Text=&Goal=3&Target=3.7>
- 6 [www.guttmacher.org/fact-sheet/unintended-pregnancy-united-states](http://www.guttmacher.org/fact-sheet/unintended-pregnancy-united-states)
- 7 [www.un.org/en/development/desa/population/publications/pdf/family/trendsContraceptiveUse2015Report.pdf](http://www.un.org/en/development/desa/population/publications/pdf/family/trendsContraceptiveUse2015Report.pdf)

*The value of investments and income from them may go down as well as up, and you may not get back the original amount invested.*

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# Supporting a healthy population

*Sustainable development and healthy populations go hand in hand. But with patient demand ever increasing, how can countries across the development spectrum ensure their health systems can deliver healthcare for all?*

By **Devi Sridhar**, Director, and **Lauren McGivern**, Student Researcher, Global Health Governance Programme, University of Edinburgh

In the four years since the Sustainable Development Goals asserted that health coverage should be universal, the global health landscape has been transformed. Around the world, many health systems are undergoing intensive reforms in the journey towards achieving universal health coverage (UHC). The World Health Organization (WHO) has defined UHC as all people having access to the health

services they need, without fear of being subjected to financial hardship. Research by the World Bank has also demonstrated that investing in healthy populations can lead to economic growth – and that this requires adequate financing in strengthening health systems.

## Why do health systems matter?

It is estimated that high-quality health systems could save over eight million lives each year in low- and middle-income countries (LMICs). These are people that are dying from conditions that could be prevented or treated.

Health systems with higher public spending on health also tend to provide better financial protection for users. Generally, the greater the level of government spending on health, the lower the percentage of out-of-pocket payments by users, and the lower the proportion of households facing catastrophic health expenditures (spending more than 10 per cent of their household budget on health).

In 2010, more than 800 million people – over 10 per cent of the world's population – incurred catastrophic health expenditures. Furthermore, user fees deter use of services,

◀ A nurse examines a woman in a Mon village clinic, Burma. A trained health professional attending childbirth is directly correlated to maternal survival rates. Maternal mortality is highest in sub-Saharan Africa where only 59 per cent of births are attended. The global average is almost 80 per cent

especially among the poor, causing millions to forgo needed healthcare.

The health sector is an important source of economic growth – good health is not just a consequence of economic development, but can also help to be a driver of it. Investing in health generates employment, increases productivity and innovation, and fosters stability by protecting countries from the economic and social impacts of diseases. Notwithstanding the ethical imperative to provide equal access to high-quality health services around the world, achieving UHC can help to promote economic growth.

#### How are health systems financed?

Global spending on health has changed significantly in the past two decades, with a general trend towards increased domestic public financing and a decline in external financing. In 2016, the world spent approximately \$7.5 trillion on health, representing close to 10 per cent of global GDP. However, significant disparities remain in the way health systems are funded across the globe.

There are four major health financing models. The first is taxation, upon which the UK's National Health Service model (the Beveridge model) relies. It is a tax-funded system, reliant on mandatory pre-payment mechanisms (general taxes) to provide services to the entire population.

The second is social health insurance, which forms the basis of Germany's Bismarck model. This relies on household premiums and payroll taxes to provide services to those enrolled.

The third is private health insurance, whereby individuals take out healthcare insurance policies from private organisations. This model is used in the United States and Switzerland, among others.

Fourth, user fees (out-of-pocket payments) can form a large share of

healthcare financing in developing countries. In India, for example, user charges account for more than 70 per cent of total health expenditure.

#### What is domestic resource mobilisation?

Domestic resource mobilisation is the process by which countries generate funds from domestic resources to provide for their people. Domestic finances are now the dominant source of health funding in most countries, accounting for 51 per cent and 70 per cent of health spending in middle- and high-income countries respectively. In contrast, domestic funding has declined in low-income countries from 30 per cent to 22 per cent, while external aid has increased from 20 per cent to 30 per cent.

### *Good health is not just a consequence of economic development, but can also help to be a driver of it*

The WHO has estimated that 85 per cent of the cost of meeting the SDG health targets in LMICs can be met with domestic resources. However, if further progress is to be made towards UHC, governments must maximise the resources they make available for health. Mandatory pre-payment mechanisms form a strong core of domestic healthcare financing.

However, these are often based on taxes, which can be difficult to collect in low-income countries with large informal sectors. Furthermore, targets aimed at increasing the share of government spending on health – such as the Abuja target for African governments to allocate at least 15 per cent of government resources to health – can result in reallocation of resources between sectors at the expense of other important social services. In countries where all sectors are under-financed, this is not a sustainable option.

Elovanio and Evans' 2017 study outlines examples of five methods countries have used to raise new domestic resources:

- Increased efficiency of tax collection – Indonesia's simplification and enforced collection of its tax system resulted in enhanced revenues and significant benefits for government spending, with health spending benefiting disproportionately.
- Revenues from natural resources – The Papua New Guinea Sustainable Development Program collects revenues from the country's biggest mine into a fund used for development programmes, including health.
- Big corporation taxes – Gabon has implemented a specific 10 per cent tax on mobile phone companies, the revenues from which are earmarked for the national health insurance fund to finance healthcare for those who cannot afford to contribute.
- Excise taxes ('sin taxes') – these already exist on tobacco and alcohol in most countries, and some nations have taken them further: France's tax on soda in 2012 raised \$250 million for its national health service.
- Tax hypothecation – Djibouti and Guatemala earmark all revenues from tobacco taxes for health.

For countries that cannot achieve UHC – even using all their available resources – external international support should be provided. But, as McIntyre, Meheus & Röttingen have argued, care must be taken to ensure that these funds are provided in addition to, rather than in place of, domestic government funding for health.

#### Future key risks

There are a number of challenges facing healthcare systems.

In the past decade, urban centres have become the dominant habitat for humankind. It is estimated that by 2030, almost five billion people will live in urban areas. Furthermore, the proportion of people aged 60 and over continues to increase. The combination of urbanisation and ageing populations has led to a shift towards chronic and non-communicable diseases – such as diabetes, cardiovascular disease and cancer – as increasing causes of

death. This must be reflected in the global health agenda, which still includes a strong focus on communicable diseases.

The growing phenomenon of antimicrobial resistance represents a formidable threat to human health and the ability to respond to infectious diseases. Deaths from drug-resistant infections are projected to reach 10 million annually worldwide by 2050.

Population displacement also creates a host of challenges to social, political and health systems. UNHCR estimated the refugee population to have reached unprecedented levels at 21.3 million refugees worldwide in 2015. Such substantial levels of displacement have placed considerable strain on health services around the world, particularly in countries receiving large numbers of refugees.

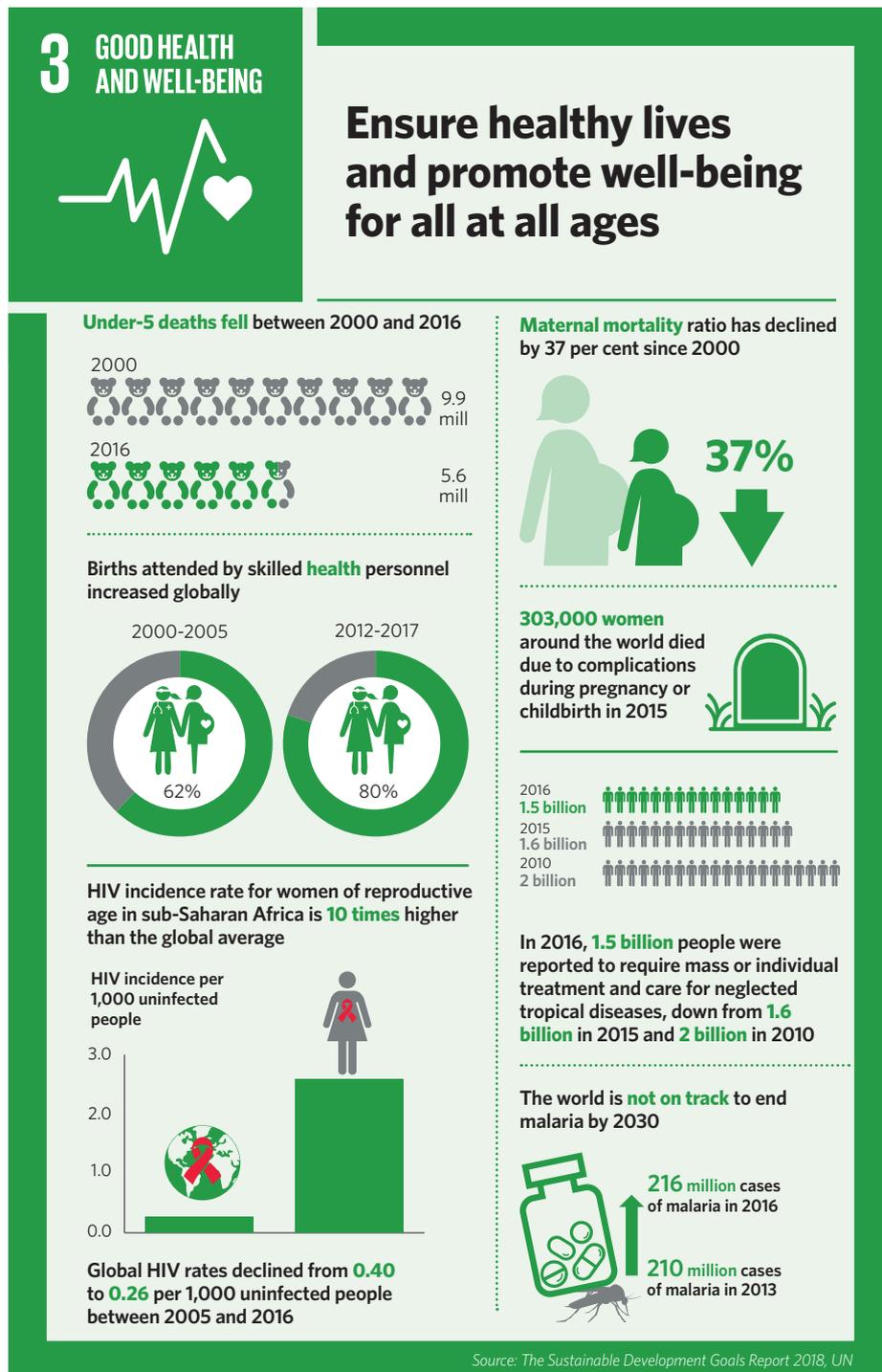
Finally, climate change poses a significant threat to population health, both directly and indirectly. Consequences of climate change include: food insecurity and poor nutrition due to decreased crop yields; increased infectious disease outbreaks and the resurgence of vector-borne diseases following extreme weather patterns and displacement; and increased morbidity and mortality from heatwaves and exposure to holes in the ozone layer.

### Working towards resilient health systems

In conclusion, adequate funding of health systems can result in better health outcomes, financial protection from bankruptcy, and general economic growth. As countries move towards UHC, there is increased focus towards domestic finances to fund health systems, and away from less sustainable options such as external aid.

The plethora of challenges facing health systems in the future – including urbanisation, ageing populations, antimicrobial resistance, mass migration and climate change – places great importance on the ability of health systems to act under pressure.

It is therefore crucial that countries develop resilient health systems. A resilient health system is one that is able to prepare for and effectively respond to crises; maintain its core functions when a crisis hits; be informed by lessons learned



during a crisis; and reorganise if necessary. Health systems should not only transform to improve during times of crisis, but also continually evolve in normal times to build long-term resilience. To do so, health systems must partner with non-health sectors (such as education and agriculture),

the private sector, non-governmental organisations, civil society and communities to provide an integrated vision of quality healthcare. Providing access to health services is not enough. To improve outcomes, health systems must ensure that good quality of care remains at their core. ●

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# Health before intellectual property

*Is current patent law incompatible with promoting wellbeing for all?*

By **Hu Yuan Qiong**, Legal and Policy Advisor, Access Campaign, Médecins Sans Frontières

**S**ustainable Development Goal (SDG) 3 aims to ensure healthy lives and promote wellbeing for all. As an integral part of this, it sets the target of providing access to affordable, effective and quality medicines and vaccines. It also affirms the role of using the flexibilities contained in the Agreements on Trade-Related Aspects of Intellectual Property Rights, or the TRIPS agreement. This is a treaty agreed in 1994 and administrated by the World Trade Organization. The treaty says that intellectual property (IP), especially patents, should not be used to hinder the provision of medicines for all.

Yet nearly two decades on from the 2001 Doha Declaration on TRIPS and Public Health – reaffirming the treaty’s principles – many patients around the world still face restricted access to life-saving treatments for communicable and non-communicable diseases.

There are several examples of the pharmaceutical market failing patients around the world. The earlier generation of antiretroviral medicines treating HIV/AIDS saw a remarkable fall in price, caused by competition from generic medicines on the global market since the early 2000s.

However, generic competition on the newer generation of HIV/AIDS medicines has been more difficult to establish. This is because more and more countries are granting patents on newer medicines, even after they have acceded into the TRIPS framework. The current market-driven model incentivises pharmaceutical companies to focus on lucrative markets,

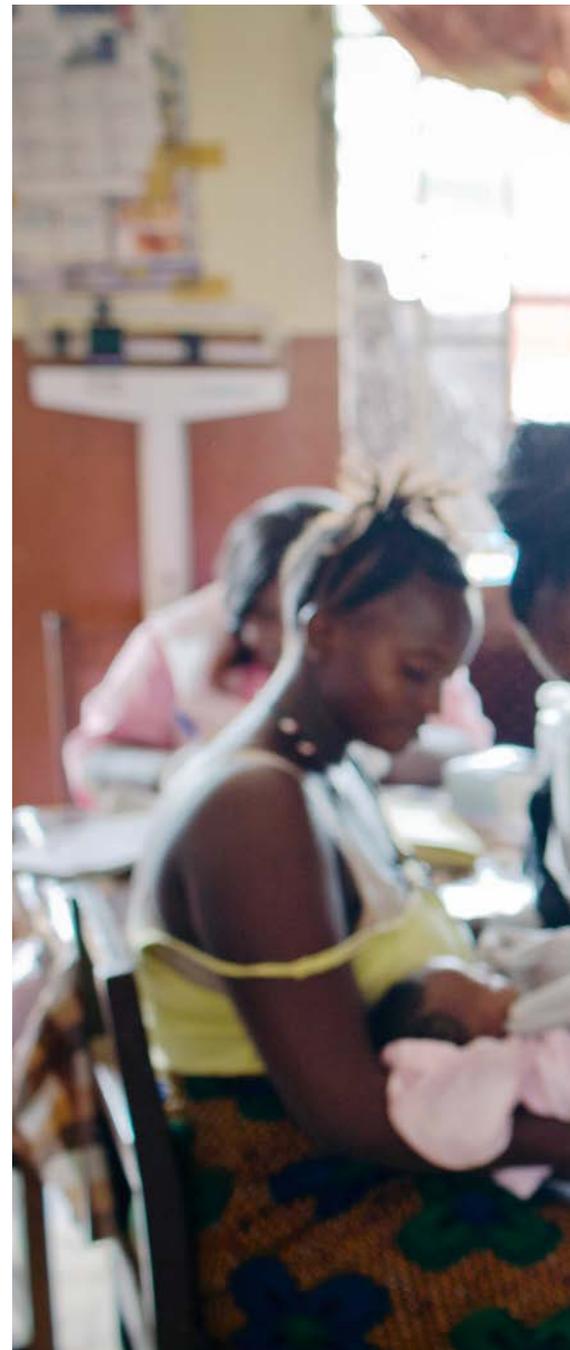
curbing the options for patients with limited purchasing power.

Beyond HIV/AIDS, in recent years the high prices of medicines backed by patent monopoly have been denting health budgets. For hepatitis C, a new generation of oral treatment with direct-acting antiviral (DAA) medicines offers new hope to sufferers. Yet, the World Health Organization estimates that in 2016 there were still 68.9 million people worldwide infected with hepatitis C who lacked access to DAA treatment.

## *The current market-driven model incentivises pharmaceutical companies to focus on lucrative markets*

One of the reasons hindering access to DAA is the monopoly strategy deployed by pharmaceutical companies. In 2014, Gilead launched its blockbuster DAA medicine Sofosbuvir at \$1,000 per pill for a 12-week treatment. The high price compelled a few high-income countries including Switzerland and the UK to ration the provision of Sofosbuvir in their national treatment programmes.

The high prices of cancer treatment have also triggered protests in both high- and low-middle income countries. In 2017, more than 100 civil-society organisations from South Africa, Malaysia, the UK, France, Brazil, the US and Zambia came together for a global day of action against pharmaceutical company Roche. Protestors were angry



at Roche’s monopolistic strategy, which included applying for additional patents on the same medicine to prolong market exclusivity.

### **Conflicting obligations**

For 25 years, the requirement for countries to make patents available for medical products under the TRIPS agreement has caused heated debate. Patents provide a set



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of exclusive rights to the holder to prohibit anyone from using, selling, producing, importing or offering to sell a product, technology or the process of making a product without the consent of the patent holder in countries where the patent is granted, for at least 20 years.

This then raises the question of TRIPS' impact on the right to health under human rights law.

The International Covenant on Economic, Social and Cultural Rights (ICESCR) is a multilateral treaty that includes the right to health. A Human Rights Council resolution issued in 2009 confirmed that it is the responsibility of states to provide all medicines needed to realise the right to health. There is therefore a question to member states of ICESCR who are also signatories of the TRIPS agreement to weigh

▲ Babies receiving the life-saving Ebola vaccine in Sierra Leone. The TRIPS agreement achieved its purpose of reducing prices and increasing access to early generations of antiretroviral drugs for treating HIV/AIDS but has failed with newer generations. It is essential that access to the Ebola vaccine is not impeded

their obligations under these two distinctive legal frameworks. Generally, there are weak mechanisms available to solve conflicts between these international laws.

At the UN level, a couple of official documents and statements issued by the Committee on Economic, Social and Cultural Rights and the Sub-Commission on the Promotion and Protection of Human Rights attempted to affirm that when IP law hindered states in fulfilling their obligation under ICESCR, those states should be considered as failing to comply with their core obligations under the right to health. Later documents also affirmed the importance for states to use TRIPS' flexibility to protect public health and fulfil their core human rights obligations.

However, the human rights perspective was not reflected in the discussions under the framework of the TRIPS agreement. Even the Doha declaration does not use human rights language in its framework (apart from recognising the need to protect public health and affirming the right to use the full flexibilities under TRIPS to protect public health). There are also no authoritative interpretations reconciling the two frameworks to determine the level of priority when conflicts arise.

The problem is exacerbated by the further liberalisation of trade at the global level. IP rules on medical products in bilateral and regional trade agreements often go beyond the minimum requirements of TRIPS. The continued lack of clarity about the priority of states' obligations under trade agreements, IP treaties and human rights treaties needs to be looked at more seriously in the light of SDG commitments. Without the insurance of non-interrupted provision of affordable medicines, the achievement of SDG 3 targets will be substantively harmed.

### Challenging TRIPS flexibilities

Over the past two decades, national governments have used compulsory licences and other flexibilities enshrined by the TRIPS agreement to enable and improve access to affordable medicines for their citizens. Recently, however, the use of these flexibilities has been challenged in trade negotiations. Industry has argued that countries should scale down their use of flexibilities, or not use them at all.

But practical examples continue to show the importance of retaining the right for

governments to use the TRIPS flexibilities. In 2017, the Malaysian government issued a compulsory licence on Sofosbuvir, allowing generic (and much cheaper) versions of the drug to be produced locally. This is despite Sofosbuvir still being under patent in Malaysia by manufacturer Gilead.

A recent article published by the *British Medical Journal* also reviewed examples in which the threat of the use of compulsory licences led to considerable price reductions in lifesaving medicines. To achieve SDG 3, many more countries will need to use legal measures such as these to prioritise health over patents.

### A way forward?

There are a few areas where we need breakthroughs at the international level to pursue a genuine global collaboration and to refocus policy.

#### 1. Alternative R&D model for medicines

The pharmaceutical industry argues that patents are essential to recoup its investment on research and development (R&D), encouraging new innovation on medicines. This argument has faced severe criticism, as evidence shows that R&D investment decisions under the current business model are chiefly determined by the prospect of taking a drug to market rather than by unmet health needs.

Discussions on the need to establish an alternative model have therefore focused on the need to develop a health-driven approach to R&D. This must be backed with a publicly accountable financial, production and delivery mechanism, so that the cost of R&D is delinked from a medicine's final price. A highly valuable medical innovation will only be sensible if all patients who need it can access and afford it.

#### 2. Unlocking the dark room of pricing

In May 2019, a heated discussion on the current challenges facing public health authorities around the world took place at the 72nd World Health Assembly in Geneva. The Assembly resulted in a milestone resolution on price transparency on medicines. Health ministers and officials voiced their experiences and frustrations

of bargaining with the pharmaceutical industry to get affordable medicines for their citizens. They bemoaned a lack of transparency about companies' price-setting strategies and about the comparative prices of the same medicine in other countries.

Pharmaceutical companies are able to set prices for different markets based on their own assessments. Their ability to do this is mostly supported by their market monopoly status, underpinned by patents and other related strategies. However, some critical elements are still missing. This is because of disagreements over transparency on the costs of clinical trials, an important factor influencing price-setting in the current model. With the current resolution as a starting point, every government that has signed up to ensuring access to affordable medicines for all should therefore press for further and more comprehensive transparency in the pharmaceutical sector.

#### 3. Supporting and using public health safeguards under the current patent system

There is ample evidence establishing the essential role of securing public health safeguards in patent law to protect access to medicines. It is therefore critical that the public health value of using TRIPS flexibilities remains firmly stated at the international policy agenda.

This is especially true in light of the explicit indicator set up under SDG 3 related to the use of TRIPS flexibilities for health. Political pressure to hinder countries' use of these legal and policy mechanisms would have a detrimental effect on achieving SDG 3.

#### 4. Refocusing on human rights

The conflicts between states' obligations under human rights law and trade law must be resolved. The collective obligations under Agenda 2030 can only be achieved if we put the human right to health at the centre of the debate. The core obligation of states to provide timely, uninterrupted, affordable and sustainable access to medicines should be a higher priority than providing patent protection on new medical products. ●



© Jason Cohn/Reuters

# Training the next generation

*How can we adapt apprenticeships for 21st-century labour markets?*

By **Viktoria Kis**, Policy Analyst, Centre for Skills, Organisation for Economic Co-operation and Development (OECD)

In ancient Babylon, the Code of Hammurabi required artisans to train the next generation of craftsmen. Today's policymakers continue to look to apprenticeships as a powerful means of ensuring that learning meets the needs of the workplace.

To realise their full potential, apprenticeships need to adapt to the requirements of 21st century economies. A

▲ Ironworker apprentices practise their welding skills at a training facility in West Virginia, US. Although apprenticeships were traditionally focused on trade and craft occupations, many countries have developed apprenticeships for new sectors, reflecting the shift from manufacturing to services in the wider economy

few decades ago it might have been enough for apprentices to learn a narrow set of technical skills. Today, successful transition into a first job is not enough. Graduates of apprenticeships must also have the capacity to continue learning throughout their careers, as some jobs disappear, others are radically re-shaped and new ones emerge.

The popular image of an apprentice is often of a young man working in construction or manufacturing. This reflects the apprenticeship landscape in some countries, where apprenticeships remain concentrated in trade and craft occupations. But as OECD economies have witnessed a shift in employment away from manufacturing and towards services, a number of countries have developed apprenticeships in new sectors. In Australia, more people now start non-trade apprenticeships than those in trade occupations. In Germany and Switzerland, the most popular apprenticeship occupations include business and administration, sales and retail.

#### **The challenge: benefits versus cost**

In many countries, enthusiasm about the potential of apprenticeships has not translated into widespread use. One common challenge is how best to engage employers and ensure that they offer sufficient training places. Often governments try to solve this problem through financial incentives, but this can be ineffective.

A better approach is to focus on the way in which apprenticeship schemes are organised, as their content, length and financial arrangements affect both employers and apprentices. The challenge for policymakers is to design schemes that are adapted to a particular context. They need to recognise that the optimal design may vary depending on the country, sector, occupation, firm type or learner. One size won't fit all.

A multi-year OECD study has focused on what international experience and empirical research tell us about how to design apprenticeships that both work for employers and are attractive to learners. In this, it is important to focus on the dynamics of costs and benefits of apprenticeships to employers.

Offering an apprenticeship involves various costs for an employer: apprentice wages, supervisor wages, and the costs of material and equipment. These are counterbalanced by benefits. The challenge is to design schemes that ensure that benefits exceed costs to employers, so that they are keen to offer apprenticeships.

Some of the benefits can be reaped during the apprenticeship programme itself. Already on day one, an apprentice can do unskilled work: a restaurant will benefit when its apprentice cook peels potatoes, for example. But at the initial stages apprentices spend much of their time learning, so employers typically make an investment.

As the apprentice becomes more and more skilled, they can do more and more skilled work, such as baking a soufflé. Towards the end of the apprenticeship programme, skilled apprentices can

contribute to production, but still cost less than skilled workers. This period is essential, as it helps employers recoup their initial costs.

matters – it is the greatest cost incurred by employers. It is desirable to allow for apprentice wages to vary across sectors and occupations, as the costs of offering apprenticeships and the productive contribution of apprentices vary greatly across occupations. The length of an apprenticeship matters too – it needs to be long enough so that employers can benefit from apprentices' productive work, but not so long that apprentices become exploited as cheap labour. Social partners like employers' associations and trade unions are very well placed to guide decisions about the key features of apprenticeships. Involving them in the design and implementation of schemes is essential for successful programmes.

Policy efforts can focus on making it easier and cheaper for employers to offer

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## *Reducing the burden associated with apprenticeships can be particularly helpful in efforts to engage small and medium-sized enterprises*

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contribute to production, but still cost less than skilled workers. This period is essential, as it helps employers recoup their initial costs.

An additional benefit often comes at the end of the apprenticeship programme: employers can select apprentices who work well and recruit them as employees. This way employers do not have to pay for job adverts or interview candidates. Former apprentices can also skip much of the introductory training that others would need. Retaining former apprentices also minimises the risk of making the wrong recruitment decision, as the employer already knows how the person performs at work.

#### **Shifting the balance**

There are several ways of ensuring that apprenticeships bring sufficient benefits to employers while also sustaining their quality so that they are attractive to learners.

The design features of apprenticeship schemes can be adjusted. Apprentice pay

apprenticeships. Building up infrastructure that underpins apprenticeships can be very effective. This may include creating organisations that help match apprentices to companies, support employers with administrative tasks or offer targeted training to apprentice supervisors.

In Australia, group training organisations fulfil these functions and, if necessary, rotate apprentices between different firms. In Norway, training offices supervise training firms, train supervisors and deal with administrative tasks. Reducing the burden associated with apprenticeships can be particularly helpful in efforts to engage small and medium-sized enterprises. These firms often lack dedicated human resources departments and struggle to cover the whole skillset targeted by the apprentice's curriculum.

Enhancing employers' ability to manage apprentices can also help them achieve a favourable cost–benefit balance. In countries and sectors with a long tradition

## Apprenticeships can offer a powerful learning environment, but their potential is often not fully exploited

of apprenticeships, firms have much tacit knowledge about how to meet the twin goals of learning and production. Indeed, many employers were once apprentices themselves.

Building learning into productive work can benefit firms while delivering the same learning outcomes for apprentices. For example, after observing their supervisor, an apprentice might practise the skill by doing real work rather than doing simulations. Research found that between 2000 and 2007, German firms who took this approach halved the time apprentices spent on non-productive activities, increased the share of productive work, and maintained training quality.

The scope for learning through productive work varies across occupations. A would-be electrician must undertake substantial training before touching the wires. But whenever possible, learning should be integrated into productive activities. Rigorous assessments at the end of an apprenticeship can verify that learning was effectively integrated into – and not replaced by – productive work.

Apprenticeships can offer a powerful learning environment, but their potential is often not fully exploited. Tradition matters, but it is not everything: schemes can be adapted to country contexts and apprenticeship know-how can be built up over time. Lessons from international experience can help countries unlock apprenticeships' potential. ●

*The opinions expressed and arguments employed in this article are those of the author. They do not necessarily reflect the official views of the OECD or of the governments of its member countries.*

## 4 QUALITY EDUCATION

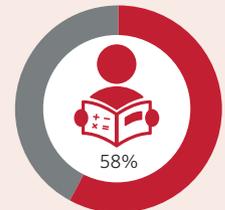


### Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



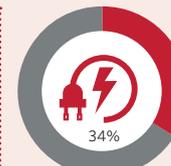
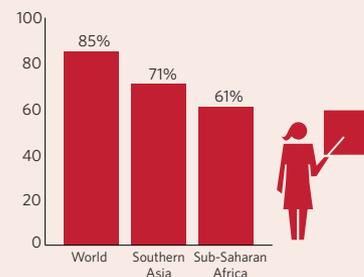
617 million

An estimated **617 million** children and adolescents of primary and lower secondary school age worldwide – **58 per cent** of that age group – are not achieving minimum proficiency in reading and mathematics

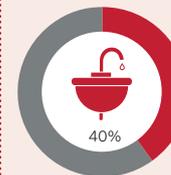


#### More trained teachers are needed for quality education

Percentage of primary education teachers who are trained



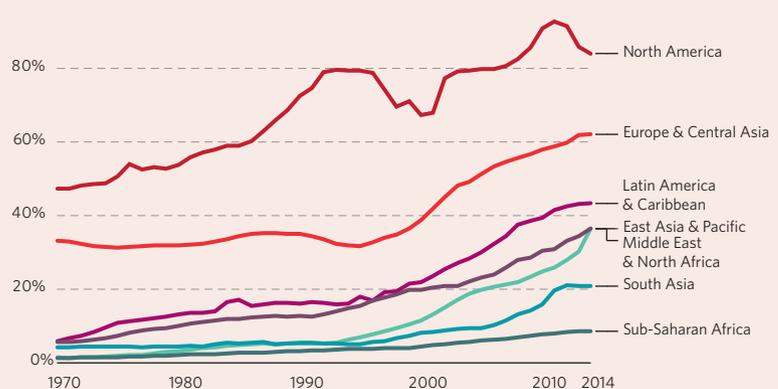
In 2016, only **34 per cent** of primary schools in LDCs had electricity



Less than **40 per cent** were equipped with basic hand-washing facilities

Source: The Sustainable Development Goals Report 2018, UN

#### Gross enrollment ratio in tertiary education



Source: World Bank



**Target 4.3:** by 2030 ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including university



© Luis Tato/Bloomberg via Getty Images

# Revitalising trade

*In the face of barriers and protectionism, the multilateral trade rulebook needs to be revised to ensure that it can deliver its full development potential*

By **Mukhisa Kituyi**, Secretary-General, United Nations Conference on Trade and Development (UNCTAD)

**T**he multilateral trading system provides a unique international regime that regulates the conduct of sovereign nations in trade policy. Its norms, principles and institutions have served many of its member countries to overcome the so-called ‘prisoners’ dilemma’ in their strategic interaction with trading partners, where individually rational behaviour leads to collectively inefficient outcomes. This has helped increase international cooperation in multilateral market-opening and rule-

making and has boosted trade flows around the world.

It is therefore striking that the World Trade Organization (WTO) norms and disciplines have failed to preempt the unilateral measures and resulting heightened tensions that have emerged among the world’s major trading partners over the past year. These moves have directly eroded the spirit of multilateral trade cooperation, challenging the legitimacy and integrity of the system underpinning it.

While these trade tensions are a symptom rather than cause of the diminishing relevance and effectiveness of the multilateral

trading system, they have brought to the fore the need to revitalise global partnership in trade – especially considering global commitments to do so under Goal 17 (global partnerships) of the 2030 Agenda for Sustainable Development. The question remains how to achieve this goal.

## **Debating the development dimension**

Mindful of the urgency of these systemic challenges, WTO members are currently debating various ways to ‘modernise’ different aspects of the institution, including its rule-making, transparency and dispute-settlement functions. One of the hot issues being debated is how to promote

◀ Dock workers loading a cargo ship at Mombasa port, Kenya. The WTO rules surrounding the concept of 'special and differential treatment' in trade arrangements have proved problematic. Modernisation is needed for it to fulfil its purpose of promoting development

'development' in the WTO through special and differential treatment (SDT). Questions have been raised around how SDT should be designed and applied within the architecture of multilateral trade rules and disciplines, and who should be able to use such flexibilities.

Flexibilities in the form of SDT have allowed developing countries to temporarily opt out of some of the most constraining WTO rules – from their domestic perspectives. This was an instrument to render trade integration economically, socially and politically sustainable. SDT also served as an effective negotiating instrument, making negotiated outcomes acceptable to developing countries and thereby increasing likelihood for consensus in multilateral negotiations.

Updating and modernising the principle of SDT to make it more effective, operational and better adapted to new trade realities is undoubtedly needed, especially as target 10.A of the Sustainable Development Goals calls for implementing "the principle of special and differential treatment for developing countries, in particular least developed countries [LDCs], in accordance with WTO agreements".

On the other hand, a robust development dimension also requires effectively redressing the imbalances or inequities built into existing WTO rules. These include the Agreement on Agriculture, where developed countries enjoy entitlements on domestic support that LDCs and most developing countries are not able to access.

### Towards differentiation?

The crux of the matter is whether current SDT provisions provide an excessive level of flexibilities to major large developing countries with economic weight, discouraging them from opening up their markets.

One argument goes that the current architecture of SDT – equally open to all

developing countries and based on the principle of self-declaration of developing country status – is not well suited for the economic realities of 2019. Indeed, the share of developing countries as a group in world trade rose from 28 per cent in 1995 to 45 per cent in 2018. So this school of thought considers that some developing countries should be 'graduated' from SDT and be treated in the same way as developed countries.

Others have underscored the continued relevance of SDT, given the persistent divide that exists between developed and developing countries. For instance, the average income per capita of developing countries, while rising, represents still only one tenth of that of developed countries (\$45,029), and in the case of LDCs just two per cent (\$887). Moreover, in the developing world, 736 million people, or 10 per cent of the world population, continue to live in extreme poverty.

The question is intriguing, partly because different indicators depict different pictures. If one looks at the aggregate figures, the increased presence of some dynamic, large and populous countries is a fact. But their global presence masks the still modest level of individual incomes, and high poverty levels in some cases. At the same time, having high income per capita alone does not free some of the 'high-income' countries (like some small island or commodity-dependent states) of the constraints and vulnerabilities affecting their economies and populations (such as geographical location, natural endowments, income distribution or socio-political bottlenecks).

In fact, the development status of countries is not easily reducible to some representative quantitative values, especially when that status affects rights and obligations of countries in an international agreement. 'Development' may be better captured as a qualitative and holistic notion, constructed through history and social interactions, and indivisible from social, political, environmental, human rights and human security dimensions.

### Thinking outside the box

Accepting that some form of differentiation

in responsibilities could be considered, we need to explore creative, pragmatic and realistic ways to bridge the divergent views on differentiation, rather than seeking to redefine formally the development status of countries.

For instance, even if developing country status is by self-declaration, developing countries can still decide on a voluntary basis to opt out of the provisions of SDT or take additional commitments if they so choose based on their capacities. A case-by-case approach on differentiation may prove to be useful, rather than a one-size-fits-all approach, so developing countries can contribute according to their capacity.

Inspiration may be drawn from the principle of 'common but differentiated responsibilities' in climate change negotiations. The principle is about the differential responsibilities of countries themselves, rather than how countries are differentially 'treated' by others. In the context of WTO, an innovative and pragmatic approach to SDT was adopted in the Trade Facilitation Agreement. The Agreement contains unique SDT measures linking a country's level of commitment with their implementation capacity, the provision of capacity-building assistance and capacity acquisition.

It is yet to be seen how this highly sensitive issue of SDT will be addressed in the ongoing WTO reform debate. A sub-group of WTO members is engaged in new negotiations on trade-related aspects of electronic commerce, while WTO members are preparing for the 12th Ministerial Conference next year. Both these events will provide testing grounds on how the development dimension could be addressed in the immediate future, including in the plurilateral context.

But if such reform is to materialise and result in an outcome that could be accepted as meaningful (and also fair, legitimate and sustainable), we will need to carefully address the different perspectives of all affected countries. Only then can we hope to achieve SDT reform that caters for divergent development needs, policy priorities and the capacities of countries in a balanced and equitable manner. ●

# Moving people, moving minds

*The rise in anti-immigration sentiment in parts of the world highlights the policy challenge: to ensure migration generates clear benefits for countries both sending and receiving migrants*

By **Costanza Biavaschi**, Associate Professor, Department of Economics, Norwegian University of Science and Technology

**T**he 2030 Agenda for Sustainable Development recognises for the first time that migration is an integral part of global sustainable development. No fewer than 11 of the 17 Sustainable Development Goals (SDGs) include targets and indicators that are relevant to migration or mobility.

This is hardly surprising, as the total number of people residing outside their country of birth was 258 million in 2017, compared with about 173 million in 2000 (according to figures from the UN Department of Economic and Social Affairs).

At the same time, the difficult economic conjuncture of recent years, associated with mounting political discontent and increased migratory pressures due to conflicts around the world, has made migration the subject of heated debate in developed and developing countries alike.

This is understandable, as while migration is intertwined with economic growth and development, it is certainly not universally beneficial. Nor is it necessarily advantageous to any particular group of the people involved. Like development, migration inherently produces a degree of displacement and uncertainty. The question, then, is how to maximise its benefits.

Developed countries often see migration as a way to address labour shortages and fiscal challenges arising from an ageing population. Indeed, even though migration is not predominantly demand-driven, immigrants are important actors in the most dynamic sectors of the economy.

Recent comparative studies show that immigrants are over-represented in fast-

growing occupations across countries of the Organisation for Economic Co-operation and Development (OECD). These studies also demonstrate that migrants are by no means a burden to public finances.

However, migration can hardly provide the definitive solution to the problems posed by an ageing workforce.

Opposition to migration has increased in the last decade for two main reasons. The first is competition – real or imagined – for jobs in ever-shorter supply. Indeed, according to figures from the OECD, immigrants represented about a quarter of entries into the most strongly declining occupations in Europe (24 per cent) and the US (28 per cent), as well as taking up almost half of the low-skilled jobs.

A second factor explaining much of the anti-migration hostility has to do with concerns about the impact of immigration on urban neighbourhoods and the availability and quality of public services, especially in healthcare and education.

## Effective integration

While not all these worries are founded, the array of hostile narratives indicates a growing need for policies that address the real challenges posed by migration. Such policies should promote effective integration, a greater understanding of the phenomenon, and social cohesion.

Effective integration can be pursued in several ways. For example, policymakers can ease competitive pressures on the labour market. This can be achieved by devising policies that select migrants with skills that are complementary to those of the existing population. Employment is the single most important determinant of migrants' net fiscal contribution. We therefore need

policies aimed at increasing employment rates, such as counselling and language-training programmes, particularly for South–North migration.

We should see these as investments, rather than costs, for the long-term prosperity of both immigrant and native communities. Policymakers can promote understanding of migration and greater social cohesion through information campaigns and policies that target poverty and inequality among the native population.

In terms of the consequences on developing countries, scholarly and policy debates have tended to swing back and forth between pessimistic and optimistic views. Among the potential benefits from migration, remittances have been singled out as an effective instrument for poverty reduction. Their rapid increase in recent years, to reach three times the size of official development assistance, is therefore generally greeted with enthusiasm.

But migrant-sending countries are also understandably worried about the loss of human capital from emigration, with its potential to hinder development. However, empirical research on the 'brain drain' has also emphasised that the prospect of moving abroad could provide incentives for educational improvement among the younger population, including those who remain.

Setting pessimism and optimism aside, these discussions often miss the complexity of different realities across the world. While the typical developing country might benefit from migration, there is little doubt that the developmental impact of migration is heterogeneous and costs and benefits are difficult to determine. So, for instance, the brain drain can have a dramatic impact on



© Romeo Gacard/AFP/Getty Images

countries that are particularly small or poor – such as Tonga, which is otherwise among the largest recipients of remittances as a share of gross domestic product (GDP) in the world.

### Maximising benefits

How can developing countries maximise benefits from migration? The contribution that migration makes to national development comes through remittances, investment, entrepreneurship, trade, return migration, as well as the promotion of social change. Yet, favourable conditions are needed to set off a virtuous cycle.

First, a reduction in the cost of remittances is paramount. These costs, which remain stubbornly high, are borne by migrants and their families but also by the home country as a whole whenever

remittances amount to a substantial share of GDP. Achieving the SDG target of reducing transfer costs below three per cent would greatly contribute to this objective.

Second, policymakers in the Global South can foster ‘brain circulation’ by promoting temporary or return-migration programmes for high-skilled migrants.

Third, an increase in governmental involvement with diaspora organisations could enhance the positive spillover effects of migration at a local level, especially in countries with large emigration rates. Finally, effective social protection and educational programmes, particularly if co-financed by migrant-receiving countries, could provide migrant-sending communities with new opportunities.

Increasing the benefits from migration for both developed and developing countries

▲ Graduate nurses in Manila, the Philippines, attend an oath-taking ceremony, having passed their final exams. Health services in many countries, including the NHS in the UK, recruit from the Philippines to fill skilled-labour shortages

ought to be high on the political agenda for decades to come. Appropriate national policies can be put in place to this effect. But equally important, if challenging, are the cooperative efforts that we need at an international level. Instead of being directed at merely reducing migration, such efforts should be geared toward channelling migration to the mutual advantage of sending and receiving countries. The Global Compact for Safe, Orderly and Regular Migration, signed on 18 December 2018, represents a first step toward this goal. Many more are awaited. ●



© Andrew Renneisen/Getty Images

# Aligning SDG and climate action

*Perhaps the biggest threat to the 2030 Agenda is climate change. The Sustainable Development Goals, from poverty eradication and ending hunger to conserving biodiversity and peace, will be unattainable if climate change is not urgently addressed*

By **Liu Zhenmin**, Under-Secretary-General for Economic and Social Affairs, United Nations

**T**he ambitious and transformative 2030 Agenda for Sustainable Development, including the interconnected 17 Sustainable Development Goals (SDGs) is a universal call to end poverty, enhance peace and prosperity and protect the planet. In the same year it was launched, 2015, countries adopted the historic Paris Agreement. Its aim is to address the increasing risks from climate change by limiting global temperature

rise to well below 2°C above pre-industrial levels. Climate change, caused by greenhouse gas (GHG) emissions, acts as a threat multiplier, threatening or reversing the progress we make towards the 2030 Agenda and the SDGs. Or, to put it another way, combating climate change and achieving sustainable development are intrinsically linked: the attainment of one depends on the other.

The rise in sea levels, shifts in weather patterns and more extreme weather events such as heatwaves, droughts, floods and storms will intensify the risk of more

severe disasters and threaten livelihoods. Mozambique, Zimbabwe and Malawi recently witnessed one of the worst tropical cyclones on record to affect the Southern Hemisphere. The catastrophic consequences demonstrate the vulnerability and exposure of countries to shifting weather patterns. Long-term environmental impacts from climate change, including ocean acidification and ecosystem degradation, will further erode food, energy and water security. These in turn can trigger or exacerbate displacement, social upheaval and violent conflicts.

◀ **Magaro, Mozambique, where the bridge across the Lucite River collapsed during Cyclone Idai. The storm, one of the worst on record to hit Africa, provided a stark reminder that all development has to take account of climate change**

These changes will affect the poorest and most vulnerable people the most, particularly in small island states, megacities and rural areas. The impacts of climate change will aggravate existing vulnerabilities and generate new challenges. The SDGs, from poverty eradication and ending hunger to conserving biodiversity and peace, will be unattainable if climate change is not urgently addressed. When we consider any of our global challenges, we must therefore consider the impact of climate change.

### Rapid global response

The Intergovernmental Panel on Climate Change *Special Report on Global Warming of 1.5°C* stresses the urgency of action on climate change. Due to GHG emissions, the world has already warmed by 1°C, affecting people, ecosystems and livelihoods. A warming of 2°C would lead to significantly worse global and regional impacts than a 1.5°C rise. These include a 10cm higher rise in sea levels this century, exposing an additional 10 million people to coastal flooding, saltwater inundation and freshwater shortages. Coral reefs would virtually be lost.

A rapid global response, including a far-reaching transition in all aspects of society, is therefore urgently needed. If we are to stay as close as possible to the 1.5°C goal, global emissions of carbon dioxide need to decrease by 45 per cent by 2030 and reach net zero by around 2050.

Due to the interconnectedness of the issues, efforts to advance the SDGs can also accelerate progress on the Paris Agreement, and vice versa. Many of the impacts of climate change affect the agricultural sector and threaten to reverse gains made in ending malnutrition. Shifting to more resilient, productive and sustainable agriculture and food systems is crucial for improving food security (SDG 2). But it also contributes to climate change mitigation as GHG emissions from human activity and

livestock are a significant contributor to global warming. Furthermore, sustainable agriculture practices can improve the resilience of ecosystems and reduce the vulnerability of rural populations to climate impacts.

The restoration and protection of forests, degraded lands and coastal zones that is envisaged in SDGs 14 and 15 also increases the adaptive capacity of socio-ecological systems to climate impacts and sea-level rise. Climate action should thus be integrated into every SDG.

### Enhanced climate action

Similarly, climate action can reinforce progress on the SDGs. Mitigation policies are expected to have positive impacts, particularly for SDG 3 (good health and wellbeing), SDG 7 (affordable and clean energy), SDG 12 (responsible consumption and production) and SDG 14 (life below water). The transition towards low-carbon or no-carbon societies is a priority area for maximising synergies between the initiatives. We can cut GHG emissions while simultaneously boosting the competitiveness of the economy, promoting growth and employment.

Reducing fossil-fuel combustion in accordance with the 1.5°C goal is also an important component of tackling air pollution. The World Health Organization estimates that the harmful effects on health of breathing polluted air – including stroke, lung cancer, heart disease and asthma – kill seven million people every year. The cost to the global economy in lost labour income is therefore significant.

Enhanced climate action could thus improve health and save millions of lives (SDG 3) and also bring significant economic benefits (SDG 8). However, such win-win outcomes may not arise without deliberate efforts to advance the joined-up implementation of both agendas. To avoid the risk of trade-offs between stringent climate mitigation strategies and poverty reduction, the transition to a climate-friendly economy needs to be sustainable, just and inclusive.

This stresses the need for climate action to go hand in hand with the pursuit of the

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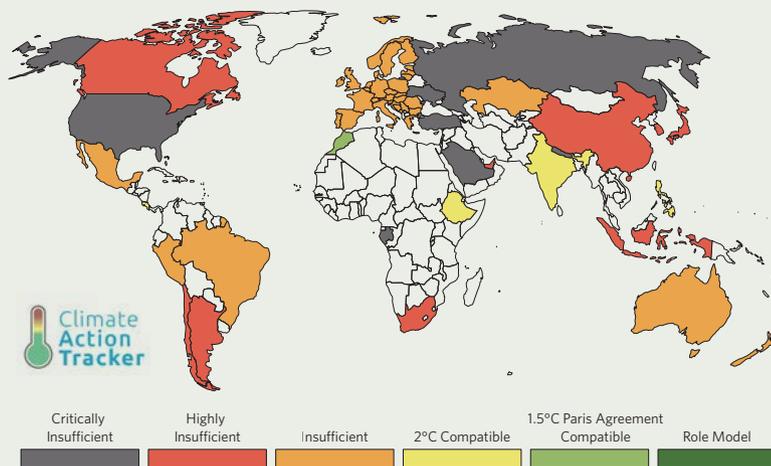
Nature-based development 102

## 13 CLIMATE ACTION



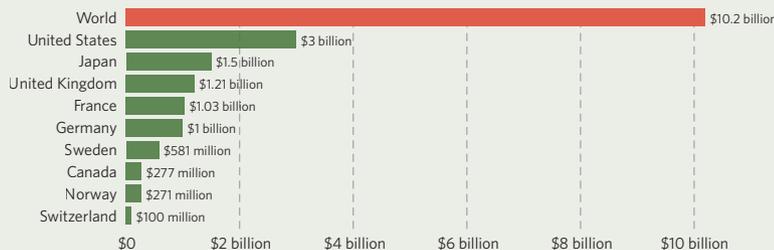
### Take urgent action to combat climate change and its impacts

Progress by country towards the Paris Agreement targets



Source: Climate Action Tracker

Green Climate Fund (GCF) signed pledges for Initial Resource Mobilisation, 2015-2018



Source: Green Climate Fund (2018)



The Green Climate Fund (GCF) is a global fund created to support lower-income countries in climate mitigation and adaptation. The US, under the Obama administration, committed to contribute \$3 billion to the GCF and paid \$1 billion. Subsequently, the Trump administration has withdrawn from the Paris Agreement. Under the agreement, advanced economies formally committed to mobilise at least \$100 billion per year by 2020. The next round of contributions will be confirmed at a pledging conference scheduled to be held in October 2019.

SDGs. But time is running out. Current pledges under the nationally determined contributions are not sufficient to meet the aim of limiting global temperature rise to 1.5°C above pre-industrial levels. Close collaboration between international organisations, countries, the private sector and civil society is needed to step up our climate ambition and action and combine

our efforts to reach the SDGs in tandem with the Paris Agreement.

Ultimately, it is governments that have the primary responsibility for defining policies and systems that promote the achievement of the SDGs and climate goals in a transparent, accountable and inclusive way. The Global Conference on Strengthening Synergies between the Paris Agreement and the 2030

Agenda for Sustainable Development (held from 1 to 3 April 2019 in Copenhagen) and the 2019 Climate Action Summit of the UN Secretary-General (to be held on 23 September in New York) mark important opportunities to align the climate and SDG processes. They are also key moments in raising ambition and stimulating action from stakeholders at the global, regional and country levels.

The 2030 deadline will determine our pathway to climate change. Now just a decade away, it underlines the urgency of action if we are to stay as close as possible to the 1.5°C target. Both the 2030 Agenda and the Paris Agreement define time-bound and specific global targets, are

### Close collaboration between international organisations, countries, the private sector and civil society is needed to step up our climate action

grounded in scientific knowledge, recognise the importance of multi-stakeholder implementation and acknowledge that there is no one-size-fits-all approach. But, most importantly, both initiatives appreciate that they can be deeply complementary to each other at various levels. We therefore need to plan all our action to advance progress on the SDGs in the context of climate action and concentrate on maximising the co-benefits.

In September this year, heads of state and government will gather at the United Nations for a series of critical high-level meetings. The SDG Summit in particular will provide an important setting to review the global response to the entire 2030 Agenda, including climate action, and to shift the focus towards the next phase of implementation.

In this sense, it will also provide a valuable integration of the climate and sustainable development agendas by aligning SDG and climate action at all levels. ●

# 11 SUSTAINABLE CITIES AND COMMUNITIES



## Make cities and human settlements inclusive, safe, resilient and sustainable

► **91 per cent** of the urban population worldwide were breathing air that did not meet the World Health Organization air quality guidelines value for particulate matter (PM 2.5)



► **More than half** were exposed to air pollution levels at least 2.5 times higher than that safety standard



► **An estimated 4.2 million people** died as a result of high levels of ambient air pollution



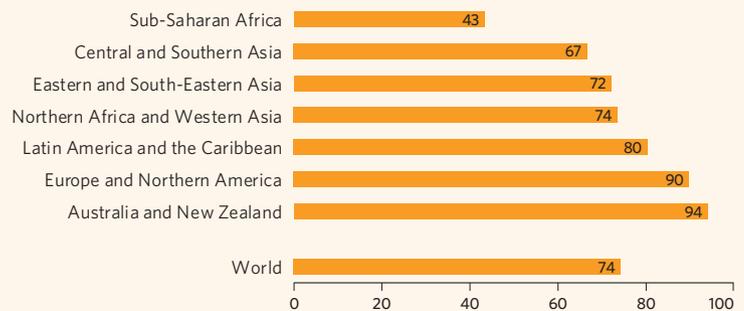
► **Many cities** around the world are facing acute challenges in managing rapid urbanisation – from ensuring adequate housing and infrastructure to support growing populations, to confronting the environmental impact of urban sprawl, to reducing vulnerability to disasters

Number and proportion of the urban population living in slums, 2000 and 2014 (millions and percentage)



► **Urban population growth** is outpacing improvements in slum conditions. Despite a 20 per cent reduction (from 28.4 to 22.8 per cent) in the proportion of the urban population living in slums during the 15-year period 2000 to 2014, the total number rose from 807 million to 883 million over this period

Proportion of the municipal solid waste generated that is collected, 2001-2015 (data from 214 cities/municipalities in 103 countries) (percentage)



► **The safe collection, removal,** treatment and disposal of solid waste are among the most critical services in the urban environment. In sub-Saharan Africa, less than half of all municipal solid waste generated is collected, with adverse effects on the health of residents. Even when waste is collected, it is often not treated and disposed of in a sustainable and environmentally sound manner

Source: The Sustainable Development Goals Report 2018, UN



© Aaron Josefczyk/Reuters

# A positive way out

*The SDGs explicitly address the challenges brought about by today's fast-growing and rapidly changing global economy. Moving from a linear to a circular model will contribute to achieving them*

By **Ellen MacArthur**, Founder, The Ellen MacArthur Foundation

**T**he level of ambition of the Sustainable Development Goals (SDGs) is humbling, to say the least. It entails a systemic, multi-stakeholder, all-encompassing shift: from the Industrial Revolution-inherited, linear, extractive model of take, make and waste, to one that shapes beneficial solutions.

To get there, incremental improvements or simple tweaks to the existing model will not suffice. The economy as we know it relies first and foremost on the transformation

of resources which are mostly finite. Better recycling or efficiency measures can only delay the inevitable – not prevent it.

Having lifted billions out of poverty and made material comfort a legitimate aspiration for all, the industrial engine is seeing obstacles on its horizon. The combination of resource scarcity and severe negative impacts makes it unreasonable to think we can carry on extracting, consuming and throwing away.

And while we might have come to realise that there actually is no 'away', we still have a lot of work to do to understand the interconnectedness of the system. Consider for instance that, according to the

International Resource Panel's latest report *Global Resources Outlook 2019*, 50 per cent of the world's greenhouse gas emissions are due to extractive activities – both industrial and agricultural. That's before we even start to take into account the use-phase of our products, buildings and infrastructure.

Focusing on achieving SDG 13 (climate action) requires looking beyond switching to renewable energy. A transformation in materials management is also crucial.

The way we make and use (or misuse) things lies at the heart of the issue, with cascading impacts that are both physical and societal. It's about responsible consumption

◀ Water flows out as a steel slab is cooled at a steel mill in Farrell, Pennsylvania, US. Due to its inherent material and energy intensity, heavy industry is a logical starting point for the transition to a circular economy

and production, the term that forms the basis of SDG 12. It is often mentioned that the circular economy can make a particularly credible contribution to that specific goal – by designing waste and pollution out, keeping valuable materials in use, and regenerating natural capital. And while we can wholeheartedly agree with this premise, we must also emphasise that circularity’s positive impact naturally reaches beyond SDG 12, by virtue of the aforementioned interconnectedness.

Without going through a tedious listing exercise, it’s not a stretch to see how designing waste and pollution out significantly helps life on land, life below water and urban environments (SDGs 14, 15 and 11, respectively). Using the same logic,

keeping materials in use will reshape industry and infrastructure (SDG 9). Regenerating ecosystems, meanwhile, is key to a string of goals, including but not limited to SDG 3 (health and wellbeing) and SDG 6 (clean water and sanitation).

**Scaling up efforts**

The economic benefits of the circular model are well documented, and one could potentially argue that there is ‘proof of concept’. What is required now is proper scale.

Looking at the built environment, mobility and food in the context of Europe, the Ellen MacArthur Foundation has demonstrated that the circular economy would also have significant beneficial impacts on the environment. Carbon dioxide emissions would drop 48 per cent by 2030 relative to 2012 levels. This is a compelling figure, which makes a strong case for an accelerated transition to a redefined notion of economic progress.

Heavy industry might be an obvious starting point due to its inherent material and energy intensity. But circularity can also be harnessed to re-invent the food system, to attain a regenerative model based on the optimisation of nutrient loops. This makes business sense, through the valorisation of agricultural by-products for high-value molecular extraction, energy production and dramatically reduced needs for expensive and soil-damaging chemical fertilisers.

We still need to ramp up efforts across a variety of fields such as materials science, education, design and infrastructure investment. But the early signs of a transition are firmly in place, on the back of strong private and public-sector involvement. The circular economy model took a prominent place at the recent UN Environment Assembly, and features heavily in the sustainable consumption and production resolution adopted by Member States in the closing plenary session – both clear acknowledgements of its transformative potential. ●

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**



**Ensure sustainable consumption and production patterns**

▶ Globally by 2018, 108 countries had national policies on sustainable consumption and production



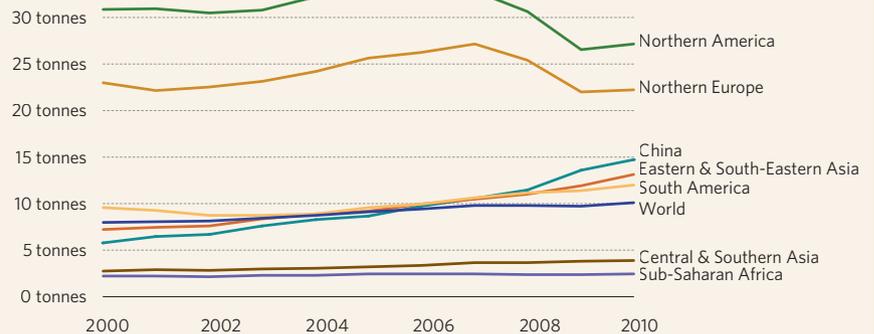
▶ 93 per cent of the world’s 250 largest companies are now reporting on sustainability



Source: The Sustainable Development Goals Report 2018, UN

**Material footprint per capita**

Material footprint is a measure of the amount of raw materials extracted for use within a country, measuring the footprint for biomass, fossil fuels, metal and non-metal ores, in tonnes per person per year



Source: UN Statistics Division

# Making every drop count

*Increasing levels of water stress are pitting the demands of business against individuals and country against country. How can we relieve water stress and protect the human right to water?*

By **Maria Helena Semedo**,  
FAO Deputy Director-General for Climate  
and Natural Resources

**W**ater is one of our most precious resources. It is universal, crosses borders and nourishes all life. Water is a human right – we cannot live without it. Yet with global population growth, environmental degradation, climate change impacts, changing lifestyles and greater urbanisation, water risks becoming more and more scarce as demand for it increases.

According to the *United Nations World Water Development Report* launched in March 2019, over two billion people live in countries experiencing high water stress. By 2050, global water demand is expected to increase by 20 to 30 per cent, while supply will dwindle alarmingly.

Water scarcity is a complex issue for many reasons. An increase in the number of people on our planet and sweeping economic development is making water use grow twice as fast as compared to the last century. As the availability of fresh water decreases, we also see an increase in water demand from the agricultural, industrial and energy sectors.

This struggle for balance is one of our greatest challenges. With this in mind, the international community committed to a specific Sustainable Development Goal (SDG) on water. SDG 6 aims to ensure the availability and sustainable management of water and sanitation for all. It underlines the urgency to better manage this key natural resource to reach the aspirations of the 2030 Agenda for Sustainable Development.

Climate change isn't making things any better. For every 1°C rise in global temperature, it is expected that 500 million

people will face a 20 per cent decrease in the availability of freshwater resources. Dry areas tend to become drier, droughts tend to become more recurrent and severe, and coastal areas are more affected by seawater intrusion due to rising sea level. More frequent and intense extreme weather events have major impacts on water supply and food security, especially in already vulnerable rural areas.

Cyclone Idai, which recently struck Mozambique, Malawi and Zimbabwe, affecting over 2.9 million people, is an example. The fury of these events can leave thousands of people without homes, decimating their crops and cutting off access to safe water.

Ensuring water security for millions of rural residents is vital to achieve the 2030 Agenda. Collectively, the world's smallholder farmers feed the world but individually face repeated risks of food insecurity and malnutrition.

The Food and Agriculture Organization of the United Nations (FAO) works with countries and partners to create stronger and more resilient rural communities, helping them to combat water scarcity and expand livelihood opportunities.

Leaving no one behind requires increased attention to sustainable water management in agriculture, increased investment in water infrastructure and availability of safe drinkable water for all. It calls for actions such as water harvesting for irrigation,

## ***Leaving no one behind requires increased attention to sustainable water management in agriculture, increased investment in water infrastructure and availability of safe drinkable water for all***

Competition for water is a strong social stressor and can be a major driver of migration. An average of 25.3 million people worldwide are displaced each year by sudden disasters.

Water scarcity also threatens food security and nutrition, leading to conflicts and jeopardising livelihoods and ecosystems. Already, millions of family farmers in developing countries suffer from lack of access to fresh water.

Agriculture is by far the most affected sector in periods of drought, leading to severe crop losses and reduced production that hit farmers and the rural population hardest. About 84 per cent of the economic impact of drought falls on the sector.

improved advisory services for water management, and developing drought preparedness plans.

Good decision-making relies on reliable and timely information. Since 1960, FAO has been collecting, analysing and providing global information on water resources and agricultural water management through AQUASTAT, its global information system. AQUASTAT draws on national capacities and expertise with an emphasis on Africa, the Middle East, countries of the former Soviet Union, Asia, and Latin America and the Caribbean. It plays a central role in monitoring SDG 6 and, in particular, indicators on water stress and water use efficiency.



© Adnan Abidi/Reuters

But the pendulum swings both ways: agriculture suffers from water scarcity but is also a cause. Irrigated farming accounts for around 70 per cent of freshwater withdrawals to produce approximately 40 per cent of the world's food on only 20 per cent of global cropland.

Against this background, irrigated agriculture will remain important in the future, when we have to produce around 50 per cent more food by 2050 to feed a greater population. Therefore, it is essential for food production systems to use less water, and use it more efficiently.

FAO, acutely aware of these challenges, promotes actions to produce more with less water and reduce losses in agriculture. The positive effects of promoting water use efficiency, water recycling and rainwater harvesting – combined with measures like selection of drought and salinity-resistant species and sustainable soil management – can lead to wider benefits. They can help tackle extreme poverty, hunger and malnutrition, and climate change.

For instance, our 'one million cisterns for the Sahel' programme focuses on vulnerable rural communities in arid

▲ Residents fill their containers with drinking water from a municipal tanker in New Delhi, India. Over two billion people live in countries experiencing high water stress

and semi-arid regions of five countries affected by climate shocks. Inspired by a similar programme implemented in Brazil, this initiative aims to give access to safe drinking water to millions of people across the Sahel. The idea is to improve families' lives on a number of levels: to increase what they grow for nutrition and for income, to improve health and, ultimately,

## FIAT CHRYSLER AUTOMOBILES: LEADING BY EXAMPLE

### SDG 6: Ensure availability and sustainable management of water and sanitation for all

**W**ater scarcity is one of the primary challenges facing governments, communities, businesses and individuals in many parts of the world. Fiat Chrysler Automobiles (FCA) sees water as one of the most important natural resources to be protected and aims to responsibly manage our entire water cycle, especially in water-stressed regions where availability is critical to the surrounding environment and population. FCA has focused particularly on the adoption of technologies and procedures to increase recycling and reuse of water and decrease the level of pollutants in discharged water.



**2.3** Billion m<sup>3</sup>  
water saved equivalent to  
1 million Olympic-sized  
swimming pools

As a result of improvements in 2018, FCA reduced water withdrawal by 29% compared with 2010. Projects to cut the quantity of water withdrawn led to overall savings of about €2.5 million. A 99% recycling water index resulted in 2.3 billion m<sup>3</sup> of water saved. For 2020, FCA is targeting a 40% reduction in water withdrawn per vehicle produced compared with 2010 and in 2018 achieved a global reduction of 38%.

FCA is addressing the water security goal of the global 2030 Agenda in different countries and in different ways to serve the communities where we operate.

At the Jeep Assembly Plant in Goiana, in the State of Pernambuco, Brazil, the paint process was enhanced through the introduction of 'primerless' technology. Here, where models of our iconic brand Jeep® are produced, this process ensures

the quality and durability of the paint, while at the same time reducing water and energy consumption and decreasing the environmental impact.

This innovative technology, as well as an advanced water filtration treatment system, are some of the projects that allowed the Goiana plant to win the National Water Agency Award (ANA). The ANA Award, sponsored by the Brazilian Ministry of the Environment, recognised the best initiatives that contributed to the management and sustainable use of water resources in Brazil.

Initiatives are taken also in India, where the Group has decreased water consumption in manufacturing and other activities by adopting the 5-R principles: Refuse, Reduce, Reuse, Recycle & Recover. Near the Fiat India Automobiles (FIAPL) plant in Ranjangaon, Maharashtra, where we produce Jeep® Compass, our water conservation programmes have resulted in:

- an increase in the ground water table;
- an increase in the area under irrigation;
- a reduction in the dependence on water supply from tankers during the summer months;
- increased awareness among the communities of water conservation and management.

The FIAPL plant has achieved "net water positive" status. This means that FCA is harvesting more water than is being used, by optimising consumption, recycling as much as possible, and capturing rainwater - thus delivering water back into the community.

These are only few examples of how FCA's sustainability commitments are aligned with the inspirational principles that drive the UN SDGs initiative.

[www.fcagroup.com](http://www.fcagroup.com)

**FCA**

FIAT CHRYSLER AUTOMOBILES

## *Actions and strategies must address water use, agricultural production, food security and climate change in an integrated manner*

to build the resilience of millions of families, especially women.

My home country, Cabo Verde, suffers from a dry and unpredictable climate and, like many small island developing states, limited access to fresh water. This exposes us to significant risks for the primary sector, especially agriculture. But despite the country's arid climate, by adopting innovative technologies such as desalination, solar power energy, reuse of waste water for agriculture and even fog harvesting, 90 per cent of the population has access to potable water. This is an impressive figure.

Actions and strategies must address water use, agricultural production, food security and climate change in an integrated manner. The FAO-led Global Framework on Water Scarcity in Agriculture (WASAG), launched during the UN Climate Change Conference in Marrakech in 2016, is bringing together leaders in water and agriculture to design such strategies. Last March, 47 countries adopted the Praia Commitment. This is aimed at promoting sustainable water management as a driver of development, maximising synergies across the 2030 Agenda. They are designed to support farmers, providing improved access to financing, innovative technologies and sound water management practices.

While this kind of political leadership is crucial, there is much more that can be done, from modernising irrigation schemes to improving water supply systems to supporting water data and information systems. The tools are all at our disposal. We now need to take up the challenge, raise awareness and recognise that water is limited. We all need to use it wisely to make every drop count. ●

6 CLEAN WATER AND SANITATION



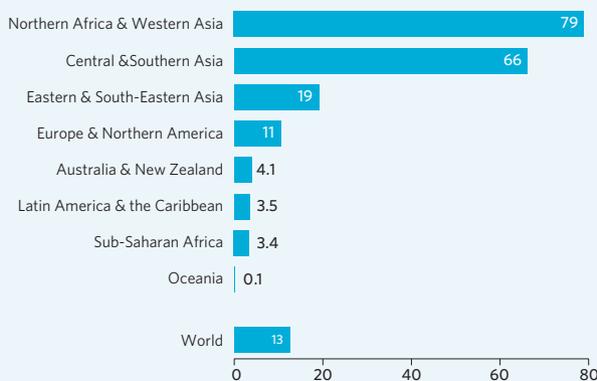
# Ensure availability and sustainable management of water and sanitation for all

Proportion of safely treated wastewater flows from households, 2015 (percentage)



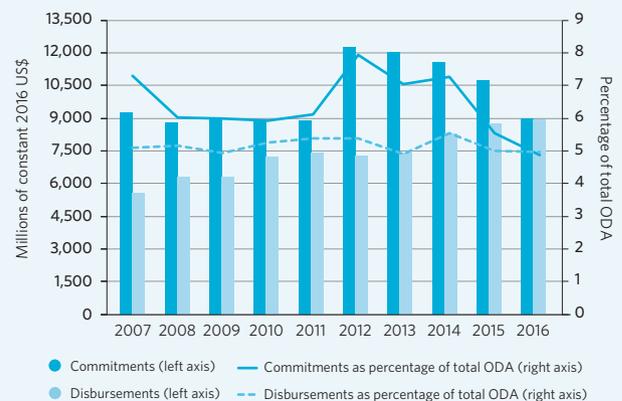
**Untreated wastewater** from households degrades overall water quality, posing a risk to public health. It can contaminate drinking water sources and limit opportunities for safe and productive reuse of water. Preliminary estimates from household data in 79 mostly high- and high-middle-income countries (excluding much of Africa and Asia) show that, in 22 countries, less than 50 per cent of all household wastewater flows are safely treated

Level of water stress: freshwater withdrawal as a proportion of sources, around 2014 (percentage) available freshwater



**In 22 countries** (mostly in Northern Africa and Western Asia and in Central and Southern Asia), water stress – defined as the ratio of freshwater withdrawn to total renewable freshwater resources – is above 70 per cent

Official development assistance (ODA) commitments and disbursements to the water sector, 2007–2016 (millions of constant US\$ and percentage of total ODA)



**While total ODA** committed and disbursed across all sectors steadily increased between 2012 and 2016, the share of ODA commitments to water-related activities declined

Source: The Sustainable Development Goals Report 2018, UN



© Jake Lyell/Alamy Stock Photo

# Feeding the world

*How can we produce enough food for an ever-expanding population without causing irreversible environmental damage?*

By **Florencia Montagnini**, Senior Research Scientist, School of Forestry and Environmental Studies, Yale University, and **Kjell E. Berg**, Director, Formcell AB, Bioren Systems

**F**ood production through industrial farming, with heavy use of synthesised fertilisers, herbicides and pesticides, has led to detrimental impacts worldwide. Carbon releases have significantly added

to the greenhouse gases (GHGs) present in the atmosphere, possibly magnifying temperature variations and affecting the global climate. The use of heavy machinery compacting soils has led to increased soil erosion and loss of nutrients, and has reduced the ability of roots to penetrate to greater soil depths to absorb water and nutrients.

The planet is losing about 0.3 per cent a year of its capacity to produce food due

to soil degradation. Soil erosion poses a major threat to global food security and to the achievement of the Sustainable Development Goals (SDGs). Controlling soil erosion is linked to achieving SDGs 2 (on food security), 6 (on clean water provision) and 15 (on curbing desertification and halting biodiversity loss).

The chemicals employed to eliminate or reduce the presence of weeds, insects and pests also have a major adverse impact on

◀ **Tree nursery in Banfora Department, Burkina Faso. As well as making extensive use of trees in agroforestry, Burkina Faso is part of the Great Green Wall project to curb the spread of desertification in the Sahel**

beneficial insects, pollinator bees and birds. This in turn affects consumable and other vegetation as well as surface water bodies and groundwater. The total number of insects has plummeted by 60 to 75 per cent in the past 25 to 30 years, and nearly half of insect species are now threatened by extinction. So we urgently need to define more clearly the causes and impacts of using chemicals in industrial agriculture, lawns and gardens.

We need to investigate thoroughly the effects on plant and animal life of the increasing use of genetically modified organisms (GMOs), which enable the application of potent chemicals. The use of GMO crops, which are patented by mega companies, has a negative impact on the ability of farmers to use locally produced seeds. It has also displaced many of the original crop species and varieties that indigenous peoples and their successors had been planting and consuming for centuries. This is a threat to genetic and species diversity, and has serious consequences for human health and cultures.

### Reconciling agriculture with biodiversity

Can nature be part of human-dominated landscapes? Land has traditionally been spared to protect biodiversity. However, the areas of land that are available for this purpose are often not large enough to sustain viable populations of wildlife. We need a complementary strategy in human-dominated landscapes: land-sharing.

Reconciling farming and nature is possible in landscapes that truly share space. The Aichi Biodiversity Target 7 of the Convention on Biological Diversity expresses the need to provide the conditions for compatibility between biological diversity and production of goods and services for human society on the same land. In addition, we need to promote biodiversity islands (pockets of protected land in human dominated landscapes) to safeguard the sustainability of current plant and animal species.

Agroforestry systems (AFS) that combine trees and crops on the same land can increase productivity in the short and long term, and are also biodiversity friendly. AFS can help farmers as they seek to adapt to climate change, due to the ameliorating effects of trees on air temperatures. Agroecological systems, which include AFS, are also more resilient to hurricanes. Such systems can

population growth, land productivity in agriculture and forestry must increase. If we calculate based solely on monocultures, the sum of areas needed to achieve the SDGs at current production levels exceeds what is available on the planet.

But with the appropriate combinations of trees, crops and livestock, agroforestry – a system that integrates forest and

## *The total number of insects has plummeted by 60 to 75 per cent in the past 25 to 30 years, and nearly half of insect species are now threatened by extinction*

create an opportunity to rethink land-use practices, to make land more resistant and resilient to the increased intensity and frequency of storms and other disturbances.

Sound agricultural management – including agroecological practices, agroforestry, regenerative agriculture and conservation agriculture – can also increase soil quality and decrease or halt soil erosion. These techniques are being developed and promoted by the UN (including through its Food and Agriculture Organization) and several international, regional and local institutions.

Recommended practices to maintain soil quality include:

- adding organic matter;
- adding ashes from wood burning;
- minimising soil disturbance (for example, practising ‘minimum tillage’);
- conserving soil and water;
- improving soil structure;
- enhancing biological activity.

This can be accomplished by using integrative nutrient management (for example, composting, mulch farming, planting cover crops), diversifying cropping systems and using mixed production systems such as agroforestry.

### How AFS can help achieve the SDGs

If the SDGs are to improve wellbeing for large numbers of people in developing countries, then given current human

agriculture – can offer a range of goods, benefits and services simultaneously. It can therefore provide nutritious food, renewable energy and clean water while conserving biodiversity. By allowing efficient, multifunctional land use, agroforestry supports ‘sustainable intensification’.

AFS can make a significant contribution to several of the Global Goals: SDG 2 (on hunger), SDG 5 (on gender equality), SDG 6 (on clean water), SDG 7 (on affordable, clean energy), SDG 10 (on reducing inequalities within and among countries), SDG 13 (on climate action) and SDG 15 (on halting biodiversity loss).

And because of the interconnected nature of the SDGs, AFS make contributions to achieving an even wider range of goals than immediately apparent, including SDG 1 (on poverty), and SDG 3 (on good health and wellbeing). AFS can promote diverse SDGs simultaneously for an enhanced combined contribution to the post-2015 sustainable development agenda.

### Increasing sustainable food production

Neither a world free of hunger nor of poverty can be achieved by 2030 without a substantial increase in capital flows in agriculture and food systems. Public and private, as well as domestic and foreign, investment must increase to reach these goals, particularly for the small-scale producers who grow about 70 per cent of the world’s food.

Increased funding for agriculture needs to include financing energy alternatives. This is especially true when people's lives are in peril from health hazards caused by inefficient cooking and heating devices, whose use accounts for nearly 50 per cent of roundwood (unprocessed timber) consumption worldwide.

A relatively modest expenditure to promote the use of more efficient cook stoves and alternative fuels would have a major impact on decreasing tree cutting, reducing GHG emissions, increasing carbon sequestration and saving millions of lives.

In addition, safe water supplies for consumption and food production must be secured and promoted worldwide.

Several international programmes and projects, non-governmental organisations and many academic and government entities are conducting research for development aimed at decreasing rural poverty and hunger while maintaining landscape integrity and ecosystem services. These programmes work on topics such as:

- identifying the most suitable systems and management techniques that can contribute to achieving SDGs in target regions;
- how to integrate the traditional knowledge of smallholders with scientific knowledge on environmental and agricultural strategies to promote the most suitable systems for each situation;
- how smallholders can access markets for their products, allowing them to capture more of their value, especially for people who are socially or economically marginalised;
- how AFS and other sustainable food production systems can be scaled up from local situations to regional and international applications;
- how to ensure land tenure and ownership for indigenous people that have used and occupied lands for hundreds of years.

We must ensure these efforts are well supported. The risk to ecosystems worldwide from protecting monocultures with high doses of potent chemicals is clear. To be able to feed all the people, we must urgently switch to sustainable food production systems and practices. ●

## 2 ZERO HUNGER



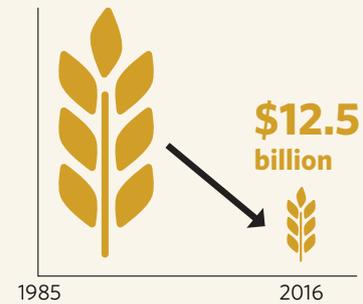
# End hunger, achieve food security and improved nutrition and promote sustainable agriculture

**Stunting, wasting and being overweight still affected millions of children under age 5 in 2017**



**After a prolonged decline**, world hunger appears to be on the rise again. Conflict, drought and disasters linked to climate change are among the key factors behind this reversal

**Aid to agriculture in developing countries totalled \$12.5 billion in 2016, falling to six per cent of all donors' sector-allocable aid, from nearly 20 per cent in the mid-1980s**

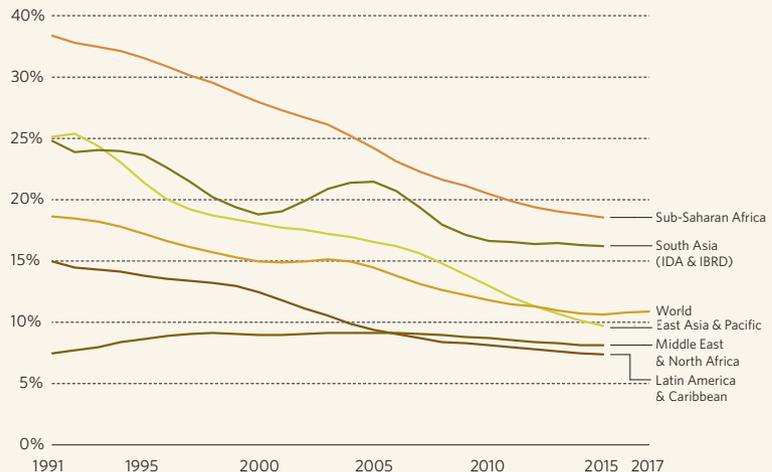


**Target 2.A** calls for enhanced international cooperation to improve agricultural productive capacity

Source: The Sustainable Development Goals Report 2018, UN

### Share of the population that is undernourished

This is the main FAO hunger indicator. It measures the share of the population that has a caloric intake which is insufficient to meet the minimum energy requirements necessary for a given individual. Regional aggregations are based on World Bank regions and exclude high-income countries. They may therefore differ from UN FAO regional figures.



Source: UN Food and Agriculture Organization (FAO)

# Quality seed for a good harvest

Seed choice and accessibility support the Sustainable Development Goals



By **Michael Keller**,  
Secretary General,  
International  
Seed Federation

**M**ore than a year ago, my organisation – the International Seed Federation (ISF) – participated in a global forum on plants, genetic resources, food and agriculture in Kigali. It was an urgently needed debate, bringing essential contributions from plant breeders, policymakers and seed companies. But it was the voice of the farmers that stayed with me the most, and further cemented my views on ISF's strategy and ultimate goal: a world where the best quality seed is accessible to all.

Seed is the most critical input for a good harvest and the first decision that farmers make when growing crops. But – at a forum side event – a Rwandan farmer, Joseph Gafaranga, explained the immense difficulties faced by smallholders in accessing quality seed. In Rwanda, where 75 per cent of the population relies on farming for a living, only 10 per cent have access to quality seed suitable for local conditions. In many other developing countries, the situation is even bleaker.

Given the urgency of sustainably producing enough food for a rapidly growing world population, the failure to get improved seed to more farmers is a gap we simply cannot afford.

## A gap we cannot afford

Within the next 30 years, the world must produce 60 per cent more food, even as climate change threatens any

progress. How can we do it if a vast number of the world's farmers are limited in their choice of seed, and excluded from the benefits and advances the developed world has enjoyed for decades?

In the European Union, improved varieties boosted crop productivity for nine core arable crops by an average 20 per cent in 15 years, helping to deliver food to the equivalent of an additional 100 million people.

The social, environmental and economic benefits could be even larger in low-income countries. In Africa and Asia, 80 per cent of food is produced by smallholders for whom access to better, more resilient seed could be transformative.

So what are the obstacles? In many low-income countries, farmers have to deal with poor infrastructure, transport and lack of finance. In addition, their choice and access to improved varieties is compromised by a lack of adequate policies and regulations. This weakens smallholder farmers' access to the seed most suited to their local systems, conditions and needs.

## Eradicating hunger

Implementation of transparent and predictable regulation could contribute to unlocking food production and to the eradication of hunger and poverty in line with the Sustainable Development Goals.

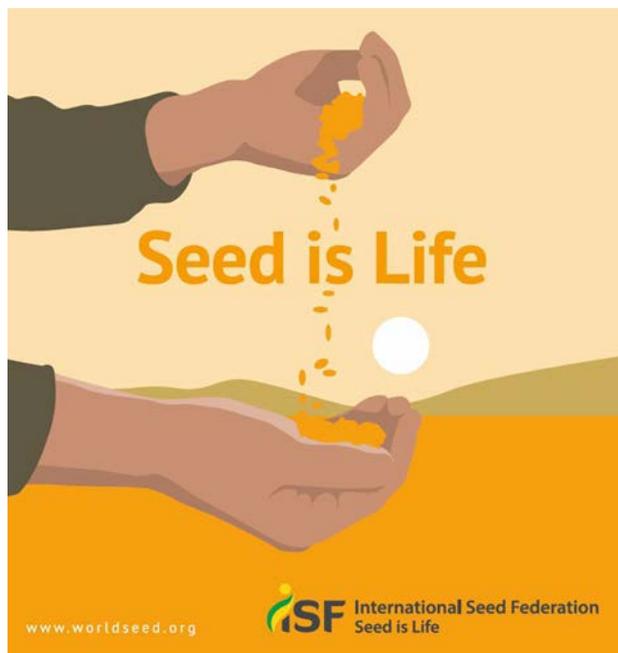
To create the right framework, public and private sectors must listen more to each other and find common ground at both the national and international levels. This is necessary in order to cross the bridges that none of us can cross alone.

Some public-private collaborations have already delivered impressive results. Seed companies have collaborated with the International Rice Research Institute (IRRI) to produce rice varieties for Asian markets that yield more grain while also withstanding pests and disease, plus drought, floods and the other harmful effects of climate change.

Elsewhere in the world, partnerships between research institutes and private companies led to the establishment of gene banks that will safeguard genetic resources, providing scientists with wider access to germplasm, which in turn help them to develop climate-resilient crops.

Given the urgency of getting improved varieties to farmers who need it the most, collaboration at the local and global level cannot come soon enough. ■

*UNA-UK thanks the International Seed Federation for its generous support for this publication*





© Mike Enerfo

# Natural development

*How nature-based solutions can help deliver the SDGs*

By **Andrew Steer**, President and CEO, and **Fiona McRaith**, Research Analyst, World Resources Institute (WRI)

**“N**o, of course we don’t have any environmental expertise. We’re a development institution.” So spoke a President of the World Bank in the early 1980s.

How times have changed. In less than four decades, development leaders have radically shifted their views – from a belief that environmental protection was either irrelevant or downright threatening to economic development, to a recognition that without environmental protection there is no chance for eradicating poverty or achieving the Sustainable Development Goals (SDGs).

Why this shift? The answer is simply that the evidence has piled up showing that when nature is lost, so too are development prospects. Communities around the world have been impoverished when forests or soils, mangroves or coral reefs, are lost. Conversely, there are hundreds of examples demonstrating that when communities, governments and corporations invest in

◀ **Bishan Park, Singapore.** The river Kallang was restored from a concrete drainage channel to a bio-engineered river, improving its ability to manage surges and clean the water, as well as boosting biodiversity and creating recreational space for the population

nature, development prospects rise. This revolution in thinking is so profound that an entire profession has built up around it. Nature-based solutions have been found to be helpful in strategies to achieve virtually all the SDGs.

**Protect and restore**

But what exactly does it mean to invest in nature? The starting point is protection: making sure that the valuable ecological services provided by natural systems are not destroyed by thoughtless human activity.

Consider coral reefs, for example. Coral reef protection has many benefits for life below water (SDG 14), but a healthy coral reef also leads to increased fish stocks, which create fishing jobs and provide nutrition to local populations. More beauty and life underwater also attracts tourists, providing money and more opportunities. No wonder, then, that from Mexico to Indonesia, hotels, fishing communities, insurance companies and local governments are working together to try to protect the reefs.

But in addition to protection is the powerful role of restoration: investing in the rebuilding of ecosystems that have been damaged by earlier human activity. For example, around two billion hectares of land – an area more than 80 times the size of the UK – which were once forested now have very little economic or ecological value. Restoring the land – and bringing back carbon from the atmosphere to the earth in the form of richer soils, trees, bushes and crops – can raise incomes, improve nutrition, regulate water, increase resilience and help address climate change.

In Latin America, for example, a successful implementation of Initiative 20x20 – 20 million hectares of land restored by 2020 – will yield an estimated net present value of approximately \$23 billion over 50 years.

**Healthy bodies and minds**

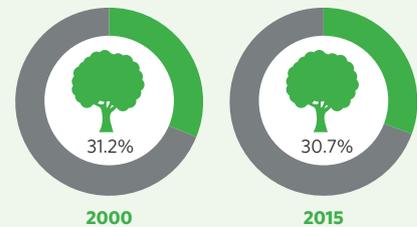
Investing in nature can help deliver almost

**15 LIFE ON LAND**

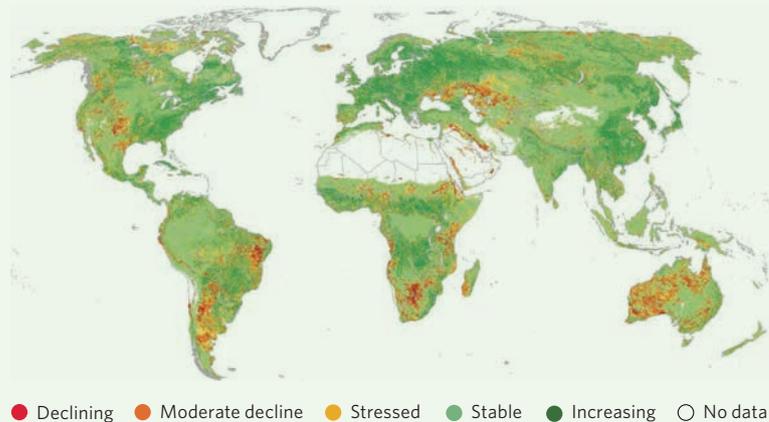


**Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

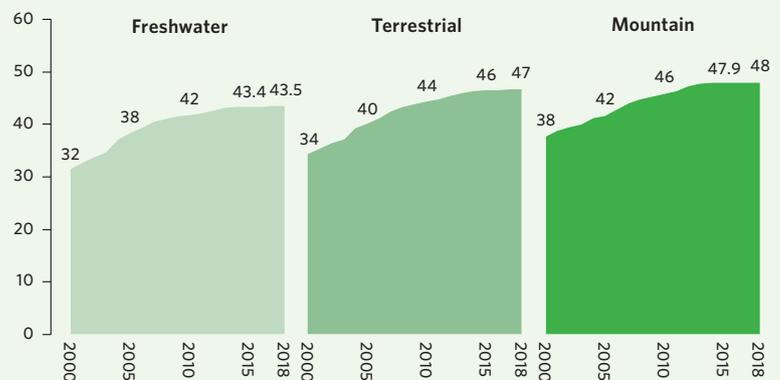
The Earth's forest areas continue to shrink, down from **4.1 billion hectares** in 2000 (or 31.2 per cent of total land area) to about **4 billion hectares** (30.7 per cent of total land area) in 2015



Global map of land productivity (land's ability to support life), 1999–2013



Average proportion of each freshwater, terrestrial and mountain KBA that is covered by protected areas, 2000–2018 (percentage)



**Areas critical to global biological diversity** are known as key biodiversity areas (KBAs). They contain critical natural capital and ecosystem functions that support human wellbeing and enhance the resiliency of communities. The proportion of KBAs covered by protected areas continues to increase in all three types of ecosystem

Source: The Sustainable Development Goals Report 2018, UN

all of the SDGs. Take health (SDG 3). Even now, scientists are discovering new cures for diseases from the deep seas and tropical forests. In addition, natural systems help purify water and produce clean, healthy air, leading to better health. Bioretention (natural filtration) features, such as rain gardens and bioswales (landscaping features that are used to capture and convey surface water), have been shown to remove up to 90 per cent of heavy metals from stormwater, improving the chemicals entering our groundwater reserves or surface bodies of water.

Recent research also shows powerful links between access to nature and mental health and wellbeing. One research study showed that those living on a street with 10 trees felt seven years younger than those living on a street with none!

### Feeding 10 billion sustainably

To achieve a world with zero hunger (SDG 2) we need fertile lands. Yet widespread erosion, compaction, nutrient loss and salinity are degrading lands and threatening food security. Protecting soils and associated ecosystems is therefore fundamental.

Several countries – such as Korea, China and those in the Sahel, like Niger – have shown that even where land is profoundly degraded, restoration can bring back life and vitality. Most famously, the Loess Plateau in China, once a key stop along the Silk Road, was degraded from centuries of poor management, leading to falling incomes, widespread poverty and outward migration. With restoration, 2.5 million people were lifted out of poverty. In addition, 100 million tons of sediment that had been entering the Yellow River due to erosion was eliminated, improving marine life as well as water quality.

Across China, other natural solutions, such as mulching, erosion control and reduced tillage, have nearly doubled on-farm water use efficiency. These projects have benefited millions of people and have shown an overall economic return of more than 18 per cent.

### Nature-based cities

Cities will be home to 75 per cent of the global population by 2050, so the

importance of getting our cities right cannot be overstated. Ensuring sustainable cities and communities (SDG 11) will also need nature's help. For coastal or flood-prone cities – which is most of them – this may take the form of green infrastructure such as permeable pavements, bioretention areas, parks, greenways, constructed wetlands and even green roofs.

China's 'sponge cities' programme aims to ensure that 80 per cent of urban surfaces absorb and reuse at least 70 per cent of the rainwater that falls there. More than \$12 billion has been invested across 30 sites, and the government hopes that this will spur private investment as well.

### Not so simple

This all sounds easy, but it isn't always. One problem is the way that human beings make decisions. They (we) value the present much more than the future. Economists call this the 'discount rate': if an investor only

considers a time horizon of five years or less it often makes sense to cut down the forest or over-exploit the soil, even though in the following years yields and incomes will plummet.

Another problem is that investors do not have to pay for the environmental damage they create. Others pay while the investors make a quick buck and move on. This is why the role of government is so important. It's their job to align the incentives facing private investors – whether major corporations or small-scale farmers – with what is in society's interest. In other words the job of government is to internalise environmental externalities, and even to help lower the 'discount rate' through stable macroeconomic policy, education and extension services.

A growing number of governments are beginning to take these responsibilities seriously. At the World Resources Institute, we have the privilege of hosting the secretariat of the NDC Partnership, a group of 95 countries and 20 international institutions committed to implementing their commitments under the Paris Climate Agreement with ambition and urgency. It's encouraging to see how many governments are seeking to implement nature-based solutions to climate change in a manner that also helps deliver many other SDGs.

### An unprecedented opportunity

The next 18 months are critical in advancing this agenda. In September 2019 the UN will be hosting summits on the SDGs and on climate change – offering an opportunity to demonstrate the interdependence of the Goals. In 2020, leaders from all UN countries will gather

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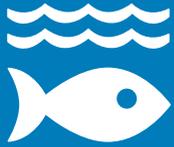
***Across China, natural solutions, such as mulching, erosion control and reduced tillage, have nearly doubled on-farm water use efficiency. These projects have benefited millions of people and have shown an overall economic return of more than 18 per cent***

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in Portugal at the second UN Ocean Conference to make crucial decisions on the crisis affecting the ocean. In Beijing, negotiators will gather to set targets and policies for biodiversity for the coming decade. And at the end of the year all UN nations will gather at the UN Framework Convention on Climate Change Conference of the Parties to sign up to higher ambition in their climate commitments.

These important decision-making events will only be truly successful if the narrative outlined above is communicated clearly. That is: done right, investing in nature yields not only environmental benefits, but also huge gains in human prosperity and quality of life. As such, it can be an indispensable element in achieving the SDGs. ●

# 14 LIFE BELOW WATER

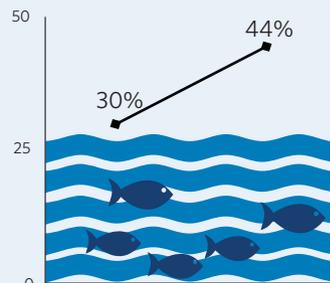


## Conserve and sustainably use the oceans, seas and marine resources for sustainable development

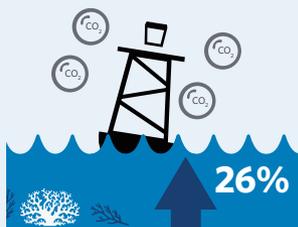
167 countries ratified and implemented United Nations Convention on the Law of the Sea in 2015



Mean coverage of marine KBAs under protection increased between 2000 and 2018



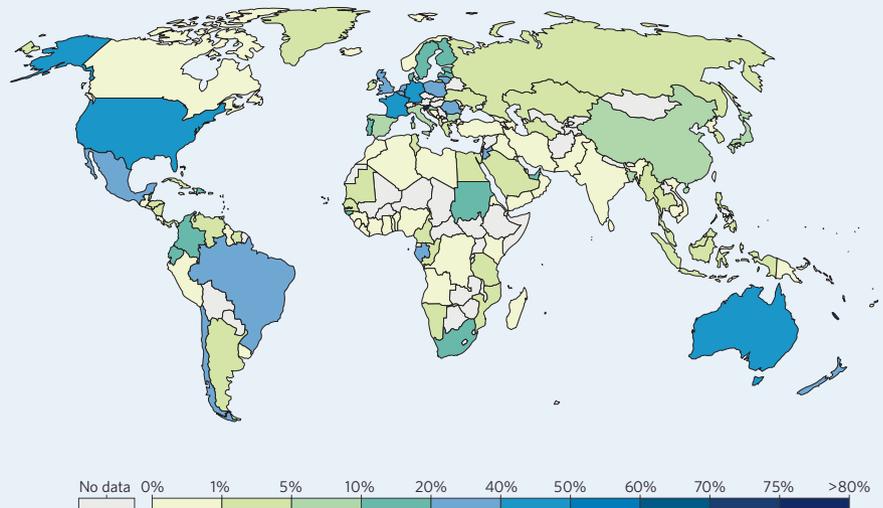
Open ocean sites show current levels of acidity have increased by 26 per cent since the start of the Industrial Revolution



The expansion of protected areas for marine biodiversity, intensification of research capacity and increases in ocean science funding remain critical to preserving marine resources

Source: The Sustainable Development Goals Report 2018, UN

Marine protected areas (% of territorial waters), 2017

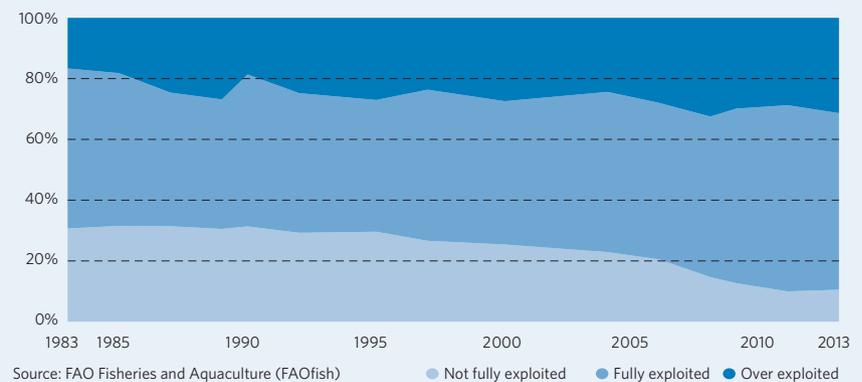


Source: World Bank



Marine protected areas are areas of intertidal or subtidal terrain – and overlying water and associated flora and fauna and historical and cultural features – that have been reserved by law or other effective means to protect part or all of the enclosed environment

Proportion of global fish stocks within biologically sustainable levels



Source: FAO Fisheries and Aquaculture (FAOfish)



Target 14.4: By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics



© Joerg Boethling/Alamy Stock Photo

# Making the case for human rights

*Without a step change in action to protect human rights, we will not achieve the SDGs*

By **Michelle Bachelet**, United Nations High Commissioner for Human Rights

**T**he Sustainable Development Goals (SDGs) came into force on New Year's Day in 2016 in a moment of shared global hope. This was the world realising its need to fully address inequality, and to tackle the economic and social turmoil that both threaten our planet and undermine political and social harmony within and among Member States.

The 2030 Agenda sets an ambitious but attainable objective: a model of more

equitable and sustainable development that puts people at its centre and is explicitly grounded in all human rights – including the right to development. It seeks to achieve durable and truly inclusive development for all.

The commitment to 'leave no one behind' demands that we eliminate all the persistent, biting and systemic discrimination that leads to unequal, unsustainable development. This includes structural inequalities between social groups, which frequently flare into conflict and force people to flee their homes.

The 2030 Agenda is a commitment to achieve greater international cooperation and a more equitable international order. But above all it is a promise to people previously locked out of development: the marginalised, disempowered and excluded communities; the millions of women facing multiple forms of discrimination; racial, religious and caste minorities; indigenous peoples; migrants; people with disabilities; and the poor.

It is a detailed plan to end poverty, to secure justice and the rule of law, to enable the broadest possible public participation

◀ **Dalit women in India – the untouchable caste – meet a representative from a microfinance community bank. Although untouchability was abolished by the Indian constitution and caste-based discrimination prohibited, Dalits still suffer social and economic exclusion, as well as widespread violence**

in decision-making, and to secure access to essential economic and social rights: food, health, education, water, housing, sanitation and others.

Its goals, targets and indicators are a roadmap for realising the human rights vision of freedom from fear and want.

Some Member States have already made tremendous progress towards this vision. According to *The SDG Report 2018*, extreme poverty has fallen to below 11 per cent of the world population. The proportion of families living on less than \$1.90 per person per day has fallen from almost 27 per cent in 2000 to 9.2 per cent in 2017, with much of this progress achieved in Asia. Since 2010, the proportion of children in school has risen from 63 per cent to 70 per cent. Maternal mortality in sub-Saharan Africa has fallen by 37 per cent since the year 2000, and mortality in children under five years old has been halved.

And, according to the United Nations Children's Fund, South Asia has seen the largest decline in child marriage worldwide in the last decade: a girl's risk of marrying before her 18th birthday has dropped by more than a third.

And yet, overall, we are not on track for 2030.

### Tackling inequalities

Many countries are still very far from achieving gender equality, which is both a goal and a driver of sustainable development. Almost always, it is women and girls who are furthest behind. Women's inequality remains powerfully entrenched in terms of political empowerment, economic opportunities, physical safety, equal pay and individual freedom of choice.

Conflicts are destroying people's lives, hopes and ability to earn a decent livelihood in the places they were born. Every day, 44,400 people are forced to flee their homes because of conflict or persecution. Climate change is generating overwhelming

environmental disasters, which devastate basic infrastructure and exacerbate tensions and conflicts.

After many years in which under-nourishment and food insecurity have declined, the number of people counted as undernourished rose from 777 million in 2015 to 815 million in 2016. This is mainly due to conflicts, as well as drought and other climate-linked disasters. That equates to 11 per cent of humanity: one out of every nine women, men and children do not have sufficient food.

Young people are three times more likely to be unemployed than other adults. Although more children are in school, less than half of all children and adolescents worldwide meet minimum standards in reading and maths. Around the world, 93 per cent of children live in environments where air pollution exceeds guidelines.

And economic inequalities continue to grow. More wealth is being produced than ever before, but is not being equitably shared. As the International Labour Organization has pointed out, the labour share of GDP has been falling for 25 years. Oxfam has asserted that 82 per cent of all the wealth generated in 2016 went to the richest one per cent of the global population, while the poorest half of humanity saw no change in their income.

Inequalities affect all countries. Even in prosperous nations, people feel excluded from the benefits of development and deprived of economic and social rights – leading to alienation, unrest and sometimes violence. Inequalities undermine peace, security, social progress and economic and political stability. They fuel grievances, hatred, extremism and conflicts. They threaten our opportunity to achieve sustainable, inclusive development.

If Member States are to deliver the 2030 Agenda, they must do more to tackle inequalities of resources, income, power and access to justice – and with respect to the basic conditions for human dignity. When they agreed to leave no one behind, this was their profound commitment.

### Accelerating change

With just 12 years left, we need to step up the pace of change. A 'business

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as usual' approach is insufficient. We need immediate and accelerated action, including stronger partnerships between stakeholders at all levels.

Sometimes it takes great courage to be a political leader. Embarking on the necessary economic, social and political reforms may involve risking political capital, overturning entrenched interests by narrow elites and upsetting dominant groups. But ultimately it is at the national level where change must take place.

### Human rights and sustainable development have a mutually reinforcing relationship

The ethos of change is equally important. The human rights approach leads to development that is more powerful, sustainable and effective, because it promotes empowerment, inclusiveness and equal opportunities.

Inequality is a human rights issue. And food, water, healthcare, education, housing and access to justice are not just commodities, for sale to the few – they are rights, to which all human beings are entitled.

The 2030 Agenda is a vital opportunity to realise the promise of the Universal Declaration of Human Rights and the Declaration on the Right to Development. It explicitly recognises that respect for all human rights – civil, political, economic, social and cultural – is central to the work of constructing more equal, resilient and sustainable societies.

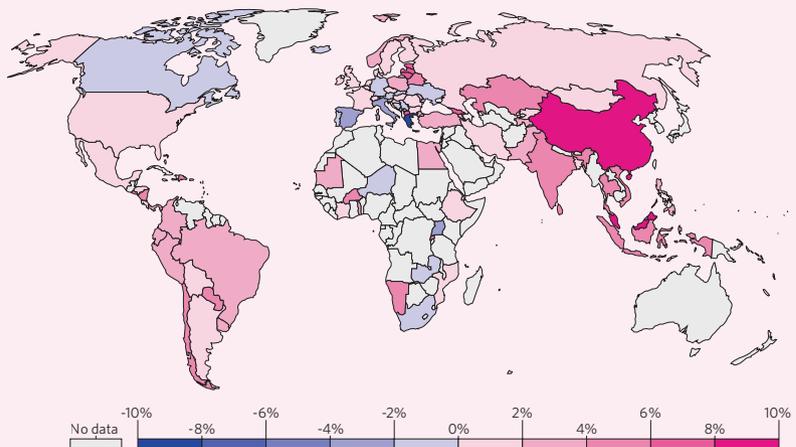
Human rights and sustainable development have a mutually reinforcing relationship. This is evident in many of the goals, especially SDG 10 on reduced inequalities, and SDG 16 on peace, justice and strong institutions. But it is also the case in SDG 4 on quality education, SDG 8 on decent work and economic growth, SDG 13 on climate action, and SDG 17 on partnerships. The work of the UN Human Rights Office is inseparable from this agenda.

## 10 REDUCED INEQUALITIES



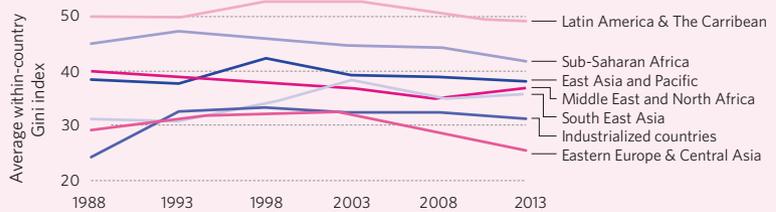
### Reduce inequality within and among countries

Annualised average growth rate in per capita real consumption or income, bottom 40 per cent of population (%), 2017



Source: World Bank

Trends in the average economic inequality within countries by world region, 1988-2013



Source: World Bank



The Gini coefficient is a statistical measure intended to represent the income or wealth distribution of a nation's residents. A Gini score of zero represents perfect equality and a score of one is maximal inequality – one person has all the income, the others none

Source: Our World in Data

A recent analysis of the Human Rights Council (HRC) found that virtually all its activities and outcomes could be understood as contributing to the overall aim of leaving no one behind. The work of the human rights treaty bodies and special procedures of the HRC are no less important. They constantly draw attention to human rights violations and abuses, and make specific

calls for change in line with human rights standards.

As we move forward, I hope to see a greater sense of urgency, with renewed energy and commitment among all partners. Delivering the 2030 Agenda means all nations can thrive and we can promote the full potential of every human being – ensuring that we truly leave no one behind. ●

# Architecture for good

Help Article 25 design and build schools and hospitals where they're needed most

The 2010 Haiti earthquake affected hundreds of thousands of lives and livelihoods. Just one example of the impact the devastation had during this national crisis was at the Boisrond Tonnerre School, in Port-au-Prince, which was reduced to rubble in a matter of seconds.

The life-threatening danger posed by earthquakes can be mitigated substantially through design and construction. Well-designed buildings with seismically resistant construction can create safe spaces for people to live, learn and play.

At Article 25, we are driven by the UN's Universal Declaration of Human Rights – that everyone has the right to adequate, dignified shelter. As humanitarian architects, we are proud proactive signatories to the UN's Compact, and we frame our work within the UN's Sustainable Development Goals. We design and build schools, hospitals and homes where they are needed most.

Our efforts bring us into the communities we support in low-resource settings, who are often recovering from disasters and conflict, and face some of the most complex and deep-seated poverty challenges on the planet today.



Article 25's seismically resistant and climatically responsive design proposals

By working collaboratively, Article 25 uses the construction process for social good too. We bring together skilled and unskilled workers, and can influence contracts to ensure women are an integral part of the workforce. By doing so we can double and sometimes treble the earnings of those who gain a new trade, and they take a lasting legacy that helps their families beyond our initial project.

Back to the school in Haiti, and we are very proud to announce that the school we designed and built reopened on the same site last September. The children can now enjoy an inspiring space to learn and play, safe in the knowledge that these buildings have been designed to resist an earthquake of the same magnitude as that in 2010. We worked in partnership with Outreach International, the local community in Port-au-Prince, and with the pro bono support of engineers Buro Happold and Max Fordham, to make this drawing board dream a powerful reality for these children. ■

**This is a clarion call to all funders and prospective partners working to tackle the challenges set by the UN through the Sustainable Development Goals. Work with us to support vulnerable communities so that they become resilient, thriving communities. Together we can make design matter. Please get in touch: [info@article-25.org](mailto:info@article-25.org). [www.article-25.org](http://www.article-25.org) or +44 (0)203 197 9800.**

*UNA-UK thanks Article 25 for its generous support for this publication*

**Article 25**  
Humanitarian Architecture



Before and after: The school was devastated by the 2010 earthquake. Students enjoy their new classrooms, 2018



# The right to learn

*Access to quality education remains an elusive dream for millions of children and young people across the Middle East and North Africa. How can we transform this dream into reality?*

By **Henrietta Fore**, Executive Director, UNICEF

**M**illions of children and young people across the Middle East and North Africa hoped that the mass protests and political turmoil of 2011 would usher in a new era. They hoped that their calls for improved standards of living, participation, education and job opportunities would finally be answered. They hoped that their demands for peace and stability would be realised.

Yet eight years later, their dreams for a more hopeful, inclusive and peaceful future have largely been dashed – their hopes dimmed yet again by the years-long conflicts in Iraq, Libya, the State of Palestine, Syria, Sudan and Yemen.

These drawn-out conflicts are not only risking children's lives and bodies, putting them in the line of fire and curtailing their access to necessities like food, medicine, water and sanitation. These wars are also jeopardising their minds, spirits and futures by interrupting their education – one of the greatest determinants of a child's future opportunities.

## Pathway to prosperity

Education is not only the foundation of children's futures. It can keep children out of the hands of predators, armed forces and groups, and away from danger. Schools are also a place where children can receive critical food, water, sanitation and healthcare. Schools provide stability, structure and routine – all counterbalances to the loss, fear, stress and violence that the children of conflict endure every day.

And in every society, education provides a pathway to prosperity, and even peace. It's a proven way to break down inequality, fight poverty and create avenues of opportunity for young people – all of the ingredients needed for a better future for people and societies alike.

Across the Middle East and North Africa, at least 15 million children aged five to 14 are out of school, and nearly 11 million more are at risk of dropping out. In particular, fighting in Iraq, Syria and Yemen has reversed the

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***We must transform this legacy of hopelessness into one of hope, optimism and opportunity***

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progress made in access to education from 2005 to 2012, plunging regional enrolment rates to levels not seen since 2007.

Intense and indiscriminate attacks are killing and maiming children on their way to school. Every step that children take can be a danger, bringing them into contact with an unexploded ordinance – or predators looking to exploit or abuse them. Schools are even being directly targeted or used for military purposes, a flagrant violation of international law.

For the lucky children who are able to continue with their education despite the fighting, the challenge is also steep in terms of the quality of the education they receive.

The region faces chronic and pervasive underinvestment in early childhood development and overall education quality.



Students have to contend with outdated curricula and teaching methods that are failing to encourage foundational learning and skills development.

Many leave school without the basic skills or qualifications they need to pursue higher education or job opportunities. The region's youth unemployment rates are the highest anywhere, at approximately 31 per cent in North Africa and 22 per cent in the Middle East.

As this region contends with protracted conflicts, it cannot risk leaving a generation of children and young people with no avenues to fulfil their potential. We must



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transform this legacy of hopelessness into one of hope, optimism and opportunity. Adolescents and youth currently account for nearly a quarter of the region's population. With the right education and support, they can lend their hands to building a more prosperous and stable future for themselves and their communities.

But unleashing the potential of this demographic dividend requires urgent and significant action.

First, it needs governments and donors alike to increase investment in both the quality of and access to education in the region. Second, it requires governments

to adopt creative and flexible learning opportunities for children living in communities affected by crisis, including via distance learning and by improving the portability of certification. Third, it requires ensuring a better match between the education and skills being acquired and local job markets. Young people should not only be learning foundational skills like reading, science and maths, but also modern transferable skills like digital communications, entrepreneurship and familiarity with green technology.

And finally, it requires putting an immediate end to the conflicts that continue

▲ Akram, aged six, looks at the destruction in west Mosul, Iraq. Across the Middle East and North Africa, at least 15 million children aged five to 14 are out of school, with a further 11 million at risk of dropping out

to rage across the region. Adults must put children first by putting peace first. In this, we call on all government leaders, the private sector, civil society and humanitarian and development partners to help UNICEF turn up the volume on this critical issue.

Together, we must help young people across the region recapture the hope and sense of purpose that has been tragically lost over the past eight years. ●



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## Partnerships for resilience

*Humanitarian aid is the developed world's laudable yet unsustainable response to natural disasters. We need to transfer these skills and expertise to bring resilience to the most at-risk countries*



◀ Brazilian military firefighters rescue children in Pemba, Mozambique, after the country was devastated by Cyclone Idai. The firefighters were deployed by the government of Brazil to assist UN agencies in the post-Idai search, rescue and recovery operations

These statistics are grim. Yet they would be far worse if not for humanitarian assistance. Thanks to donors and aid workers, the global humanitarian system is saving and protecting people on an unprecedented scale. The system is effective, not least thanks to the generous resources and thought leadership by donors.

From the Lake Chad Basin to Yemen, from Bangladesh to Syria, humanitarian agencies are saving millions of lives every year. We often provide comprehensive

### *The international system must do better to help governments tackle the root causes of chronic vulnerability*

packages of life's essentials to the world's most vulnerable – from food and healthcare to emergency education and protection, especially for women and girls. We are achieving real results in a coordinated, efficient way.

The humanitarian system is more effective than ever before and continues to improve. Yet we also grapple with complex problems. As protracted crises become the norm, in a context of pervasive inequality, and as vulnerability becomes linked to climate change, the number of people at risk seems likely to increase.

This is happening while the world is becoming a better place for most. Infant and maternal mortality rates are dropping. Primary school attendance is up. And much of the world has experienced seven decades of peace.

So how do we close the gap for the millions of people whose development prospects continue to lag behind? The

short answer is by achieving the Sustainable Development Goals (SDGs).

To achieve the SDGs, the international system must do better to help governments tackle the root causes of chronic vulnerability. Humanitarian organisations, which are on the front lines during crises, have an important role to play, in part by strengthening their links with development professionals.

Tropical Cyclone Idai, which struck Mozambique in March, is a terrifying reminder to urgently accelerate development and strengthen community resilience. The cyclone wreaked havoc across the country and in neighbouring Malawi and Zimbabwe.

Entire towns and villages were submerged. More than 1,000 people are reported dead, although the real death toll may never be known. Three million people need urgent humanitarian assistance, food, clean water and shelter. Early estimates put the recovery bill at more than \$1 billion. It will take years to reconstruct Beira city, home to half a million people, and other towns and villages in the cyclone's path.

Climate change has increased the number of massive cyclones like Idai, demonstrating the vulnerability of low-lying cities and towns. In all three countries, the storm damaged the harvest and will likely push up hunger in the coming months.

Climate change is an obvious risk multiplier, forcing people from their homes, driving up humanitarian needs and threatening to set back fragile gains.

As an optimist, I argue that tackling climate change provides an opportunity to accelerate development gains. Humanitarian agencies can provide a key contribution to the efforts of national, regional and international institutions to build resilience. One way is by providing needs and vulnerability analysis, putting the vulnerable at the heart of our response.

#### **Ready when crises strike**

Within hours of Idai hitting Beira, humanitarian workers rushed in to help the Mozambique government in search and rescue missions. We provided food, shelter and survival kits, and the needs analysis for the immediate response and longer-term

By **Mark Lowcock**, UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator

**T**he 150 million people around the world who need humanitarian assistance have a life expectancy 24 years shorter than the rest of the world. Their children are 10 times less likely to reach their fifth birthday, and of those who survive, fewer than a third will graduate from primary school.

planning. We set up cholera treatment centres and provided vaccines to hundreds of thousands of people to help contain the cholera outbreak. We rebuilt damaged disease surveillance systems, which were early casualties of the storm but should now be fit for purpose in the future.

The UK government was among the first responders to Cyclone Idai. It sent health and emergency response workers and forklift trucks and other equipment to quickly get relief items to those in need. The UK is also a leading bilateral donor to the response, contributing £36 million to help deal with the disaster's aftermath and urging others to step up their responses at the conference on Cyclone Idai it co-hosted at the World Bank Spring Meetings in April.

My colleagues David Beasley of the World Food Programme and Henrietta Fore of the United Nations Children's Fund visited the worst-hit areas days after the cyclone. They aptly summarised what needs to happen next: work with the government and its people to build back better – houses, schools, health centres, roads – to avoid the same level of devastation in the future.

The enormity of the task highlights the need for national and international organisations to work together. No single government, corporation or international body can do it alone.

Cyclone Idai was a stark reminder that sustainable development cannot be achieved through cycles of recurring disasters and responses. The underlying vulnerabilities must be addressed.

The 2030 Agenda and the SDGs provide a common vision for humanitarian and development actors to do just that. But we will only achieve the SDGs when crisis-affected people are no longer left vulnerable.

Important steps in that direction include the UN Secretary-General's launch in 2017 of the Joint Steering Committee to Advance Humanitarian and Development Collaboration. The Office for the Coordination of Humanitarian Affairs (OCHA) and the UN Development Programme (UNDP) are both members.

Meanwhile in Southern Africa (and elsewhere) comprehensive action must address the root causes of food insecurity

and related vulnerabilities, including greater investment in shock-responsive social safety nets, such as insurance for the most vulnerable.

The UK, for example, committed to support families most affected by droughts in northern Kenya, as part of the Kenyan government's Hunger Safety Net Programme, which will then transition to full government ownership and funding.

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## ***Partnerships that span UN agencies, the private sector, governments, academics and civil society combined with innovative ways of maximising their capacity are crucial for resilience***

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This was included in the UK's £160 million funding announced last year at the UN General Assembly to help countries change to cleaner, greener energy systems, and support communities affected by climate change.

### **Progress, good practice**

Countries like Ethiopia, Niger and Nigeria are establishing good practice in joint analysis. They are also engaged in better joined-up planning and programming to reduce vulnerabilities around food safety, displacement and climate change.

Diffa, in Niger, is the first place I visited in this job. Diffa is the poorest region in Niger, the poorest country in the world. Diffa has suffered from years of underdevelopment, chronic drought, lack of food, violence and the fallout of armed groups like Boko Haram. It has also faced an influx of some 119,000 desperate refugees from Nigeria. In many ways the challenges faced in Diffa exemplify why humanitarian and development responses must go hand in hand.

In Burkina Faso, Cameroon and Chad, we have undertaken joint needs analyses with the governments and mapped out plans to reduce poverty and hunger. The goal is to enhance health, education, gender equality, access to clean water sanitation and affordable and clean energy. These are the areas of highest vulnerability represented in the first seven SDGs.

In Somalia, good practice has emerged from the 2016 drought response, when the government, development and humanitarian organisations cooperated to stave off famine.

Somalia's 2016 National Development Plan explicitly recognises droughts, floods and displacement as drivers of humanitarian need. Aid and development organisations are working together to reduce acute food insecurity by 2022, while increasing the

number of vulnerable people who have access to basic social services and reducing the number of people affected by drought and floods.

These approaches are key to success by 2030.

Partnerships that span UN agencies, the private sector, governments, academics and civil society combined with innovative ways of maximising their capacity are crucial for resilience.

The Connecting Business initiative (CBI), managed by OCHA and UNDP, is one example of how the private sector engages effectively in disaster risk reduction, preparedness, response and recovery.

In Haiti, the CBI network GSMA – which unites mobile operators worldwide – helps national mobile operators and humanitarian organisations collaborate with the government in preparedness planning. As such, the private sector is included from day one. Soon after it was established, when an earthquake struck, CBI sent out SMS messages to three million people telling them what to do in case of aftershocks.

Given the devastating interplay of natural disasters, underdevelopment, climate change and protracted conflict, we must promote a collective response that addresses the root causes and leads to sustainable development.

The challenges that lie ahead of us are immense. But so are the opportunities to influence positive change. ●



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# Fragile development

*Are the SDGs fit for purpose to enable sustainable development in fragile contexts?*

By **Susan L. Woodward**, Professor, PhD Program in Political Science, The Graduate Center, City University of New York

**T**here was a time when development policy was driven by pro-development political movements and their resulting government coalitions— from the Soviet Union to India, Turkey and Japan – and by the theories of serious

professional development economists. This era ended about 40 years ago, with an international focus on what was called a debt crisis, beginning around 1979. It replaced development economists with neoliberal economists – identified with what John Williamson called The Washington Consensus and the primary role of markets rather than the state in economic outcomes. The dominant role

in development finance for the World Bank and the International Monetary Fund resulted.

▲ Women leaders greet the head of the oversight body for South Sudan's peace accords, during his visit to a UN-run refugee camp in Malakal, South Sudan. The country has been riven by a civil war that started only two years after it gained independence from Sudan in 2011. As part of a former British colony, South Sudan is the focus of particular development assistance from the UK

One can learn a lot about power relations in the international system with a study of why the concept of a debt crisis occurred and was so labelled; what the policies imposed on poorer countries were and why; and who the driving actors of this new agenda were.

Important for us, however, is that the empirical evidence is overwhelmingly negative: these policies did not promote economic development. Indeed, some analysing the African cases referred to the 1980s as a ‘lost decade for development’.<sup>1</sup>

The dramatic declines in social welfare and government capacity, including for development policy – beginning in the 1980s in Latin America and Africa, and the 1990s in the countries of former Soviet Union and Eastern Europe – are tragic testimony to the results.

The response by the international community came in the form of the eight Millennium Development Goals (MDGs), adopted by the United Nations in 2000 with a deadline of 2015. They focused on poorer countries in the Global South and set standards for their governments’ policies based on the developed, wealthy countries of the North.

The MDGs divided development into eight separate sectoral goals. Yet there was no overall development strategy to achieve them, as originally understood by development economists and pro-development governments of the past. For some critics, the limiting of development to the goal of ending poverty was even more reductionist.

The new set of 17 UN-mandated Sustainable Development Goals (SDGs) adopted in 2014 (called Agenda 2030 after their termination point), accepted the broad critique of the MDGs for focusing only on the Global South.

The SDGs are universal goals, the new agenda declared, shared by all countries regardless of their level of economic development and prosperity or poverty. Critics of the MDGs also celebrated the SDGs as an ambitious and transformative agenda that restored a concept of development as an integrated process encompassing social, economic and

environmental aspects and policies and one that government policies had to design and lead. The process of defining the SDGs also gave opportunities for new voices to be heard outside of government officials, such as non-governmental organisations from the South.

### Fragile contexts

How then have these improvements affected our understanding and policies of development in ‘fragile contexts’?

First, despite the label of sustainable development, not one of the 17 SDGs actually attempts to measure development. Agenda 2030 refers to development in many places, rhetorically, but when one looks at the way the goals are measured and countries are assessed, then the targets and indicators used say nothing about how to examine the integrated process that is development.<sup>2</sup>

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## *The worlds of security and development, whether multilateral as the UN or bilateral, remain sharply separate organisationally, and uncoordinated*

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Second, the primary audience and focus of the SDGs is still donors and the international aid architecture, which undermines the stated ambition that development policies must be “voluntary and country-led”. External aid and aid projects do not in any way constitute a development policy for a country.

This is particularly pronounced when the Bretton Woods institutions are involved – their lack of respect for national particularities and policy choice is well documented. The North/South divide has thus not been replaced, nor the causes of the tragedies of the 1980s.

To understand what is meant by fragile contexts,<sup>3</sup> we need to return to the World Bank and the mid-1990s. Although the concept of fragility has expanded so much since then (beyond any usefulness actually), its origins still imprint the concept. These lie with the label of failed states among American and British policy practitioners and security scholars during 1992–4, but

then definitively with a World Bank task force on failed states in 1995. Facing an existential crisis because so many countries were in arrears to the Bank, Bank staff discovered that 80 per cent of country recipients of World Bank loans who were delinquent in their debt repayments were countries experiencing armed conflict.

A new agenda focused on the intimate link between security and development. It acknowledged that conflict harmed development and that development aid should also be viewed as a security imperative for these Northern donors. The World Bank led the agenda, but was soon joined by development aid donors, both acting bilaterally and collectively as the Development Assistance Committee of the Organisation of Economic Co-operation and Development.

The concept of failed states was soon replaced, for reasons of diplomatic sensitivity, with that of fragile states. In the last few years, that has in turn been replaced with the more amorphous idea of fragility and fragile contexts. But the agenda and its conceptualisation remain the same.

Despite this idea of a security–development link, no changes in the architecture of international order have occurred. The worlds of security and development, whether multilateral as the UN or bilateral, remain sharply separate organisationally, and uncoordinated. The conditions that each requires countries dependent on development aid to meet are more often than not deeply contradictory, leaving it to the countries themselves to manage the consequences.

Aid flows show that most donors avoid these countries ‘in conflict’, whether because of violence or because these countries are poor. Their explanation blames the lack of particular governmental



© UN Photo/Fardin Waazi

▲ Policewomen from the Afghan National Police at a training centre in Kabul. The UN believes strengthening the capacity of women police, and improving access to justice for women and children, is a key part of development in a fragile context like Afghanistan. This linkage between security and development has its critics

capacities (as measured by the World Bank): their so-called 'fragility'. But it has been well demonstrated that governmental capacities are a result, not a cause, of development.

The policies of the 1980s and 1990s still haunt this agenda. That there are exceptions for special relationships with former colonies suggests a political calculation (possibly in other cases this is down to these countries' lack of strategic significance). In a country where security is not guaranteed, the World Bank's aid programmes will sit on a shelf until the Bank considers conditions safe, often for many years – even if the deployment of these programmes might well contribute to building peace.

SDG 16, the goal of peace and justice, says nothing explicit about development, particularly once one looks at the targets

and indicators to measure progress. The goal is also based on a widespread assumption that peace will promote development. Unfortunately, research shows that this is not the case except where government policy so aims, and that development policies can often provoke or escalate violent conflict.<sup>4</sup>

Asking about development in fragile contexts provides a golden opportunity to refocus on development policy, not just failed outcomes, to see that the SDGs do not, and to ask what international support can be provided to individual countries' efforts at development. One might even ask whether the SDGs' silence could provoke the United Nations to revive its role in supporting development policy, including what used to be the role of the United Nations Development Programme before the 1980s.

Development policy has to be addressed to the particular conditions of a country, and the ways to give each country the policy space necessary. It requires support for governmental capacities to do the planning,

statistics, auditing and implementation of development policies that had great success in an earlier era. The knowledge is there; it needs to be accessed. Current global conditions would suggest that returning to a genuine respect for development policy and expertise is urgent. ●

- 1 Vandemoortele, Jan. "Are the MDGs Feasible?" New York, NY: United Nations Development Programme, Bureau for Development Policy (July 2002).
- 2 For those who want to read further on this, please see the special issue of *Global Policy*, "Knowledge and Politics in Setting and Measuring SDGs," 28 January 2019, and the final list of targets and indicators, <https://sustainabledevelopment.un.org/content/documents/11803Official-List-of-Proposed-SDG-Indicators.pdf>
- 3 Further explanation can be found in my book critiquing the concept of failed states, fragile states, and fragility, Susan L. Woodward, *The Ideology of Failed States: Why Intervention Fails* (Cambridge University Press 2017).
- 4 Particularly useful on the violence of development is Christopher Cramer, *Civil War is not a Stupid Thing* (London: Hurst 2006); under a different title in the US: *Violence in Developing Countries: War, Memory, Progress* (Indiana University Press 2007), and a good example from a particular country story, Guatemala, is at <https://theglobalobservatory.org/2017/02/guatemala-sustainable-development-goals-peace/>



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# Migration to advance human development outcomes

*The Global Compact for Migration, signed in Marrakech in December 2018, lays the ground for international migration governance*

By **Cécile Riallant**, Head, Migration and Development Unit, International Organization for Migration

**B**ecause migration is intrinsically linked with global trends like globalisation, digitalisation and urbanisation, it is shaping our world at every turn. How we govern migration at international, regional, national and local levels will have a significant

impact on the future of our societies and economies. In recent years, migration has been propelled to the forefront of national political agendas around the globe, though often in a fragmented way through a focus on domestic security. Using the universal lens of the 2030 Agenda for Sustainable Development, we have a unique opportunity to connect migration with broader policy considerations. This can allow us to reap the

benefits of migration while addressing the risks and vulnerabilities migration can cause.

Under the right enabling conditions, migrants make significant economic, social and cultural contributions to communities around the globe. Migration opens new markets and trade opportunities, spurs economic growth, and leads to improved human development outcomes in areas like health and education.

◀ **Migrants from Honduras en route to seek work in the US, crossing the Suchiate River from Guatemala into Mexico. If they reach the US, the migrants face a hostile reception involving incarceration and the separation of children from their families**

Yet these development benefits are not guaranteed. Migration is a complex phenomenon bound by larger social, cultural, political and economic structures. Migratory movements are influenced by an array of contextual conditions such as economic opportunity, conflict and insecurity, and climate change, as well as a range of individual aspirations, motivations and resources.

### Wider issues

Our ability to connect this multidimensional reality of migration with policymaking is therefore crucial. The 2030 Agenda stands as a long-awaited platform that invites us to do just that. Target 10.7, calling for the facilitation of “orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies”, represents the most explicit reference to migration. Yet the 2030 Agenda is also wrought with goals and targets for which success is contingent upon the due consideration of migrants and migration.

For example, we will not achieve SDG 13 on climate action if we do not act now to build human mobility considerations into policies and strategies that address the pressing needs of environmental change, land degradation, natural disasters and climate change. Similarly, we cannot close the gender gap as envisioned in SDG 5 if we do not adequately address the intersecting forms of discrimination that migrant women face in their origin, transit and host communities. These and many other migration linkages are outlined in the recent International Organization for Migration (IOM) publication *Migration and the 2030 Agenda: A Guide for Practitioners*.

We must also draw on the broader promise to ‘leave no one behind’ and connect migration with wider issues such as inequality, as captured in SDG 10.

Migration itself is a highly visible reflection of our global inequalities. The ability to move around the world is not equally shared among all people. The dichotomy between ‘strong’ and ‘weak’ passports, and the relative importance of individual characteristics such as ethnicity, age, gender and immigration background are likely to increase.

While the skilled, the middle class and those in the Global North will find it easy to remain mobile, people with fewer skills, limited financial resources or specific individual characteristics may find it increasingly more difficult to move around the world.

## ***We must dare to assess and address migration in new and innovative ways***

It is imperative that we uncover these diverging trajectories and acknowledge that migration can be both a driver for sustainable development and also a source of perpetuating inequality. After all, migrants routinely face barriers, discrimination and unequal access to rights, social resources and economic opportunities in their communities worldwide. If we want to advance migration governance, our charge must be to raise migrants up as a litmus test. We must recognise that if we fail to eliminate inequalities for migrants, we fail to achieve the Sustainable Development Goals.

The Global Compact for Safe, Orderly and Regular Migration (GCM), rooted in the 2030 Agenda, can serve as a roadmap to guide these efforts. The GCM declares migration to be “a source of prosperity, innovation and sustainable development in our globalised world”.

This bold statement must be our way forward. We must capitalise on this position and exploit the gains delivered by the universal lens of the 2030 Agenda, which holds migration as a fundamental and cross-cutting issue inextricably tied to the success of the Global Goals. We must go beyond the existing migration

management mechanisms and strategies and dare to assess and address migration in new and innovative ways. If we are to succeed in realising the claim outlined in the GCM, we must develop policy solutions and interventions that articulate migration not only with sustainable development, but also with larger global considerations such as peace, security and the rule of law.

### Innovative solutions

The IOM is already making great strides in this direction. Knowing that enhancing pathways for safe and regular migration requires a more holistic approach that responds to future labour-market dynamics, new approaches are being tested to improve intra-African labour migration and mobility schemes.

Understanding that innovative partnerships with the private sector are critical to strengthening migrants’ rights and access to decent work in supply chains, the IOM is scaling up efforts on the International Recruitment Integrity System and is helping to provide remedy to victims of exploitation identified in supply chains. Honouring the progress made and existing thematic competence, the IOM is working with key partners such as the International Labour Organization and UNESCO via a ‘Global Skills Partnership’ to elaborate strategic approaches to skills development, transfer and recognition.

The IOM will advance innovative solutions like those mentioned above and harness the opportunity to work in partnership across the UN development system and beyond to maximise the potential of migration to achieve sustainable development outcomes. But this alone will not yield success without the full mobilisation of governments.

With demonstrated global interest and an emerging governance framework, the upcoming months hold the key to unlocking the potential of migration for stable, prosperous societies. Establishing effective global governance of migration requires the collective effort of all actors working in tandem to continually prioritise migration in the policy agenda, building on its multidimensional reality. ●

# Time to act

## *We need to reset civic participation and drive grassroots leadership for the Sustainable Development Goals*

By **Lysa John**, Secretary General, CIVICUS

**T**he year 2019 is already proving to be one in which ordinary citizens are demonstrating an increased impatience with incremental changes that do not lend themselves to the bold and urgent actions needed to support structural and transformative change.

We have witnessed it in the street protests in Zimbabwe and Sudan and in the thousands of school strikes that have seen young people demand decisive action to combat climate change across more than 100 countries.

Since such change requires fundamental shifts in the way power and resources are traditionally organised, it is hardly surprising that the places where these efforts for change are located are outside the spaces dominated by established development actors.

Citizen action is instead being organised through hyperlocal, social movements: mass-based, non-hierarchical and cause-based groupings. These are providing voice and energy to grassroots-led and globally connected struggles for human rights and social justice.

What can those of us who are passionate about the potential of the Sustainable Development Goals (SDGs) learn from these trends? A good place to begin may be to reflect on some of the lessons we have learnt from the predecessor to the SDGs: the Millennium Development Goals (MDGs).

In the decade between 2005 and 2015, we saw the rise of a new generation of global activists. Groups that had previously never worked outside their immediate local contexts were increasingly learning how to enhance their impact by linking efforts with like-minded initiatives across borders.

Despite much criticism of the limited scope of the goals, there were strong examples of the MDG framework being used to expand the space for local organisations to exercise direct influence on national and global deliberations around policy and fiscal mechanisms relevant to the national achievement of the goals.

In apparent contrast, the SDGs – despite having been formed through what is possibly one of the most extensive processes of stakeholder and public consultation in the history of the UN – seem to have come up against several barriers to enabling an active local engagement with change efforts.

The conversation on the ‘how’ of the SDGs in the years following their adoption has been largely organised around technical complexities best suited to global deliberations in New York or Geneva, rather than as a response to urgent political narratives being shaped by citizen-led movements in Sudan or Serbia.

### **Restrictions on civil society**

If we are serious about the SDG framework fulfilling its potential to secure the wellbeing of future generations, there is an urgent need for us to find new ways to make it relevant to issues that are bringing people to the streets around the world.

The SDGs will simply not be achieved without radically expanding the opportunities for ordinary citizens to play an active role in framing the policy and fiscal mechanisms that enable real change on the ground.

And yet, there are now serious restrictions in civic space on every continent. These further undermine the ability of ordinary people to engage with the vision for a better future adopted by governments in 2015.

The CIVICUS Monitor, an online platform tracking civic space trends worldwide, indicates that a staggering 96 per cent of the world’s population – some seven billion people in 111 nations – live in countries where fundamental freedoms of expression, association and peaceful assembly are not properly respected and in some cases are being actively obstructed.

Civil society worldwide is facing more restrictions on its ability to operate than any time in recent history. As evidenced by our latest edition of the *State of Civil Society Report*, powerful interests on every continent are actively colluding to reverse commitments made by previous generations of leaders to lay the foundations for more just, peaceful and sustainable societies.

Worse still, the brunt of repressive and often violent actions that seek to reverse and undermine progression is being borne by communities that are the most vulnerable sections of society. These include women, migrants, refugees, LGBTIQI people, indigenous communities and minority ethnic and religious groups.

Across Europe, for instance, major population blocs are being mobilised against excluded groups. Ethnic and faith identities are being distorted in the name of narrowly defined national interests to sow division for political ends. Elsewhere, as in China and India, excluded groups are being suppressed as part of a conscious strategy to promote a narrow and artificially homogenous official version of national identity.

Groups that represent and defend the rights of such communities – including trade unions, journalists and rights activists – are being attacked and intimidated with gross impunity even in established democracies such as the United States and Brazil.



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Front cover: Performers from The Red Brigade during the Extinction Rebellion protest in London. The protest, which shut down large parts of the city for almost two weeks in April 2019, was designed to highlight the threat of climate change. The protesters succeeded in eliciting a commitment from the government to work towards climate neutrality. (©Ollie Millington/Getty Images).

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# SDGs 2019: sustainability

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# About us

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*The United Nations Association – UK (UNA-UK) is the only UK charity devoted to building support for an effective UN, and a vibrant grassroots movement campaigning for a safer, fairer and more sustainable world*

In 1945, the creation of the UN reflected the hope for a better future. Since then, UNA-UK has enabled ordinary people to engage with that promise.

Today, the need for the UN has never been greater. Thanks to the Organisation, millions of people now live longer, safer and healthier lives. But far too many people still die each year from violence, disasters and deprivation. The death toll from conflicts and emergencies is rising. More people have been forced to flee their homes than at any other time since records began. And across the world, our fundamental values are increasingly under attack. Climate change is the defining issue of our time and the most obvious case for more and better global cooperation: it cannot be solved by one government – or indeed by governments – acting alone.

The UN is the only organisation with the reach, remit and legitimacy to mount the urgent, coordinated response we need. The 2030 Agenda and Paris Agreement demonstrated the UN's ability to forge solutions, even in uncertain times. But, with just one year to go until what must be the peak for global emissions, and with just a decade left to implement

the Agenda, making these commitments a reality for all the world's people will require political will and public buy-in on a scale never seen before.

#### **Please support us**

UNA-UK is ready to play its part. We serve as a bridge between governments, the UN and the public. We lobby for joined-up thinking on peace, sustainable development and human rights. We work with experts and practitioners to find new ways to tackle the challenges we face. Through education and training, we equip young people to play a role in international affairs. And by demonstrating why the UN matters, we encourage people to act on their responsibilities as global citizens.

Most recently we have launched the 'Together First' initiative, a network of over 150 organisations around the world to advance fair, open and inclusive approaches to creating a global system that works for all. Please do contact us if you would like to get involved. ●

Please visit [www.una.org.uk](http://www.una.org.uk) or contact us at: [info@una.org.uk](mailto:info@una.org.uk)



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