

## Post 2015

what can the European Union learn from past international negotiations?

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## Studies

# The United Nations Post-2015 Agenda for Global Development: Perspectives from China and Europe

*Thomas Fues / Jiang Ye (eds.)*

The United Nations Post-2015 Agenda  
for Global Development:  
Perspectives from China and Europe

**The German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE)** is a multidisciplinary research, policy advice and training institute for Germany's bilateral and multilateral development cooperation. On the basis of independent research, it acts as a consultant to public institutions in Germany and abroad on current issues of cooperation between developed and developing countries. Through its nine-month training course, the German Development Institute prepares German and European university graduates for careers in the field of development policy.

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## Abbreviations

ABC	Brazilian Cooperation Agency
AF	Adaptation Fund
AGN	African Group of Negotiators
AIDS	Acquired immunodeficiency syndrome
ANC	African National Congress
ATAF	African Tax Administration Forum
AU	African Union
AUC	African Union Commission
BMUB	Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (Germany)
BMZ	Federal Ministry for Economic Cooperation and Development (Germany)
BNDES	Brazilian Development Bank
BRICS	Brazil, Russia, India, China, South Africa
CBD	Convention on Biological Diversity
CBDR	Common but differentiated responsibilities
CBDR-RC	Common but differentiated responsibilities and respective capabilities
CCCTB	Common Consolidated Corporate Tax Base
CHOGM	Commonwealth Heads of Government Meeting
CIAT	Latin American Association of Tax Authorities
CIF	Climate Investment Fund
CO <sub>2</sub>	Carbon dioxide
COP	Conference of parties
CPC	Communist Party of China
CSGs	Civil society groups
CSPI	Correlation Sensitive Poverty Index

DAC	Development Assistance Committee
DIE	Deutsches Institut für Entwicklungspolitik / German Development Institute
DIRCO	Department of International Relations and Cooperation (South Africa)
DNS	Deutsche Nachhaltigkeitsstrategie (German strategy for sustainable development)
DWG	Working Group on Development (G20)
ECOSOC	UN Economic and Social Council
EITI	Extractive Industries Transparency Initiative
EMBRAPA	Brazilian Agricultural Research Corporation
EU	European Union
FACTA	Fair and Accurate Credit Transactions Act
FATF	Financial Action Task Force on Money Laundering
FOCAC	Forum on China-Africa Cooperation
FYP	Five Year Plan
G7+	Group of 20 countries that are or have been affected by conflict
G20	Group of 20
G77	Group of 77
GCF	Green Climate Fund
GCSPI	German Correlation Sensitive Poverty Index
GDP	Gross domestic product
GEF	Global Environment Facility
GHG	Greenhouse gas
GNI	Gross national income
GSOEP	German Socio-Economic Panel
HDI	Human Development Index
HDR	Human Development Report
HIV	Human immunodeficiency virus infection

HLD	High-Level Dialogue on Migration and Development
HLP	High-Level Panel of Eminent Persons on the Post-2015 Development Agenda
HLPF	High Level Political Forum
IAEG	Inter-agency and Expert Group on the Millennium Development Goal Indicators
IBAMA	Brazilian Institute of Environment and Renewable Natural Resources
IDA	International Development Association
ILO	International Labour Organization
IMF	International Monetary Fund
IPEA	Institute of Applied Economic Research (Brazil)
IWRM	Integrated Water Resources Management
kW	Kilowatts
LDCs	Least developed countries
LDCF	Least Developed Countries Fund
LICs	Low-income countries
M&D	Migration and development
MDGs	Millennium Development Goals
MGG	Managing global governance
MICs	Middle-income countries
MPI	Multidimensional Poverty Index
MW	Megawatts
MYAP	Multi-Year Action Plan (G20)
NEPAD	New Partnership for Africa's Development
NGOs	Non-governmental organisations
OAU	Organisation of African Unity
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development

OWG-SDGs	Open Working Group on Sustainable Development Goals
PCD	Policy coherence for development
PPP	Purchasing power parity
QE	Quantitative Easing
REDD+	Reducing emissions from deforestation and degradation
RMB	Renminbi
SAP	Structural adjustment programme
SCCF	Special Climate Change Fund
SDGs	Sustainable Development Goals
SDSN	Sustainable Development Solutions Network
SE4ALL	Sustainable Energy for All
SIIS	Shanghai Institutes for International Studies
SMART	Specific, measurable, agreed, realistic, time-limited
SOER	State of the Environment Report (South Africa)
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNDESA	United Nations Department of Economic and Social Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UNICEF	United Nations Children's Fund
UNSC	United Nations Security Council
UNSG	United Nations Secretary-General
US	United States
USD	US dollars

WBGU	Wissenschaftlicher Beirat der Bundesregierung Globale Umweltveränderungen (Scientific Advisory Council to the German Government on Global Change)
WHO	World Health Organization
WTO	World Trade Organization





## Executive summary

This collection of scholarly articles reflects the main topics of a dialogue and research programme between the Shanghai Institutes for International Studies (SIIS) and the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) on the post-2015 global development agenda. The contributions cover a wide range of critical issues for the design and implementation of the new framework at national and international levels. As Jiang Ye and Thomas Fues argue, China has already taken a pro-active interest in the post-2015 agenda. The country could further enhance its influence by modifying certain positions, for instance with regard to unified goals and security concerns as well as by increasing support for developing countries. Chun Zhang underlines that China could and should strengthen its efforts in light of the great success in achieving the Millennium Development Goals (MDGs) at home and the country's experience in global partnerships, especially with Africa. He calls on the Chinese leadership to provide more human and intellectual resources in order to counter Western dominance of the post-2015 process.

Hongyuan Yu points to the growing commitment of China to the principles and goals of sustainable development. Building an ecological civilisation has become a strategic priority. Using climate policies as a case study, Yu Ye demonstrates how China is actively contributing to the provision of global public goods by domestic action and international activities. Still, the country could do more through mainstreaming climate change concerns into its aid and investment programmes. Jing Wang sees rapid urbanisation in China as a powerful driver for sustainable development. In order to fully realise the potential of urban centres, the household registration system should be reformed, so that farmers can enjoy the same benefits as the original urban residents.

SIIS scholars have undertaken extensive research on the post-2015 policies of other BRICS countries, particularly Brazil, India and South Africa, comparing them to Chinese concepts. Chuankai Jiao finds that China's and India's substantive positions are basically the same but that there are significant differences in diplomatic style such as India's confrontational stand against the West. Analysing Brazil's positions, Haibin Niu realises

the strong commitment of the government to Sustainable Development Goals (SDGs), a legacy of world conferences in 1992 and 2012 which focused on the link between development and the environment. Ming Zhu shows how South Africa uses the post-2015 process to represent interests of the whole continent while fostering its global role as the only African country included in the G20 and BRICS. Christine Hackenesch and Heiner Janus underline the importance of including rising powers in a global deal on Post-2015, but remain sceptical about progress in this regard, since dynamics in South-South cooperation provide few incentives for these countries to actively support a new agenda.

Several contributions to the volume from DIE focus on German and European perspectives on the post-2015 process. Imme Scholz identifies a critical shortcoming of Germany's official position. While the government, in principle, supports a universal agenda it does not adequately address the need for structural transformation at home and in other high-income countries but rather focuses on challenges of the developing world. Mark Furness et al. bemoan the lack of political will by the European Union to engage more deeply in international cooperation due to domestic austerity and economic crisis. They see the need for a developmental reconfiguration of European policies in areas such as agriculture, fisheries, trade and investment, taxation, migration, and international security. Also with an eye towards the European level, Niels Keijzer and Adam Moe Fejerskov distil lessons from past international negotiations for the post-2015 process. On the basis of such findings, they advise European policymakers to seek broad-based alliances and convince with action, not with words.

A major section of this publication addresses conceptual challenges for the post-2015 agenda. In his profound analysis of the dynamics around the Millennium Development Goals (MDGs) Markus Loewe explores a wide range of arguments which speak for the separate treatment of an enhanced MDG approach (MDG+) and Sustainable Development Goals (SDGs). In his opinion, poverty reduction and human development as overarching objectives of international cooperation would suffer if they were mixed up with the provision of global public goods. In the first of her two contributions, Nicole Rippin also covers the lessons to be learned from the MDG experience. Key factors in this regard are to avoid silos while ensuring fairness and measurability. As she argues in her second

piece, avoiding silos can be accomplished in two ways: the first approach builds on the Correlation Sensitive Poverty Index which she herself designed; the second alternative is a people-centred model which forms clusters according to, for instance, the three main transition phases of human life.

Thomas Fues deals with major risks and side-effects of global frameworks which the post-2015 process should avoid, where possible, or otherwise manage effectively: the trap of Official Development Assistance (ODA), the disconnect between international commitments and domestic implementation and, finally, gridlock due to intergovernmental power games and dysfunctional negotiating dynamics. In his second contribution Hongyuan Yu emphasises the need to design SDGs in a fair and balanced manner. A key point he makes refers to the concept of a 'green economy'. While an authoritative global definition has not yet been adopted, all countries agree that they have to achieve low-carbon development in the future. Clara Brandi, Carmen Richerzhagen and Katharina Stepping demonstrate how the water-energy-land nexus concept aims at simultaneously transforming management systems in order to satisfy the growing demand for these resources, while operating within environmental limits. Better results are reached by increasing efficiency, reducing trade-offs, building synergies, and improving governance across sectors.

Benjamin Schraven and Niels Keijzer reflect on the fact that the MDGs do not include human mobility although development without migration is hard to imagine. To accomplish an appropriate inclusion of migration into the post-2015 agenda, stakeholders need to confront widespread negative perceptions and misconceptions about migrants in receiving countries as well as the tendency to frequently exploit migrants for short-term gains. According to Christian von Haldenwang and Uwe Kerkow, tax fraud and evasion should become key elements of the post-2015 agenda because illicit capital outflows lie on an order of several magnitudes above inflows from ODA, not to mention their negative impacts regarding governance and corruption.

The final two texts address critical actors on the global stage. Timo Mahn and Pio Wennubst examine the role of the United Nations for the post-2015 agenda. They argue for strengthening the UN system's institutional

setting, way of working and funding in response to a clearly spelt out system-wide mandate. Referring to the potential contribution of club governance, Haibing Zhang sees a key role for the G20 in promoting universal consensus-building. She suggests that the G20 could create a new institution to fill an institutional gap, a Global Development Council.

The volume demonstrates a surprising degree of convergence in German and Chinese analytical approaches but also points to substantive areas of disagreement. Naturally, views and standpoints within the respective groups are also far from homogenous. Scholars from both institutions emphasise the historic significance of the post-2015 agenda which aims at defining a universal paradigm of sustainable development. Yet, both sides maintain that poverty eradication and the unfinished business of the MDGs must stand at the centre of the new framework. Low-income countries will continue to need substantial external assistance since they cannot cope with the dual challenge of inclusive growth and low-carbon, resource-light transformation on their own. Scholars from SIIS and DIE also concur in underlining the critical role of ‘common but differentiated responsibilities’ (CBDR) as guiding principle for burden-sharing in the post-2015 agenda.

Differences between the scholars relate to the meaning of national sovereignty. While SIIS scholars emphasise the voluntary nature of national commitments aligned to specific conditions and capabilities, DIE contributions focus rather on the objective requirements for global transformation within planetary boundaries. The Chinese authors are also more concerned than their German colleagues about the existing distribution of power within the global system which favours industrialised countries. Differing nuances on certain aspects notwithstanding, the contributions offer a wide range of valuable insights and policy recommendations in support of closer cooperation between China and Europe in the post-2015 process.

## Introduction

Thomas Fues / Jiang Ye

Negotiations around the post-2015 global development agenda of the United Nations have increasingly attracted interest in all parts of the world. It is not only governments and non-governmental organisations that have begun to address the opportunities and limits of this historic undertaking. Working in ‘track-two diplomacy’ parallel to the official process, think-tanks have become important sources of knowledge-creation relevant for the process. Sensing the relevance of the issue at an early stage, the Shanghai Institutes for International Studies (SIIS) and the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE) initiated a joint research project on the post-2015 agenda in early 2013. The contributions to this volume document the ongoing efforts in both institutions and reflect the insights gained from numerous exchanges between them.

This publication focuses on scholarly discourses and policy challenges in China and Germany. Articles from DIE also cover European perspectives while chapters from SIIS extend to the BRICS (Brazil, Russia, India, China, South Africa), although no article specifically touches upon Russia. The contributions demonstrate a surprising degree of convergence in German and Chinese analytical thinking but also point to substantive areas of disagreement. Obviously, the views and standpoints within the respective groups are also far from homogenous.

Major aspects of common understanding are the following:

- Scholars from both institutions emphasise the historic significance of the post-2015 agenda which moves into the uncharted territory of defining and operationalising a universal paradigm of sustainable development. Both sides maintain that poverty eradication and the unfinished business of the Millennium Development Goals (MDGs) must stand at the centre of the post-2015 agenda. Low-income countries will continue to depend on substantial external assistance since they cannot cope with the dual challenge of inclusive growth and low-carbon, resource-light transformation on their own.
- Reaching far beyond the traditional ‘aid’ discourse which characterises the MDGs, the new agenda is uniformly perceived as a comprehensive

roadmap for structural transformation which applies to all countries. Domestic implementation is seen as a task equally important, or even more important, than international efforts.

- In order to gain universal acceptance and ownership, the goals and targets of the post-2015 agenda must build on voluntary commitments by all member states of the United Nations. While impartial and fair mechanisms of performance assessment and mutual accountability are a necessity, coercion and conditionality are not admissible.
- The post-2015 agenda must also address the need for fundamental changes in the system of global governance. This implies strengthening the role of developing countries in international institutions as well as establishing a regulatory framework for sustainable development in the world economy.
- Scholars from SIIS and DIE concur in underlining the critical role of ‘common but differentiated responsibilities’ (CBDR) as a guiding principle for burden-sharing in the post-2015 agenda. Industrialised countries will need to realise their old commitment of providing 0.7 percent of gross national income (GNI) for developing countries while rising powers and other middle-income countries will increasingly be expected to contribute to international efforts, in line with their respective capabilities. Chinese contributions to this volume indicate that China as an emerging power should be ready for enhanced leadership in this regard, although North-South cooperation remains as the core of the global partnership, with South-South cooperation serving as a useful supplement. The fact that references to CBDR in this volume remain relatively abstract indicates that future research on the operational meaning of the principle in the context of the post-2015 process is needed.
- While national governments are the indispensable drivers for adopting and implementing the post-2015 agenda, they cannot succeed without including a wide range of non-state, non-executive actors. Such dynamics will enlarge existing, and create new spaces for multi-stakeholder, collaborative constellations within and outside the institutions of formal global governance.
- All authors are cautious, and partially sceptical, regarding the prospects for global consensus-building towards a transformative post-2015

agenda. The odds against a substantive agreement in intergovernmental negotiations taking place at the United Nations seem enormous. Still, the scholars represented here unanimously underline the overriding common interest of all societies in a new global compact on sustainable development which brings genuine prosperity for all within planetary boundaries.

Significant differences between the authors of this volume refer to the following issues:

- Chinese contributions tend to put more weight on the poverty-related aspects in developing countries while German authors emphasise sustainable consumption and production patterns at home. Accordingly, SIIS voices call on traditional donors for renewed efforts in official development assistance, whereas DIE thinking is more focused on the ‘beyond ODA’ narrative.
- Chinese scholars are more explicit about overcoming Western dominance in the world order and, to a limited extent, put their hope in the BRICS as an evolving centre of global power. However, this side does not call for new multilateral arrangements which would replace, or work in parallel to, existing institutions. German positions also build on the existing institutional global framework, supporting the call for a larger role of rising powers and developing countries.
- Chinese scholars emphasise that the post-2015 agenda should serve as a guide and frame of reference for national development strategies which means that sovereignty still has to be respected. They also stress that, although peace and security are clearly a prerequisite to development, such topics should not be listed as explicit goals in the new agenda. In their view, it would be acceptable, however, to create some indicators related to peace and security issues. In contrast, German scholars generally attribute greater importance to political concerns in the post-2015 context.

As the UN General Assembly begins negotiations over content and implementation of the post-2015 global development agenda, we hope that this volume will deepen the understanding of the critical issues at stake. All authors are driven by the aspiration of contributing to a meaningful agenda for global transformation which will guide all societies in their search for

inclusive sustainable development at local, national, regional and global levels.

We thank all colleagues at our two institutes who contributed time and effort to make this publication possible. Some of the DIE contributions build on texts that have been published as part of the Institute's Briefing Paper series. Special thanks go to the German Federal Ministry for Economic Cooperation and Development which supported the research through its programme "Managing Global Governance" (MGG). We also thank the Ministry of Foreign Affairs of China for supporting our research on the post-2015 development agenda. Special thanks are due to UN Under-Secretary-General Wu Hongbo who kindly attended our joint Shanghai conference on the post-2015 agenda in early 2013 and delivered an important keynote speech.



## Part I

# Chinese and BRICS perspectives of the post-2015 agenda



A strong voice for global sustainable development:  
how China can play a leading role in the post-2015 agenda

*Jiang Ye / Thomas Fues*



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## A strong voice for global sustainable development: how China can play a leading role in the post-2015 agenda

Jiang Ye / Thomas Fues

### 1 Introduction

To the surprise of many, China has taken a pro-active stance in negotiations on the post-2015 agenda for global development at the United Nations (UN). In September 2013, the government issued a comprehensive position paper that aptly addresses a wide range of global challenges, from poverty eradication, inclusive growth and ecological conservation to international trade and the reform of global economic governance. The statement also impresses with a candid assessment of domestic advances and deficiencies, for example, income disparities and environmental degradation.

China's position converges with major UN reports in key aspects, such as the overriding concern for poverty eradication and sustainable development. The paper diverges from these documents by rejecting the integration of the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs) and by excluding political factors such as good governance and human rights.

The position paper of September 2013 may not be China's final word on the post-2015 agenda. Shortly after its publication, the country demonstrated considerable flexibility by agreeing to a resolution of the UN General Assembly which emphasises the need for a single set of goals and underlines the significance of political framework conditions for development – positions which China had previously rejected.

China's early intervention represents an exemplary case of articulating national priorities. The country should now move to the second stage of pro-active policy formulation by specifying its contributions and ambitions. Recent statements of the communist party leadership signal a heightened interest in global governance. The ongoing negotiations on post-2015 offer a historical opportunity for China to demonstrate its commitment by increasing material support for South-South development cooperation and the provision of global public goods. The government should support

the integration of MDGs and SDGs and open up to the concerns of fragile and conflict-affected countries, as articulated by the African Union and the interstate alliance G7+.

Also, China should use its influence in the global South to work for an ambitious post-2015 agenda, thus breaking the persistent gridlock in international affairs. In parallel, the country's leadership should accelerate domestic transformation towards a low-carbon, resource-light model of prosperity and overcome social disparities.

Propelled by these priorities, China's leadership could significantly enhance the country's soft power and inter-national reputation. Acting as a bridge between the G77 and industrial countries, China could strengthen the authority of the United Nations as the legitimate guardian of global well-being. Advanced countries like Germany should follow the Chinese example by providing a comprehensive plan of action for international and domestic policies aligned to the post-2015 agenda.

## **2 Key points of China's position paper**

The Ministry of Foreign Affairs of the People's Republic of China issued its "Position Paper on the Development Agenda beyond 2015" in September 2013, shortly before the special event of the United Nations which reviewed progress on the MDGs. A comparison of the Chinese document with key UN reports reveals convergence, but also divergence on critical issues.

China and four important UN bodies (the UN System Task Team; the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda; the Open Working Group of the General Assembly on Sustainable Development Goals; and the Sustainable Development Solutions Network) concur on the following points: Poverty eradication is a core element of the post-2015 agenda. Sustainable development and inclusive growth are pre-requisites for prosperity and social welfare. All countries share responsibilities in addressing global challenges according to their capabilities. Finally, South-South cooperation is a useful supplement to North-South cooperation, but traditional donors must not renege on their commitments.

Chinese views are also close to policy statements of the European Commission and the European Report on Development 2013, prepared by a think tank consortium. This proves that there has been a considerable



degree of convergence between China and the international community on the design of the post-2015 agenda.

However, disagreement between China on the one side and UN and European voices on the other prevails with regard to the following aspects: China is not in favour of replacing MDGs by SDGs and even has reservations about the merger of the two concepts. The country is opposed to the inclusion of political factors like human rights, democracy and good governance and does not support linking peace and security issues to the post-2015 framework.

### **3 Underlying principles of China's views**

The position paper makes the case that four underlying principles should shape the post-2015 agenda. They represent core elements of China's foreign policy with regard to non-interference and equitable burden-sharing. They also reflect the strategic objective of consolidating China's alliance with developing countries (G77) by emphasising the primacy of growth and development.

a) Respect sovereignty and diversity in development models: The post-2015 agenda should serve as a guide and frame of reference for national development strategies, not as a tool for interfering in internal affairs. Although peace and security clearly are a prerequisite to development, the Chinese government is convinced that such topics should be excluded from the new agenda, because this would detract from genuine development goals and violate the sovereignty principle.

b) Manage international burden-sharing: The principle of "common but differentiated responsibilities" (CBDR) which was formally established in 1992 at the Rio Earth Summit is a manifestation of equity in international law. In fact, the principle can be traced back to the early 1970s when the UN General Assembly established a target for industrial countries to contribute 0.7% of their national income as assistance to developing countries. However, the position paper falls short of spelling out how CBDR could be made operational in the context of post-2015. Nor does it provide specific information on China's future transfers to low-income countries or to the provision of global public goods.

c) Build on the MDGs: Although the 2000 Millennium Declaration which serves as legitimization of the MDGs stresses the close relationship between development and political factors like human rights, democracy, good governance and rule of law, the MDGs as such do not include these elements due to insurmountable dissent among UN member states. In continuation of the MDG tradition, China wants the post-2015 framework to refrain from incorporating contested political targets.

d) Avoid an overloaded agenda: China's position paper does not explicitly refer to SDGs which the General Assembly wants to adopt in 2015, based on a decision at the 2012 Rio+20 Summit in Brazil. This signals an objection to the integration of MDGs and SDGs. The lack of support for a common framework of MDGs and SDGs may be of diplomatic, not principled nature owing to sensibilities of developing countries, since the Chinese text pays considerable attention to the promotion of economic, social and environmental development in a balanced way.

#### **4 Driving forces of China's policies**

China's position in the post-2015 process is shaped by a variety of normative factors and practical considerations. To better understand China's role in intergovernmental negotiations on post-2015, it is useful to examine the drivers which determine the country's foreign policy as well as the transformation of its economy and society.

##### *Five principles of peaceful co-existence*

The five principles of peaceful co-existence – mutual respect for sovereignty and territorial integrity; mutual non-aggression; non-interference in each other's internal affairs; equality and mutual benefit; and peaceful coexistence – are the fundamental normative framework for China in international affairs. They were proposed by former Premier Zhou Enlai in 1953 and to this day guide the country's foreign policy. The principles have been accepted by most countries in the world, especially by developing countries, and have become an important norm of international relations.

China considers its participation in the setting of the post-2015 development agenda as an important diplomatic action. The fact that China's position paper was issued by the Ministry of Foreign Affairs is evidence of this.

It is, therefore, only natural for China to acknowledge the five principles of peaceful coexistence by emphasising the autonomy of all countries in pursuing their own national development strategies and targets.

However, China's expanding links with the developing world may soon lead to a critical examination of strict non-interference since political instability and violent conflicts in partner countries not only erode the foundations for domestic prosperity but also threaten the economic interests and personal safety of foreign actors. In shaping its future foreign policy, China should therefore pay increased attention to the internal conditions of developing countries and consider appropriate ways of fostering stability and crisis prevention.

### *China's identity as developing country*

China's government insists on its international status as largest developing country although its economy ranks number two in the world. The communist party openly admits that the country struggles with meeting the ever-growing material and cultural needs of the population. In 2009, more than 100 million people still lived in extreme poverty. Measured by 2012 per capita income, China ranks 93 in international comparison.

The identity of China as a developing country is one of the reasons why the position paper emphasises poverty eradication and development as core of the new frame-work. However, as China's prosperity and international weight continue to grow, its rising capabilities and power resources call for a reconsideration of identity. The country should prepare for the moment when the world no longer shares the view of China as a developing country, but rather expects an international performance commensurate to its status as a global leader. And it should define its objectives and streamline its practices as the most important provider of South-South development cooperation, for example in regard to transparency and accountability.

### *Achievements in implementing the MDGs*

The country's focus on poverty eradication is shaped by its successful track record at home. Extreme poverty in China dropped from 60 per cent in 1990 to 16 per cent in 2005 and 12 per cent in 2010. Since 2003, the Chinese Foreign Ministry, working together with the UN system, released a total of five reports on "Progress in China's Implementation of the Millennium

Development Goals” which demonstrate the country’s achievements. The latest report states that in 2013, two years ahead of the finishing line, China had achieved nearly half of the MDGs. However, the impressive progress may be more a result of domestic priorities independent of global goals.

### *Promoting domestic and global governance*

In November 2013, the third plenary session of the eighteenth central committee of the communist party initiated a novel discourse about transforming the traditional top-down style of state rule into a new mode of interactive, multi-stakeholder governance. This signals long-term changes in China’s development philosophy. The meaning of social progress will no longer be confined to economic growth and material improvement but framed by a holistic concept of multi-dimensional sustainable development.

Parallel to internal changes, China’s leadership is determined to strengthen international efforts because the boundaries between domestic and world affairs are becoming blurred and the country has become an important actor at the centre of the global system.

From a series of documents approved at recent meetings of the communist party, we can see that the promotion of national governance and participation in global governance have become dominant trends in China’s policies. It is, therefore, logical that China will pay more attention to environmental protection, climate change and other issues of sustainable development related to global challenges.

## **5 Outlook**

As China becomes more influential on the world stage and plays a more important role in the field of international development cooperation, the international community needs to pay more attention to differences of opinion with China and try to find ways to address them in a constructive way. Similarly, China needs to listen to the concerns of others. China should use its enormous influence in the global South (e.g. G77 and BRICS) but also in the G20 to promote a consensus of developing and industrial countries on cooperative responses to global challenges.

The fact that China agreed to a landmark resolution of the UN General Assembly on post-2015 shortly after the publication of its position paper demonstrates a high degree of flexibility since member states spoke out in favour of merging MDGs and SDGs and wanted to include political factors. Future negotiations will show to what extent China will modify its positions to facilitate a meaningful universal consensus and what commitments the country will undertake at home and abroad to support the post-2015 agenda.

### ***Policy recommendations***

In order to demonstrate its heightened interests in global governance and to play a leading role in the post-2015 agenda for global development China's leadership should consider the following recommendations:

- Support the integration of MDGs and SDGs into a single framework and set of goals.
- Strengthen the universal character of the post-2015 agenda by demonstrating how China will accelerate structural transformation of its economy, aligned to the requirements of planetary sustainability.
- Lift the remaining 120 million people from extreme poverty in China in the next 15 years.
- Issue a concrete statement on the expansion of assistance to developing countries over the next decades. The average quota of OECD countries' ODA to GNI should be the point of reference for China and other rising powers (official development assistance to gross national income).
- Support the position of fragile and conflict-affected countries, as articulated by the African Union and the interstate alliance G7+, on the inclusion of peace and security in post-2015, under the prerogative of the Security Council.
- Specify future contributions of China to the provision of key global public goods, like climate protection, economic stability, UN peace keeping, health etc.
- Assume political and intellectual leadership in the South, including the G77 and BRICS, to facilitate a global consensus on an ambitious post-2015 frame-work.

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On China's participation in the post-2015  
international development agenda

*Chun Zhang*





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# On China's participation in the post-2015 international development agenda

Chun Zhang<sup>1</sup>

## 1 Introduction

Given the fact that there are less than 800 days left for the implementation of the UN Millennium Development Goals (MDGs), the discussion about what succession goals should be in force after 2015 – now under the umbrella of the post-2015 international development agenda (post-2015 agenda) – is increasingly heating up. Various reports have been publicised and special events held since 2013, for example, the report by the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP) for the UN Secretary-General (UNSG) issued on 30 May 2013, and the special event on September 25 by UN General Assembly (UNGA), just to name a few. All these reports and events have set up the basic framework for the post-2015 agenda, for which intergovernmental negotiations will start in September 2014. The UN will need to deepen and identify the exact goals, targets, and indicators for the post-2015 agenda. While China has issued an official policy paper, the country needs to closely follow the related discussions, update and further clarify its policy, and contribute more to the building of the post-2015 agenda.

## 2 The state discussions on the post-2015 agenda

The resolution of the 65th United Nations General Assembly (UNGA) from 20 to 22 September 2010, “Keeping the promise: united to achieve the Millennium Development Goals”, requests the UNSG to report annually until 2015 on the progress in the implementation of this Declaration and to make recommendations in his annual reports for further steps to realise the United Nations Development Agenda beyond 2015 (UN 2010, 29).

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1 This research is supported by the DFID (Department for International Development/ United Kingdom) Research Project entitled “China International Development Research Network (CIDRN)”.

The three most important reports are: the HLP report entitled “A new global partnership: eradicate poverty and transform economies through sustainable development” that sets the roadmap for eradicating extreme poverty (under USD 1.25 per day) and meeting sustainable development promises by 2030 (UNHLP 2013). The Sustainable Development Solutions Network (SDSN) report published on 6 June 2013, “An action agenda for sustainable development: report for the UN Secretary-General”, identified ten priorities for sustainable development (SDSN 2013, 8-26). And the third is the report by UNSG Ban Ki-moon, “A life of dignity for all: accelerating progress towards the Millennium Development Goals and advancing the United Nations development agenda beyond 2015”. However, the report of the Secretary-General on 26 July 2013 implied that in fact four reports are of great importance, including the HLP report, the SDSN report, and reports from the Global Compact Office and the United Nations System Task Team on the Post-2015 United Nations Development Agenda. Besides the above mentioned reports, various other reports from various different regional organisations, national governments, civil society groups (CSGs), and NGOs exist.

It is important to note that there is an emerging consensus on the post-2015 agenda, with the Western values and preferences at the core, as articulated by governments, civil society groups (CSGs) and non-governmental organisation (NGOs). Such a consensus has three special features that are not beneficial to developing countries as a whole.

First of all, while under the umbrella of post-2015 agenda, the real development of the discussion is that the Sustainable Development Goals (SDGs) advocated by the Rio+20 Summit in June 2012 have already gradually taken the place of post-MDGs. At the very beginning, the discussion was framed by post-MDGs with the intention of building a new goal system to continue what the MDGs had done and to supplement the MDGs by adding some missing elements. With the discussions about global climate change and sustainable development, the Rio+20 Summit issued the outcome document named “The future we want” and created far-sighted goals, the SDGs (UN 2012). More importantly, these two parallel processes will come to an end by the end of 2015, with only one month time difference between them, a fact that calls for a single set of goals. For example, a mid-term report by the Open Working Group on Sustainable Development Goals (OWG-SDGs), issued in July 2013, called for a single post-2015 United Nations development framework containing a single set

of goals. The special event on 25 September 2013 made a similar resolution. With such a consensus for a single set of goals established, the emphasis on SDGs gradually substituted the discussion about post-MDGs with three concurrent developments, namely: greater discussion about international development goals in foreign affairs; greater emphasis on environment and/or conditions of development; and greater concerns about the role of the South and the universality of the new goals.

Secondly, what makes the SDGs possible as a core of the post-2015 agenda, is that this is in effect an effort of international norm-building, not the setting of international development goals such as the MDGs. The most important difference between the MDGs and the post-2015 agenda is that MDGs were decided upon by the developed world and then imposed on the developing world, while the SDGs have not been. Thanks to the rising clout of emerging powers and the spillover effects on the rest of developing world, there is no possibility that the developed world will dominate the post-2015 agenda. Inviting the developing world, especially the emerging countries, to contribute to the building of the post-2015 agenda is unavoidable. Thus a new issue has emerged for the developed world: how to maintain its influence on the international development agenda? To level up such an effort from setting short-term development goals, like the MDGs did in 1990s, to building long-term development norms, is a promising strategy for maintaining such a role. Under the conditions of the twin crises – the global financial crisis and global climate change – the imbedding of sustainable development, as a development norm, into the post-2015 agenda is universally welcomed and ethically irrefutable. The logic behind replacing the MDGs by SDGs lies in the fact that MDGs have failed to serve the strategic purpose of changing the discourse on development in the developed world, even if they were seen as a significant step towards an international social norm that views extreme poverty as morally unacceptable thereby changing international values, because the values reflected in MDGs were too trivial to be an alternative (Bandara 2013). Thus, it is important to integrate the three dimensions of sustainable development (economic, social, and environmental) and to avoid 'competition to the bottom'. By doing so, the new system of goals, with SDGs at the core, claims universality (SDSN 2013, Par. 16–33). To raise acceptance from most countries and for the sake of a moderate appearance, the developed world has to declare poverty reduction to be one of the main pillars under the post-2015 umbrella. And to call it by a good name, the post-

2015 agenda emphasises that it should combine negative growth (poverty reduction) with positive growth (sustainable development) (UNHLP 2013).

Thirdly, with sustainable and inclusive development as core norms for the post-2015 agenda, the controversy of conditionality in international development discourse would now disappear because the ethical requirement of sustainable and inclusive development is undeniable. It is universally accepted that to realise sustainable development, one country has to combine economic, social, and environmental development and this lays the foundation for almost all important reports about the post-2015 agenda. For example, there are three goals among the twelve advocated by the HLP report that refer to conditions of development, namely managing natural resource assets sustainably, ensuring good governance and effective institutions, and ensuring a stable and peaceful society (UNHLP 2013, 16). And the tenth goal, to “transform governance for sustainable development”, advocated by the SDSN report also implies integrating conditionality into the post-2015 agenda (SDSN 2013, 8). Given that good governance, human rights and aid conditionality are too sensitive to become goals of the post-2015 agenda, more efforts to hide such conditionality behind the mechanisms of supervision and reporting have been generated:

*For the world to follow a sustainable development trajectory, all countries and businesses must agree to a set of rules and values, and then live up to their responsibilities under a system of transparency, monitoring, and accountability (Wennubst / Mahn 2013, 3).*

The proposed mechanisms for monitoring include, for example, a data revolution for sustainable development, creating a new monitoring agency, establishing a global peer-review mechanism, etc.

### **3 China’s participation: advantages and disadvantages**

Despite its significant advantages, China’s participation in the discussion of the post-2015 agenda has been fairly moderate while internationally such an effort is increasingly heating up. China can claim at least two very important advantages in participating in the discussion: On the one hand, as most observers have pointed out, the great success of the MDGs has to a very large extent been because of China’s achievements. Generally speaking, China has made great progress in economic and social development and other areas in the past 20 years. China has already met seven targets under

the MDGs ahead of schedule. China's human development index (HDI) saw a rapid growth from 0.495 in 1990 to 0.699 in 2012, higher than the world average of 0.694 (MOFA / UNDP 2013, 9).

On the other hand, China has a rich experience in the building of global partnerships for the implementation of the MDGs, especially with Africa. As a developing country, China is not bound by the obligation (prescribed by Goal 8) of assisting other developing countries. Nevertheless, China has always regarded strengthening cooperation with other developing countries as a cornerstone of its foreign policy. China's involvement in South-South cooperation takes various forms and covers a wide range of fields, such as trade, investment and development cooperation, and constitutes an important part of the global South-South cooperation. Since 2000, while being dedicated to achieving the MDGs domestically, China has striven to provide assistance to more than 120 developing countries within the South-South cooperation framework, so as to help them improve their capacity for independent development to achieve the MDGs. Assistance has been delivered in many ways, such as construction of infrastructure, agricultural and industrial projects, provision of various goods and equipment, dispatching experts for technical cooperation, medical teams and volunteers, offering emergency humanitarian assistance, holding human resources trainings and so on. From 2000 to 2012, China has provided more than RMB 250 billion in aid to foreign countries (MOFAS / UNDP 2013, 51). The 'best practice' example of this effort is the cooperation between China and Africa under the framework of the Forum on China-Africa Cooperation (FOCAC) in the field of the MDGs (Zhang 2013, 27–44).

Without a sense of urgency, China has not pro-actively participated in the discussions about the post-2015 agenda. Generally speaking, a strange trend exists, namely that China lays importance on this issue at the strategic level while ignoring it at the operational level.

Strategically, China has always attached great importance to international development, especially the building of the post-2015 agenda. The Chinese government has issued several documents in this regard. At the 5th FOCAC ministerial conference in July 2012, the Beijing Declaration calls on

*the international community to, under the leading role of the UN, take seriously the inefficient implementation in the field of sustainable development, show the political will and commitment to build consensus, and reach agreement on the implementation plan of the post-MDG*

*framework of sustainable development. We also urge the developed countries to honor their assistance commitments to developing countries, African countries in particular (FOCAC 2013).*

As an inward-looking event, the 18th Communist Party of China (CPC) National Congress in November 2012, advocates establishing ‘a new type of global development partnership that is more equitable and balanced’, a concept proposed even earlier and more comprehensive than the concept of ‘new global partnership’ advocated by the United Nations for the post-2015 agenda.

At the BRICS Summit in March 2013, Chinese President Xi Jinping called for

*jointly participating in the setting of [the] international development agenda, fully harnessing the productivity and material resources accumulated in the past, fulfilling the UN Millennium Development Goals, narrowing the North-South gap in development, and making global development more balanced (Xi 2013).*

Shortly after his speech, the BRICS Summit Declaration confirmed this call collectively. On 22 September 2013, the Chinese government publicised its position paper on the post-2015 agenda (MOFA 2013), a leading action among emerging powers, while still lagging behind most of the developed world.

However, at the operational level, China’s participation is quite slow compared to its policy statements; part of the reason lies in the fact that there are too many urgent challenges ahead while the intergovernmental negotiations of the post-2015 agenda will go on over a while. Such reservation in terms of preparing for the post-2015 agenda has three explanations. Firstly, China is not thinking thoroughly about how to transfer its experience of MDGs implementation into a theory for guiding its future participation. Domestically, China did not develop a comprehensive theory from its successful poverty reduction which it could then contribute to the discussion about the Post-2015 agenda. Internationally, China always limits the cooperation in MDGs to development assistance, not under the framework of global partnership building (MDG 8); and such cooperation is more thought of as bilateral cooperation and not from the perspective of South-South cooperation.



Secondly, the human resource and intellectual contributions for the post-2015 agenda are too limited given the importance of China as an emerging power. The SDSN has only 3 Chinese experts, too few to participate in the discussion of 12 topics; and there was only one Chinese person, Ambassador Wang Yingfan, included in the HLP, with no academic support. Another example: No Chinese transnational company participated in the drafting of the UN Global Compact report for the post-2015 agenda (UNGC 2013). While there were two consultations by UNDP in China, one local consultation in Kunming in December 2013 and another national consultation in Beijing in March 2013, the sponsor for these two events was the Chinese Association of United Nations, a semi-NGO in China, proving the inaction of the Chinese government in this regard.

And, finally, although academic research in China is lagging behind, it to a very great extent welcomes the universality of the SDGs ignoring the potential disadvantages mentioned above.<sup>2</sup>

#### **4 What should China contribute to the post-2015 agenda?**

With the expiration of MDGs approaching, China's strategy for participating in the building of the post-2015 agenda should be based on the norm framework established by previous discussions, combine negative growth (poverty reduction) and positive growth (sustainable development), and contribute intellectually to the building of a new global partnership.

Firstly, as to the goal framework, China should ensure the integrity between the norms and goals of the post-2015 agenda, and avoid confusion between the goals and the means.

The fact that most voices advocate a period of 15 years indicates that the discussion about the post-2015 agenda should not be too broad nor too long-term based. Keeping this in mind, China should emphasise the link between

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2 It is important to note that the Shanghai Institutes for International Studies (SIIS), a leading Chinese think-tank, has contributed a great deal to this effort. It has completed a project for the FOCAC, drafted a background paper for the EU (Grimm / Zhang 2013), held two international conferences in January and November 2013 respectively, and organised two special issues of its publications, one in Chinese (*Global Review* 3/2013) and another in English (*Global Review*, Spring Issue 2013).

short-term goals and long-term norms. The post-2015 agenda should lay out a set of goals by consensus to guide international development cooperation and national development in a spirit of equality, mutual trust, inclusiveness, mutual learning and ‘win-win’ cooperation, without hidden objectives.

Given that the MDGs have made significant achievements but that much needs to be done to fully meet the goals set in 2000, China should insist on the continuation of the post-2015 agenda through comprehensively assessing the current state of international development cooperation, reviewing the progress and challenges in implementing the MDGs and, on this basis, exploring the possibilities of and developing a single set of goals for the post-2015 agenda. Meanwhile, given the fact that poverty eradication will be one of the key goals of the post-2015 agenda and that the other goals of MDGs are facing the risk of abandonment, China should argue for harmonising the remaining MDGs into the new goals system.

The post-2015 agenda will set a universal goal system for the whole world; however, differing countries and regions have different contexts for future implementation. Thus, China should advocate a goal-zone approach, to set both floors and ceilings for each field, and set different stages of goals between the floor and ceiling for countries and regions at different levels of development. Such an approach is, to some extent, similar to that advocated by the HLP report to set a zero framework that all countries should abide by along with a goal zone combining “*absolute goals and boundaries coupled with differentiated targets*” (Nayar et al. 2013).

China needs to develop further its theoretical framework for the post-2015 agenda based on its experience of cooperation with other developing countries, especially Africa, in implementation of the MDGs. One point that must be noted is that such experience proves that development is the foundation of everything and that only development achievements can address the unfavourable conditions of development. China and the developing world should strengthen their public diplomacy for promoting such experience and advocate that the post-2015 agenda should see development goals rather than conditions of development as primary.

More profoundly, both China and the rest of the developing world should broaden their eyes to perceive the post-2015 agenda from the perspective of human development rather than international development assistance, for improving their capability to build international norms and rules. China and the rest of developing world should not only think about the agenda

from their own context, but also from the context of the developed world; and think about the possibility of providing public goods for the developed world, especially intellectual public goods on development options, pushing the developed world to rethink the deficiencies of its own development path and theory.

Secondly, as to the time framework, China should advocate making the best use of the limited time and setting for a reasonable schedule of implementation.

It is important to note that one reason for the imperfectness of MDGs lies in the time limitation. If there were another five to ten years, the performance of the MDGs would definitely be better. Another important issue is that many international negotiations proceed on the basis that *"nothing is agreed until everything is agreed"* which becomes a recipe for gridlock (SDSN 2013, 25). Such gridlock is the biggest potential obstacle for reaching an agreement on the post-2015 agenda. If necessary, China should advocate an approach of 'starting from agreed and leaving disagreed for other processes' in order to save the negotiation framework and leave more time for further negotiation.

Combining the two points above, China should also advocate for a longer time framework for the implementation of the post-2015 agenda, if necessary. The appropriate period could be 20–30 years with a multi-speed and multi-track framework. Such a longer time framework could be structured as four phases, each of five years:

- Phase 1: Initiate the first phase of the post-2015 agenda for the developed world, and adapt and move from MDGs to the post-2015 agenda for the developing world;
- Phase 2: Move to the second phase of the post-2015 agenda for the developed world, and start the first phase for the developing world, and launch the building of a new global partnership;
- Phase 3: Finish the floor goals for the developed world, and move to the second phase for the developing world;
- Phase 4: Finish the ceiling goals for the developed world, and finish the floor goals for the developing world, and start the discussion and negotiation over the new goals (post-2035 or post-2040).

Thirdly, as to the implementation framework, China should join hands with the international community to ensure that the voices of the developing world are heard and its reasonable rights respected.

Armed with the experience of successful domestic implementation and international cooperation, China should contribute to a larger voice and the equal participation of the developing world through pro-active participation, both individually and collectively. However, as the United Nations has recognised, more fundamental reform in funding will not occur without a dramatic change in perspective. In particular, what is needed is a collective effort to overcome the recipient-provider discourse that reinforces the North-South dichotomy in UN circles. Furthermore, concrete steps should be taken to broaden and diversify donor bases and reduce reliance on a limited number of member state donors that primarily contribute earmarked funds (Wennubst / Mahn 2013, 3).

As to the building of a new global partnership, it is important to keep a balance between the rising South-South cooperation and the traditional South-North cooperation. While noting the rising capabilities of providing more public goods from the South, China should insist on the key role of South-North cooperation. Thus, the principle of ‘common but differentiated responsibilities’ ought to be applied to the funding platform of the post-2015 agenda. Meanwhile, China should also remind the world of the risks of the developed world using ‘universal responsibility’ as an excuse for shirking the responsibility of public goods provision. This points to the importance of identifying the proper division of labour between the South-South cooperation and the South-North cooperation.

Fourthly, as to the monitoring framework, China should emphasise the combination of voluntary and universal principles to avoid the quiet attachment of political and social conditions. It is important to say that the illustrative goals and targets would not be legally binding, but must be monitored closely. Thus, while emphasising an independent and rigorous monitoring system, China should insist that monitoring must be seen by everyone as a way of motivating progress and enhancing cooperation, not as a tool for conditionality.

Fifth and finally, China should strengthen its capability towards the design of the post-2015 agenda. China should combine better its domestic development strategy with the post-2015 agenda, especially on how to combine negative with positive growth. China needs to improve its participation in the post-

2015 agenda building, through establishing an intellectual community consisting of governmental officials, academic researchers, think-tank analysts, civil society groups, and NGOs activists, etc. And a coalition should be built before the intergovernmental negotiations starting September 2014, for which some existing platforms are highly relevant, including the United Nations, G20, FOCAC, BRICS, G77+China, etc.

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# China and Sustainable Development Goals (SDGs)

*Hongyuan Yu*



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# China and Sustainable Development Goals (SDGs)

Hongyuan Yu

Since its participation in the United Nations Conference on the Human Environment held at Stockholm in 1972, China has made significant progress in its sustainable development. As a developing country, China is fully aware of its responsibility and role in promoting a healthy growth of the world economy and protecting the global environment and climate. China has paid close attention to addressing the environmental problems that have occurred in the process of economic and social development on the one hand and has also attached great importance to and actively participated in international cooperation on sustainable development. China always advocates that all countries should explore sustainable development paths according to their own characteristics, with the view of introducing resource-efficient and eco-friendly production and consumption patterns and lifestyles in order to achieve sustainable economic, social and environmental development. China always pushes for regional and global cooperation and takes the initiative to share responsibilities for sustainable development.

## **1 China and sustainable development**

China's population has reached 1.3 billion people, and its economy is one of the world's largest and fastest growing. Any successful international effort to global sustainable development must inevitably include China (Pew Center on Global Climate Change 2007). Consequently, China is experiencing widespread and often acute environmental challenges with severe local, national and regional consequences (Smil 1993; Japan Environment Council 2000, 98-100; World Bank 1997). China's role in contributing to global sustainable development derives from changing its energy mix. The 12th Five Year Plan begins to put some flesh on the bones of the 40% to 45% carbon intensity reduction target for 2020 which Beijing laid out in Copenhagen in 2009, starting with the interim goals for 2015 of reducing the country's carbon intensity per unit of gross domestic product (GDP) by 17% and energy intensity by 16%. The 12th Five-year Plan has adjusted the construction goal of pumped-storage hydroelectric plants from 50 to 80 million kilowatts (kW) (BP 2011). In 2009, China's installed capacity for hydropower reached

197,000 megawatts (MW), the highest in the world. By the end of 2012, the full calibre power installed capacity of China was 1.144 billion kW, of which thermal power amounted to 0.819 billion kW and 12.57 million kW nuclear power. The total installed capacity of thermal power accounted for 72%; nuclear power accounted for 1%; renewable energy accounted for 27%. China has the world's biggest renewable energy power generation installed capacity and the second-largest power generation capacity.

In the post-Rio era, what policies and countermeasures should be adopted to realise a green economy and raise the level of ecological civilisation is of great strategic significance to the Chinese people. China is a strong supporter of sustainable development and also an active practitioner, feeding more than 20% of the world's population with less than 10% of the world's arable land and only 28% of its water resources. Since the reform and opening-up phase, China had been relying on the extensive economic growth mode which is focused on increasing investment and the material input, resulting in a large expansion of consumption and waste of resources and energy. As a consequence, China has been confronted with serious challenges.

In the report of the Communist Party leadership to the 18th National Congress, the construction of ecological civilisation was elevated to higher strategic level. Promoting ecological progress is seen as a long-term task of vital importance to the people's wellbeing and to China's future. Faced with increasing resource constraints, severe environmental pollution and a deteriorating eco-system, the country's leaders recognise that they must raise ecological awareness and foster a mindset which respects, accommodates for and protects nature. In their view, the country must give high priority to making ecological progress, incorporate it into the whole process of advancing economic, political, cultural, and social progress, work hard to build a beautiful country, and achieve the lasting and sustainable development of the Chinese nation. Thus, the overall arrangements for the cause of socialism with Chinese characteristics have been changed to ecological construction ecological construction ecological construction a 'five-in-one' systematic project of community building, economic construction, political construction, cultural construction and ecological civilisation. This overall orientation also needs to guide scientific development. Concepts such as environmental protection, resource conservation and recycling the economy have been incorporated into the Party's report. Developing the economy and improving people's livelihoods are tough challenges for China. In short, China is still a developing country and has a long way to go.

## **2 China's leadership in global sustainable development**

In the area of global sustainable development, following the 1992 Earth Summit, the Chinese government devised a national sustainable development plan based on the summit's 'Agenda 21' objectives. This plan served as a guide to China's national economic and social development plans. In addition, the government has issued a number of environmental regulations and laws, such as the Environment Protection Law (1989), the Law on the Prevention and Control of Atmospheric Pollution (1987), the Forest Law (1989) and the Energy Conservation Law (1997). The government has also issued the Renewable Energy Law (2005).

China has always tried to strengthen solidarity and cooperation with a vast number of developing countries, especially in the course of negotiations over conventions and related issues. In 1991, China and most developing countries reached a common position on environmental protection and adopted the Beijing Declaration at the Ministerial Conference on Environment and Development. China insisted on the principle of 'common but differentiated responsibilities' and stressed that developed countries should fulfil more obligations than developing countries in environmental protection and should take the lead in undertaking action to protect the global environment. China believes that the right of developing countries to development should be protected. Environmental threats have increasingly become economic, political, security and strategic issues. Developed countries have been profoundly impacted by environmental threats, though there is a trend in which environmental threats are shifting to developing countries.

## **3 China and Sustainable Development Goals (SDGs)**

### **3.1 Actively promote the development of green economy and emphasise a package solution**

China emphasises that the green economy is an important way to realise sustainable development. However, although it is of positive significance for poverty eradication and economic structural adjustment, it also brings with it risks and challenges. Developing a green economy is a complex, long-term process, especially for the developing countries. They are usually

constrained by limitations of capital, technology and capacity-building and face many practical difficulties in developing a green economy. The international community should therefore strengthen cooperation, avoiding disadvantages and addressing the concerns of developing countries. The primary goal of a green economy should be poverty eradication which is deeply related to the survival and development rights of the people in developing countries. China should continue to actively promote the principle that every country develops its own green economy model according to national conditions and capacities. In this vein, China advocates a green economy on the basis of inclusivity, diversity, innovation and fairness, but not with unified models, identical targets, timetables and roadmaps. China also concurs that green growth in developing countries is the core content of a future global green economy.

Moreover, the present talks discuss green economy, institutional frameworks and sustainable development objectives separately but the development of a green economy needs a comprehensive approach. The development objectives are essential, but the transition costs, technology transfer, development paths, business models, and market and policy integration should also be emphasised. In addition, in order to phase out backward industries and to encourage the use of non-fossil energy, the development of green industries should be promoted through a package of policy initiatives, particularly focused on improving energy efficiency and using alternative energy sources. Fossil energy subsidies should be abolished while protecting vulnerable groups. Along with this, it is necessary to implement green industrialisation globally. The development of a green economy is related to cross-border factors such as green investment, green trade, green industrialisation and globalisation. Therefore the building of green economies requires close cooperation between countries with the aim of establishing a new global economic order, reducing conflict-related provisions of the World Trade Organization (WTO) rules and multilateral environmental agreements, promoting green products and services, opposing trade protectionism and eliminating all kinds of unreasonable green trade barriers.

Finally, it should be noted that China is willing to contribute more to the development of a green economy worldwide on the basis of fairness. The country hopes that developed countries will make new political commitments. In short, that means that China is willing to cooperate with other countries in seeking global prosperity.



### 3.2 Reaffirm common responsibilities and fairness

It is time now for China to become a responsible power. In order to safeguard the world's survival and development, China should emphasise the importance of reshaping its global responsibilities according to the principles of seeking consensus, deepening mutual trust, seeking common ground while reserving differences, cooperating actively and creating a better future. This is not to make China bear all the responsibilities, but rather a reinterpretation of the principle of 'common but differentiated responsibilities' against a new background. 'Common' is a priority; 'differentiated responsibilities' are under discussion and specific. However, China's demands should be considered by the international community. And China would gain in moral authority and play a better role in green development. At the same time, in view of the profound changes in the international political and economic landscape over the past 20 years, we should look at the past consensus with new understanding.

As sustainable development involves a wide range of areas, we could weaken the controversial principle 'common but differentiated responsibilities' and stress fairness, also referring to developing a green economy and specifying concrete objectives. China has always argued that many developing countries are undergoing rapid industrialisation and urbanisation, facing the daunting task of poverty eradication, economic structural adjustment and transition to a green economy, while being constrained by limiting factors such as energy, natural resources and environment. The success of these countries in developing a green economy will make a difference to global sustainable development, and should be understood and supported by the international community. The international community should provide a favourable external environment for developing countries, rejecting trade protectionism with the excuse of promoting a green economy, or choosing a green economy as a condition of foreign aid. The developed countries should take the lead, changing their unsustainable ways of production, livelihoods and consumption. They should also help developing countries to develop a green economy in different ways, including funding, technology transfer, capacity-building, expanding market access, etc. The developing countries should formulate and implement sustainable development strategies in accordance with their national conditions. Every country should make a full employment growth plan with effective social security measures and make sure that basic life needs of common people, especially the vulnerable

populations, are catered to. The international community should help developing countries to develop education and vocational training courses in order to reduce and compensate the social costs of the green economic transition for developing countries.

### 3.3 Strengthening multifaceted international cooperation as well as promoting the global green transformation

It is of crucial importance to build a global partnership and an effective global governance framework which addresses the differences in developing a green economy. China should make full use of the main channel that the United Nations offers and other forums which promote sustainable development, in an attempt to establish a diverse multi-channel, multi-level model of international cooperation to promote global green transformation. In this way, China could first offer a conditional package of international cooperation and assistance, integrating South-South cooperation and traditional aid to developing countries with new commitments.

Secondly, China should announce that it will establish a long-term cooperation system including the Agency for International Development that is currently being considered, with strengthening South-South cooperation as its core. Thirdly, China should also issue a series of laws and regulations, regulating the behaviour of Chinese enterprises overseas, making them conform to international standards, local laws and corporate social responsibility requirements. Finally, China should call for the establishment of global, regional and bilateral cooperative partnerships to develop the concept of a green economy, especially with the aim of helping other developing countries to achieve green transformation. Through cooperation, countries should work together to create a sustainable and competitive future which is resource efficient, environmentally friendly, low carbon, fair and inclusive.

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Climate finance, post-2015 international  
development cooperation and China's role

*Yu Ye*



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## Climate finance, post-2015 international development cooperation and China's role

Yu Ye

### **1 Climate finance and its impact on post-2015 international development cooperation**

The UN Conference on Sustainable Development in Rio de Janeiro, Brazil in June 2012 (Rio+20), called for Sustainable Development Goals (SDGs) in international development cooperation after 2015. The contents of the SDGs and their relationship with the Millennium Development Goals (MDGs) are still being widely debated under the auspices of the United Nations (UN). However, the concept of sustainable development first appeared in the 1980s, and the emergence of the SDGs is not a theoretical innovation but a new effort aimed at taking advantage of existing theories for guiding new practices. Under the conditions of rising tensions between environmental protection and economic growth, the essence is how to find a new golden balance. The threat of climate change is the biggest global environment challenge we face today and intensifies the conflicts between development and the environment to an unprecedented level. This is also the most important reason that drives the revival of the sustainable development concept. The upgrading of the MDGs – that focus on poverty reduction – to SDGs takes a more comprehensive perspective. The issue of climate change is fundamentally about development: how to integrate the governance of the two is the key challenge for post-2015 global development cooperation.

The rising tension between the environment and development brought about by the climate change threat is also reflected in the financing aspect. How to balance and coordinate climate finance and development finance will be an important issue for international development cooperation after 2015. However, there is not yet an internationally agreed definition of climate finance. Broadly speaking, climate finance includes resources that catalyse low-carbon and climate-resilient development by covering the costs and risks of climate action, supporting an enabling environment and capacity for adaptation and mitigation, and encouraging research, development and deployment of new technologies (IMF et al. 2011). However, public climate

financing for developing countries has caught most attention in the literature on global climate politics, though the key for the design of any climate fund mechanism is to ensure that scarce public funds will be used in leveraging private funding (De Nevers 2011). According to the World Bank, the annual cost for mitigation in developing countries will average USD 140-175 billion by 2030 so as to contain global warming to less than 2 degrees Celsius by the end of this century. In addition, the annual resource demand for adaptation is expected to be USD 30-100 billion. However, currently developing countries are only receiving about 10 billion USD for climate finance every year (World Bank 2010). The sharp increase in demand for climate finance is set to bring competition with traditional development finance.

At the same time, global climate finance architecture is becoming increasingly fragmented (Nakhooda / Watson / Schalatek 2013). Both developing countries and developed countries have incentives to set up vertical climate funds, separate from traditional development finance, which has in effect resulted in the isolation of climate and development governance that is harmful for both the climate and development. Firstly, developing countries have been seeking external climate financing that is separate from official development assistance (ODA). The *United Nations Framework Convention on Climate Change (UNFCCC)* of 1992 stipulated that developed countries are obliged to provide “*new and additional*” resources for the “*full incremental costs*” borne by developing countries. Developing countries are of the opinion that climate finance is an ‘entitlement’ that they deserve instead of ‘aid’ or charity (WRI 2009). In order to differentiate climate finance and ODA, the UNFCCC established special climate funds, such as the Global Environment Facility (GEF) Phase I and Phase IV; the Special Climate Change Fund (SCCF); the Least Developed Countries Fund (LDCF); the Adaptation Fund (AF); and the newly established but not yet operational Green Climate Fund (GCF). These funds initiated a series of innovations in governance structures so as to empower developing countries in the allocation of resources. For example, the AF’s Executive Board makes decisions based on a ‘one-member-one-vote’ rule while developing countries hold the majority of the 16 seats.<sup>1</sup> This is a breakthrough, compared to the existing multilateral development agencies such as the World Bank.

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1 UNFCCC Decision 5/CMP.2, Adaptation Fund, FCCC/KP/CMP/2006/10/Add.1, para.3; UNFCCC Decision 1/CMP.3, Adaptation Fund, FCCC/KP/CMP/2007/9/Add.1, paras. 6, 12

Besides, the AF has created the mechanism of 'direct access', which means recipient countries can directly apply for the resources of AF and do not have to go to a third party, that is, implementing agencies such as the World Bank, UNDP (United Nations Development Programme) or UNEP (United Nations Environment Programme), as is the case with GEF.<sup>2</sup>

Secondly, developed countries also tend to strengthen climate aid including setting up special climate funds so as to meet the demands from some environmental NGOs for more measures to combat climate change and showcase their fulfilment of international responsibilities in providing financing as well. Relevant departments can also bargain for more budgets for themselves by having more resources for climate. While the climate funds under the UNFCCC have secured power for developing countries, they have weakened the incentives of Western donors to contribute resources. Donors prefer to deliver their resources for climate purposes through traditional channels that they can keep control of. Countries such as Japan, the United Kingdom, Germany, Norway and Australia have established their own bilateral climate funds. They have also initiated vertical climate funds under multilateral development agencies, such as the Climate Investment Fund (CIF) under the World Bank. They can secure more influence over the allocation of resources under these Western-dominated multilateral agencies compared to those funds under the UNFCCC. In addition, donors also contribute to recipient countries' national climate funds, for example, the Indonesia Climate Change Trust Fund, the Amazon Fund of Brazil, and the Bangladesh Climate Change Resilience Fund. Despite all these new funds and initiatives, OECD countries are facing sharp criticisms for their under-performance in climate-financing duties. On the one hand, their contributions on climate are still calculated as ODA, instead of 'new and additional' to their existing ODA, not to mention that the targeted 0.7% ratio of ODA in relation to gross national income (GNI) has never been fulfilled by most donors. On the other hand, too little money has been channelled through the UNFCCC. The four climate funds under the UNFCCC (i.e. the GEF Phases I and IV, SCCF, LDCF and AF) only received a little more than USD 2.7 billion, covering 9.1% of the total climate funds in the world, in which the most innovative AF only received 0.4% of the total.<sup>3</sup>

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2 UNFCCC Decision 1/CMP.3, Adaptation Fund, FCCC/KP/CMP/2007/9/Add.1, para.29

3 Author's calculation based on data: <http://www.climatefundsupdate.org/global-trends/size-spending>, accessed 20 Jun. 2013

Comparatively, the size of the CIF under the World Bank reaches USD 6.2 billion, which is larger than the total of all UNFCCC climate funds. The GCF, established after the 2009 Copenhagen Conference, got the support of developed countries. The Copenhagen Accord stated that

*...developed countries commit to a goal of mobilizing jointly USD 100 billion a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance.<sup>4</sup>*

However, the sources of financing are unclear in a world of tight fiscal conditions.

In sum, climate financing is far from being sufficient, and the global climate finance architecture comes increasingly in the shape of dual and parallel structures (Dobson 2011). The essence is about power struggles between donor and recipient countries, as well as competition between climate and other development goals. The negative impact of the separation is clear: It aggravates the fragmentation of the global development architecture and increases the management costs of recipient countries. According to statistics, climate funds have become the second largest driving force after health with regard to vertical funds. During the 2000s, the total number of climate funds increased 22% while the funds for climate and the environment in a broader sense increased 49% (Castro et al. 2009). To some extent, the reallocation of very scarce resources to climate-sensitive areas and sectors will worsen the situation of the core development sectors, such as education and other basic areas in Africa (Brown et al. 2010). The erosion of traditional development finance deserves serious attention. South-South cooperation can fill some gaps, but emerging economies insist on their complementary roles.

From this perspective, the significance of SDGs as the guiding principle for post-2015 international development cooperation lies not only in raising awareness of the environmental and sustainable aspects of economic growth and mobilising more resources for sustainable development, but also in rebuilding mutual trust and coherence of environment and development governance, avoiding the isolation of climate governance, and ensuring the harmonious development of the economy, environment and society. Looking ahead for post-2015 international development cooperation, all

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4 <http://unfccc.int/resource/docs/2009/cop15/eng/107.pdf>

stakeholders, including developed and developing countries, private sectors, civil societies and international organisations, need to work together for this. Major powers must assume special responsibilities. The expected UN conference on Financing for Development should address these issues.

## **2 China's position and role in public climate finance**

As in the general global climate negotiations, China's official position on public climate finance can be summarised as 'defensive externally and aggressive internally'. However, as in trade and other areas, with the rise of its economic power, level of energy consumption and carbon emissions, the resulting international pressure and the progress in pushing domestic economic transformation, China has been incrementally and quietly adjusting its position and behaviour in its climate diplomacy.

What 'defensive externally' means is that formally China still insists on its status as a developing country, the principle of common but differentiated responsibilities, the core responsibility of North-South cooperation for post-2015 international development cooperation and the complementary role of South-South cooperation. However, the 2009 Copenhagen climate conference could be seen as a catalyst and silent turning point in Chinese climate diplomacy including its attitude toward climate assistance. China started to publicly respond to the climate issue instead of simply keeping silent. At Copenhagen, China announced it was giving up its claim on the annual USD 100 billion by 2020 promised by developed countries so as to support the adaptation activities of the most fragile countries. This is partly to address the complaint of the international society that the vast majority of revenues under the Clean Development Mechanism went to middle-income countries, with China being the largest beneficiary. China also started to provide funding to other countries for climate action through multilateral or bilateral channels. For example, China is one of the few developing countries donating to the GEF as well as the largest contributor of these developing countries (Guo 2008). At the UN Sustainable Development Conference on 20 June 2012, the then Chinese Prime Minister Wen Jiabao committed to contributing USD 6 million to the UNEP trust fund for programmes and activities in helping developing countries improve capacities in environment protection. For the first time, the new Finance Minister Lou Jiwei stated that China should shape its fiscal policy as a major power and take more initiatives

when participating in global economic governance (MOF 2013). A timely example was that China granted USD 0.3 billion for the 17th replenishment of the International Development Association (IDA), the World Bank's fund for the poorest, which is not a big share of the total volume of USD 48 billion, but almost an increase of 100% compared to that of the last round three years ago as well as the single largest contribution to international organisations in the history of China. The World Bank announced that one of the special purposes of IDA will be the investment related to climate change, which means a rising role of China in co-financing the fight against global climate change.

China has also been silently paying more attention to climate change in its bilateral and regional development cooperation. Its first White Paper on foreign aid published in 2011 stated that “[i]n recent years, coping with climate change has become a new area in China's foreign aid” (State Council Information Office of the PRC 2011a). For example, at the 4th Forum on China-Africa Cooperation in November 2009, the then Prime Minister Wen Jiabao declared eight new measures to promote China-Africa cooperation, the first of which was to establish the China-Africa Partnership for Coping with Climate Change, through which China pledged to establish 100 clean energy projects for Africa. This is helpful in leveraging more Chinese investment into clean and renewable energy development in Africa and would mean a shift away from the traditional focus on oil and gas. Furthermore, energy and climate change have become key concerns when China and the United States are trying to establish a new type of major power relationship through mechanisms like the China-US Strategic and Economic Dialogue. Considering that the two countries produce 40% of the world's carbon emissions, their climate cooperation is globally significant. In addition, China is also playing an increasing role in helping finance infrastructure in its neighbourhood and developing countries, including BRICS and Africa, which will be beneficial for increasing their adaptation capability.

However, China's forward push in financing climate activities in its domestic economy is even more evident. Although we do not have official data about the exact number of Chinese investments in reducing carbon emissions, we can get some indication from its gross investment in dealing with environment pollution. Energy efficiency and emission of pollutants are controlled through setting binding goals in several of the recent Five Year Plans (FYP). During the 11th FYP period (2006-2010), energy

consumption per unit of GDP declined by 19.1%, which is equivalent to a total reduction of 1.46 billion tons of CO<sub>2</sub> emissions and therefore an important contribution to global climate protection (State Council 2011b). The 12th FYP (2011-2015) further mandated that CO<sub>2</sub> emissions per unit of GDP and energy consumption per unit of GDP drop by 17% and 16% respectively, the share of non-fossil energy in total energy consumption reach 11.4% and total emissions of main pollutants fall by 8%-10%. China has implemented a variety of fiscal policies in tackling climate change, among them green taxation, innovative resource and environment regimes, ecological compensation, green government procurement and a clean development mechanism fund (Lou 2013). The ratio of China's investment in environmental protection to its GDP (gross domestic product) rose from 1.12% in 2000 to 1.95% in 2010 (Bao 2013). This is not a significant level internationally. During the 12th FYP, the annual ratio is expected to increase to the international level of 2-3%, with the total amount of over RMB 5 trillion.<sup>5</sup> Similar to the world trend, China is increasingly trying to use public policy and budget expenditures to leverage private investment in the climate and energy area. The share of central and local budget support in the total environmental investment declined from 27.4% in 2000 to 21.7% in 2010 (Bao 2013). China invested nearly USD 50 billion in solar, wind and other clean energy and ranked No. 1 in the world in 2010 (BNEF 2011) in which much was provided by private investment catalysed by encouraging energy policies. Despite all these ambitious targets, China is still not ambitious enough about its environmental protection in action. Generally speaking, the Chinese government has been following an approach that might be called 'liberal environmentalism', as it always insists on the priority of securing the minimum growth for employment. Sanctions are very weak for violations of environment obligations. The binding targets set in its recent FYPs have often been achieved through administrative measures.

There is an argument that, while the prospect of global climate negotiations is not clear, the pragmatic approach for international climate cooperation is to push 'direct actions' of major powers domestically through global governance forums such as the G20 (Jorgensen 2013). Although China is still defensive about its official position on the financing issue in global climate negotiations and insists on the principle of common but differentiated responsibilities, if measured by domestic initiatives, China

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5 <http://roll.sohu.com/20120503/n342286492.shtml>

has been leading the world in dealing with the environment and greenhouse emissions in recent years. Considering its significance as the world second largest economy and largest emitter, Chinese domestic engagement in financing climate resilience will be its largest contribution to the world's sustainable development after 2015 and the most feasible approach within the given political context.

### **3 China's role in promoting coordination of development and climate finance**

Historically, it is mainly the DAC members that have pushed for the separation of climate financing from development financing. China used to be a recipient of climate assistance, such as through the GEF. As mentioned above, in recent years China has increased foreign aid for climate purposes, but the volume is still relatively small compared to traditional European and American countries. On rare occasions, it contributed to vertical climate funds at the World Bank or other multilateral development agencies or established its own. Therefore, China is not a troublemaker for the separation of public climate financing and development financing. As the largest greenhouse emitter, an emerging capital exporter and aid provider, China should put the emphasis on setting examples domestically by realising its own economic transformation and then sharing its experiences and knowledge with the world through various different channels.

Firstly, China should increase green and efficient investment for a successful economic transformation, and this could have a 'spill-over' effect on the world. China has unconsciously followed the old road of 'pollution-treatment' as practised by Western countries, but has now realised this and taken concrete measures to save the environment. Despite this, China still insists on a dialectical and comprehensive approach when dealing with the relationship between environment and development, that is, protecting the environment through development and avoiding an isolated approach of environmental and climate protection. Meanwhile, China should also increase financial transfers from the resource-consuming, developed areas to those resource-producing, backward areas to compensate for the latter's ecological damages and improve their adaptation capacity.

Secondly, China should mainstream climate change considerations into bilateral and regional aid and investment activities and avoid the excessive



proliferation of vertical climate funds. China is emerging as an important capital exporter in terms of official aid and investment. Estimates by Western sources of the annual size of Chinese foreign aid have ranged from USD 1.5 billion to USD 25 billion (Walz / Ramachandran 2011)<sup>6</sup>, while China's own data was about less than USD 3 billion (State Council Information Office of the PRC 2011a; Hu 2011). China became the third largest FDI (foreign direct investment) exporter in 2012. Infrastructure financing is becoming a focus of China's foreign economic diplomacy, including through bilateral channels and the proposed BRICS Development Bank, East Asia Infrastructure Bank and the Shanghai Cooperation Organization Development Bank. These programmes should mainstream climate change considerations.

Thirdly, at the multilateral level, China should actively participate in the UN's post-2015 process and also take advantage of the G20 forum in persuading major countries to enhance coordination between climate and development finance. As regards the UN post-2015 agenda, China clearly stated that poverty reduction should be the core while at the same time seeking a more balanced development of the economy, society and environment. The G20 might be able to play a unique role in enhancing communication and coordination of major powers in this and provide highest and collective leadership for the UN processes.

## 4 Conclusions

The rise of global climate change challenges and the resulting tensions between the environment and development are one of the major reasons why the sustainable development concept has been revived for the post-2015 global development cooperation. The increase in demand for climate financing brings competition to traditional development finance, while the proliferation of vertical climate funds has intensified the fragmentation of development financing architecture and the separation of climate and development. China still officially insists on the principle of 'common but differentiated responsibilities' in global climate negotiations while, with the rise of its economic power and international position, it is silently adjusting its position and policy and increasingly providing funding support

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6 Total non-DAC aid ranges from USD 11 to 41.7 billion.

for developing countries dealing with climate change through bilateral or multilateral channels. However, fundamentally, the biggest contribution of China to the world in responding to climate change is to ensure a successful economic transformation of its own, and then to share experiences with others. Meanwhile, China should actively support the mainstreaming of climate and development through multilateral institutions, such as the G20, the World Bank and the United Nations, among others.

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Chinese contributions to the Millennium  
Development Goals (MDGs):  
promoting urbanisation

*Jing Wang*



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## Chinese contributions to the Millennium Development Goals (MDGs): promoting urbanisation

Jing Wang

### 1 Introduction

The United Nations Millennium Development Goals (MDGs) are about to expire in 2015, and the discussions on the post-2015 international development agenda by the international community are becoming increasingly enthusiastic. Under such circumstances, the Ministry of Foreign Affairs of the People's Republic of China published China's position paper on the post-2015 development agenda (hereinafter referred to as the "Chinese position paper") on 22 September 2013 (GoC 2013). The document will have a huge impact on intergovernmental negotiations about the United Nations post-2015 development agenda which will begin in September 2014. According to China's position paper, a comprehensive development agenda should focus on the eradication of poverty and hunger while, at the same time, promoting the balanced development of the economy, society and the environment after 2015. Commenting on key areas and priorities of the post-2015 development agenda, the text enumerates the following points: *promote inclusive economic growth*", "*comprehensively promote social progress and improve people's livelihoods*", "*strengthen the construction of ecological civilisation, promote sustainable development*". In the economic sphere, "*the government should promote economic growth as a priority target, increasing incomes and improving living standards*"; in the social area, it emphasises the need "*to promote social inclusion in development, adhere to the people-oriented principle, strive to ensure that all people share the fruits of development*"; in the environmental field, the focus is on the "*ecological relationship between human civilisation and the survival and development of a long-term plan for future generations*", and "*respect for nature, harmony with nature, protecting the natural concept of ecological civilisation, and enhancing conservation awareness, ecological awareness, shaping the concept of sustainable consumption and lifestyle*". Not only that, the Chinese position paper also stressed that the

*development agenda should focus on promoting unity and cooperation among countries, solidarity, responsibility sharing and jointly coping with challenges and threats to rid itself of poverty and hunger, achieving balanced and sustainable development and inclusive growth, promoting the common interests of mankind.*

Obviously, the promotion of economically, socially and environmentally balanced development, as emphasised by the Chinese side, depends on sustainable development and inclusive growth.

This orientation is consistent with the desire “*to create an inclusive and sustainable future society*” which has been stressed by the United Nations (UN) and European Union (EU) in the post-2015 development agenda. Deputy Permanent Representative of China to the UN, Ambassador Wang Min, said at the UN General Assembly meeting of the Second Committee in charge of economic issues on 14 October 2013 that eradication of poverty in developing countries to achieve sustainable development should continue to serve as the core of the post-2015 development agenda. China is both an important member of the United Nations (Security Council permanent member) and a member of a group of developing countries (G77 plus China) while at the same time it is a member of the most powerful group of emerging powers in recent years, the BRICS countries, and the Group of 20 (G20). For this reason, China’s efforts to eliminate poverty and promote economic development will have a significant impact on the post-2015 world economy.

China’s own national development objectives are in favour of implementing the MDGs and promoting international cooperation. In economic development, China has to meet its own ambitious goals of social development. As noted in the China Millennium Development Goals progress report of 2008, each committed country has to have its own policies and practices in achieving the MDGs (GoC 2008, 8–9). China’s practice in this regard is quite compelling: since 1980, China has been developing its own development goals and targets, collectively referred to as a “*well-off society*”. In 2002, the Chinese government made further mention of building a moderately prosperous society. China’s efforts to achieve the MDGs have been organically integrated into the process of building a moderately prosperous society. Five strategic elements are relevant in practice: adhering to the strategic policy of expanding domestic demand; promoting the strategic adjustment of the economic structure; conserving resources and protecting the environment; adhering to the coordinated

development of urban and rural and regional area; and insisting on the appropriate implementing technology and educational strategy. The 2010 edition of the report added a further element: “*We should tackle climate change in the context of sustainable development*” (GoC 2010, 5–6).

## **2 Why urbanisation?**

The US economist Joseph Stiglitz, a Nobel Prize winner in economics, once said that the US high-tech industry and China’s urbanisation were the two global events of the 21st century. Marx had affirmed in the Communist Manifesto that urbanisation was one of the great historical contributions. Marx praised the construction of the city as a big step forward that could foster productive utilisation of natural forces and other factors. After three decades of reform and opening up, China has created a remarkable ‘economic growth miracle’. Closely related to this is the fact that China’s urbanisation has made rapid progress. From 1978 to 2010, China’s urbanisation rate rapidly increased from 17.9% to 49.95%. It took China 30 years to catch up with the West which already had 200 years in the history of urbanisation. Urbanisation is both a result of economic development *and* an important driver of economic growth.

## **3 Urbanisation and achieving the Millennium Development Goals**

### **3.1 Urbanisation can promote the transformation of China’s economic development.**

China’s extensive economic development is not sustainable; from the perspective of the world in terms of resource use it is also a plunder and waste. Adverse effects of disparity caused by extensive development and environmental pollution have stimulated reflections about how to make sustainable development a reality.

Urbanisation is the centre of gravity in China’s shifting economic development model. In order to effectively underpin the sustained and rapid economic and social development, China’s urbanisation needs to be accelerated. Sun (2012) found that it was the rapid development of

urbanisation in the Pearl River Delta that shaped regional development; in this way promoting urbanisation was an important means to solving the 'central collapse'. Decreasing urbanisation saturation will directly reduce efficiencies and economic development.

At the same time, urbanisation can promote economic growth by expanding domestic demand. Acceleration of urbanisation plays a significant role in the expansion of domestic demand and promotes economic and social development. With the existing rate of urbanisation and China's population growth over the next five years, consumer demand will grow from RMB 16 trillion in 2011 to RMB 30 trillion in 2016.

### 3.2 The impact of urbanisation on productivity

Increasing the urbanisation rate can improve the efficiency of economic growth and can thus promote external spillover effects to China's economy. Urbanisation increases productivity through two mechanisms: one is related to the increase in labour costs which encourages enterprises to improve technology; the second is the positive effect of improving the quality of workers and consumer behaviour.

Urbanisation generates growth in demand for services. Services attract a large number of production factors, mainly labour. Due to the large number of labour transfers into services, the manufacturing labour supply is significantly reduced, resulting in labour shortages. And because urbanisation provides more specialised services in education, housing, travel, food, medical care, etc., it thereby increases the cost of living for workers. Therefore, urbanisation leads to rising labour costs. For a long time the main competitive advantage of China's manufacturing industry came from cheap and abundant labour resources, while the development of urbanisation makes major manufacturing lose cost advantage for labour. In order to maintain or obtain higher profits, companies increase investments in research and advanced machinery instead of labour, promoting technological innovation and industrial upgrading, and thus improving the overall productivity. In other words, urbanisation acts as cost-push factor on production efficiency.

While the quality of workers can affect production technologies, urbanisation can also change the quality of workers. Urbanisation in the true sense is a

phenomenon whereby farmers become urban residents, thus narrowing the gap between urban and rural areas. After farmers become urban residents, they share the public services of a town on an equal footing with the original residents with regard to education and employment. There are two ways to promote the development of production technologies: on the one hand, equal access to education has greatly enhanced the knowledge of new residents in the towns, making it easier for them to learn and master the new sciences and technologies and rendering them capable of more complex work, rather than simple assembly and processing operations. On the other hand, the pressure to find employment will make residents engage in continuous learning processes, further tapping their potential and thereby promoting innovative production technologies and improving the added value of products.

According to the theory of consumption, changing consumer behaviour affects company technologies. The urbanisation of rural people can change consumer behaviour. Firstly, urbanisation can increase the share of labour income in gross domestic product (GDP) and increase the marginal propensity to consume. Secondly, urbanisation brings a substantial increase in labour productivity, making the wages of original urban residents and migrants rise. Third, the town's relatively good social security system helps to reduce precautionary saving. If other conditions remain unchanged, this will increase consumer demand, such as increased investment in education, participation in technical training and improvement of the cultural and technical level; this will increase demand for high-tech products, and so on. These changes in consumer behaviour, on the one hand, promote the overall quality of workers and facilitate the use of technological improvements and new technologies. At the same time the production of high-tech quality products is enhanced. In this way, changing consumer behaviour caused by urbanisation promotes the efficiency of production.

The development of urbanisation can achieve inclusive growth. It is an indisputable fact that China's dualistic urban-rural economic development deepens the rich-poor divide. The household registration system divides people into urban and non-urban residents, resulting in different treatment, such as for education, jobs, pensions, health insurance, etc., thus artificially exacerbating the wealth gap. Binary economic development hinders the road to the common prosperity of the Chinese people. Urbanisation is designed to transfer rural populations to an urban setting in order to eliminate the opportunity gap, so that farmers and urban residents can enjoy the same benefits in education, employment and medical care.

## **4 The role of economic growth in China's urbanisation in the post-2015 world economic development**

On 30 May 2013, a group of eminent persons nominated by the UN Secretary-General submitted the report “A new global partnership: eradicate poverty and transform economies through sustainable development” (UNHLP 2013). The report set out a roadmap for international development, namely the eradication of extreme poverty by 2030 and the achievement of sustainable development commitments. The report lists five key objectives for the post-2015 agenda: poverty reduction to eradicate extreme poverty; sustainable development as the core; to achieve economic transformation in order to promote employment and inclusive growth; to build peace and efficient, open and accountable systems based on cooperation; and equality and human rights to create a new global partnership. On 6 June 2013, the Sustainable Development Solutions Network submitted to the UN Secretary-General a report which defines ten priority areas for the post-2015 agenda:

- “End extreme poverty and hunger
- Achieve development and prosperity for all without ruining the environment
- Ensure learning for all children and youth
- Achieve gender equality and reduce inequalities
- Achieve health and wellbeing at all ages
- Increase agricultural production in an environmentally sustainable manner, to achieve food security and rural prosperity
- Make cities productive and environmentally sustainable
- Curb human-induced climate change with sustainable energy
- Protect ecosystems and ensure sound management of natural resources
- Improve governance and align business behavior with all the goals” (SDSN 2013).

From being a desperately poor country, China has now become the world's second-largest economy – but China is not Singapore: as an ultra-large economy, Chinese economic policies will have strong spillover effects on the world economy, the so-called externalities. Given China's huge population,

China's poverty elimination programme will promote poverty elimination within the overall situation of the world.

Urbanisation improves production efficiency which, in turn, promotes China's export structure. Chinese products can gain greater access to 'high-end' international markets, thus achieving higher added value, improved terms of trade, increasing profits, employment and incomes in the export sector, while giving up the 'low-end' markets to other developing countries reduces competition with them and improves their balance of payments situation, employment and poverty eradication. At the BRICS leaders meeting in March 2013 held in Durban, South Africa, the Chinese President Xi Jinping said:

*We should vigorously promote the construction of a global partnership for development, and promote the common prosperity of all countries... We want to participate in the international development agenda and make full use of human resources, productivity and material accumulation, complete the UN Millennium Development Goals, narrow the development gap between North and South, and promote more balanced global development.*

## **5 Conclusions and recommendations**

Based on the analysis of China's policies, the following recommendations are made:

### **5.1 Continue to vigorously promote urbanisation and development.**

Urbanisation can promote economic growth. In shaping the urbanisation process attention should be paid to three issues: First, the reform of the household registration system should be implemented, so that farmers moving to the cities really do enjoy the same benefits as the original urban residents. Second, cultural heritage should be preserved, so as not to lose local specialties in the urbanisation process. Finally, the focus should be on the green building concept, low-carbon technologies and environmentally friendly methods.

## 5.2 To strengthen international cooperation in the process of urbanisation.

The rapid urbanisation in developing countries will inevitably lead to many problems. In the course of development, China should actively seek international cooperation, look for help from Europe and other developed countries, and learn the lessons of urbanisation from the developed countries. During the process of urbanisation, the balance must be kept between the development of new projects and the protection of cultural and environmental goods. The interests of farmers must be protected; loss of state assets must be prevented. To protect the cultural heritage in cities, arbitrary demolition should not be permitted. City dwellers should be prohibited from buying land in the countryside for housing ('reverse urbanisation').

In short, urbanisation – as an inevitable product of the market economy and an important driver of future economic growth – should be an important part of the future world economic development strategy.



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A comparative study of the official policies of  
China and India on the post-2015 development agenda  
of the United Nations

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# A comparative study of the official policies of China and India on the post-2015 development agenda of the United Nations

Chuankai Jiao

## 1 Introduction

As the cut-off date of the Millennium Development Goals (MDGs) will take place in 2015, almost every country has been responding to the call of the UN Secretary-General for inclusive, broad-based consultations on the post-2015 development agenda (UN 2012). The governments of China and India released their respective position papers on this issue in 2013. As the two countries are the most important developing countries in the world, their policies cannot be ignored. This paper first reviews the achievements of the two countries with regard to the MDGs, and then studies their policies and positions in a comparative perspective.

## 2 Progress on the Millennium Development Goals (MDGs) in China and India

Undoubtedly, the achievements of China and India with respect to the MDGs are remarkable. By 2013, China has realised seven development objectives. In China, the extreme poverty rate had dropped from 60 % in 1990 to 16 % in 2005 and 12 % in 2010. Extreme poverty rates have fallen in every developing region, with China leading the way (UN 2013). The net enrolment rate in primary education reached 99.8 % in 2011; the infant mortality rate dropped to 10.3 per thousand, and the child mortality rate under five years dropped to 13.2 per thousand. Finally, the maternal mortality rate dropped to 24.5 per ten thousand in 2012. China has also made significant progress on disease control and on the reduction of mortality. In 2010, the number of people living with HIV will be less than 1.5 million; the tuberculosis prevalence rate fell to 0.66 per thousand, a decrease of 61 % over 2000 (UNDP / MFA 2013).

India has also made significant progress on the MDGs. Since 2000, the Planning Commission of India has cooperated comprehensively with the

United Nations Development Programme (UNDP) in eight MDG fields and made great achievements (Lei 2008). India has achieved, or will achieve in 2015, the following indicators: halving poverty; achieving universal primary education; eliminating gender disparity discrimination in primary and secondary education; reducing by two-thirds the under-five mortality rate; halting and reversing the spread of AIDS/HIV; halting and reversing the incidence of malaria and other major diseases; integrating the principle of sustainable development into country policies and programmes and reversing the loss of environmental resources; reducing the proportion of people without access to safe drinking water; cooperating with the private sector, making available the benefits of new technologies, especially information and communications (GoI 2013a).

China and India are large developing countries with a huge population. Their achievements have a very important significance to the realisation of the MDGs globally. For example, the global achievement of halving extreme poverty is mainly a result of contributions from China and India. In reducing the proportion of slum dwellers in their cities, a UN report says that China, India and Indonesia are driving this regional and global trend (UN 2013).

However, China and India have their own development problems. The report of the United Nations Development Group (UNDG) says that the problems to be tackled in China are not only on the surface but also at the root. While the country has made tremendous progress in reducing the number of impoverished people, there are still many challenges. In India, the issue of persisting inequalities and poverty are intertwined with the poor quality of jobs. Many labourers are forced to work for below-subsistence wages (UNDG 2013). In addition, the environmental pollution and wildlife population decline in China are very conspicuous (UNDP / MFA 2013). The deaths of children under five in India and Nigeria accounted for over a third of the world total (UN 2013).

The eighth MDG is about developing a global partnership. China has been doing a lot of work on this and has made significant progress in six indicators. China has actively advocated and participated in international development cooperation, through promoting South-South cooperation, helping other developing countries within its own capacity (UNDP / MFA 2013). However, India seems to have done very little on this according to its report (GoI 2013a). Although the official development assistance (ODA) from India has been increasing, its volume cannot compare with the transfers from China or



any of the established donors (Chanana 2010). Furthermore, India insists that it wishes to be independent on ODA from the influence of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (DAC-OECD). India's ODA is definitely different from that of the DAC, though there is no clear definition of ODA in India. India does not report any details of its own ODA to the DAC either. India's ODA is characterised by the geostrategic influence that India seeks, as most of its ODA has been given to South Asia or India's neighbouring countries. On the discussion of post-2015 development agenda, India claims that bringing South-South cooperation into the traditional framework of North-South cooperation would include the evolution of universal norms for identification, delivery and evaluation of all development assistance whether North-South or South-South, a path which the government rejects (GoI 2013b).

We can say that India focuses on how to build its influence as a regional big power with ODA, rather than helping other developing countries. In a word, there are subtle differences between China and India's political commitments.

### **3 China and India have similar positions on the principles and major issues of the post-2015 agenda**

In a comparative perspective, this current paper comes to the conclusion that China and India have similar positions on the principles and major issues of the post-2015 agenda, as reflected in their respective position papers (GoI 2013b; GoC 2013).

#### **3.1 China and India both highly value the United Nations Millennium Development Declaration and the MDGs, and have actively participated in the consultations on the agenda**

China says:

*The MDGs, formulated on the basis of the Millennium Declaration adopted in 2000, are the most comprehensive, authoritative and explicit set of goals of the international community in the field of development. They are*

*important indicators for measuring the level of development and guiding international development cooperation (UNDP / MFA 2013, Part I).*

India says that the

*government of India attaches great importance to the international deliberations on a Post-2015 Development Agenda as this will not only define the key international development priorities but the overall template for global cooperation in the coming decade and more (GoI 2013b, 27).*

### 3.2 China and India both argue that the post-2015 agenda should be based on the MDGs

According to China's paper, one of the guiding principles is continuity; those unaccomplished goals of the MDGs should be included in the development goals beyond 2015. With regard to key areas and priorities, the first goal should still be eradicating poverty and hunger, which was the first goal of the MDGs too.

India proposes that the post-2015 development agenda must remain rooted at its core on poverty eradication, which was identified at Rio+20 as the greatest global challenge. India argues that the post-2015 development agenda should retain the core development priorities embodied in the MDGs, without supporting further sub-dividing of the MDG into sub-goals and without adding new indicators.

### 3.3 China and India insist that the post-2015 process should be conducted under the UN framework

China insists that the process of exploring the post-2015 framework should seek consensus through consultation, and relevant consultations should take place under the UN framework. It should be a process led by member states in a just, democratic and transparent manner, giving full play to the United Nations in leading the organisation and coordination of the development agenda. In short, China emphasises the role of the United Nations.

India mentions that the MDGs were not ratified by the United Nations General Assembly; member states did not even have the opportunity to participate in the discussion of the goals, and therefore there are flaws in

the legality and legitimacy of MDGs. *“Unlike the MDGs, the post-2015 development agenda must be arrived at through an inclusive and transparent inter-governmental process under the United Nations”* (GoI 2013b, 28).

### 3.4 China and India are of the opinion that the post-2015 agenda should preserve simplicity

China argues that an overloaded agenda may deviate from the theme of development. All goals should be simple, clear and practical (UNDP / MFA 2013). Similarly, India maintains that the post-2015 development agenda must preserve the simplicity of the narrative. It should focus on the key development challenges, limited in number. It is important not to overburden the agenda with a ‘laundry list’ of world problems. *“The ‘development’ agenda must remain ‘growth-focused’ aiming to spur and support robust economic growth in developing countries, and must remain rooted at its core on poverty eradication”* (GoI 2013b, 28) .

### 3.5 China and India share similar views on key areas and priorities

China is of the opinion that, besides eradicating poverty and hunger, the key areas and priorities should include aging populations; education; basic health care systems; women; children; demographic growth; social security systems; vulnerable groups; and inclusive economic growth; employment of better quality; a just and open environment for trade; liberalisation and the facilitation of trade and investment.

India also argues that the important subjects, besides eradicating poverty and economic growth, should include non-communicable diseases, lifestyles, mental health and gender equity. Notably, neither China nor India considers subjects such as ‘security’, ‘conflict’, ‘human rights’ and ‘governance’ to be goals of the post-2015 agenda.

### 3.6 China and India concur on the need for reforming international economic governance systems

China argues that the problems facing developing countries, such as insufficient funding, lack of technical means and weak capacities, have not been adequately addressed. Development capacity in developing countries is limited; the international community should provide active assistance to them. China maintains that the development agenda should increase the representation and voice of developing countries in the global governance system. India believes that emerging economies are increasingly becoming an important force in the international community, but the current global governance structure does not adequately reflect this reality; whenever a crisis arises, the developed countries transfer risks to developing countries. India argues that, if there is a discussion of governance issues, the first subject should be the structure of global governance. The UN Security Council should increase the representation of developing countries; the International Monetary Fund (IMF) and the World Bank and other institutions should increase the shares of emerging economies (GoI 2013b).

In addition, China and India also have proposed strengthening the ‘multilateral trading system’, and oppose all forms of protectionism. The two countries have highlighted the principle of ‘common but differentiated responsibilities’ (CBDR), however, they both do not provide any details on the implementation of this principle.

Unfortunately, both China and India say almost nothing about their own domestic transformation, although the post-2015 agenda is universal and calls for the transformation of all economies and societies. Nor have they addressed their roles as new donors as the international society would expect. India almost says nothing in this regard, while China seems to be ready to explain its activities in South-South cooperation to the outside world.

## **4 There are differences in style and certain policy details between China and India**

### **4.1 China and India differ in their views on global partnerships, especially in regard to North-South cooperation and South-South cooperation**

China stresses the compatible nature of South-South and North-South cooperation while, in contrast, India emphasises the differences and antagonisms between them. India claims that former colonial countries and other industrialised/high-income countries which have prospered, at least in part, by monopolising global public goods and resources should be held responsible for the poverty of developing countries. Such countries therefore have the obligation to help developing countries to overcome poverty and barriers to growth. When the suggestion that South-South cooperation should be integrated into North-South cooperation was put forward, India voiced its suspicion that the developed countries wanted to shirk the responsibility of providing development assistance. India highlights the different nature of South-South cooperation and North-South cooperation with the following views: the provision of South-South cooperation is completely voluntary, whereas North-South cooperation is the cut-clear obligation of developed countries (GoI 2013b).

China is also opposed to distorting the nature of South-South relations or integrating them into the framework of North-South relations. Contrary to the Indian position, China does not emphasise the different nature of South-South and North-South cooperation but instead argues that North-South cooperation remains at the core of the global partnership, with South-South cooperation a useful supplement to North-South cooperation. Both South-South cooperation and North-South cooperation should be enhanced. China has provided assistance to other developing countries within the framework of South-South cooperation and helped other developing countries in meeting the MDGs and achieving common development (UNDP / MFA 2013). China's position is similar to the United Nations System Task Team on the Post-2015 Development Agenda, whose report says that the global partnership should include North-South cooperation and South-South cooperation and triangular cooperation (UN Task Team 2012).

## 4.2 China and India are not entirely consistent on the international obligations of developed countries

Both countries have highlighted the obligation of developed countries to assist developing countries and expressed disappointment when ODA from the North continued to decrease. However, China urged the developed countries to fulfil commitments in a moderate tone while India forcefully argued that the post-2015 agenda must have clear-cut commitments on ODA, public finance, technology transfer, and capacity building (GoI 2013b). India has highlighted the historic obligation of the developed countries to provide development assistance. The difference between China and India on this topic is whether the post-2015 agenda should establish a binding mechanism on developed countries' obligations.

Furthermore, with a claim to create a more equitable set of responsibilities and obligations, India argues that the post-2015 agenda should apply to both developed and developing countries. India insists that the patterns of consumption in the developed countries are unsustainable and iniquitous and wants this addressed meaningfully in the post-2015 development agenda (GoI 2013b). India's opinion on this topic has found approval in certain sectors of the international community, such as High-Level Panel of Eminent Persons on the post-2015 development agenda, which formulated that developed countries have a special role to play in reducing unsustainable consumption (UNHLP 2013). China says nothing on developed countries except referring to their ODA obligation.

## 4.3 On the goals of the post-2015 framework, China mainly proposes general principles with the purpose of avoiding conflict, while India challenges the international community

Many targets such as human rights, democratic governance at national and sub-national levels, political empowerment, government accountability and governance reform have been proposed by the international community and especially by Western countries. Most of them are very sensitive and even unacceptable to the developing countries.

China does not directly reject these targets, but stresses the importance of respecting the independence of all countries in determining their development strategies and goals and choosing their own development models and paths in accordance with national conditions (UNDP / MFA 2013).

India's view reflects a diametrically different position towards the international community. India argues that while issues such as human rights and governance are relevant to the global development narrative, they cannot be made the focus of the development agenda and should not be considered as goals. India opposes international baselines and international accounting and monitoring. The Open Working Group on Sustainable Development Goals also points out in its report that human rights, rights-based approaches, governance, rule of law and wider participation in decision-making may be difficult to enumerate as goals (OWG 2013).

## **5 Conclusions and comments**

Based on the comparative analysis of China's and India's policies on the post-2015 development agenda, this paper comes to two conclusions: Firstly, the two countries' positions are basically the same with regard to main principles and key goals. Secondly, there are still significant differences in diplomatic style and some policy details. This leads to the following policy recommendations:

### **5.1 The two countries should strengthen cooperation, as their interests towards the post-2015 framework are fundamentally the same**

Although China and India are not entirely consistent in regard to policy details and political style, they have basically the same interests on almost all major issues. They should strengthen solidarity in order to strengthen the voices of developing countries in the international community.

## 5.2 Their different diplomatic styles and policy details may lead to different outcomes

China is relatively moderate and detached, trying to avoid conflict on any subjects which are not connected with its fundamental interests. In contrast, India is building up a relatively strong position by challenging developed countries and the international community on a number of issues. India is sticking very much to its views and interests and its position is determined to strengthen the voices of the developing countries. However, its confrontational style may impact negatively on the formulation of the development agenda.

## 5.3 India's diplomatic style and performance are linked to its imagination of a big power, which may impact negatively on China-Indian relationship

India has been pursuing the status of a big power since its independence in 1947. Obviously, India regards the process of formulating the United Nations post-2015 development agenda as an opportunity to improve its status within the international community. That is why India has been so active. India's concept of being a big power is potentially competing with China, as China also wants to be a big power. How to avoid the potential conflicts will undoubtedly become an important issue for diplomatic practitioners of the two countries, even if there is no clear-cut conflict between the two countries on the post-2015 development agenda.



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Millennium Development Goals (MDGs) and beyond:  
BRICS perspectives – the cases of Brazil and China

*Haibin Niu*



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# Millennium Development Goals (MDGs) and beyond: BRICS perspectives – the cases of Brazil and China

Haibin Niu

## **1 Introduction**

With 2015 approaching, international cooperation on development enters a key phase. Most debates regarding the post-2015 development agenda have been focused on the attitudes of OECD-DAC countries (countries in the Development Assistance Committee of the Organisation for Economic Co-operation and Development) and BRICS members (Brazil, Russia, India, China, South Africa), respectively. In the post-2015 development agenda, the DAC emphasises the dominant position of the Sustainable Development Goals (SDGs) while the BRICS group emphasises the importance of the Millennium Development Goals (MDGs). To understand these attitudes better and to find a common base for building the post-2015 agenda, this paper will analyse Brazil's experience in participating in international development cooperation and propose some policy options for BRICS countries, based on the examples of Brazil and China.

## **2 Brazil's major experiences in international development cooperation**

Brazil is a major emerging force in promoting development cooperation under the MDG framework. It has improved domestic resource allocation and social justice impressively by introducing a series of public policies aimed at reducing hunger, improving education and promoting social inclusiveness. Achievements on the domestic front create new resources for Brazil to transform itself from aid receiver to aid provider. International development cooperation has been integrated into Brazil's broader diplomatic agenda. The country has developed a model for international development cooperation characterised by multi-players, demand-driven by partners and based on Brazil's special advantages. It has played an impressive role in hosting two important conferences on the environment

and development, in Rio de Janeiro in 1992 and 2012, respectively. The conferences have shown the support of developing countries to sustainable development. To make Brazil's efforts more transparent to the outside world, the Brazilian Cooperation Agency (ABC) and the Institute of Applied Economic Research (IPEA) made the first survey on Brazil's international development cooperation in the period 2005-2009 (Cintra 2011). According to this survey, the major experiences of Brazilian international cooperation can be summarised as follows:

Firstly, in light of the low budget available, Brazil puts priority on technological cooperation based on Brazil's experience and institutions while the role of state and public institutions in development cooperation have been stressed. Though the Brazilian budget for development cooperation increased 129% during the period 2005-2009, the amount only accounted for 0.02% of Brazilian gross domestic profit (GDP) which is lower than the committed 0.7% of the developed countries. One interesting point is that the percentage of technological cooperation increased from 7.22% to 13.49% during the period (Borges 2011). With the budget increase, ABC's main function was transferred from receiving aid to coordinating and providing development aid, especially technological, to the external world. Furthermore, Brazil views technological cooperation as a way to enhance the state's institutional capacity. At the conference of Rio+20 in 2012, the Brazilian Ministry of Finance underlined the decisive role of the state rather than the market in transforming the economy to a sustainable growth path (BFM 2012); states should guide and regulate market behaviour.

Different from the focus of OECD countries on capital aid and external consulting institutions, Brazil gives emphasis to the role of domestic public institutions and development experiences. These institutions have become stronger in solving the domestic development issues of Brazil, which has encouraged other developing countries to learn from them. Public companies such as the Brazilian Agricultural Research Corporation (EMBRAPA) and the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) are leading institutions in Brazilian international development cooperation. Some good practices and public policies, such as the breast milk bank and conditional cash transfer programmes (Bolsa Família), have been extended to the developing world. Any woman who produces more milk than her baby needs can donate the excess to Brazil's national network of breast milk banks. Brazil is becoming an international reference on the matter and exports low cost technology to set up breast milk banks to 23



countries, as an effective tool to combat infant mortality (Ortiz 2012). Bolsa Familia attempts to both reduce short-term poverty by direct cash transfers and fight long-term poverty by increasing human capital among the poor through conditional cash transfers. Another difference from DAC practice is that ABC only plays a coordinating role and not one of direct management, which reduces the transaction costs since the DAC countries have to pay for the consulting companies and hire more staff to manage the project.

Secondly, Brazilian international development cooperation serves the multi-dimensional goals of struggling for higher international status, broadening diplomatic scope and promoting the 'go-out' strategy of domestic enterprises. Closely related to its diplomatic geography, most of Brazil's development partners on the receiving side are located in Portuguese-speaking African countries, South America, Central America and the Caribbean. Financial support to the UN's refugee agency and regional development banks is expected to enhance Brazil's international influence. Institutional arrangements, such as the positioning of ABC as part of the foreign ministry, make it clear that international development cooperation also serves Brazil's diplomacy. Support to its quest for a permanent membership of United Nations Security Council from both Latin America and Africa is highly valued by Brazil.

Though Brazil claims that its international development cooperation has no commercial objectives, it is obvious that such cooperation can provide help to Brazilian enterprises. The trade volume between Brazil and Africa has increased from USD 4.3 billion in 2002 to USD 27.6 billion in 2011, while Africa accounts for 55% of ABC's budget. The powerful Brazilian Development Bank (BNDES) does not give loans to foreign companies and governments but provides financial support to Brazilian companies and institutions to explore overseas markets, which, in fact, provides additional financial resources to developing countries. Helping African countries to develop ethanol fuel activates the world market for this competitive Brazilian product.

Thirdly, Brazil accentuates the nature of South-South cooperation of its development cooperation, namely equal partnership. Brazil does not use terms like 'aid' or 'donation' to describe its development cooperation but stresses solidarity, partnership and similarity. One interesting aspect is that, although Brazil emphasises the South-South character of its development cooperation, it actively pursues trilateral development cooperation with

developed countries and international organisations in providing support to fellow developing countries. Based on the wish to enhance relationships with Brazil and to understand or influence Brazil's international development cooperation, developed countries intend to cooperate with Brazil. The main cooperation areas, such as social programmes, sanitation and agriculture, are also attractive to developed countries. Generally speaking, such a kind of trilateral cooperation is successful by integrating financial resources and management experiences into the Brazilian model.

### **3 Policy options for Brazil and China in the post-2015 agenda**

As the most influential emerging economies, both Brazil and China made great achievements in both domestic development and external development cooperation. A number of policy options for both countries exist based on the analysis of their identities, norms and interests.

Firstly, with their rapid economic growth and active global diplomacy, Brazil and China have transformed themselves from receivers of aid to providers, and have made great contributions to the realisation of the MDGs in their own countries. The rising influence of emerging economies in trade with low-income countries and finance for development have caused some developed economies such as the European Union and Japan to discontinue official development aid to China. Though Brazil and China have realised these changes, they do not want to be treated as donors defined by DAC countries, and do not fully agree with the norms and ideas of the DAC regarding aid. Instead, they prefer to work through the framework of South-South cooperation, where they can demonstrate their special profile and importance in participating in international development cooperation. Brazil underlines its identity as a Southern and middle-income country, even if it has strong Western cultural linkages. Both China and Brazil still insist on their identity both as developing countries *and* emerging economies.

Obviously, Brazil and China will continue to promote the post-2015 agenda from a developing countries' perspective, namely to shape their behaviour according to the South-South cooperation framework and to underscore the dominant status of North-South cooperation together with the supporting role of South-South cooperation regarding the distribution of responsibilities. However, the evolution of South-South cooperation

brings with it the challenge of coordinating multiple players in development cooperation. The fragmentation of international development cooperation will reduce overall effectiveness. While Brazil and China put priority on infrastructure-financing based on their successful domestic experiences, developed countries focus on governance improvements based on DAC principles. How to coordinate these two approaches regarding development cooperation will be a key challenge of the post-2015 agenda.

Considering the low probability of Brazil and China joining the DAC in the near future, the international community should coordinate closely to build a more universal norm for post-2015 development cooperation. Brazil has made some adjustments to its level of bilateral relationships with the European Union (EU). At the Brazil-EU summit in 2013, both sides emphasised the importance of the Rio+20 outcome document placing Sustainable Development Goals (SDGs) at the centre of the post-2015 agenda. Both sides thought that poverty reduction, changing unsustainable consumption and production models, and safeguarding and managing natural resources should be the fundamental requirements for sustainable development (GoB / EU 2013). The declaration shows that there are many similarities between the South and the North when diverging views on politics, good governance and security are avoided.

Secondly, while Brazil and China will probably insist on traditional norms such as non-interference in internal affairs and ‘common but differentiated responsibilities’, Brazil shows more support for the SDGs than China in the post-2015 agenda. Both countries refuse to accept conditionality in international development cooperation and emphasise solidarity based on mutual respect, sharing development experiences and training human resources. Based on their domestic development experiences and international cooperation practices, both countries highlight the importance of diversity in development models, and respect for the ownership of development partners. In contrast to the Washington Consensus, both countries value the role of the state in promoting economic and social development. This preference makes both countries favour a closer relationship with partners’ governments and public institutions rather than the private sector or NGOs. However, this does not mean that both countries would not cooperate with the private sector and NGOs in the long run since the latter’s roles are increasing in their domestic societies. Brazil is developing a multi-stakeholder-approach to include companies and NGOs in forging its position towards the international negotiation process on SDGs.

Both countries insist on the norm of ‘common but different responsibilities’ in dealing with almost all important global issues including climate change and international development. They maintain that developed countries should shoulder major capital and technological support to developing countries. China’s foreign aid maintained a rapid increase of 29.4% annually during 2004-2009 (CNAOSC 2011). Brazil paid more attention to capacity-building and technological aid rather than financial support. Despite the rapidly increasing volume of their foreign aid, both countries are nonetheless trying to avoid specific commitments with regard to the future.

It is noteworthy that Brazil is playing a leading role in promoting SDGs in the post-2015 agenda, which is highly different from China’s middle position between MDGs and SDGs. Brazil highlights the important role of poverty reduction, climate change, social protection, biodiversity, prevention of violence against women, equal access to education, improving energy efficiency, sustainable infrastructure, public safety, sustainable lifestyles, rule of law, and freedom of expression (OWG 2014). As a champion of sustainable development since 1992, Brazil has a major stake in promoting a liberal and universal SDGs agenda.

Lastly, both countries’ international development cooperation is closely related to their overseas interests and rising international prestige. Both countries treat South-South cooperation as a channel through which to provide international public goods, which is an import dimension to understand if one wishes to grasp why both countries are actively involved in the post-2015 process. MDGs have given both countries an opportunity, not only for their own domestic development but also for developing their capacity to help others develop. Even though both countries have not yet achieved their domestic MDGs and SDGs, they have more capacity than ever before to help other developing countries to achieve the same goals. With their rising influence in international development cooperation, both countries are confronted with the legitimacy issue of their engagement.

There are two dimensions to the legitimacy of their international development cooperation. One dimension relates to development partners, the other to the attitude of DAC countries. To deal with such a legitimacy challenge, both countries have enhanced their cooperation with multilateral institutions and third parties. China has been a donating country towards the International Development Association (IDA) of the World Bank. China has also developed institutional interaction with the African Union and

cooperation partner countries under the framework of the Forum on China-Africa Cooperation (FOCAC). China also issued its White Paper on China's Foreign Aid to increase transparency (CNAOSC 2011). By increasing transparency, trilateral cooperation and communication with partners, the legitimacy of their international development cooperation is expected to be improved. The international community in general is eager to get a realistic assessment of their role in Africa's development.

It should be noted that, even as developing countries, both face huge domestic development tasks: Brazil and China have increasingly recognised the importance of sustainable development, especially considering the current transformation to more sustainable growth in their domestic economies. Based on this current transition in their domestic development, it can be predicted that the importance of sustainable development to both countries will influence their attitudes towards international development cooperation. In sum, both countries stress the priority of poverty reduction, the major responsibilities of developed countries for financial and technology support, and the increasing importance of the SDGs in a post-2015 development agenda.

#### **4 Conclusions: a possible BRICS position in negotiations for a post-2015 agenda?**

Considering their different economic sizes, competitive advantages and development stages, it is hard to define a common position of BRICS to the post-2015 agenda on the basis of only Brazil and China. However, as the most influential member countries of the BRICS, economically speaking, the experiences of Brazil and China can give us some clues to possible common positions within the BRICS group. Similarly to Brazil and China, all BRICS countries share certain common characteristics in regard to huge domestic sustainable development tasks, a new identity of providing development assistance, and being supporters of non-conditional assistance. To explore a possible common position of the BRICS countries to the post-2015 agenda, we need to undertake a text analysis of BRICS summit declaration.

Based on the experiences of Brazil and China, the importance of BRICS countries as development aid providers will increase in post-2015 development cooperation though it cannot replace the leadership of DAC countries in international development cooperation in the short term.

Increasing capital resources, active global diplomacy and growing 'big-power' identity will help to build a strong foundation for BRICS's influence in future development cooperation. Brazil's international cooperation reflects its wishes to promote its international influence and prestige since countries receiving help usually like to learn from the countries that provide help. BRICS countries have some special advantages in international development cooperation. These advantages include the applicability of BRICS' development experiences, traditional friendship, and non-interference in internal affairs. For example, Brazil mainly uses its domestic achievements and knowledge to support its international image as a leading development model. Brazil focuses on technological and public cooperation without introducing political topics into its development cooperation. Africa became a main topic for the 2013 BRICS summit in South Africa, and the promotion of development partnership with Africa became a priority for the summit. The major achievement of the summit – agreeing to establish a new development bank – partially served this partnership. The bank will be the first achievement collectively initiated by major developing countries to mainly serve the development cause of the developing world. Coordinating their positions towards the post-2015 development agenda will, most likely, be on the agenda of the 2014 BRICS summit in Brazil.

Nonetheless, there are several reasons why BRICS will not replace the leading position of the DAC. Firstly, Brazil and China show that BRICS countries lack an independent and strong agency in charge of international development cooperation. Dependence on the Foreign Ministry or the Ministry of Commerce suggests that the cooperation has a strong shadow of diplomatic and commercial interests. This kind of institutional arrangement makes it hard for BRICS countries to develop an independent and sustainable international cooperation policy. Secondly, there is no special institution within BRICS like DAC to coordinate and regulate their development cooperation practices. This shows that it is necessary for BRICS countries to exchange their views on development approaches and to integrate their international development cooperation. To some extent, however, there are differences in development models followed by individual BRICS countries which would need to be addressed. Thirdly, norms such as 'common but different responsibilities' indicate that BRICS will play a secondary, supportive role in international cooperation. Fourthly, BRICS countries need to invest most of their resources in their own domestic development. World Bank data shows that most of the 1.2 billion people living under USD

1.25 daily are from emerging economies rather than the poorest countries. The emerging middle classes in BRICS countries are demanding that more financial resources are provided to support sanitation, infrastructure, education, and so on.

The fifth summit of BRICS provides some useful clues to understanding the BRICS perspective on the post-2015 agenda. Firstly, BRICS emphasises the importance of multilateral cooperation but with different priorities. The G20's development agenda and the critical importance of the United Nations as a multilateral platform for sustainable development were also underlined by the BRICS summit declaration. BRICS gave a positive review of the outcome document of Rio+20 and agreed to participate in the future MDGs. They argued that the negotiation of the post-2015 agenda should be an inclusive and transparent intergovernmental process. However, Brazil has shown more interest in the SDGs based on its Rio+20 declaration and domestic achievements on social inclusiveness. South Africa, similar to its neighbours in Africa, is also giving a high profile to supporting the SDGs since there will be external assistance available. Nonetheless, there is still no consensus regarding the role of SDGs in post-2015 agenda within BRICS.

Secondly, BRICS puts emphasis on the comprehensive nature of the development concept, which requires finance, trade, climate change and security to be taken into account when promoting development cooperation. These external factors regarding development require related negotiations to consider the development rights of developing countries. The BRICS development bank initiative demonstrates that BRICS countries are trying to expand development finance. Whether OECD countries maintain stable macro-economic policies and safeguard world peace and, even more so, fair trade policies are also of concern to the BRICS countries when they consider development issues.

Thirdly, BRICS values the importance of the MDGs in the post-2015 agenda. When thinking about the difficulties in realising the MDGs, BRICS points to those low-income countries that cannot achieve the MDGs by themselves, but rather need help through the international development partnership. The post-2015 agenda should build upon the MDGs, continue to keep poverty reduction and human development as a core concern, and consider the influence of emerging challenges and individual situations. The key to a successful post-2015 agenda is to ensure that more resources are available to assist developing countries. Even though China has made

some aid commitment at bilateral level, it is hard for it to make a specific commitment at the UN level because of the principle of ‘common but different responsibilities’.

Although BRICS countries have made great development achievements not necessarily based on Western experiences, this does not mean that they should overlook the successful experiences of Western countries in international development cooperation. Both the domestic development experiences and external development cooperation of developed countries have provided valuable experiences for BRICS countries. Domestic development policies in Brazil and China have been treated as tools to enhance national integration. Furthermore, BRICS countries are experiencing transformation of their own development models which will pay more attention to sustainable development and the modernisation of governance structures. Along with this, the increasing overseas interests demand a more stable environment in partner countries. Brazil’s practices of public policy training can improve the capacity of partners’ governance though this might not be achieved by applying preconditions to the cooperation. Though BRICS countries do not explicitly mention conditionality for development cooperation, the importance of a stable domestic environment and good governance in development partners has been given more weight by the BRICS group.

On account of their rising influence in international development cooperation, the BRICS countries should develop a common approach. The DAC, on the other hand, also aims to influence the way BRICS engages in cooperation. As far as financing development is concerned, there are currently three differences between BRICS and the DAC, namely: the ‘win-win’ model; lack of policy conditions for financing; and focusing more on an individual project’s debt than on long-term debt sustainability and macro-economic factors (Babb 2013). What is lacking is an independent policy focus of the BRICS on development cooperation proper as opposed to diplomatic and commercial perspectives. With the deepening of BRICS development cooperation, these countries will have to concern themselves with the overall sustainability of the economy and the participation of NGOs and independent development consultants. BRICS countries also need to develop their own review standards and regulatory mechanisms to evaluate their performance regarding development cooperation since the DAC standards may not be suitable. In the long run, the biggest challenge for BRICS is to find a sustainable way to achieve development.



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The evolution and dynamics of South Africa's  
official post-2015 position

*Ming Zhu*



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# The evolution and dynamics of South Africa's official post-2015 position

Ming Zhu

## 1 Introduction

With the birth of post-Apartheid South Africa in 1994 led by Nelson Mandela, the country has made remarkable progress in reducing poverty and promoting economic growth. South Africa has provided wide-ranging social benefits to poor people, within its capabilities. For instance, in 2012 4.4 million households received free water supplies of which 2.5 million were indigent. And 1.8 million indigent households received free basic electricity, representing 51% of households in this category (GoSA 2013, 23). That is why some Chinese scholars even call South Africa 'Africa's Sweden' due to its relatively high level of national welfare (Qin 2013).

But, along with the progress, there are also significant challenges. Many poor people have to walk one or two hours to get to work since they cannot afford to buy private cars and the public transportation system is not developed well enough. To those South Africans, the post-Apartheid era after 1994 is not the end of a "Long walk to freedom" like the title of Nelson Mandela's biography, but "Freedom for a long walk" (Lee 2013). Samir Amin, a well-known Egyptian Marxist economist, once pointed out that South Africa as a nation has four 'worlds' similar to the world system: There is the small segment of the white population whose living standards could be categorised as first world. The economic policy of South Africa during Apartheid made itself *de facto* a part of the 'second world'. And a part of the urban African population seems to be living in the third world while the rural African people are living in the 'fourth world' (Amin 2003).

According to the 2006 State of the Environment Report (SOER), South Africa needs to respond to declining groundwater reserves, water quality and the integrity of the country's ecosystems (DEAT 2006). About 34% of the country's terrestrial ecosystems, 82% of its main river ecosystems and 65% of its marine bio-zones are threatened, whereas 50% of the wetlands have already been destroyed and living marine resources are either maximally

used or overexploited. Water demand is expected to rise by 52% over the next 30 years, while the supply of water is likely to decline, if current trends – leakage from old and poorly maintained municipal infrastructure and the loss of wetlands – persist. Climate change is considered to be among the most serious, if not the single most serious, threat to humanity and sustainable development, with adverse impacts expected on food and water security, economic activity, human health, physical infrastructure and natural resources.

Spatial planning and spatial development decisions are still fragmented and there is still a need to address competing land-uses and to ensure that industry and infrastructural development programmes support the long-term sustainability of natural systems and the environment. Unaddressed, these issues could undermine South Africa's ability to achieve its economic growth and poverty reduction goals on a trajectory of sustainable development (DPME 2012, 35). Besides the environmental challenges, social issues are also very tough. That is why South Africa is still labelled as a nation in the state of 'fragile stability' by some scholars (Besada 2007).

## **2 Post-2015 between Pretoria and Addis Ababa: pursuing South African interests through the African Agenda**

South Africa, the 'rainbow' country, was once a pariah state due to the Apartheid regime (Conway 2004, 96). Since 1994, South Africa has become a respected and constructive member of the international community. To analyse South Africa's post-2015 position, we first need to look at the country's foreign policy.

As some South African scholars have pointed out, South Africa's foreign policy decision-making process is mostly driven by the president.<sup>1</sup> Since 1994, the New South Africa has had four Presidents. Kgalema Motlanthe, who had maintained a low public profile, was elected to the presidency by the South African National Assembly following the resignation of Thabo Mbeki in September 2008. He was widely considered to be acting as a 'caretaker president' on behalf of Jacob Zuma who succeeded Motlanthe in

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1 Interview with a South African scholar in Johannesburg on August 2013.



May 2009 following the general election which had been won by the ruling party, the African National Congress (ANC). Due to Motlanthe's relatively short term, his impact on South African foreign policy can be neglected.

<b>Table 1: List of Presidents of South Africa since 1994</b>	
<b>Name</b>	<b>Term length</b>
Nelson Mandela	10 May 1994 – 16 June 1999
Thabo Mbeki	16 June 1999 – 24 September 2008
Kgalema Motlanthe	25 September 2008 – 9 May 2009
Jacob Zuma	9 May 2009 –
Source: Author's compilation	

Nelson Mandela, New South Africa's first president, put a high premium on African solidarity and development, but cared more about the Southern African region. He once stated that South Africa was an inseparable part of the region, which enjoyed a privileged position in the country's foreign policy. During Mandela's term, South Africa did not pay enough attention to all of Africa and showed no willingness to become a leader of the continent (Pan 2007, 114). The style of Mbeki's foreign policy was much more proactive compared to Mandela's.<sup>2</sup> During his term, South Africa, together with other African countries, transformed the Organisation of African Unity (OAU) into the African Union (AU). Mbeki and Nigeria's president Olusegun Obasanjo jointly served as leaders to drive the agenda of NEPAD (New Partnership for Africa's Development) (Adebajo / Whiteman 2012, 113).

The African position during international negotiations has always been controversial, since very often African countries have failed to speak with one voice on issues of sustainable development. This divergence comes from the sometimes heterogeneous African interests. For example, countries with high natural resource endowments have different interests from those with a weak potential. Moreover, the institutional, political and economic

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2 But Mbeki's 'quiet diplomacy' towards Zimbabwe's policy was not active enough in many people's eyes.

nomenclatures of African nations are also heterogeneous. In addition, the continent has lacked a clear and defined programme that could bind African countries together around common interests. This shortcoming has nevertheless been overcome since 2001 by the creation of NEPAD. However, although NEPAD has helped African countries to identify sustainable development priorities, a common position only started to emerge in 2009, when the African Group of Negotiators (AGN) clearly declared their commitment to defend African interests during international negotiations. The position of the African negotiators was to challenge developed nations to reduce their emission levels, as such nations have a high responsibility in terms of climate change and environmental damage (Thiam 2012, 3).

Many observers wonder whether and to what extent South Africa could play a leadership role for Africa and speak for the whole continent. South Africa has enjoyed unique advantages since 1994 and can serve as a bridge to other African countries. South Africa's reintegration into the global community has seen its diplomatic, political and economic relations expand rapidly to include countries with which it previously had no relations. By 2012, the number of foreign diplomatic missions, consulates-general, consulates and international organisations in South Africa had increased to 315. This is the second-largest number of diplomatic offices accredited to any country after the United States. South Africa's missions abroad increased from 36 in 1994 to 125 in 2012 (The Presidency 2014, 148).

South Africa is the sole African representative in the G20 and the BRICS (Brazil, Russia, India, China, South Africa); the chairperson of the African Union Commission (AUC), Nkosazana Dlamini-Zuma, had served under Presidents Mandela, Mbeki and Zuma. Indeed, South Africa's membership in these various multilateral groupings does afford it multiple channels of influence. However, these multiple foreign policy orientations also mean that it has to perform a tough balancing act in order to promote its core values while at the same time achieving its interests and maintaining the many strategic relationships it is publicly committed to. That is why, under President Zuma, South Africa has rarely sought to project its influence on the African continent, wary of accusations that it is a meddling 'big brother' (Attree / Suri 2013).

In August 2010, on the basis of views expressed at the summit on climate change, held on 22 September 2009, and inspired by the report "Closing the gaps", prepared by the Commission on Climate Change and Development,

Ban Ki-Moon, Secretary-General of the United Nations, set up a High-level Panel on Global Sustainability, co-chaired by Tarja Halonen, President of Finland, and Jacob Zuma, President of South Africa (UN 2012). It included 20 more eminent persons from around the world, not representing their countries of origin or organisations, but serving in an expert capacity. Through the co-chair position, South Africa has successfully introduced its development concept into the report. The South African Government considers the outcome of the UN Conference on Sustainable Development (Rio+20), which took place in Brazil in June 2012, to be critical in terms of the post-2015 agenda for sustainable development and its implementation. South Africa played an active role in the formulation of the position of Africa and the G77 and China, as reflected in the outcome document “The future we want” (DIRCO 2013, 34).

Since mid-2012, South Africa has been playing a prominent role in the preparations for the intergovernmental process that will shape the UN development agenda beyond 2015, which is the target date for the achievement of the Millennium Development Goals (MDGs). In addressing issues related to the UN post-2015 agenda, South Africa thinks it is critically important to build on the unfinished business of the MDGs and address existing ‘gaps’ that may have arisen. More momentum and commitment should therefore be generated towards the achievement of the MDGs up to 2015 and beyond. Any development agenda beyond 2015, according to the official South African position, should also address the three dimensions of sustainable development (social, economic and environmental) in an inclusive, balanced and integrated manner (DIRCO 2014).

South Africa commenced its three-year term on the UN Economic and Social Council (ECOSOC) on 1 January 2013. The country joins the UN body at a strategic juncture, when the world is focused on the run-up to the 2015 target date for the achievement of the MDGs, with the post-2015 development agenda discourse being the dominant topic in the global arena. Given the key role that ECOSOC plays in co-ordinating global efforts towards shaping the post-2015 framework, South Africa intends to use this platform to ensure that the options considered are compatible with South Africa's own development agenda, African Union aspirations and the development agenda of the South. DIRCO is co-ordinating inter-departmental consultations to define South Africa's position on this matter, guided by the recently adopted National Development Plan “Vision 2030” and other relevant government policies. Furthermore, the ongoing

discussions on the reform of ECOSOC, as mandated by Resolution 61/16 on “The strengthening of the Economic and Social Council”, are also an issue of cardinal importance to South Africa as this will enhance the role and relevance of the Council, making it a truly meaningful body in fostering the global development agenda (Ebrahim 2013a).

South African officials have stressed that ‘Post-2015’ has not yet been part of their lexicon, although suggestions about what should be included in the framework have been plentiful (Attree / Suri 2013). Unlike China and other emerging powers that have issued their own official position paper on post-2015, Pretoria has yet not done so. But this does not mean that South Africa is remaining passive in the national, regional and global post-2015 processes. There is reason to believe that the present South Africa has shown a relatively low profile in African affairs compared to the Mbeki era precisely because of the lessons learned from that time. In fact, the leadership role of South Africa is not widely accepted in Africa. There is one good example from the early 2000s to demonstrate this. At that time, the then President Mbeki bid for the 2004 Summer Olympics Games and South Africa played the ‘Africa card’ to win support from its African brothers. But many African countries did not even vote for South Africa during the first round of the final vote (Pan 2007, 116). In contrast to Mbeki’s approach, Zuma’s style is relatively conservative. He appears to prefer to be led by the African agenda, instead of drafting his own African agenda and calling on other countries to follow him as Mbeki once did.<sup>3</sup>

Under President Zuma, South Africa has rarely sought to project its influence on the African continent, wary of accusations that it is a meddling ‘big brother’. One notable exception was Dlamini-Zuma’s election to become Chair of the AU Commission, which made other continental powers like Nigeria uneasy. What seems clear, as discussions around a post-2015 framework gather momentum, is that South Africa will pay close attention to the views of other African member states before defining its own position. At the same time, its core values and its triumph over Apartheid mean that it has huge potential to promote progressive values that can address Africa’s biggest challenges in this global debate (Attree / Suri 2013). Maybe the fact that the AU issued its “Communiqué of N’Djamena” listing the six pillars

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3 My judgment on Zuma’s foreign policy received support from South African scholars during a conference in Shanghai on 18 March 2014.

of the AU's position on Post-2015 on 25 February 2014 (AU 2014) is the reason why Pretoria has not issued its own position paper.

But this does not imply that South Africa has not put enough effort into the African post-2015 consultations. In fact, Pretoria has quite a lot of diplomatic tools or platforms available to promote its own, as well as African interests. The country hosted and presided over a successful United Nations Climate Change Conference (COP17) in 2012 which delivered the landmark Durban Platform thereby rescuing the Kyoto Protocol (Nkoana-Mashabane 2013, 6–7). South Africa returned to the United Nations Security Council (UNSC) twice as a non-permanent member. South Africa joined the powerful and influential group of emerging economies, BRICS (Brazil, Russia, India, China and South Africa), and hosted the fifth BRICS summit in Durban in March 2013. The economic benefits of this membership for South Africa are massive.

### **3 Convergence and divergence: the post-2015 official positions of South Africa and China**

Along with most of its BRICS partners, South Africa positions itself squarely in the global South. In doing so, it identifies with the global marginalisation of the African continent, but has also taken an active role in addressing this, advocating for and on behalf of African concerns. Utilising the African National Congress (ANC)'s rhetoric against apartheid, South Africa has taken up the fight against what it regards as 'global apartheid' – the unequal playing field that prevents Africa from fully participating as an equal in the global community (Grobbelaar / Chen 2014). Both as members of the global South and the BRICS group, Pretoria and Beijing have already exchanged and cooperated quite well on African, regional and global affairs. With regard to MDGs and the post-2015 agenda the two countries share common positions.

The leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in Durban, South Africa, on 27 March 2013 at the fifth BRICS summit. The "eThekweni Declaration" (Durban Declaration) adopted at the summit states that:

*We reiterate our commitment to work together for accelerated progress in attaining the Millennium Development Goals (MDGs) by the target date of 2015, and we call upon other members of the international community to work towards the same objective ... It is important to ensure that any discussion on the UN development agenda, including the 'Post 2015 Development Agenda' is an inclusive and transparent inter-governmental process under a UN-wide process which is universal and broad based.*

*We welcome the establishment of the Open Working Group on the Sustainable Development Goals (SDGs), in line with the Rio+20 Outcome Document which reaffirmed the Rio Principles of Sustainable Development as the basis for addressing new and emerging challenges. We are fully committed to a coordinated inter-governmental process for the elaboration of the UN development agenda (BRICS 2013).*

Besides the broad consensus written into the “eThekweni Declaration”, there are also some similarities between the two countries.

### 3.1 The vital role of the United Nations

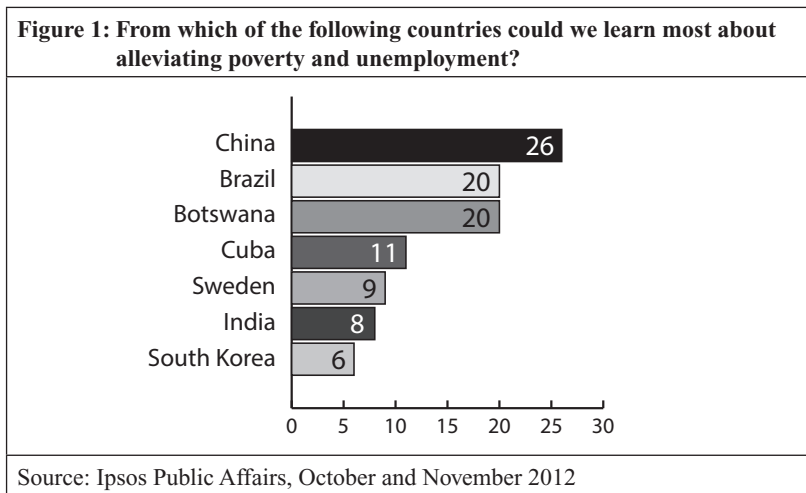
China, as one of the permanent five members of the UN Security Council, is committed to supporting the United Nations' vital role for the post-2015 framework. During the Apartheid era, the ANC gained moral support from the United Nations, which has generated a strong South African bond with the United Nations. DIRCO's Deputy Minister Ebrahim Ebrahim made the following point on 19 March 2014:

*The centrality of the United Nations to South Africa's foreign engagement is in part based on a strong belief in collective and equitable global governance, but also because of the organization's role in the fight against apartheid... Former South African President Mandela once put it in 2002: 'No country, however powerful it may be, is entitled to act outside the United Nations ... Any country that acts outside the United Nations is making a serious mistake' (Ebrahim 2014).*

### 3.2 The perceptions of South Africans towards China in the field of SDGs: teacher and student

Funded by the South African Foreign Policy Initiative of the Open Society Foundation of South Africa, IPSOS/Markinor conducted a public opinion

survey. Face-to-face computer-assisted personal interviews were conducted with a representative sample of 3,500 South Africans during October and November 2012. One question asked from which countries South Africa can learn from most about reducing poverty and unemployment. China emerged as the number one choice amongst most respondents (26%), followed by Brazil and Botswana (both at 20%). These patterns became apparent regardless of significant demographic variations, although people under 25 were more likely to identify Brazil and those over 45 Botswana as the countries they could learn most from (Van der Westhuizen / Smith 2013, 1–11).



Some South Africans also believe that, besides learning from China, China could also learn something from South Africa. For instance, since the fall of Apartheid, South Africa is very experienced in social dialogue for the promotion of harmonious relations between different groups within a country. China is now also facing the challenges of social issues for which South Africa could lend a hand by transferring its own experience.<sup>4</sup> In fact, Pretoria has already begun to advertise its social reconciliation experience – as a recent case shows: The Commonwealth Heads of Government Meeting

4 Interview with Busani Ngcaweni (Deputy Director General in the Office of the Deputy President of South Africa) on 14 August 2013 in Pretoria.

(CHOGM) took place in Colombo, Sri Lanka from 15 to 17 November 2013 on the theme “Growth with equity: inclusive development”. On the last day of the meeting, President Zuma offered South Africa’s experience with the truth and reconciliation process to assist with the challenges of post-conflict accountability in Sri Lanka.

### 3.3 South Africa as the messenger of African concerns to China

The leaderships of China and South Africa have also been quite satisfied with their good working relations and relevant progress since formal diplomat relations were established. To China, South Africa is one of the most important partners not only in African affairs but also in global cooperation. One former Chinese Ambassador to South Africa once said that the diplomacy of South Africa is quite different from other African countries. While other African leaders meet with Chinese counterparts, they always focus on bilateral topics, but South Africa leaders think the bilateral topics are too small to talk about and prefer to talk with China about global issues.<sup>5</sup> On 22 May 2014, President Xi Jinping sent a message of congratulations to Jacob Zuma on his reelection as President of the Republic of South Africa. Xi Jinping stressed that, as important developing countries, China and South Africa share extensive common interests in international and regional affairs. President Xi also mentioned China-South Africa relations as *“the strategic pivot point and the priority in our own foreign policies, so as to elevate the China-South Africa comprehensive strategic partnership to new highs”* (Xinhua News Agency 2014).

But to the outside world, the key role of South Africa is still to be the voice of Africa. For example, the invitation to South Africa to become a formal member of the BRICS group and to attend the Sanya Summit in 2011 signalled that the country was regarded as a significant emerging power, worthy of attention in global decision-making. South Africa ensured that infrastructural development and industrialisation in Africa was on the agenda at the BRICS summit in Sanya, China. The summit expressed support for such development in the context of the NEPAD framework (The Presidency 2014, 153).

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5 Interview with Ambassador Liu Guijin in Jinhua City, China on 20 Apr. 2014.



Comparably speaking, when we read “China’s position paper on the development agenda beyond 2015” (GoC 2013), we see that terms ‘NEPAD’ or ‘African countries’ are not mentioned but this, of course, this does not mean that Beijing pays little attention to the post-2015 issue in cooperation with African countries. In March 2014, Chinese Premier Li Keqiang met with visiting Ugandan Foreign Minister Sam Kutesa in Beijing, and vowed continued support for Africa’s peace and development cause. Kutesa, who is to be elected president of the 69th session of the UN General Assembly for 2014-2015, said African countries including Uganda hoped to cement ‘win-win’ cooperation with China and strengthen coordination in multilateral organisations such as the United Nations. Li told Kutesa that China firmly backed the United Nations and the UN General Assembly in playing greater roles, nailing down development plans for the period after 2015, and making more efforts to help developing countries (Tan 2014). That is to say, possibly due to the presence of South Africa within BRICS or other international mechanisms of which China is also a member, Beijing’s promises towards the developing world in the field of development are more clearly targeted instead of being just vague statements. In other words, South Africa has served as the messenger of African concerns to China to some extent.

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Emerging economies in the post-2015 negotiations:  
how their positioning will shape the new agenda

*Christine Hackensch / Heiner Janus*



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## Emerging economies in the post-2015 negotiations: how their positioning will shape the new agenda

Christine Hackenesch / Heiner Janus

### Summary

The rise of emerging economies has fundamentally changed the context in which negotiations on a post-2015 agreement take place. The Millennium Development Goals (MDGs) were an agenda driven by traditional donors and North-South relations – a model of global relations that is outdated today. When the MDGs were negotiated at the end of the 1990s, they set a new basis for cooperation among industrialised and developing countries. By focusing on human development and orienting development aid to the poorest people, the MDGs allowed policy-makers and non-governmental organisations (NGOs) to mobilise support among the broader public for increasing aid flows.

Almost 15 years later, countries such as Brazil, Russia, India, China and South Africa (BRICS) play a major role on the global stage. A second group of emerging countries, such as Indonesia, Mexico, Nigeria and Turkey, are rapidly gaining importance as economic and political players, especially in their respective regions. The rise of these countries shapes the nature of global development challenges and the instruments used to address them. While poverty remains a key concern, a new agenda has to take into account that the poverty landscape has changed considerably, as most of the world's poor today live in middle-income countries. Issues of environmental sustainability and social inequality have become even more pressing today compared to the end of the 1990s. The role of development assistance as an instrument to engage with emerging economies is in a fundamental transition period.

The post-2015 debate holds the potential to generate momentum for a “new bargain” among developing countries, emerging economies and industrialised countries. An international agreement, integrating the MDGs and the Sustainable Development Goals (SDGs) could pave the way for a comprehensive agenda on sustainable human development. If a new agenda

were to also set goals for industrialised countries and emerging economies, it would become a truly universal development agenda. Securing the means for implementing the new agenda, including finance, trade, technology transfer, capacity building, will be as important as the goals themselves. Negotiations at the United Nations (UN) on the SDGs, however, already show diverging opinions on this issue, especially between the Group of 77 and China and industrialised countries. The new bargain will therefore also require an agreement between all countries on who will pay for what.

Supporting such a comprehensive international development framework that goes beyond poverty reduction and includes social, environmental and economic sustainability entails challenges for both industrialised and emerging economies. Dynamics in South-South cooperation currently provide limited incentives for emerging economies to actively support a new agenda. Development policy communities in emerging economies with an interest in pushing active contributions to a post-2015 agenda are weak. Moreover, institutions for cooperation among emerging economies that would be crucial in identifying common positions are still in their infancy. On the other hand, policy-makers in emerging economies may seize the opportunity to use a post-2015 agenda to address joint interests such as tackling inequalities and achieving environmentally sustainable development. Negotiations may provide an opportunity for China and others to strengthen their international “soft power”. For Europe, implementing a universal agenda will be equally ambitious, not least when thinking about goals for reducing social inequality or environmental footprints.

Whether emerging economies decide to engage or not, they will fundamentally shape the relevance and scope of any global framework. Only if they actively support a universal agenda, a new bargain among developing countries, emerging economies and industrialised countries can be struck. This gives important responsibilities to European countries, which need to make ambitious commitments and conduct negotiations towards increasing the attractiveness of a new agenda for emerging economies.

## **1 Emerging economies and the post-2015 agenda**

For most emerging economies, the MDGs have neither played a central role for their domestic policies nor for their relations with other developing countries. The goal of halving world poverty (MDG-1) has been met, largely

because of robust economic growth in China and India. Yet, in China or India, few people at the government level or in the general public knew about the MDGs before the debates and negotiations on a post-2015 framework started. Scholars in China therefore question the function of new global goals if a causal link between the MDGs and progress in achieving them is so difficult to make. In some countries of the “second tier” of emerging economies, however, the MDGs figured more prominently as guidance for policy-making. The Indonesian government, for example, developed a strong institutional structure to ensure the implementation of the MDGs and align incoming foreign aid with the domestic development agenda.

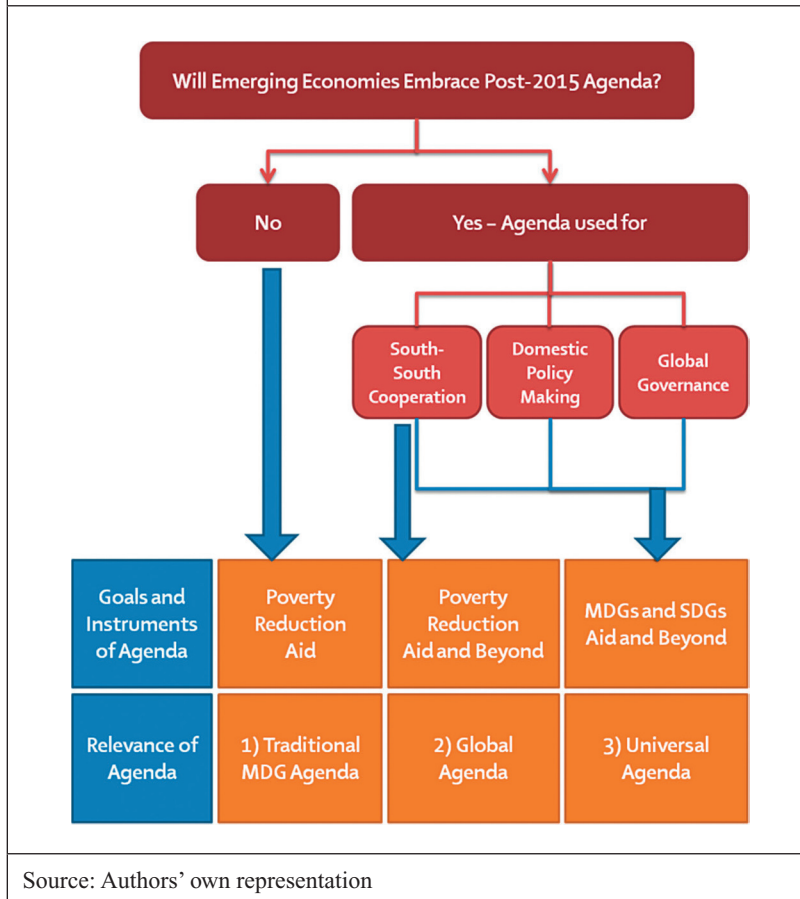
The MDGs have also not served as an explicit framework for South-South cooperation. Emerging economies have contributed towards the progress in achieving the MDGs by providing growing levels of technical assistance, trade and loans to Least Developed Countries. Moreover, the MDGs are mentioned in key policy documents, for instance the action plans of the Forum for China-Africa Cooperation (FOCAC). But in the context of partnerships like the FOCAC meetings, for instance, China and African countries have mainly called on traditional donors to increase support for African developing countries.

Looking ahead, the post-2015 negotiations hold the potential to address these shortcomings of the MDGs and to develop a truly universal development agenda. Three scenarios with different degrees of engagement of emerging economies in the post-2015 agenda can be envisioned (see figure). Depending on how emerging economies position themselves towards a new agreement, the scope of the goals and instruments of the agenda and the overall relevance of a new agreement will differ considerably.

**1) Major emerging economies may decide to not embrace the post-2015 agenda.** The international community would then settle for a reformed “traditional MDG-type agenda”. This agenda would remain confined to traditional North-South relations. Poverty reduction would remain the key goal. The agenda would continue to be underpinned by the understanding that official development assistance (ODA) constitutes the key instrument to support poverty reduction. Against the backdrop of decreasing importance of ODA – as compared to other flows such as trade, direct investments and loans, and in light of reduced aid budgets in European countries in times of economic crisis – the relevance of such a traditional MDG-type agenda would be limited.

**2) Emerging economies will embrace the post-2015 agenda, but only in a limited fashion that covers South-South cooperation and not domestic policy-making in emerging economies.** In addition, emerging economies would not see a new agenda as being relevant for their domestic policy-making or as an instrument for global governance. In this scenario, which we call the “global agenda” poverty reduction could still be the key goal. Still, the instruments used to support the renewed goals could go beyond

**Figure 1: Emerging economies and the post-2015 agenda**



aid commitments and become more comprehensive by linking trade and investments more coherently towards achieving development objectives. Yet, cooperation would be selective in addressing poverty in the poorest countries. This agenda would be more comprehensive and inclusive than the current MDG framework, but it would remain an agenda for poor countries.

**3) A new bargain among developing countries, emerging economies and industrialised countries is struck.** If emerging economies consider a post-2015 agenda to be relevant also for their domestic policy-making and as a framework for global governance, a “universal agenda” could be reached. This agreement would integrate the MDGs and SDGs, paving the way for a comprehensive agenda on sustainable human development and the means for achieving it. This would also require including sustainable development and social inequality targets in European countries. Cooperation would no longer be limited to poverty reduction and aid, but address the broader context of common and collective global challenges. A post-2015 agenda that would define objectives for all countries could thus provide a window of opportunity for enhancing international cooperation.

Ongoing discussions for instance in the Open Working Group or statements at the 2013 UN General Assembly suggest that emerging economies, developing countries and industrialized countries agree that the new agenda should be universal, which could lead to a global agenda or a universal agenda (scenario 2 or 3). Yet, the actual intergovernmental negotiations will only start in September 2014 and the outcome of the negotiations will also depend to an important extent on how the negotiations are going to be conducted.

## **2 Challenges and opportunities for emerging economies to engage in post-2015 debate**

A number of factors make it difficult for emerging economies to actively support a global agenda, much less a universal one. Yet, other factors such as common development challenges and the opportunity to use the post-2015 negotiations to strengthen their soft power may also allow these countries to actively contribute to a new agenda.

*South-South cooperation*

The future of South-South cooperation is a key factor for the engagement of emerging economies in the post-2015 debate. South-South cooperation currently is not facing pressure to redefine itself. The situation of South-South cooperation therefore differs substantially from the challenges faced by providers of ODA at the end of the 1990s. Driven by rapid and sustained economic growth in emerging economies, trade, direct investments, loans and development aid to developing countries continue to increase (Chaturvedi / Fues / Sidiropoulos 2012). According to one estimate by the UN, South-South cooperation was between USD 16.1 billion and USD 19 billion in 2011, representing a share of 10 percent of total development cooperation compared to 6.7 percent in 2006 (United Nations 2014).

Intensifying relations among emerging economies and other developing countries have been accompanied by critical debates, mostly held in Europe and the United States, and particularly regarding China's engagement in Africa. The public in China and India may also question the provision of more assistance to other developing countries, but rather in light of persisting poverty at home. On the other hand, many actors in developing countries view opportunities arising from South-South cooperation positively. Public opinion polls conducted by Pew and Afro-barometer show that emerging economies' contributions to development in partner countries are well received.

Yet, as South-South cooperation intensifies, the incentives to integrate it into a post-2015 agreement also grow. Policy-makers in developing countries increasingly question the sustainability and transparency of South-South flows. For instance, African government officials used the 2012 FOCAC meeting and the visit of the new Chinese President in Africa in early 2013 to raise concerns about the medium and long-term sustainability of the relationship. Further, South-South relations often present challenges that are not too different from those in North-South relations. Environmental, social and economic sustainability, for instance, have become pressing concerns also for emerging economies' relations with developing countries.

Most importantly, developing countries have not (yet) asked emerging economies to join a new agreement. So far, the African Union common position on post-2015 (African Union 2014) has only mentioned South-South cooperation in very general terms in the context of mutually beneficial partnerships. The common position only very loosely refers to the need to mobilise external, non-traditional sources of financing from "emerging

partners". If, for instance, the African Union or the Least Developed Country group in the UN were to articulate more clearly formulated expectations towards emerging economies, this could be a powerful incentive to join a new agreement. These factors would eventually increase emerging economies' interests to include South-South cooperation more visibly in a new agenda.

### *Weak development policy communities*

Weak development policy communities in emerging economies may make it more difficult for these countries to actively shape the post-2015 negotiations. Within industrialised countries, the MDGs have reinforced the separation between development and other policy areas and strengthened the development policy communities. These communities have a vested interest in pushing the post-2015 negotiations. Emerging economies in contrast do not (yet) have strong development policy communities that could take up the debate. In contrast to countries from the Organisation for Economic Co-operation and Development (OECD), there are very few development NGOs in emerging economies that would seek to influence government positions in the post-2015 negotiations. Only a few countries such as South Africa, India, Brazil and Mexico have established development agencies. In addition (similar to European countries), policy communities working on environmental sustainability are not familiar with the MDGs and do not immediately see the value added of promoting an agenda that closely links the MDGs and SDGs.

Still, weak development policy communities may eventually turn out to be an advantage for emerging economies. The absence of development policy communities could make it easier for emerging economies to advocate an agenda that links the MDG and SDG frameworks and includes goals relevant for domestic policies in emerging economies as well as their relations with other developing and industrialised countries.

### *Cooperation among emerging economies*

Limited cooperation among emerging economies on development policy and weak institutions for cooperation may hinder these countries in feeding common positions into the post-2015 negotiations. Weak cooperation among emerging economies may thus make it difficult for these countries to actively support a global or even universal agenda.

During past decades, countries organised in the OECD have developed extensive mechanisms for exchanging ideas, knowledge and information. Policy-makers in China, India and Brazil, in contrast, know comparatively little about other emerging economies' policies towards developing countries, making it more difficult to develop joint positions in supporting a global agenda. For instance, research in India on China's cooperation with African countries, or vice versa, is only slowly becoming more important. In addition, low transparency of South-South cooperation impedes access to information. Emerging economies do not report their flows according to a common standard; most do not provide information that is disaggregated on a country and yearly basis.

Policy-makers in emerging economies often view global forums such as the G20, World Trade Organization and Bretton Woods Institutions as strongly dominated by industrialised countries. Within the United Nations, rising powers still position themselves as developing countries. Institutions for cooperation such as the BRICS and the IBSA forum are still relatively young. Cooperation among emerging economies in the context of UN Development Cooperation Forum is still very recent. The plan to set up a BRICS development bank is the most prominent example that demonstrates the interest of emerging countries to create global forums that serve their collective interests. Translating these innovations to the international stage, however, will require building bridges with ongoing international processes such as the post-2015 negotiations.

### *Common development challenges*

Emerging economies are struggling with a set of common challenges that could prompt their interest in supporting a universal agenda. For example, emerging economies are among those countries most affected by climate change. Sustainable use of natural resources has become a policy priority for most of these countries. Even in the absence of internationally binding agreements, Brazil, India and China committed themselves to ambitious targets for reducing emissions per unit of gross domestic product. Similarly, most emerging economies face rising levels of inequality. Since the 1990s, income inequality has rapidly increased in all BRICS countries, except for Brazil. High levels of inequality reduce the impact of economic growth on poverty reduction. In addition, all emerging economies have to cope with the challenges of urbanisation, rising middle classes, large



numbers of young people entering the labour market and the volatility of commodity prices.

These challenges have profound influences on domestic policy-making in emerging economies, but at the same time they include a global dimension. Climate change cannot be tackled within national confines. Rising inequality catalyses social and political instability. Making these common challenges central issues of a new international agreement may offer the advantage to emerging economies of addressing their primary concerns – at national and global levels. By taking the lead in putting these issues on the agenda, emerging countries would be in a position to shape global policy strategies actively rather than merely reacting to imminent domestic social, economic and environmental challenges.

### *Soft power and alternative narratives*

Engaging in the post-2015 negotiations offers an opportunity for emerging economies to strengthen their international soft power. The amount of discursive strength a country holds on the global stage depends strongly on its reputation. The upcoming negotiations provide an opportunity to shape international cooperation for the coming decades. Through a constructive engagement in the post-2015 debate, rising powers could accumulate more influence in the international community.

For countries such as China (and to a lesser extent India), the MDG debate could be an opportunity to project a narrative about its rise internationally. From the perspective of the Chinese government, international acknowledgements of China's success in reducing poverty have often taken a backseat against concerns regarding economic competition and criticism of China's autocratic political system. Similar to other emerging economies, China (for various reasons), until now, has not projected a "vision" for international development. For China and India, negotiations on a post-2015 agreement could provide an important opportunity to shape a narrative on international development based on their own development experiences and that reflects their domestic concerns and priorities.

Countries from the second tier of emerging economies such as Indonesia and Columbia could use the negotiations to complement their growing economic weight with soft power. International negotiations such as the post-2015 agenda allow for strengthening their international influence beyond

their economic weight, which is often still confined to their immediate neighbourhood. As a co-chair of the High-Level Panel on the Post-2015 Development Agenda as well as the Global Partnership for Effective Development Co-operation, Indonesia has already seized the opportunity.

### **3 The way forward: which role for Europe?**

As there are a number of factors making it difficult for emerging economies to actively support the post-2015 agenda, European countries play a key role in facilitating the engagement of these countries.

First, European countries can facilitate the active engagement of emerging economies by building credibility. Similar to emerging economies, European countries will be reluctant to subscribe to a universal agenda that defines targets for their domestic policy-making. Making international commitments to address inequality, poverty and environmental sustainability is politically sensitive for all countries. However, only by making ambitious commitments for their own domestic policies can European countries credibly ask emerging economies to subscribe to a universal agenda.

Second, the relevance of a post-2015 agreement will be determined by the negotiation process. UN thematic- and country consultations on the new agenda suggest that the preferences of different actors regarding the goals may converge around a few priorities such as poverty reduction, environmental sustainability and socio-economic inequality. Still, emerging economies will only actively engage in the process if they perceive the process as being inclusive and open to their positions. Debates about the post-2015 agenda are still taking part to an important extent within and among European countries. European actors should reach out to emerging economies proactively in the negotiation process.

Lastly, an important factor for the success of the negotiations and development of a universal agenda will be to define the responsibilities of different actors. Revisiting the principle of “common but differentiated responsibilities” (CBDR) could be a starting point for the negotiations (Pauw et al. 2014). The CBDR phrase originates from the Rio Declaration produced at the UN Earth Summit in 1992. Traditionally, the phrase has been used by developing countries to argue for “fair burden-sharing” in protecting the global climate. Re-conceptualising CBDR for the post-2015

debate may provide a valuable basis to integrate contributions from different groups of countries.

In the negotiations on the SDGs, the Group of 77 and China proposed in its position on the means of implementation to “Enhance global partnership based on MDG-8 in accordance with the principle of CBDR with North-South Cooperation at its core and South-South and Triangular Cooperation as a useful supplement, consistent with the Financing for Development process” (G77 and China 2014). The Group of 77 and China has started an important and useful debate on the implementation of the new agenda by proposing detailed means of implementation for each proposed SDG and insisting to convene the third conference on Financing for Development, which will take place from 13-16 July 2015 in Addis Ababa, Ethiopia.

The willingness to discuss South-South and triangular cooperation as “supplements” to ODA is a positive step towards presenting these efforts in the framework of an international agenda. This might also contribute to further improving the quality and availability of information on the scale and impact of South-South and triangular cooperation. At the same time, maintaining the language of North-South cooperation in regard to CBDR might overemphasize a dichotomy that has become increasingly outdated. Instead, a more flexible implementation of CBDR is needed to take into account the differentiated global landscape of countries and the rise of emerging economies. A flexible CBDR regime would include differentiation of state groups beyond the North-South dichotomy, with graduation and exclusion mechanisms that are based on a set of transparent, measurable and verifiable indicators (Pauw et al. 2014).

The political challenge of agreeing on goals as well as on the means of implementation still has to be resolved. The positioning of emerging economies will be a key factor in this process. European countries also need to invest more in upholding existing commitments and expanding international cooperation. In the end, all countries will have to take responsibility to make a post-2015 framework relevant. The challenges that the world is facing can only be tackled if every country contributes.

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## Part II

### German and European perspectives of the post-2015 agenda



German positions on the post-2015 global agenda  
for sustainable development

*Imme Scholz*





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# German positions on the post-2015 global agenda for sustainable development

Imme Scholz

## 1 Introduction

The post-2015 global agenda for sustainable development is based on a new concept of development and cooperation: what the United Nations will adopt in 2015 will be a convergence of i) the ‘unfinished business’ of the Millennium Development Goals (MDGs) with a strong focus on poverty, hunger, education, health and gender, and ii) the Sustainable Development Goals discussed at the 2012 UN Summit on Sustainable Development which add challenges such as food, water, biodiversity, climate, and oceans as goals in their own right and with targets that explicitly mention the social, economic and environmental dimensions of food or water security for all countries, not just developing countries, at national and global levels. The new goals will be universal, and they will emerge from a long list of thematic focus areas currently being negotiated by the intergovernmental Open Working Group in New York. These negotiations illustrate the difficulties of establishing joint priorities among very different countries, and they show that a new approach to cooperation will be needed if the agenda is to be implemented.

Different German actors involved in the post-2015 agenda hold different positions which I will try to explain by answering four questions: First, why do we need a new global agenda after the MDGs? Second, what do the concepts of universal goals and common but differentiated responsibilities mean for the new agenda? Third, who is engaged in the post-2015 agenda process in Germany? And fourth, how can we link the new agenda to domestic policies in Germany?

## 2 Why do we need a new global agenda after the MDGs?

The Millennium Development Goals had emerged from the UN Millennium Declaration as an agenda of traditional North-South cooperation, with goals focused mainly on social conditions in developing countries. Cooperation was defined by the existing roles of donors (from the North) and receivers of aid (from the South). It should be remembered, though, that the Monterey Conference on development finance in 2002 had already highlighted the important and increasing role of domestic financial resources, and that development aid would tend to play a complementary role.

The new post-2015 agenda could have been a continuation of the MDGs, with poverty reduction as its main focus, extending the timeline for the goals which had not been achieved, and including new topics which are missing, such as goals on social safety nets or employment. Today, however, this approach is not possible anymore for two reasons. Firstly, the MDGs were already much more narrowly defined than the Millennium Declaration which covered many more policy fields relevant for long-lasting improvements in human wellbeing. Environmental sustainability objectives were concentrated in MDG 7 (ensure environmental sustainability) and only poorly translated into quantified targets. More fundamentally, the MDGs reduced the implementation of the Millennium Declaration to an agenda of development cooperation, and therefore MDG 8 (develop a global partnership for development) could not contribute strongly to fostering international cooperation beyond aid. This ambition gap cannot be ignored anymore as these uncovered problem areas threaten to undermine progress in poverty reduction. Therefore, in OECD countries, the post-2015 agenda needs to go beyond development cooperation and mobilise the interests, policymaking and implementing capacities of other ministries too.

Renewed international cooperation is in the interest of many policy fields. The essential challenges for global and domestic sustainable development are closely related to the main characteristics of a globalised world economy and interdependent societies which changed the conditions for policymaking (Messner 2014):<sup>1</sup> i) the rapid globalisation process of the world economy created both manifold opportunities for growth and vulnerabilities and

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1 The following paragraph paraphrases the analysis contained in Dirk Messner's recent contribution to the Review Process of German foreign policy launched in 2014 by the Foreign Minister, Frank Steinmeier.

risks at local levels; ii) tectonic power shifts towards the rising economies, especially China, India and Brazil, changed international relations and the distribution of power, which are characterised today by a reduced dominance of the West, polycentric power constellations and blockades; iii) irreversible global environmental change caused by the accumulated impact of human activity (the ‘anthropocene’) will be a dominant feature of the coming decades, if the world economy remains on its established high-carbon and resource-intensive growth path; the impacts of earthsystem change on human welfare are hard to estimate and plan for; and iv) the global diffusion of communication technology and infrastructures enables the immediate exchange of information, knowledge, and news across all continents, creating something like a ‘world society’ with new virtual transboundary spaces for cooperation (and data control).

The answer to the first question would then be, from a German perspective, that we need a post-2015 agenda for three reasons. First, the agenda is needed to address a new set of problems: poverty, income inequalities and poor economic performance continue to warrant international cooperation, but climate change, protection of biodiversity, freshwater resources, soils, and oceans have to be added to the list as these problems threaten to undermine and reverse any progress made on the social and the economic front. In its latest policy paper, the WBGU (Wissenschaftlicher Beirat der Bundesregierung Globale Umweltveränderungen/Scientific Advisory Council to the German Government on Global Change) recommends

*orienting the new catalogue of goals towards the key message of the 1992 Earth Summit: that development and environmental protection must be considered together and do not contradict each other. The SDGs should not be reduced to poverty eradication, but must address all dimensions of sustainable development. In particular, global environmental change must be incorporated, otherwise even poverty eradication will become impossible (WBGU 2014, 3)<sup>2</sup>.*

Second, the agenda is needed to encourage global cooperation towards global public goods, with the intention of improving human wellbeing in the future, by avoiding irreversible change and incalculable risks. Third, the agenda is needed to help national governments better manage or avoid the

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2 More specifically, the WBGU recommends using the concept of planetary guard rails or planetary boundaries for incorporating global environmental problems in the SDG catalogue and operationalising them through corresponding targets.

negative global consequences of domestic policies while actively pursuing those with positive effects.

Currently, the governance systems of rich and poor countries are not geared sufficiently towards managing policy interdependence, neither between sectors nor between countries and regions. Many rich countries, including Germany, do not yet fully realise how dependent their own wellbeing is on improving global cooperation. Addressing common and collective problems can help to establish a community of practice in global cooperation, to give it the necessary push and to make clear that modern problem-solving needs to be based on carefully linked domestic and foreign policies (as Inge Kaul argues with her concept of ‘smart sovereignty’, Kaul 2013).

Horst Köhler, a former president of Germany who also participated in the High-Level Panel on the post-2015 global agenda, states that

*we ... need a new leitmotiv for international politics which really takes into consideration the strong interdependence on our planet... I believe that we have to develop a new spirit of global partnership. Domestic policies have to be shaped taking into consideration global wellbeing. But national governments have to go beyond that and find new multilateral solutions for the many problems that they face locally but that can only be solved by international action (Köhler 2014, 11).*

In congruence with these thoughts, the German position paper on the post-2015 agenda (GoG 2014), which was issued in February 2014, emphasises the need for a new global partnership as an “*overarching framework*” for the future agenda and defines it as follows:

*The purpose of the Global Partnership is to induce a paradigm shift, breaking with traditional views such as the classic North-South or donor-recipient thought patterns and defining joint goals for reducing poverty, creating economic, political and social opportunities, and transforming economies worldwide, making them more sustainable. The existing economic, ecological and social interdependencies in and between all countries require all states and all stakeholders to assume joint responsibility for the global common good (GoG 2014, 2).*

### **3 What do the concepts of universal goals and common but differentiated responsibility mean for the new global agenda?**

The High-Level Panel Report on the post-2015 agenda issued in May 2013 stated that several ‘transformative shifts’ were needed in order to improve human wellbeing within the boundaries of the Earth’s ecosystems. According to the panel, these shifts are a universal requirement for which policy changes need to happen in North and South.

If the goals of the new post-2015 agenda are to be universal, they will have to satisfy several criteria. First of all, the goals need to speak to both poor and rich countries. Relevance to the lives of people in all countries requires a careful selection of priorities, and a careful combination of global and national targets. A poverty goal, for example, which combines the abolition of extreme poverty with the reduction of the number of persons living under the relative poverty line of each country, is one example (see SDSN 2013). Second, the goals need to include targets that are ambitious (and reachable) for all signatories. This means that the level of ambition should not only be defined by improving the lives of the poorest and most vulnerable today in absolute terms, as in the MDGs, but also those of people who are poor in relative terms (thus including inequality challenges in rich countries and rising powers). Quantification of targets needs to allow for flexibility, as conditions in UN member states are very heterogeneous, on the one hand and on the other, quantification needs to refer to a common global metric where it makes sense (as in numbers of extreme poor or in greenhouse gas emissions). Third, goals and targets need to address policy interdependence and create incentives for reducing the negative transboundary impacts of domestic economic action or policies. They need to make clear that a global agenda requires all states to contribute to implementation by designing adequate domestic policies and by developing and implementing improved international laws and regulations.

Such a radically new agenda for global cooperation requires trust, which is a scarce good at multilateral level today. Building trust requires that stronger players, such as OECD countries and rising powers, make clear offers early in the process: i) offers in terms of domestic policy changes which contribute to poverty alleviation and global public goods; ii) offers in terms of supporting a list of priorities which caters for the more immediate

social and economic needs of poor countries and combines them with the most important issues of global environmental change and global economic governance; and iii) offers in terms of financial contributions to poor countries in order to advance their domestic agendas and help them contribute to global public goods. The post-2015 agenda will be a non-binding document; its relevance will depend on the wisdom, strength and willingness of national governments to accept its guidance.

The position paper by the German Federal government does not feature such details yet. It states that one key characteristic of the global partnership it advocates for are “*universally applicable goals*” which build on

*mutual respect and shared values, i.e. all countries are responsible for both the goals and for achieving them (developing countries, industrialised countries and emerging economies) and for all policy areas, while ensuring that national realities, capacities and levels of development are taken into account and national policies and priorities are respected* (GoG 2014, 2).

How does this concept of universal goals play out in the four strategic issue areas and exemplary goals which are listed in the German position paper? The four strategic issue areas comprise:

1. “*eradicate extreme poverty and hunger, secure a life in dignity,*
2. *preserve the natural resource base and ensure its sustainable use,*
3. *achieve the creation of decent jobs and adequate income through ecologically sound growth,*
4. *strengthen good governance, anchor gender equality, protect and foster human rights, secure peace*” (GoG 2014, 2).

These general focus areas are well chosen for elaborating a list of globally relevant goals, and there are several examples of goals which would have beneficial transboundary effects if they were translated into ambitious domestic action. A general weakness of the German position paper is that it does not explicitly show the implications of the goals and targets for domestic action. But one can draw one’s own conclusions. One example is the exemplary goal on hunger. It reads “*end hunger and ensure food security and good nutrition*” and includes targets on achieving a “*land and soil degradation neutral world*” and on reducing “*by 50% worldwide post-harvest loss and food waste*” by 2030 (GoG 2014, 3-4). For Germany, these goals and targets could be relevant in two ways: first, that Germany supports



policies and measures in developing countries which pursue these goals, and second, that Germany takes measures for reducing land and soil degradation at home (i.e. by supporting a European directive on soil conservation) and for reducing food waste in retail trade and households. A 50%-target would be ambitious for Germany, and gathering political support for a European soil conservation from the agricultural ministry and the farmers' lobby would require considerable political effort.

But there is also room for improvement: In some areas, the goals are formulated in such a way that they remain irrelevant for Germany. The exemplary goal on poverty reduction reads "*leaving no one behind – end extreme poverty*" and includes targets such as "*by 2030, end extreme income poverty (1.25\$ PPP/day)*" and "*establish and maintain national floors of social protection comprising basic social security guarantees according to ILO recommendation No. 202*" (GoG 2014, 3). But no reference is made to poverty in Germany. According to a report of German welfare NGOs, 12 to 16 million people in Germany are living under the national poverty line. Including them in the universal goal with a reference to national poverty lines (as is done in the Sustainable Development Solutions Network (SDSN) Action Agenda and Indicator Report) would be a clear sign of strong political will towards meaningful universal goals.

A thorough exercise that would give the numbers for all areas of action for Germany is still missing; the Center for American Progress recently published a paper which gives those numbers for the United States with regard to the illustrative goals listed by the High-Level Panel report (Norris / Elgin-Cossart / Dunning 2014). This paper shows that poverty and hunger are problems in the United States, too, with 15 percent of the population living under the national poverty line. It does not, however, cover the global impacts of current and renewed domestic policies in the United States.

Universal goals, if defined clearly enough and with high levels of ambition, could make the post-2015 global agenda politically more attractive for those groups and political forces interested in fostering international cooperation for sustainable development. But at the same time, this departure from conventional forms of North-South cooperation can lead to mistrust. How can the poor countries be assured that enhanced engagement for the preservation of global public goods will not be to the detriment of poverty reduction in their territories? The G77 has reacted to this risk by emphasising the principle of common but differentiated responsibilities and respective

capabilities (CBDR-RC), which is part of the Rio Declaration 1992 and also of the UN Framework Convention on Climate Change (UNFCCC).

The German position paper does not mention CBDR-RC. It makes reference to

*shared responsibility for global wellbeing through the protection of global public goods and the creation of structural framework conditions that are conducive to development” and to the “Universal Declaration of Human Rights, the Millennium Declaration and the outcome document of the UN Conference on Sustainable Development (GoG 2014, 2).*

Behind this statement is the claim that the principle of CBDR-RC only applies to burden-sharing for the provision of global environmental goods, but not to the whole agenda of international cooperation. However, the argument for combining social, economic and environmental issues in one agenda is exactly grounded on the interdependence between them. To separate the issues again when it comes to funding is therefore not very convincing. Germany as well as the European Union should revise their positions and come to a more comprehensive proposal.

The main problem, however, is that public financial transfers from rich to poor countries are a very limited source: Domestic financial resources grew much more in the last two decades than official development assistance (ODA); and public budgets in many OECD (Organisation for Economic Co-operation and Development) countries, especially in Europe, are faced with heavy constraints as they are still suffering under the impacts of the combined crisis of financial markets and the euro, and economic stagnation or low growth rates associated with very high unemployment rates. Under such conditions, it is difficult to maintain, let alone increase budget lines for development cooperation.

The United Kingdom constitutes a rare exception as it has managed to achieve the 0.7% target for its ODA budget. Unfortunately, a similarly strong political will to achieve this aim is not visible in Germany or other European countries. It has to be seen, however, that with regard to the post-2015 agenda, the United Kingdom defends a rather conservative position: it wants to maintain the focus of the agenda basically within the MDG framework, without new departures towards global collective problems and renewed action.

The common challenge for rich countries, rising powers and the upper middle-income countries is to promote global sustainable development by changing patterns and flows of investment, production and consumption. This is an area where cooperation towards joint learning processes in order to accelerate change is very much needed and likely to bring about rapid progress. Such cooperation, however, requires mutual interest and joint funding beyond what we have now in the aid sector.

The German position paper states that the German government

*is willing to take on the responsibility associated with (the Global Partnership, but expects all other members of the UN to do the same. Emerging economies, in particular, must assume new responsibility as part of the post-2015 agenda (GoG 2014, 2).*

From my view, making one's own offer of taking on more responsibility dependent on the willingness of others to do the same would weaken the German position. Emerging economies are already offering increased South-South cooperation as a complementary instrument for international cooperation. At least in the field of climate and energy policy, emerging economies have also adopted laws and programmes which set targets for emission reductions. These are signs for their taking on more responsibility.

The answer to the second question is that universal goals should unite all countries around common priorities in order to achieve transformational change towards inclusive and sustainable development for present and future generations. How responsibility will be shared is not yet clear.

#### **4 Who is engaged in the post-2015 agenda process in Germany?**

In its position paper, the German government makes a caveat: *“Germany’s contribution to achieving the goals of the post-2015 will depend to a great extent on a coherent concept pursued by all Ministries”* (GoG 2014, 2).

In congruence with the definition of universal goals applying to all countries and all policy areas, this means that the German government knows that global sustainable development cannot be promoted through the Ministry of Economic Cooperation and Development alone. Universal goals are there to guide domestic and European policies, too. In an interdependent world,

the line between domestic and foreign policies is blurred, and securing wellbeing within national borders requires international cooperation.

This new concept affects those actors with strong stakes in international cooperation. The ministries responsible for the post-2015 process in Germany are the Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and the Ministry for Economic Cooperation and Development (BMZ); the position paper quoted in this article has been co-authored by both ministries. This shared leadership has existed since the preparation for the UN Conference on Environment and Development 1992 in Rio de Janeiro, and has helped both ministries to coordinate action with regard to implementing the UNFCCC, the UN Convention on Biodiversity and the UN Convention on Desertification. The BMUB is keen to strengthen its international environmental cooperation through the new post-2015 agenda, and it knows that, to do this, it needs the BMZ for that as BMZ has the larger budget. The BMZ itself covers a broader agenda than the BMUB: in its bilateral programmes and the support it gives to multilateral action, the BMZ is active in all traditional areas covered by the MDGs (poverty reduction, social security, education, health), as well as in peace and promotion of rule of law, conflict resolution and democracy, in private sector development and infrastructure, in environmental issues, natural resource management, climate change, biodiversity and desertification. From the backdrop of this broad agenda, it is understandable that it is not easy for the BMZ to set priorities for the post-2015 agenda, especially as one of the learning experiences from the MDGs was that focused action in a few narrowly circumscribed areas led to measurable progress.

There is an ongoing debate within BMZ on the ‘overarching goal’ of development cooperation: whether it is poverty reduction or sustainable development; whether strategically development cooperation should follow a rather narrow focus on the least-developed countries (LDCs); or whether it is a question of a broader perspective which links poverty with global public goods. However, although this debate is important, it deviates attention for the real issue: the need to better manage the global spillovers of domestic policies across departments and to do this with a view to global wellbeing, as Horst Köhler formulated it (see above). Unfortunately other ministries beyond the BMZ, the BMUB and the Foreign Office have taken a rather limited interest in the post-2015 process so far, and as long as that does not change, the auspices for a post-2015 global agenda which is fit for the purpose are not good.

Civil society, especially NGOs (non-governmental organisations) engaged in development and environment issues, are also participating actively in the debate on the post-2015 agenda. Yet they often replicate the internal BMZ debate or the BMUB position instead of focusing on the larger picture. The environmental NGOs have a very critical approach to the conventional concept of development, and maintain that societies and economies need to transform themselves more fundamentally in order to improve wellbeing for the majority of the present generation and to secure wellbeing for future generations. They hence see sustainable development as a task for both domestic policy reforms *and* international cooperation, but their engagement comes across as mainly motivated by avoiding irreversible environmental change and not by improving human welfare. Development NGOs have a stronger focus on action abroad, and often share the concern that poverty reduction might suffer from a stronger focus on global public goods.

Recently, development NGOs and environmental NGOs published a joint declaration on the post-2015 process which refers to joint challenges faced by countries of the global North and the global South, and which

*includes increasing social injustice, ongoing and growing environmental destruction, increasing resource use, the consequences of financial, economic and hunger crises as well as climate change* (VENRO et al. 2014, 3, author's translation).

Universal goals are interpreted as requiring ambitious action both at home and internationally. The declaration also calls for the German government, civil society and other actors to work towards broad support for the new post-2015 agenda.

The answer to the third question is that there is a clear risk that the societal debate remains within the realms of the small environment and development community and does not reach out to the larger public concerned with other issues such as the reduction of poverty and inequality in Germany, or changing global economic governance (i.e. reducing illicit financial flows or improving regulation of financial markets) for which the post-2015 agenda could also offer political opportunities, as illustrated in the Section 2 above. For these constituencies, which do not see themselves automatically as part of the post-2015 process, the point is not to mobilise international funding: domestic policies for reducing poverty and inequality should be funded with domestic resources; this is not about reducing poverty in Germany with external funds. But a broader domestic coalition for the post-2015 agenda

could increase political pressure for these issues in Germany and in Europe and facilitate joint political action, i.e. in the European Union or in the G20, for the improvement of global frameworks in trade, investment, and financial markets.

## **5 Conclusions: how can we link the new post-2015 agenda to domestic policies in Germany?**

Since 1998, Germany has had a domestic strategy for sustainable development which has been elaborated by all ministries and has a focus on domestic action. Germany also has a Council for Sustainable Development (Rat für Nachhaltige Entwicklung) which gives advice to Chancellor Angela Merkel and consists of representatives from academia, environmental NGOs, the trade unions, and the private sector.<sup>3</sup> Since 1998, the German parliament also has its own Parliamentary Council on sustainable development; but this does not have the same status and rights as the standing committees have (which reflect the structure of the Ministries). At the level of the executive government, there is a Committee of Secretaries of State which meets regularly to consult on cross-departmental issues of sustainable development.

This institutional setting provides many opportunities for linking the post-2015 agenda with ambitious domestic policies and initiatives.

The German strategy for sustainable development (Deutsche Nachhaltigkeitsstrategie – DNS) is to be updated by 2016. So far, it has mainly been concerned with improving sustainable development for those living in Germany, and its international dimension is rather weak as it only refers to the 0.7% target for ODA and for opening German markets to imports from developing countries. A more fundamental review and adaptation of the DNS to the areas of work of the post-2015 agenda could be very fruitful and strengthen efforts towards more effective cross-departmental policy approaches.

Currently, the DNS is structured around four main chapters:

i) justice between generations (which includes targets for improving resource efficiency, reducing greenhouse gas (GHG) emissions, increasing the share

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3 I was appointed a member of this Council in July 2013 (the author).

of renewable energies, reducing land conversion, protecting biodiversity, reducing public debt, increasing investment in economic infrastructure, investing in research and innovation and increasing the share of young adults with a vocational degree);

ii) quality of life (which includes targets for economic growth, mobility, a reduced environmental burden of agriculture, air quality, health and life expectancy, and reduced crime rates);

iii) social inclusion (which includes targets for employment, work-life balance, gender equality, and the integration of migrants); and

iv) international responsibility (which includes the 0.7% target for ODA, and increasing imports from developing countries) (GoG 2012, 29–31).

This structure is not congruent with what is likely to result from the post-2015 process, and it is also not congruent with the key elements presented in the German position paper for the post-2015 agenda. For this reason, the review process of the DNS should take these documents into account and include ambitious elements for domestic action and more explicit international commitments. This would be a first, but crucial, step towards strengthening Germany's credibility in the post-2015 process.

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The EU can contribute more than aid to the  
global development agenda

*Mark Furness / Heiner Janus /  
Stephan Klingebiel / Mario Negre*



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## The EU can contribute more than aid to the global development agenda

Mark Furness / Heiner Janus / Stephan Klingebiel / Mario Negre

### **1 Not the beginning of the end, but perhaps the end of the beginning**

Discussions about the post-2015 global development framework provide an opportunity to reconsider the European Union's potential role as a development actor for the coming decades. The EU and several of its Member States are heavily involved in ongoing negotiations on new development goals to succeed the Millennium Development Goals (MDGs) when they expire in 2015. The EU position on the post-2015 agenda is outlined in the June 2013 Council Conclusions and the June 2014 Commission Communication 'a decent life for all' (EC 2014). The documents put forward three guiding principles: universality, with differentiation based on national circumstances; a transformative agenda that can address new challenges, and accountability with regard to commitments. The Communication goes on to list 16 priorities, which are universal and comprehensive, if somewhat unstructured in terms of their prioritisation. The EU also promises its commitment to a new global partnership to succeed MDG 8. The EU should aspire to fulfil a post-2015 role that is only partly based on traditional support to developing countries, and that would build on current efforts and explore new ways of supporting global development. Central to this are efforts to reform and create international regimes which are inherently "developmental".

The EU is, of course, just one of a multitude of actors and organisations putting forward its vision for the post-2015 world. The United Nations is tasked with leading international debates on devising a new set of objectives to succeed the MDGs as benchmarks for progress towards a world free of poverty, deprivation, hunger and environmental degradation. Thus far, the goal-setting process has been participatory and inclusive, which bodes well for its legitimacy, especially if a comprehensive and yet clear set of goals emerges. Any agreement on new development goals will emerge from the usual international horse-trading process, probably conducted in the early

hours of the New York morning. The goals may turn out to be ambitious, measurable and comprehensive, or they may be framed in vague terms leaving plenty of room for political manoeuvre and obfuscation.

The real test, of course, will be in achieving goals, especially as these are likely to be much broader and more ambitious than the MDGs. The UN and its Member States are, with the support of the EU, aiming for a global agenda that will also include Sustainable Development Goals (SDGs). Moreover, although the goals will be framed as ‘development’ objectives, their achievement will be contingent on the mobilisation of a wide range of political and economic tools and actors. Indeed, development ministries and agencies are not in total charge either of goal setting or goal achieving, because the post-2015 global development agenda will go beyond traditional development policy topics. The new agenda will impact on many other policy areas and their international and domestic constituencies, some of which have far more power in national and international policy discussions than development agencies have. Accordingly, the goals themselves will be important, but not as important as the broader context in which global development proceeds. This will continue to evolve regardless of what the post-2015 negotiators can agree on.

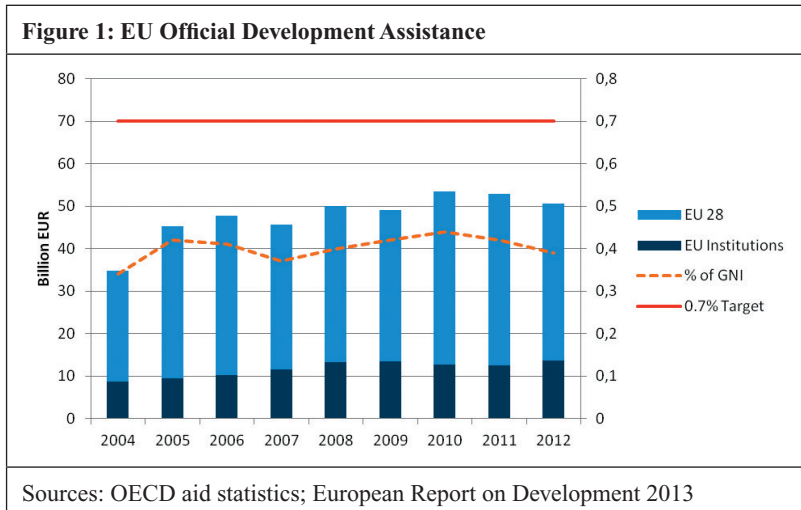
The European institutions have been tasked with supporting developing countries since the Treaty of Rome. Building on this tradition, the EU and its Member States have become the world’s largest providers of official development assistance (ODA), thereby playing a part in helping to achieve the MDGs. Against this backdrop, the EU must continue increasing the effectiveness of its aid and advancing Policy Coherence for Development (PCD). Furthermore, as development really only begins when poverty has been eradicated, the EU needs to broaden its focus beyond poverty. Amid the rise of the ‘new global middle classes’, the inequality phenomenon will be an important cornerstone of a transformative global agenda after 2015. The EU could make important contributions to reversing global and country-level trends towards widening socioeconomic inequality.

In addition, the EU needs to invest more in order to promote development and remove barriers to development progress at global level. While the reasons for countries achieving or failing to achieve the MDGs are primarily domestic in nature, experience with the MDGs has shown that progress is also heavily influenced by the framework conditions for development: the economic, political, geographical and environmental context in which

societies and states develop. It is here that Europe's greatest potential to promote better global development outcomes lies.

## 2 Finishing overdue homework

Poverty reduction will remain a top priority for any new global agreement, although the perspective is changing rapidly. According to estimates by the World Bank, half a billion people escaped USD 1.25 per day poverty between 2005 and 2010. At the same time, socio-economic inequality and other forms of marginalisation, and environmental degradation are becoming more problematic. Traditional distinctions between developed and developing countries, North and South, and donors and recipients have become increasingly obsolete. The changing geography of poverty means that poor people are increasingly likely to be living in middle-income countries, reducing the need for donors to provide resources for national poverty reduction programmes.



One of the key steps to be taken next is the reduction of fragmentation through successful implementation of recent joint programming exercises (Furness / Vollmer 2013). Joint programming is the latest effort to improve the

coordination of EU and Member State development policy at headquarters level, and to better streamline aid delivery at the country level. Further gains could be made by translating the lessons of the aid effectiveness agenda to other forms of development finance, especially in the area of climate change adaptation and mitigation. Several Member States remain interested in strengthening national aid programmes, even if this runs counter to efforts to improve division of labour at the EU level.

Secondly, PCD remains crucial. PCD means that other policy initiatives, such as those addressing security and trade, do not undermine the poverty reduction objectives of aid programmes and partner country development policies. Where possible, non-aid policies that affect developing countries should contribute positively to the MDGs and other development objectives. The impact of the EU's efforts to improve PCD has so far been quite limited, even where there is an obvious negative impact on development. The EU has long-standing difficulties in reconciling domestic interests, for example its agricultural and fisheries policies, with the interests of developing countries. Europeans need to get better at dealing with these legitimate but politically sensitive trade-offs.

The focus of the PCD agenda will need to shift as well, from a “do no harm” approach to a more holistic concept where trade, security and other issues are reframed as global public policies that actively support global development goals (Severino / Ray 2009; 2010). Therefore, a new global development agenda needs to be truly transformative, that means supporting economic and social transformations through employment, socioeconomic equality and environmental sustainability in all countries, including European countries. Whether PCD language will feature explicitly in the new framework or not, progress at achieving greater coherence of globally connected multi-sectoral policies will determine the effectiveness of a new development agenda (Knoll 2014).

### **3 Leading by example: tackling inequality in a post-2015 context**

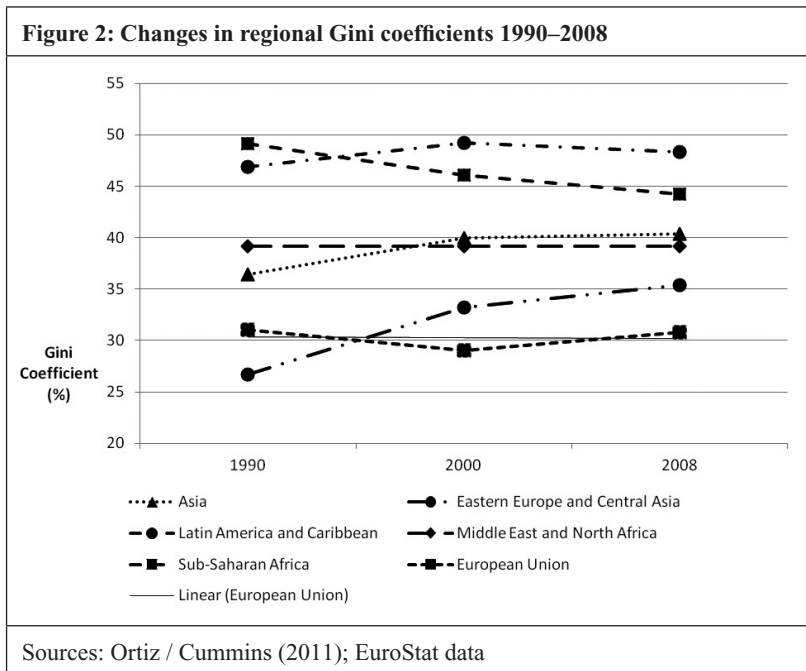
The European social model is one of Europe's greatest successes: although European Gini coefficients have been rising since the 1980s, the EU still has the lowest levels of inequality in the world (see figure 2). The EU could set an example by pushing harder for specific inequality targets in the post-



2015 agenda. It could, for example, lead the way by implementing promises made in August 2012, when the Commission released the excellent Communication on social protection in EU development cooperation (EC 2012).

Inequality is primarily a domestic issue, and the EU cannot force other countries to tackle it, but it can offer support to partners that want to address their own inequality issues. This could include building political will by placing social protection at the centre of policy dialogue, supporting domestic initiatives to reform tax systems – including by closing European tax havens – and providing technical expertise for building welfare delivery systems.

Unfortunately, there are many reasons to doubt that Europe will be able to make this ambition a reality. First, inequality is not a priority for EU development policy. Although the Commission earmarks 20% of its aid for social programmes, most is actually spent on promoting economic growth



and tackling governance issues like police and judicial reform. Though these are helpful, they do not directly address inequality. The EU missed a chance to make a strong statement on inequality in the better life for all Communication, which argued that “lower income groups [should] benefit equally from growth in national income in comparison with the higher income groups (EC 2014, 5). The poor need to benefit proportionally more, or inequality rises. There is no escaping the need for redistribution of wealth through progressive taxes on income and property, a social safety net providing minimum income, industrial policies that enable collective bargaining in the workplace, public ownership and provision of key strategic utilities, and healthcare and education that are free at point of use.

Second, the EU is disengaging from country-level development cooperation with middle income countries (MICs). Poverty remains a massive problem for many MICs, and even though their national wealth is increasing, there are major obstacles to ensuring that ordinary people benefit. Addressing inequality could therefore become a central topic for cooperation with interested MICs.

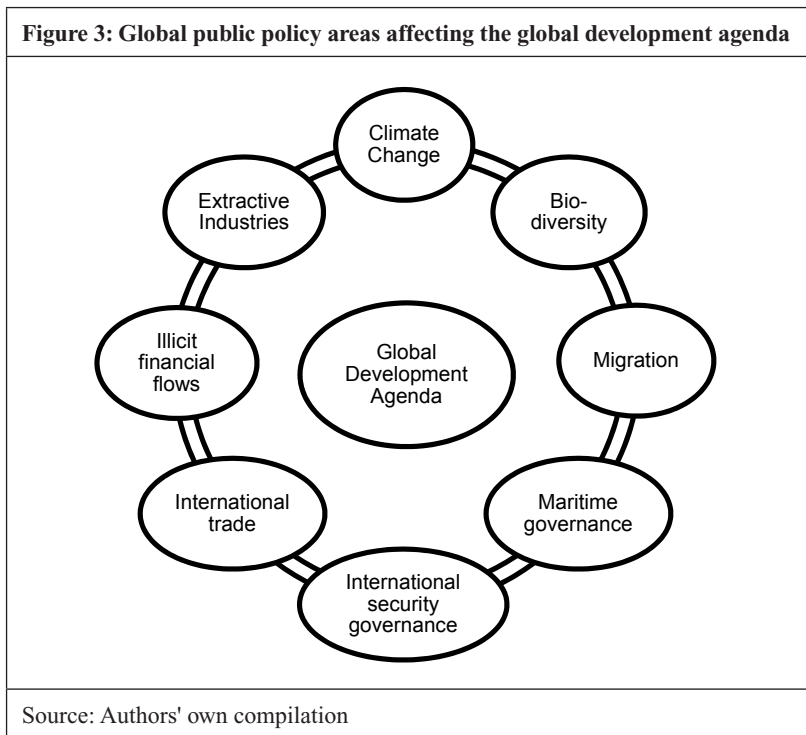
Third, the EU can set an example. Developing country elites will not take the EU seriously while inequality is rising in Europe. As Europe wrestles with its future and its place in the world, this is a good time to reflect on what the European project has been about: assuring the long-term peace and prosperity of the citizens of its member states. Social cohesion, achieved by ensuring that as many people as possible have a decent standard of living, is a core element of the EU strategy. Therefore, putting the issue of inequality on the negotiation table for a new global agenda could still hold important benefits for the EU, including improving credibility of the EU as a responsible global actor who can lead by example.

#### **4 New homework to do: development friendly international regimes**

If the post-2015 development agenda is to actually deliver a world free of poverty and hunger, it will need to use global public policies for addressing the provision of global public goods (Kaul 2013). These include aspects of foreign and security policy – the traditional high politics of international relations. Economic and trade policy, finance and investment policy, environmental and climate change policy, fisheries, agriculture, technology

transfer, migration, and aspects of domestic policies – such as public health, consumer protection policy and food standards, which affect producers, markets and citizens in developing countries – are all components of a global development policy package. The issue is not only how policies in these areas impact on poverty reduction, but how they can be utilized at the global level to address complex challenges, consolidate successes and make progress in hitherto difficult areas of globalisation that require better management.

Global public policies shape a web of international regimes that support public goods provision and help address cross-border challenges. International regimes typically provide rules, standards and structures for a given policy area, such as trade, global financial flows, carbon emissions or fisheries management (see Figure 3). Policies in these areas are crucial to development progress everywhere, whether in developing countries, emerging economies or the OECD world.



Although national actors hold the key to progress, action is needed at global level to complement national efforts. In a “beyond aid” post-2015 context, international cooperation will need to bring together a broad range of actors and policies, only some of which will be primarily development-oriented (Janus / Klingebiel / Paulo 2014). While creation of a new development agenda may provide an opportunity to set norms for global cooperation that are conducive to development, there are significant obstacles to gearing different global actors and policies towards the achievement of common development objectives.

The track record of international negotiations on trade (the stalled Doha Round) and, more recently, sustainable development (the toothless Rio+20 summit) demonstrates the difficulty of achieving strong multilateral agreements. These troubled processes indicate that it will be very hard to reach the sort of global deal that will be required to establish a global public policies agenda, with formal processes and clear commitments.

There are three main challenges for joint international action: weak coordination among actors, incoherence in policies and a lack of visionary leadership. Coordination requires international actors to follow jointly agreed rules on policies with external impacts, and to resist the temptation to free ride on the efforts of others. Coherence demands that national and international level policies are in tune with globally agreed goals. This is difficult when long-term global objectives conflict with more immediate national preferences or strong domestic interest groups, such as farmers or the financial sector. Overcoming such challenges is hard at the best of times, and more so when leadership is lacking. Right now, no-one stands ready to promote a convincing, comprehensive vision for global development, and more importantly to lead others by example.

## **5 Not just an impossible dream**

Over the last 20 years, an increasing share of ODA has been used to finance global public goods, both directly and indirectly. This trend is partly due to links between the global commons and the MDGs. For instance, efforts to achieve MDG 6 on combating HIV/AIDS, malaria and other major diseases are providing a global public good. The clearly defined MDG health objectives have also served as a reference point for rallying global multi-stakeholder support, including from private actors such as the Bill and

Melinda Gates Foundation. The EU has supported health-related MDGs by providing assistance to the Global Alliance on Vaccines and Immunisation and the Global Fund to fight against HIV/AIDS, Tuberculosis and Malaria.

In terms of preserving environmental sustainability there have been globally successful initiatives such as the Brundtland Commission and the Earth Summit or the Montreal Protocol on Substances that deplete the Ozone Layer for preserving the global commons. More recently the UN Secretary-General's Sustainable Energy for All Initiative is gathering international support for sustainable development. The initiative on **R**educing **E**missions from **D**eforestation and **D**egradation (REDD+) is aligning international efforts in the forestry sector and has been mainly financed by ODA contributions.

The Extractive Industries Transparency Initiative (EITI) is another example of an international compact aimed at providing a public good on a global scale. The EU and some of its members have been slow to support the EITI, an initiative which demonstrates the potential of engaging with private sector companies in order to achieve greater transparency in the oil and mining industries across the world. Nevertheless, the EITI process indicates that internationally coordinated action for providing global public goods is within reach and the EU has an important role to play.

## **6 Why the EU?**

Of course, the EU is not the only actor involved in designing and establishing international regimes. The World Bank, for example, is starting to explore options for providing greater support to global public goods provision. There are, nevertheless, several steps the EU can take without waiting for anyone else. One starting point would be a development-oriented review of the EU's role in negotiating and maintaining relevant international regimes. The EU should also find ways to increase interaction with emerging economies and play a more active role in convincing these countries to join deliberations on a future framework. EU policies in areas such as agriculture, fisheries, trade and investment, taxation, migration, and international security have an enormous impact on development outcomes, and more careful consideration will need to be given to the global implications of these policy areas as they evolve.

The current debate about a global development agenda provides an opportunity to think about the kind of world we want to live in, and what is needed to get us there. The EU as a unified actor is a sleeping giant in this process, largely because of persistent divisions between Member States that can no longer drive global issues on their own, but are nevertheless reluctant to sacrifice sovereign autonomy for the sake of unity.

European politics are currently transfixed by the dramas of the Euro crisis and domestic austerity programmes in several countries, and ambitious international cooperation agendas have taken a back seat in public discourse. However, there is a bigger picture and EU member states and the European institutions have global responsibilities in these turbulent times. The EU remains crucial to this bigger picture because of what it is: a major global development actor, and a visionary project that has ensured the peace, stability and prosperity of a previously war-torn continent for nearly 70 years.

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Post 2015: what can the European Union  
learn from past international negotiations?

*Niels Keijzer / Adam Moe Fejerskov*



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## Post 2015: what can the European Union learn from past international negotiations?

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### **1 Introduction: negotiating as a European Union**

The world community is preparing for negotiating a post-2015 framework on global development that might refresh, revise or replace the Millennium Development Goals (MDGs). Negotiations will take place in a context that observers consider much less favourable compared to when the MDGs were negotiated.

There is a shared conviction among the Member States of the EU that when they operate as a “bloc” in international negotiations, they can exceed the sum of their individual nation-state parts. However that conviction is not always easily adhered to in practice in the presence of strong national interests, including the need felt by EU Member States to be visible and achieve influence on their own.

Effective European action in international negotiations covering more than one policy area is challenged by a high degree of “sectoralisation” in EU policy-making as well as by differing degrees of Europeanisation in the policy areas concerned. Preparing for international negotiations therefore presents coordination challenges involving multiple Directorates-General, Council configurations and Standing Committees of the European Parliament (ERD 2012).

The two main policy areas in the post-2015 discussions – development and environment – have two things in common: both are self-standing policy areas with shared competences between the EU and its Member States, and both seek to make other policies more “coherent” towards their overall objectives, as stated in EU treaties. Moreover, negotiations in both areas are sensitive, as they include both the actions of EU governments and citizens “at home” as being part of the EU’s external support to third countries.

The European Commission recognises the challenge posed by the upcoming negotiations, but has committed itself in its 2013 Legislative Work

Programme to “*put forward coherent EU positions bringing together the Millennium Development Goals, the post-2015 development agenda and Rio+20.*” The priority given indicates that the process is considered an important test case for EU joint action, which, as Table 1 shows, is much more “exposed” when compared to the past – both by new technologies and more inclusive meetings.

<b>Table 1: Estimated number of participants in selected international meetings</b>				
Event	Paris 2005	Accra 2008	Busan 2011	Rio 2012
Number of participants	150	1,500	3,000	45,381
Source: Authors' own compilation				

The following sections analyse the EU's engagement in three selected negotiation processes:

- The 2008 Accra High Level Forum on Aid Effectiveness
- The 2011 Busan High Level Forum on Aid Effectiveness
- The 2012 Rio Conference on Sustainable Development

The first two meetings allowed for learning from situations in which the EU had a relatively strong influence as the leading provider of official development assistance, whereas Rio+20 represents a United Nations negotiation process in which the EU's success depended much more on its ability to form broad-based alliances. Positive (+) or negative (-) findings are highlighted at the end of each description as the basis for the five lessons identified in the summary.

## **2 Aid effectiveness, Accra 2008<sup>1</sup>**

On 26 and 27 May 2008, the General Affairs and External Relations Council (i.e. EU ministers responsible for development cooperation) adopted four key priorities and ten key ingredients for a meeting to discuss progress made

1 The information and analysis on the High Level Forum in Accra that is presented in this chapter has been adapted from Keijzer 2011.

in implementing the 2005 Paris Declaration on Aid Effectiveness. These priorities formed the basis for a 22-page document detailing the EU position that was adopted on 22 July 2008.

The meeting subsequently took place from 2–4 September 2008. EU ministers arriving in Accra the night before the last day of the forum found that negotiations, as led by their technical staff, had reached a deadlock manifested in a text reflecting a lack of ambition. The EU at that time spread the rumour that they would issue a separate statement after the meeting to commit their willingness to go beyond a weak outcome document.

Following EU interventions, it was agreed just before the ministerial dinner that negotiations would be re-opened, with negotiators subsequently staying at the table until 3.00 a.m. and meeting again early in the morning to work on the text. Civil society observers then subsequently heard the European Commissioner for Development, Louis Michel, pronouncing that *“With this Accra Agenda for Action, we have an operational framework that will allow us to turn our promises into concrete actions.”* The resulting final text was widely considered to be more ambitious than earlier drafts.

**Box 1: Key findings from Accra**

+ early preparation and adoption of a position; endorsement at high political level; EU ability to adapt negotiation on the spot.

Europe’s strong engagement in Accra was part of a longer process, wherein the EU assertively promoted a high level of ambition in discussions on aid effectiveness and pushed others to do so – thus, to a large extent, it followed a “first mover” approach in the area of aid effectiveness.

The start of the economic and financial crisis later in 2008 gave some observers the impression that the EU had perhaps been too ambitious in its negotiations, as would be shown by its own limited progress in advancing the commitments that had been agreed to.

### 3 Aid effectiveness, Busan 2011<sup>2</sup>

Compared to its preparations for Accra, the EU was rather late in 2011 with preparations for the successor forum in Busan, Korea. By summer 2011 no formal discussions had yet taken place in the Council, whereas some Member States had by that time already submitted contributions to the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) with their own views on the zero draft (including Germany and the Nordic group).

The slow progress in Europe in moving towards a joint position on Busan has been linked to disagreements between Member States on what the focus should have been in Busan. Some were in favour of the Busan forum concentrating on the essence of the Paris Declaration – i.e. the “aid effectiveness agenda” – whereas other Member States wanted to fundamentally “open up” this agenda by bringing in new actors, interests, funding and/or policies.

The Commission published a formal Communication with proposed elements for an EU position – a change from preparations for Accra, where the Council had been more proactive. The 13-page document detailing the position was eventually adopted on 14 November 2011, leaving only two weeks until the start of the Busan forum.

After the opening plenary meeting in Busan, the co-chairs of the forum met with the secretariat and agreed that a Sherpa group would take responsibility for negotiating the final outcome document. Following a first proposal for the OECD to delegate three Sherpas, it was later increased to five (out of eighteen). Three of these five were European members: France, the European Commission as well as the United Kingdom, which was expected to represent the “Nordic+” group and thus also promote the interests of Canada, New Zealand and Australia. EU Member States thus were not convinced of the added value of negotiating as a European Union.

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2 The information and analysis on the High Level Forum in Busan that is presented in this chapter has been adapted from Keijzer (2011) as far as the European Union’s preparations is concerned, while the analysis of the EU’s engagement in the negotiations has been adapted from Atwood (2012).



**Box 2: Key findings from Busan**

- late finalisation of a position; Member States presenting unilateral positions in advance; EU unable to choose one representative to advance EU position during the forum.

During the forum the EU did not aggressively promote its position and especially did not want to be forceful in its negotiations towards the emerging economies; it was definitely much less assertive than during the Accra forum. Following the adoption of the Busan Partnership for Effective Development Cooperation, the main message promoted by EU Member States was that they managed to “enlarge the tent” of development cooperation.

#### **4 Sustainable development, Rio 2012<sup>3</sup>**

The Rio+20 UN Conference on Sustainable Development was held two decades after the milestone conference that led to the adoption of the Rio Declaration on Environment and Development. In February 2011, the European Commission launched a public consultation to gather inputs for a proposal that was to create a basis for a joint EU position. On 20 June 2011, the European Commission published a Communication meant to prepare the grounds for the EU’s position at the Rio+20 conference.

As the common position was taking shape in the spring of 2012, the Danish EU presidency recognised that ambitions of EU countries were beginning to wane. By May 2, the original 19-page draft of the EU position had grown to just under 200 pages. After the final talks, however, the EU and its Member States submitted a detailed 31-page document to the conference bureau.

A broad view on sustainable development through the concept of a green economy roadmap became the central element of the EU’s position – a roadmap that it sought to promote with specific goals, objectives and actions at the international level. However, the breadth of the sustainable development agenda itself implied a great challenge for the EU in negotiations, as it remained difficult to control and coordinate the interests of Member States.

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3 The information and analysis on Rio+20 that is presented in this chapter has been adapted from Fejerskov / Keijzer (2013).

Negotiations of the outcome document started in New York in the spring of 2012. The increasingly complex negotiations led to the creation of an EU core group consisting of the Commission, the European External Action Service, the EU mission to the UN and representatives from the Danish Presidency. Negotiation responsibilities were split among these four actors.

In practice the lead EU negotiators were supplemented by representatives from all parts of the core group and by Member States during the negotiations, with representatives providing inputs in the form of “diplomatic whispering”.

In the run-up to Rio, the EU adopted a joint political statement with the African, Caribbean and Pacific Group of States to work constructively during Rio to secure an ambitious outcome, but the EU was unable to form broad-based alliances around its position in the same way that had allowed it to be successful one year earlier in Durban in relation to climate change. One reason was a clear gap between the level of ambition of its position and the EU’s own practice and performance in promoting sustainable development.

Following the New York negotiations, the conference in Rio itself did not start until Wednesday, June 19, but the Brazilian hosts had gavelled through an outcome document before then. When the preparatory committee’s last official meeting had come to an end the week before – with still more than half of the text disputed – no one had expected this pace, as the Brazilian government was asked to lead in the remaining informal pre-negotiations. Eager to secure agreement, Brazil weakened more sensitive parts of the draft outcome document, resulting in a document reflecting only the lowest common denominator.

**Box 3: Key findings from Rio**

- + strong internal coordination approach; public consultation to seek broad-based support for the position; EU successful in reaching a broad position covering different policy areas.
- low performance in forming coalitions around key aspects of position; dense and detailed position inhibited flexibility and adaptation.

EU visibility at Rio was secured by a high-level delegation comprising the leaders of the EU institutions. The EU also tried to push for negotiations to continue among ministers, with a view to producing a more substantial agreement, but there was insufficient support for this.

The final 53-page document was endorsed by all, pleased no one and was essentially the same as that announced before the ministers had arrived. The initial response was one of disappointment, with Connie Hedegaard, EU Climate Commissioner, tweeting that “*Nobody in that room adopting the text was happy. That’s how weak it is.*”

Nonetheless, a significant result of the negotiations for the EU remains the ability of the EU negotiators to have “green economy” recognised as important in the final agreement, though it did not include the more far-reaching ambitions of a detailed roadmap. The commitment to develop and adopt SDGs by 2015 was also considered important.

## **5 How could the EU engage pre-2015?**

The analysis shows that the influence of the EU is significantly reduced when individual Member States distance themselves from previously agreed joint EU positions. This is not to say that the EU can push things on its own, but rather that unity in the EU’s positions and negotiation strategies – i.e. 28 states, each with their own wide-ranging views and interests – is key to convincing others that it would be worthwhile for them to align themselves with the EU’s views and ideas.

International negotiations have at least as many differences as they have similarities, so the three cases studied here can only modestly inform a broader reflection on what the EU can learn from its past engagement in relation to the upcoming post-2015 negotiations. The analysis presented here confirms that doing so is nonetheless important, and the findings indicate that there is definitely a learning curve ahead for the EU.

Five lessons are identified that could inform the EU’s preparation and negotiation actions:

1. Prepare well and complete on time: the approach to preparing EU positions has become heavier and more time-consuming, increasing the risk that a joint position could be adopted at a time when the draft outcome document is already at an advanced stage.
2. Keep things flexible: a too detailed position can hamper the EU’s flexibility (or reduce the usefulness of the position) in the case of unforeseen circumstances or strong shifts in the negotiation positions of

other countries. The need for coordination between negotiations on the post-2015 development agenda and the Sustainable Development Goals (SDGs) – and their full integration, as desired by the EU – definitely calls for such flexibility.

3. Seek broad-based alliances: the EU needs to strongly invest in seeking support from other United Nations (UN) members around key elements of its joint position if it is to negotiate successfully during the coming months.
4. Promote a broad agenda: compared to environmental policy negotiations, development cooperation negotiations show stronger tendencies of EU Member States operating on their own or in like-minded coalitions. The potential inclusion of Sustainable Development Goals into the post-2015 framework may reduce that risk. EU coordination during Rio+20 presented some ideas on how the EU could organise itself.
5. Convince with action, not with words: in negotiations the EU has developed a reputation of “do what I say and not what I do”. Given the possible greater focus of a post-2015 development agenda on areas and actions beyond development assistance, the importance of results in making policy areas such as trade and environment more development-friendly only increases.

On the 25<sup>th</sup> of June 2013, the EU’s General Affairs Council adopted its position towards negotiations of an overarching post-2015 agenda (EU 2013). This short, 4.5 page position shows that the EU is seeking to apply these and other lessons by means of adapting a brief, flexible yet broad position to guide its engagement, and by adopting it reasonably early in the process. The EU institutions have moreover engaged into dialogue with many non-EU nation states parallel to the discussions of this proposal. The analysis in this chapter shows that whereas these preparations help to make sure that the EU is well-placed to have an impact on the outcome of the negotiations, much will depend on the Union’s dexterity and coordination capacity to effectively negotiate as a Union of states in the upcoming demanding and erratic negotiations of a post-2015 agenda.

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## Part III

### Conceptual challenges for the post-2015 agenda





Millennium plus or Sustainable Development Goals:  
how to combine human development objectives  
with targets for global public goods?

*Markus Loewe*



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## Millennium plus or Sustainable Development Goals: how to combine human development objectives with targets for global public goods?

Markus Loewe

### 1 Introduction

For the last 20 years, the international development debate has been dominated by two trends that seem at first to be heading in a similar direction. However, under closer scrutiny they differ with respect to their focus and underlying philosophies. These are on the one hand the agenda of reducing poverty in developing countries in its various dimensions (lack of income, education, water, political participation etc.) that found their expression in the *Millennium Development Goals* (MDGs). On the other hand, there is the idea of sustainability that became popular at the Earth Summit in Rio de Janeiro in 1992 and that at the Rio+20 summit in 2012 generated a parallel concept to the MDGs: the so called *Sustainable Development Goals* (SDGs).

As a result, two separate processes started within the United Nations (UN) system: one of them to discuss whether there should be a new global development agenda after the term of the MDGs ends in 2015, and what such an agenda should entail; and the other to compile a list of possible SDGs. For more than a year, there was a very real possibility that these two processes could result in two separate sets of goals guiding international development policy after 2015.

However, UN member states, which met in September 2013 in order to design a process for the negotiations on a post-MDG agenda, were luckily very aware of this risk. In response, they adopted a very short, almost vacuous declaration, which contained mainly two messages: first, that future development goals should be truly universal targets, and second, that there should be only one “single framework and set of Goals” – i.e. no separate MDGs and SDGs.

The challenge is now to design a post-2015 agenda that fulfils the aspirations of both, the proponents of a second set of MDGs as well as the proponents of SDGs. The latter see poverty as merely one of a number of global issues to be addressed, which again makes those in favour of the MDGs afraid that

poverty reduction will become secondary in an SDG agenda as just one item among many others. On the other hand, the pro-SDG side criticises the MDGs for having a too narrow concept of development and giving immediate results preference over socially, economically and ecologically sustainable ones. Both are valid concerns, and thus it is important to find a solution that takes them both into account, while still satisfying the interests of countries around the world.

This article discusses what a solution could be. It argues that a future post-2015 agenda should be made up of two separate but mutually referring sets of goals – one concentrating on human development, the other on global public goods – because this distinction would address the most serious concerns of the proponents of either pure MDGs or pure SDGs

The article proceeds as follows: Section 2 looks back into the past in order to recall how the MDGs emerged. Section 3 identifies their main strengths, Section 4 their weaknesses. Section 5 explains why and how the competing idea of SDGs came up. Section 6 discusses which criteria a post-2015 agenda would ideally fulfil. Section 7 discusses the key question which goals that agenda should contain. Section 8 suggests that the post-2015 agenda should have two separate but inter-related lists of goals. And Section 9 examines the scope of a post-2015 agenda.

## **2 Emergence of the MDGs**

The MDGs are the outcome of a development that entailed an at least partial departure from the so-called Washington Consensus, which dominated the international debate during the 1980s. It found expression above all in the stabilisation and structural adjustment programmes of the International Monetary Fund and the World Bank that provided for consolidation of the current accounts and budgets of indebted developing countries, continuous and non-interventionist monetary and fiscal policies and structural market reforms (market opening, deregulation and privatisation). Poverty reduction was largely equated with higher economic growth, the assumption being that such growth would, sooner or later, benefit the poor through trickle-down effects.

In the early 1990s, however, it gradually became apparent that this assumption was, at least in its then current form, not tenable. Indeed, in

many developing countries – above all in Africa, but also in Latin America – poverty had even worsened under the SAPs (Betz 2003, 456). As early as the mid-1980s UNICEF, the UN Children’s Fund, voiced criticism of the high costs exacted by the SAPs and called for “adjustment programs with a human countenance.” This demand was underpinned programmatically by the United Nations Development Programme (UNDP), which, in 1990, released its first Human Development Report (HDR), a counter piece to the World Bank’s World Development Report. The HDR argued that economic growth did by no means automatically come along with social development (e.g. on education and health indicators) (UNDP 2000). The report further noted critically that the development debate was largely dominated by a one-dimensional, purely economic understanding of poverty. Based on the capabilities approach pioneered mainly by Amartya Sen (Sen 1981), poverty was now defined as multiple deprivation of capabilities, i.e. as a lack of means that are needed to carry out the activities one cherishes and to live a life of self-determination (Lipton / Ravallion 1995). Five groups of capabilities can be distinguished:

- *economic capabilities* (on the basis of income and assets),
- *human capabilities* (health, education and access to food, water and habitation),
- *political capabilities* (freedom, voice, influence, power),
- *socio-cultural capabilities* (status, dignity, belongingness, cultural identity) and
- *protective capabilities* (protection against risks).

The disappointing balance of development in the 1980s also led to the calling, in the early 1990s, of a number of international conferences in the UN framework that dealt with various aspects of social and ecological development. The first of these conferences was the 1990 Summit on Education for All in Jomtien (Thailand), which was organised by UNESCO; at it the international community defined a number of educational goals, including an important one calling for access, for all children – girls and boys alike – by the year 2000, to a complete course of primary education. It was followed by the World Summit for Children in 1990 in New York. One conference of particular importance for what was to come was the 1995 Copenhagen World Summit for Social Development. And each conference adopted long lists of goals in its respective topic (education, food, child development...).

In 1996, the OECD's Development Assistance Committee (OECD/DAC) released a report on "*Shaping the 21<sup>st</sup> Century: The Contribution of Development Co-operation*", which took up the central goals defined by the main world conferences and proposed a global development partnership geared to achieving these "ambitious but realisable goals" (OECD/DAC 1996, 2) by the year 2015. These so-called International Development Goals were to be pursued and implemented by each country on its own. The key consideration here was to make donor aid more effective and poverty-oriented. In addition, the OECD/DAC started taking poverty as a multi-dimensional phenomenon rather than simply a lack of income.

Almost all of the International Development Goals were taken up by Chapter 3 of the Millennium Declaration, which was adopted by the United Nations (UN) at its Millennium Summit in 2000. Other main chapters of the Millennium Declaration are about *Peace, security and disarmament* (Chapter 2), *Protecting our common environment* (Chapter 4) and *Human rights, democracy and good governance* (Chapter 5).

And one year later again, a commission was constituted with representatives from the UN, the World Bank, the OECD and other international organisations to bring the goals of Chapter 3 into a new form and specify them by 16 targets and 48 indicators: The MDGs were born, which were subsequently extended to 21 targets and 60 indicators today.

The time had come, eleven years after the end of the cold war and before the emergence of possible new international conflicts, and so it was possible to define clear value targets and a target year to a number of the goals in the Millennium Declaration and present them to the UN General Assembly as the MDGs in 2001 (see Box 1).

#### **Box 1: The Millennium Development Goals (MDGs)**

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health



6. Combating HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

### 3 Strengths of the MDGs

The MDGs have four major strengths:

- *The MDGs are highly relevant in both, objective and subjective terms.* On the one hand, they measure key aspects of human well-being and human development. On the other hand, they are plausible, acceptable and easy to agree on by everybody because they are close to the imaginative capacities of everybody – if rich or poor.
- *The MDGs constitute a short (!) list of simple goals.* Hence, they are easy to understand, easy to remember and easy to communicate.
- *The MDGs are goals for people.* They are final end goals of development (i.e. what people want to achieve) rather than instruments (what people need only to achieve their aims). Or put differently: The MDGs measure outcomes rather than inputs.
- *And the MDGs are SMART goals: Specific, Measurable, Agreed upon, Realistic and Time-bound.* Hence, they are suitable for measuring progress and comparing the efficiency of countries, inputs or strategies.

These strengths provide the MDGs with considerable opportunities:

- *Create synergies:* The fact that the MDGs are a compact list of relevant goals that all relevant actors have agreed upon (at least all actors who were relevant at the time when the MDGs were issued) bore the opportunity to foster co-operation. The MDGs provided, for the first time ever, a common goal system for all actors that were active in development policy at that time, one that had been agreed on by developing countries, traditional donor countries and international organisations and was thus well suited as the basis of a global partnership for development. All actors involved were from that day on able to key their efforts and contributions to this goal system and in this way to improve (i) donor alignment, (ii) the

harmonisation of bi- *and* multilateral donors and (iii) coherence of donor policies. This not only made it possible to concentrate forces, it also set the stage for greater continuity in international development policy.

- *Strengthen outcome orientation*: Furthermore, the MDGs provided an opportunity for a more pronounced outcome orientation. Their very existence called for concrete achievements at a fixed point in time and, hence, for (i) timely, impact-oriented inputs, (ii) aid efficiency, (iii) continuous monitoring and (iv) early readjustments. What individual donors contributed individually did not matter anymore; the crucial factor was what impacts they had achieved by working together.

At the same time, there is no navigator for the MDGs: They contain just targets, no strategy of how to achieve these targets. Some people see this lack as a considerable flaw of the MDGs and therefore called repeatedly for an implementation plan. However, the lack is also a chance because it allows each developing country to pursue its favourite development path towards the MDGs. In fact, one of the core aims of creating the MDG agenda was to strengthen their ownership in development policy making: i.e. let them sit on the driver's seat rather than to teach them once again what they should do like in the 1980s. And probably, a one-size-fits-all-strategy for the achievement of the MDGs does not even exist – until today.

- *Make all involved parties accountable*: The existence of the MDGs invited the public both in developing and developed countries to ask governments what they were doing to achieve the MDGs, to compare the results of government policies with a benchmark and to make governments responsible for failures in the achievement of the MDGs.
- *Mobilise energies and resources*: The fact that the MDGs are easy to accept, understand, remember and communicate makes them a perfect publicity instrument. They were very good after 2000 for redirecting public attention in the global North to the problems of the global South, for mobilising civil societies in all countries and for making them request their governments to double their efforts and contributions for international development.

This made it possible to re-ignite the interest in development issues in the countries of the North and strengthen willingness to put more resources into aid. Further, the MDGs have increased the accountability of actors in both

the North and the South, which contributed to greater results orientation and effectiveness of development policy and conventional development co-operation.

Proponents of the MDGs argue that, to be as successful, a new international agenda beyond 2015 should also be straightforward and realistic.

## 4 Weaknesses of the MDGs

Meanwhile, the critics of the MDGs point out that these have a number of weaknesses as well:

*First*, the MDGs constitute an incomplete agenda. They originated in the Millennium Declaration (see above), but only cover Chapter 3 (*Development and poverty eradication*) in addition to parts of Chapter 4 (*Protecting our common environment*), completely leaving out Chapter 2 (*Peace, security and disarmament*) as well as Chapter 5 (*Human rights, democracy and good governance*).

Equally, they cover only some dimensions of multi-dimensional poverty. MDG1 measures *economic capabilities*, while MDGs 2–7 cover *human capabilities*. But none of the MDGs appraises changes in *socio-cultural or political capabilities* (freedom, voice, access to justice, transparency), and *protective capabilities* are considered only at the margin.

And the MDGs leave out many of the goals that the world community had already agreed upon at the global conferences that have taken place during the 1990s. Box 2 shows that the MDGs echo, for example, only a few small segments of the six goals for education for all that the United Nations have adopted with the Dakar Framework for Action adopted at the World Education Forum in Dakar in April 2000.

### **Box 2: The Dakar Framework for Action (2000)**

We hereby collectively commit ourselves to the attainment of the following goals:

- (i) expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children;

- (ii) **ensuring that by 2015 all children, particularly girls**, children in difficult circumstances and those belonging to ethnic minorities, **have access to** and complete, free and compulsory **primary education** of good quality;
- (iii) ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programmes;
- (iv) achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults;
- (v) eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality;
- (vi) improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

Note: Only the segments printed bold are also included in the MDG agenda.

Source: UNESCO (2000)

*Second*, the MDGs neglect distributive issues. Inequality is a severe obstacle for many aspects of development. Nevertheless, the MDG agenda contains only one indicator (under the head of MDG1) capturing one aspect of distribution: the share of the poorest quintile in consumption. In addition, MDG1 focuses at least on the most deprived individuals in society. In contrast, MDGs 4 and 5 for example call for improvements in mean values of mortality rates thereby ignoring who benefits from such progress. As a consequence, many governments may be tempted to reduce child and maternal mortality rates for social groups that enjoy already below-average rates (such as e.g. the urban middle class). Progress for these groups may be cheaper and easier to achieve than for the most deprived groups who live in squatter and rural settlements and are thus more difficult to reach by health care services.

*Third*, some MDGs measure *outputs* or *inputs* rather than *outcomes* or *impacts* of development. MDG2, for example measures only the intake of education, regardless of its quality or relevance for economic, social and political life. Its existence has led to a significant acceleration in the rise of school enrolment rates – but in many countries at the expense of the quality of education: more children went to school but the number of teachers and the space in school buildings did not increase correspondingly.

*Fourth*, some MDGs cannot even be measured – either because no indicators or targets were set, or because for certain indicators no data is available. There are, for example, no reliable data for maternal mortality for the majority of developing countries for the base year 1990 that would be needed for tracking progress since then and benchmarking it against the goal to reduce maternal mortality by three quarters between 1990 and 2015. No indicators exist at all for MDG1b (productive employment and decent work for all) and MDG 7a (environmental sustainability) as well as for most targets of MDG8 (global partnership of development), which was initially meant to quantify the contribution of donor countries.

*Fifth*, the MDGs cannot easily be transformed into national objectives. They were originally formulated as global goals, but, without modification they were increasingly seen as national objectives in order to create national accountability.

This interpretation constitutes a particular challenge to the least developed countries, which tend to have started out in the baseline year 1990 with much poorer performance than other countries with regards to most MDG indicators. Therefore, it has been especially hard for them, for instance, to achieve MDG1c, which calls for a reduction in the share of malnourished people by half between 1990 and 2015. Countries that start from a higher share of people with malnutrition have more difficulties in achieving the goal than other countries, because the goal implies a much greater reduction for them in the absolute number of people with hunger. It would therefore be good to create a fairer formula for allocating the responsibilities or contributions to implementing the common global goals to each country.

At the same time, the seeming failure of many developing countries – most of them particularly poor and hence receiving especially large amounts of aid – was a strong factor for undermining the acceptability of development co-operation in the donor countries. We observe that on average countries with high initial levels of deprivation (high mortality rates, high non-

enrolment rates) have made much more progress in absolute terms (e.g. reduction in child mortality in percentage points) than more advanced countries but that they have achieved less progress in relative terms. This is due to the fact that the trajectory of achieving the MDGs over time tends to be an S-shaped curve with little initial progress, accelerated progress in the mid-term and again little progress on the final stretch. Formulating the MDGs in relative terms comes closer to what one could expect from individual countries than formulating them in absolute terms. The most realistic formulation for MDGs applied to the national level would have been somewhere in between.

*Sixth*, some goals at the global level were unrealistic right from the start (e.g. MDG 2, which demands total enrolment in primary education worldwide), while others demonstrate low ambitions, at least at the global level (e.g. MDG1, which asks for halving the share of people that suffer from income poverty and which according to the World Bank has already been achieved).

*Seventh*, the MDGs lacked legitimacy at least at the beginning: They were selected and formulated by a committee of experts from the OECD and international organisations with hardly any representation of countries in the Global South. After that, they have not even been formally adopted by any legitimate international body: They were presented to the UN General Assembly in 2001 but without any act of formal endorsement. In a way, this procedural error has been cured later by the fact that several international declarations – which have been adopted by all UN member countries – make ample reference to the MDGs and thereby indirectly legitimised the goals. This includes, among others, the Consensus on Finance for Development adopted in Monterrey in 2002, the Declaration of the World Summit on Sustainable Development held in Johannesburg in 2005 and the Outcome Document of the Millennium+5 Summit held in New York in 2005. In addition, there is no doubt that the MDGs as such mirror very well some of the core concerns and wishes of poor and vulnerable people in low and middle income countries. But there is still an argument left that the MDGs go back to an initiative that originates predominantly within the OECD and which builds considerably on the traditional system of development co-operation between OECD donor countries and low-income partner countries in Africa, Asia or Latin America.

At the same time, the philosophy of the MDGs agenda is still very much coined by the world order of the cold war and immediate post cold war

periods: the existence of a large number of more or less underdeveloped countries with a lack of financial and technical means and a limited number of rich countries, which were supposed to provide some kind of aid to the others. The message of the MDGs was that developing countries were responsible themselves for reaching MDG 1-7 but that donor countries had to provide support to their efforts in addition to implementing MDG8. Of course, the world today is no longer bipolar in this way; it has many very different kinds of countries with different kinds of problems including several ones that receive and give development assistance at the same time.

Furthermore, many criticise the MDGs as well for being too focused on the social sectors and neglecting the production sectors and economic development. This judgement, however, is unfair for two reasons: First, the MDGs do not focus on particular sectors, but on goals of human development. Achieving the health goals (MDGs 4–6) may well require investments in healthcare, but it may also (and often even more) call for investments in the education or water sector. Second, economic growth, transport infrastructure and a functioning private sector tend to be essential to be preconditions for long-term poverty reduction and for the achievement of the MDGs. But they are no ends in themselves and should therefore not have a place in an MDG agenda.

## **5 Emergence of the SDGs**

Proponents of an SDG agenda further criticise three other aspects of the MDGs: (i) they are not global goals and ultimately put obligations on the developing countries only; (ii) they are generally short to medium term and thus run counter to policies that are oriented towards sustainability, which necessarily have to be inherently longer-term; (iii) central areas of sustainable policies – chiefly environmental objectives – are not reflected sufficiently.

These points of criticism are justified. The first one can be addressed by the introduction of common but differentiated responsibilities (CBDR), which means that the formulation of the goals must take differences between countries with regards to their level of development into account. This means that every country should be requested to make progress towards all goals at the national level – depending on its individual capabilities and needs – but also contribute to the achievement of the goals in other

countries, respectively on the international level – again depending on the each country's individual capabilities. Such an approach would at the same time come up to the fact that the world is no more bipolar (consisting of just some donor and many recipients countries of development aid). Each country would be treated as being a potential donor and a potential recipient country at the same time.

<b>Box 3: Issues that the Rio+20 declaration has suggested to be addressed by Sustainable Development Goals (SDGs)</b>	
<ul style="list-style-type: none"> <li>• Poverty reduction</li> <li>• Food security and nutrition and sustainable agriculture</li> <li>• Water and sanitation</li> <li>• Energy</li> <li>• Sustainable tourism</li> <li>• Sustainable transport</li> <li>• Sustainable cities and human settlements</li> <li>• Health and population</li> <li>• Promoting full and productive employment, decent work for all and social protection</li> <li>• Oceans and seas</li> <li>• Small island developing countries</li> <li>• Least developed countries</li> </ul>	<ul style="list-style-type: none"> <li>• Landlocked developing countries</li> <li>• Africa</li> <li>• Regional efforts</li> <li>• Disaster risk reduction</li> <li>• Climate change</li> <li>• Forests</li> <li>• Biodiversity</li> <li>• Desertification, land degradation and drought</li> <li>• Mountains</li> <li>• Chemicals and waste</li> <li>• Sustainable consumption and production</li> <li>• Mining</li> <li>• Education</li> <li>• Gender equality and the empowerment of women</li> </ul>

The other two points of criticism question the MDGs much more fundamentally. However, current proposals for a future SDG agenda have not created an alternative to the second criticism. They too envision a



rather short-term horizon and the indicators suggested so far do not include aspects of sustainability as well. The proposed agenda differs from the MDGs mostly in that there is a wider range of goals that matter from a sustainability perspective. Since each of the proposals for a possible future SDG agenda are still in a preliminary stage and sometimes vary widely, Box 3 lists the issues suggested by the Rio+20 summit's final report for a future SDG agenda.

Of course, the MDGs are not a purely socio-political agenda and neither would potential SDGs be just environmental. Both approaches involve similar ideas. They differ mostly with respect to their underlying thinking: While the MDGs are mostly inspired by improving the living conditions of the poorest people, the SDGs main concern is shaping development sustainably.

## **6 Consequences for a new international agenda**

What needs to be avoided is that MDGs and SDGs are created without being coordinated. Indeed, it is necessary to design an integrated agenda for post-2015 that takes the poverty as well as sustainability debates into account. The coexistence of two separate agendas would bear the risk that one of them would attract considerably more attention and, thus, impetus than the other or that different kinds of countries highlight one or the other. In addition, the links between both would probably be widely disregarded. So far, very little research has focused on these links – which are mainly effects of social achievements on environmental goals and vice versa. This relationship may benefit from synergies but also suffer from trade-offs... we cannot say in general (Loewe et al. 2014). Even trade-offs are no reason to have separate agendas. They exist anyway – no matter how we frame the future development agenda. On the contrary, the world community should even make sure that such trade-offs are taken into consideration – just like synergies. If there are synergies, these should be exploited. And if there are trade-offs, we should not close our eyes but be aware of them and try to find smart solutions to cope with them. That means that both, synergies and trade-offs would have implications on how the future goals should be formulated. And these are much easier to consider when all goals are part of the same agenda.

And this joint agenda should have the strengths of the MDGs while avoiding their weaknesses, i.e. its goals should

- be highly *relevant* in both, objective and subjective terms like the MDGs,
- have once again only a *limited number of easy-to-understand goals*,
- be goals for people like the MDGs, i.e. *final end goals* rather than instruments,
- be SMART (*specific, measurable, agreed, realistic, time-limited*),
- be more comprehensive than the MDGs (include additional dimensions of development / well-being such as e.g. political, socio-cultural and protective capabilities),
- consider distributional issues,
- avoid inconsistencies (all targets should focus on outcomes rather than inputs or outputs),
- be truly universal i.e. defined on the global level but relevant and applicable nationally for all countries,
- be still binding for all countries,
- be ambitious but realistic and fair – globally and for every single country
- control for the sustainability of development and
- be negotiated from the beginning by all countries and actors (state, society, private sector etc.) and be formally adopted by the United Nations.

Without any doubt, very wide-ranging consensus exists today that any future international development agenda must comply with these criteria. However, there is considerable tension: Several of these criteria conflict with others:

For example, the aim to have a short, memorable list of goals conflicts with the aim to have a more comprehensive list of goals.

Likewise, it is impossible to construct a comprehensive agenda covering all relevant aspects of development / well-being with only SMART goals. Some aspects of development / well-being are difficult, others are impossible to specify and quantify. For example, there is a reasonable explanation for the fact that Chapters 2 and 5 of the Millennium Declaration (*Peace, security*

*and disarmament; Human rights, democracy and good governance*) have been entirely neglected when the MDGs were extracted from the Millennium Declaration. It is extremely difficult to find good single proxy indicators for measuring and monitoring development in peace or human rights; probably one would need long lists of indicators (if an agreement on a canon of lists can ever be made).

Further, it is impossible for a future agenda to meet all of the following four criteria at a time: (i) to be truly universal (i.e. to be defined on the global level but relevant and applicable nationally for all countries), (ii) to be ambitious but realistic and fair – globally and nationally, (iii) to be binding for all countries, and (iii) to be still a short list of goals that are easy to understand and remember.

It is possible to fulfil two or three of these criteria but not all at a time: If goals are meant to be universal (applicable and intended to guide action in all countries) while also binding at the national level, they must be automatically convertible into national goals. The MDGs tend to be converted into national goals without adaptation to the needs and capabilities of different countries: all countries are expected to make the same progress in the improvement of MDG indicators in relative terms (e.g. to halve their respective share of people in absolute poverty). As we have argued, this practice is unfair to less developed countries because one and the same improvement in relative terms means much faster progress in absolute terms for countries that start from higher poverty levels. And it becomes even more unfair when goals are set for all countries: not only low and middle income but also high income countries.

The problem can be solved by a discrete conversion procedure, which defines different groups of countries (e.g. low, middle and high income) and assigns tasks with different levels of difficulty to each of them. It reduces only somewhat the initial problem because still countries with very different income levels must achieve the same improvement in MDG indicators as long as they belong to the same group of countries (e.g. middle income countries with a per capita annual income anywhere between 1036 and 12,615 USD in PPPs). In addition, the procedure creates an additional problem: discontinuities at the thresholds between country groupings. These imply that a country that moves up from an income of 12,615 to 12,616 USD per capita and year in PPPs has to fulfil a significantly more difficult task from one moment to the next. Only continuous conversion factors can solve the problem because

they make the difficulty of tasks rise smoothly and without any rupture with increasing levels of income or other parameters of development.

A continuous conversion procedure, however, is very difficult to understand – at least for non-experts – and may deliver entirely unexpected results. It would therefore offend against the fourth criterion mentioned above and hence cost the future development agenda one of the main strengths of the MDGs: that they are easy to understand, easy to memorise and easy to communicate.

Another challenge is to control for the sustainability of development. Of course, it is possible to strengthen the sustainability goal (now MDG7) to include additional aspects of environmental and natural resource protection. But the word “sustainability” has a much broader aim. It can be defined as the capacity to endure, which may be challenged not only by environmental but also by economic and social degradation. To control for sustainability therefore means that longer term negative effects of the achievement of one goal on the same or other goals are taken into account. This task calls for the definition of future international development goals as a dynamic optimisation problem, which makes these goals once again very complex and difficult to understand.

One way to solve the problem is to define target variables with side conditions such e.g. the goal to reduce income poverty as fast as possible without accelerating climate change. This solution, however, creates a new problem: Poverty reduction can be measured at the global, national or sub-national level while climate change can only be measured globally. This is due to the fact that poverty reduction is a final end goal of human development – a goal for people – while climate stability is a goal for the planet. Humanity might not have to bother about it if climate change was not expected to fire back on human development after one or more decades. In this way, climate stability can be seen as a control variable for the sustainability of achievements made towards human development or as an instrumental variable for long-term progress towards most different aspects of human development.

It is thus most important to include climate change as a goal in the future global development agenda! But it is also problematic to add it as just another goal next to final end goals of human development such as income poverty reduction, nutrition, education and health. To limit climate change is perhaps much more urgent than to take more action towards the existing MDGs but the goal is distinct from most of the MDGs in terms of the level

of aggregation (global versus individual or national), time-horizon (long-term versus short-term) and function (instrumental versus final goal).

One could argue in a similar way for several other, highly important goals such as (i) the stability of financial markets, (ii) the existence of an open, rules-based and fair world trade system, (iii) the containment of infectious diseases, (iv) the joint global management of oceans, the atmosphere, space, polar regions, fresh water resources or (v) the curbing of international terrorism. All of these are highly important global goals but mainly as instruments to control for ('enablers of') sustainable, long-term human development.

Finally, there is also, of course a tension between the claim that the future should be evenly agreed upon by all countries and different actors of development (states, the private sector, societal initiatives and international organisations) and the need to have ambitious goals covering all relevant fields of human development. The interests of countries and actors of development are much more diverse today than at the time when the MDGs were established so that some compromises have to be made by all parties involved. Nobody should aspire to get a perfect agenda after 2015. Nevertheless, there is some hope for the possibility of smart compromises because in many areas, conflicts are not really due to contradictory interests in development outcomes as such. Rather, they can be attributed mainly to the fact that different countries and actors of development have different opinions on the question what a fair sharing of the costs of achieving a specific goal would be. In such a situation, the negotiations would have to focus on the distribution of financial burdens rather than the exact contents of a goal.

## 7 Selection of goals

A major issue in the negotiations on a future development agenda, which are going to start in early 2014, is the question which goals should be included in the agenda. The discussion on this issue should be guided by the selection criteria listed in the previous section – despite all problems discussed to reconcile them.

In any case, it is almost beyond any dispute that the *reduction of income poverty, food security, education, health, family planning and gender*

*equality* will show up again in one way or the other (of course the focus will have to be much more on outcomes than in today's MDGs – in particular in education). In addition, it is a good idea, and has the agreement of most countries, to include a goal *infrastructure*, which will encompass the already included sub-goals water and sanitation, as well as adequate housing and energy supply.

Further, there will possibly be agreement on a goal *resilience* that will refer to human and social security – i.e. the protective capabilities of human beings against social risks, economic risks, natural and ecological risks (earthquakes, floods, torments, drought...), man-made ecological disasters (river pollution, soil degradation, deforestation, nuclear disasters...) and social and political risks (theft, domestic violation, violent attack, kidnapping, rioting, resettlement, torture, war, coup d'état...).

In spite of possible opposition from certain countries, it would also be desirable to introduce a framework for *political and socio-cultural capabilities* (human rights, good governance, peace, security, civil rights, social inclusion etc.).

It would further be desirable to take *distributive issues* into consideration. This does not mean introducing an additional goal *distribution* but rather measuring achievements towards each goal separately for different population groups or even better giving results different weight according to the segment of the population (rich and poor, women and men, urban and rural, disadvantaged and privileged etc.), to avoid general advances in a country for a given indicator either hiding strong internal differentiation, or in extremis overall improvements solely being the result of progress among those already privileged.

Most controversial is what can be done to improve the status of *environmental* goals. The Rio+20 Declaration suggests a number of objectives for a prospective SDG agenda. Many are already included in the MDG agenda – as sub-goals or indicators (i.e. biodiversity, protection of forests, reducing carbon emissions), but their commitment and status could be strengthened. Other goals suggested by the Rio+20 agenda also involve *outcomes* and thus could easily be included in a new development agenda (such as protection from desertification, soil degradation or over-exploitation of fresh water resources), while the same could be more difficult for goals that cannot be measured according to indicators at the micro-level and which strictly speaking are not actually final goals, but instruments, i.e. 'enablers' of

development such as e.g. climate stability (see Sections 5 and 6). Without them, many final end goals of development cannot be achieved on the long-term.

In the same way, it does not make much sense to add goals such as *economic growth, access to technologies and drugs, fair global trade* or the *stability of capital markets* to current MDGs. Some commentators have advocated integrating these into a future international development agenda – but they are conditions for short-term and in particular for long-term progress towards many of the final end goals of human well-being. Just like climate stability and some other aspects of environmental protection, these goals are crucial instruments rather than ends of development.

In addition, in contrast to most of the MDGs, these instrumental goals require international co-ordination. It cannot be left to the individual decisions of national governments whether these goals are achieved or not because these decisions have external effects on other countries. Free-riding is likely because the costs of measures taken to achieve these goals have to be borne individually while the benefits are shared.

## **8 A two-part agenda**

A post-2015 agenda will therefore have to be accompanied by a second agenda of goals referring to the conservation / production of global public goods (see Box 4). This second agenda would contain many of the targets now included in MDG8 but also some of the instrumental goals coming from the Rio+20 process (known as SDGs). In any case, the goals of this agenda must be more ambitious, concrete, measurable and binding than today's MDG8. One way to think about this is to apply the principle of 'common but differentiated responsibilities'.

Possible issues for the second agenda are: (i) climate stability, (ii) the protection of oceans against overfishing, acidification and filling with solid waste, (iii) the joint management of scarce mineral resources, global energy reserves and fish reserves, (iv) the joint management of global food production, (v) cross-border management of water reserves, (vi) the control of infectious diseases, (vii) the development of an accessible, equitable and rule-based international trading system (already a target in MDG8), (viii) stability and integrity of the global financial system, (ix) the containment

<b>Box 4: Possible structure of a post-2015 international agenda in two parts</b>	
<p><b>Agenda 1: Human development objectives (final goals of development)</b></p> <p>5-8 goals such as, for example:</p> <ul style="list-style-type: none"> <li>• Reduction of income poverty</li> <li>• Food security</li> <li>• Education</li> <li>• Health and family planning</li> <li>• Infrastructure (energy, housing, water and sanitation)</li> <li>• Environment (clean air and water, protection of resources)</li> <li>• Resilience (human and social security)</li> <li>• Good governance (transparency, efficiency, political participation, human and civil rights)</li> </ul> <p><b>Monitoring:</b> <i>on the local (micro) level and differentiated by gender, income and location in order to control for the distribution of policy outcomes / equity issues</i></p>	<p><b>Agenda 2: Essential global public goods (instrumental goals / enablers of development)</b></p> <p>5-8 goals such as, for example:</p> <ul style="list-style-type: none"> <li>• Limiting climate change</li> <li>• Joint global management of oceans, the atmosphere, space, the polar regions, fresh water resources</li> <li>• Containing infectious diseases</li> <li>• Improving the stability of financial markets</li> <li>• Creating an open, rules-based and fair system of world trade</li> <li>• Curbing international terrorism</li> <li>• Disarmament of anti-personnel mines and weapons of mass destruction</li> </ul> <p><b>Monitoring:</b> <i>on the international level</i></p>

of international terrorism, (xi) the elimination of anti-person mines and weapons of mass destruction etc.

In addition, the second agenda should contain an agreement on a fair distribution of the costs of actions taken for the conservation / production of these global public goods including binding commitments on development



assistance for the achievement of the goals in the first agenda and on goals for policy coherence for development.

The two agendas would depend on each other and therefore form one unit. They should thus be negotiated as a package. Nevertheless, there are reasons for having separate lists:

*First*, the goals in the second list differ in conceptual and methodological terms from those in the first list: (i) They are instrumental rather than final goals of development. (ii) They focus on inputs and outputs rather than impacts or outcomes such as the goals in the first list. (iii) They are measured by macro-level indicators, i.e. they refer to regions, countries or the whole world, while most of the indicators in the first list are (aggregated) micro-level variables using data on individuals. (iv) They refer to global public goods, which matter for everybody on Earth, while the goals in the first list focus on the main problems of the most deprived human beings globally (see Janus / Keijzer 2013).

*Second*, the goals in the second agenda are instrumental for those in the first agenda. The goals in the first list are also mutually supportive (like education and health) but the *positive* causal relation between the two agendas tends to go much more in one direction only: Poverty reduction can also have an impact on the goals of the second agenda but this effect is negative (like for example on climate change) or much weaker than the reverse impact (a reduction in the number of poor people may have a limited positive impact on the stability of the financial markets).

*Third*, the goals in both agendas are the expression of slightly different philosophies that are difficult to unify/bring together at equal weight in a single agenda. Adherents of the MDGs warn that their replacement by a more comprehensive SDG agenda might marginalise the issue of poverty eradication and development within a much broader agenda of solving global problems, while the protagonists of a new SDG agenda fear that introducing just a few selected goals from the outcome document of the Rio+20 summit might soak the entire sustainable development philosophy.

The separation between two lists within one package could thus also be seen as a compromise between two extreme positions: (i) of those who argue that a new international development agenda should continue to have its focus on global poverty rather than to cover somehow all global problems and (ii) of those who argue that given the interdependencies between these

problems the new agenda has to be much more comprehensive than the current MDGs and that it should be radically more global rather than to focus on decreasing number of aid-dependent countries.

## 9 Scope of the future agenda

All goals of the post-2015 agenda should be universal in every sense of the word: The goals of the second part are so by definition, as they refer to global public goods and can thus only be measured globally. But those of the first part should also apply to all nations, bind all nations and be ambitious for all nations, rather than just developing countries, as is the case with the current MDGs. This will require differentiation to transform the global goals into national objectives, making them both achievable but also ambitious according to each country's capacities. This will encourage the reduction of poverty, mortality and school dropout rates in the rich countries as well.

The goals should thus be seen as a global challenge that all countries can only master when they co-operate. All have immediate responsibility for the achievement of the goals in the first list in themselves, shared responsibility for the goals in the second list and intermediate responsibility for the achievement of the goals in the first list in other countries. The latter, intermediate responsibility is maintained in two ways: (i) by contributions made towards the achievement of the goals in the second list (referring to the conservation / production of global public goods, which are all essential for the achievement of the goals in the first list), and (ii) financial and technical assistance provided to the countries that are unable to achieve the goals in the first list on their own (especially very poor or fragile countries).

Aid will thus continue to be an important element in the implementation of the new development agenda, which means that aid effectiveness will still be relevant. However, financial aid at least will only matter for a smaller and smaller number of least-developed countries. At the same time, domestic sources of funding will gain importance for all countries world-wide.

An alternative to the notion of "aid" could be "financial contributions towards the achievement of the new MDGs", which would allow a more comprehensive understanding of global development finance. The financial contributions paid by individual countries for the conservation / production

of global public goods would be differentiated according to their respective wealth and per-capita income level recognizing the issue of international as well as domestic inequality and thereby allowing even for negative contributions (i.e. net receipts) for very poor countries.

This would entail a degree of automatism as well as fundamental international agreements with regard to financing mechanisms (international taxes and fees; agreements regarding illicit financial flows) as opposed to the post-colonial donor-recipient “aid”-relationship with its inherent imbalance of power and its flawed accountability mechanisms.

Ultimately, the concept of aid effectiveness would be substituted by a concept of “effectiveness of financing sustainable global development” comprising public and private, domestic and international sources of finance.

A truly universal agenda of this kind is also much better able to generate real policy coherence than today’s MDGs. So far, policy coherence has been geared towards doing ‘no harm’ to the poverty reduction objective. The new global framework, in contrast, should enable development ministries and agencies to closely co-ordinate and align their approaches with other sector ministries and agencies and to agree on a coherent strategy including common objectives and guiding principles. What is needed is a systematic and coherent conceptual approach to global development followed and implemented by the ‘whole-of-government’. Other sector ministries in member states need to do more than ensuring that their policies ‘do no harm’ to the poverty reduction objective. They should play an active role in the implementation of policies that serve the identified global goals and should co-operate more closely when drafting strategies in order to ensure coherence across ministries.

Policy coherence of this kind enhances donor credibility. Policy coherence and donor credibility are ultimately more important than the mobilisation of additional aid and non-aid resources.

Still, policy coherence is also not a purpose in itself. It is an essential prerequisite for development and might thus be referred to in the second list of goals of a new development agenda. But it is not a final end goal of development and should therefore not be part of the first list of goals.

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Progress, prospects and lessons from the  
Millennium Development Goals (MDGs)

*Nicole Rippin*





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## Progress, prospects and lessons from the Millennium Development Goals (MDGs)

Nicole Rippin

### **1 Introduction**

Almost 15 years' experience with the Millennium Development Goals (MDGs) has revealed many strengths and weaknesses. The lessons that can be learned from this experience are highly valuable for the formulation of any new development framework – however such a framework might look like in the end. This chapter provides an overview of these lessons and suggests different possibilities of how a future framework might build upon the strengths and avoid the weaknesses of the MDGs.

### **2 The Millennium Development Goals (MDGs)**

The UN Millennium Summit concluded with the adoption of the Millennium Declaration on 8 September 2000 – a global vision for the future that is based on a set of fundamental rights, namely freedom, equality, solidarity, tolerance, respect for nature and shared responsibility.

In the following years, a so-called “Inter-agency and Expert Group on the Millennium Development Goal Indicators (IAEG)” consisting of experts from the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP) developed the Millennium Development Goals (MDGs) with the objective of monitoring the implementation of the commitments made in the Declaration – though they ultimately captured only a small fraction of them. With the expiration date of the MDGs fast approaching, the stage is being set for a post-2015 development agenda. Several lessons can be learned from over a decade of experience with the MDGs that can provide valuable guidance for this crucial task. It is the objective of this chapter to present the most important ones.

### 3 Lessons learned from the MDGs

#### 3.1 Lesson one: universality

The MDGs were defined by the IAEG without the contribution of national governments and without a great deal of relevance for developed countries. This fact severely undermined the acceptance of and commitment to the goals in most of the developing world. The MDGs were perceived as a mere donor agenda and the resulting lack of ownership and commitment on the part of developing countries is supposed to have hampered progress towards the MDGs (ECA 2012, 4). Thus, while the MDGs had a highly motivating effect on donors, their effect on developing countries was much less promising (Fukuda-Parr / Greenstein 2010). Against this background, it seems to be highly recommendable to derive any new agenda through i) a participatory process and to make it ii) universal, that is, to base it on a goal framework that is binding for all countries, both developing and developed.

So far, participation has been fairly promising. The new Agenda will be developed by the United Nations and a lot of efforts are being made to render the process as participatory as possible. For example, in the middle of 2012, the ‘global conversation’ was set up by the United Nations Development Group (UNDG) with the intent to bring the voices of individuals and civil society into the debate. In the course of more than a year, 88 national and 11 thematic consultations as well as a global survey called “My World” were conducted. More than 1 million people from all backgrounds were reached and their opinions were summarised in the report “A million voices: the world we want”.

Regarding the universality of the post-2015 agenda, however, progress has been less promising. Though most of the proposals made so far agree that any new development agenda should be universally applicable, few studies exist that address the multiple challenges that such a universal development agenda inevitably incurs:

First, a conception of poverty needs to be provided that applies to both developing and developed countries in a meaningful way. Second, the targets of a globally applicable framework have to be formulated in a way that is meaningful at the national level and yet ambitious, despite the fact that national governments tend to seek targets that they can easily meet. Closely related to the second, a third challenge arises from the fact that

ambitious but realistic targets at the national level might be taken to imply that poor countries must rely on their own limited resources to deal with the massive poverty they face. Thus, the third challenge consists in ensuring the continuous commitment of developed countries within developing countries. Pogge and Rippin (2013) offer possible approaches of how these challenges might be met but substantial work remains to be done in this area.

### 3.2 Lesson two: focus

The MDGs have been criticised for not meeting the much broader vision of the Millennium Declaration – and even less so the sustainability paradigm as established in the Rio Declaration of 1992. Though the fundamental areas of the MDGs are still critically important topics that need to be strengthened in their ambition and urgency, other critically important issues have not been covered by the MDGs. From 20 to 22 June 2012, the member states met for the UN Conference on Sustainable Development in Rio de Janeiro, known under the abbreviation Rio+20, where they adopted a resolution called “The future we want”. The resolution generated a concept parallel to the MDGs, the Sustainable Development Goals (SDGs) that combines both development and sustainability. The parallel nature of these two processes bears the risk of two – in the worst case incompatible – agendas arising for the period Post-2015. If this is to be avoided – as decided by the General Assembly at the Special Event on the MDGs on 25 September 2013 – the new agenda has to be much more comprehensive than the current MDGs.

However, one of the main strengths of the MDGs was their focus on a limited number of targets which made the framework clear and manageable. This strength needs to be maintained in the new agenda; otherwise it would i) lose its appeal to the public (as an endless list of goals and targets is neither communicable nor effective in galvanising public support) and ii) confront national governments with a virtually impossible implementation task that is likely to lead to a selective approach in which governments choose to comply with those indicators that they feel comfortable with and ignore the rest.

The MDGs owed their clear focus to the top-down approach in which they were developed. The post-2015 agenda, however, will be the result of broad consultation processes and intensive negotiations that run the risk of getting

out of hand. Nevertheless, so far hardly any suggestions for a selection process have been made that would ensure that the extensive processes ultimately lead to a limited number of goals and targets. Interesting selection tools could be provided by impact evaluations or statistical methods that build upon the correlation between possible goals and targets in order to identify the crucial ones. Another option could be to avoid the sectoral approach of the MDGs that encourages intense lobbying around specific sectors and priorities in an effort to secure future funding.

### 3.3 Lesson three: avoiding silos

International agencies such as the World Health Organization (WHO)<sup>1</sup>, the United Nations Department of Economic and Social Affairs (UNDESA)<sup>2</sup>, the European Commission<sup>3</sup> and others, strongly criticise the sectoral or ‘silo structure’ of the MDGs, that is, their concentration on separate goals that in reality are closely related. Gore (2010, 75) warns:

*Another problem is that donors are taking a sectoral approach to MDGs, focusing on, e.g. basic health, or primary education, or water, or even a favourite disease. With this approach, it is possible selectively to achieve targets but this does not add up to comprehensive progress.*

One way to avoid the silo structure of the MDGs is to utilise a composite index in addition to the new goals and targets – whatever they may look like. A composite index has the potential to effectively capture the synergistic and multiplier effects which inevitably occur whenever goals and targets are correlated – if the respective index is ‘correlation-sensitive’.

Interestingly, the index which is usually suggested for this task – the Multidimensional Poverty Index (MPI) 2.0 – is actually not qualified as it is not correlation-sensitive. Among the most well-known indices that are qualified are those proposed by Tsui (2002); Bourguignon / Chakravarty (2003); Chakravarty / D’Ambrosio (2006); and Bossert / Chakravarty / D’Ambrosio (2009). A disadvantage of these indices, however, is that they are not decomposable according to components; in other words, it is

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1 <http://www.fip.org/files/fip/WHO/Intervention%20on%20MDGs.pdf>

2 <http://www.un.org/en/development/desa/asg/statements/asg-2012-post2015.shtml>

3 [http://ec.europa.eu/europeaid/what/millennium-development-goals/documents/12-12-06\\_report-final.pdf](http://ec.europa.eu/europeaid/what/millennium-development-goals/documents/12-12-06_report-final.pdf)

impossible to tell how much of the overall deprivation is due to failures in a specific area, for instance education, health, etc. The only index developed so far that is correlation-sensitive and decomposable according to components is the Correlation Sensitive Poverty Index (CSPI) (Rippin 2010; Rippin 2014).

Yet, the utilisation of a composite index has several disadvantages. Apart from data requirements, it is likely to further fuel negotiations as not only individual components (e.g. health, education, living standards) have to be chosen but also the weight for each component as well as the marginal rates of substitution (Klasen 2013).

Another way to avoid the silo structure of the MDGs that would additionally help to ensure the focus of the new agenda would be to replace the sector-centred approach of the MDGs by a human-centred approach (Rippin 2013). Instead of clustering goals according to sectors, they could as well be clustered according to the three *main transition phases* of human life. These are the crucial times in life in which future paths are laid and deprivation has the strongest detrimental effect. Overcoming deprivation in the transition phases therefore promises the highest returns while at the same time ensuring cross-generational justice.

The three transition phases are: i) *childhood well-being* (with indicators such as mortality, nutrition, education, living conditions including access to safe drinking water and improved sanitation, birth registration, healthy life expectancy at birth); ii) *youth transition* (with indicators like healthy life expectancy for persons aged 14-20, higher education, vocational training, non-cognitive skills, access to information and communication technologies); and iii) *retirement* (with indicators like social protection, healthy life expectancy for persons aged 60 and over, participation in social life).

However, there should be one additional cluster: gender. Though gender should be given special attention in all three clusters, it is nonetheless a crucial, cross-cutting issue that – even if integrated into all three clusters – would not receive adequate attention: iv) *gender* (with indicators such as female employment, maternal and reproductive health, violence, voice, participation).

### 3.4 Lesson four: fairness

The majority of MDG targets and indicators were chosen by projecting global progress in order to ensure that they are globally achievable – which does not imply that they have to be achievable at the national level as well. However, considering the compelling advantage of international comparisons, it was almost impossible to prevent their interpretation at the national level.

This interpretation led to serious distortions, as the global goals were highly disadvantageous to countries with bad starting conditions (Easterly 2009; Atta-Krah 2011; Vandemoortele 2011a). This is especially problematic as those countries that are usually the main beneficiaries of development assistance are in a way set up for failure. Aid-fatigue is a likely result.

Already, the World Conference on Education for All in Jomtien (5–9 March 1990) formulated global goals, while at the same time claiming in its Framework for Action that “*countries may wish to set their own targets*”.<sup>4</sup> By now, many proposals for a new development agenda draw on the wisdom of this conference and call for global goals and national targets. However, what is unclear so far is how such an approach of global goals and national targets can facilitate a meaningful comparison of country performance. Such comparisons are very valuable: they reveal success stories that provide valuable lessons learned and are powerful instruments for maintaining future commitment to the goals – given they are fair. But how can fair and meaningful country comparisons be achieved with national targets? Two methods have been developed in response to that question.

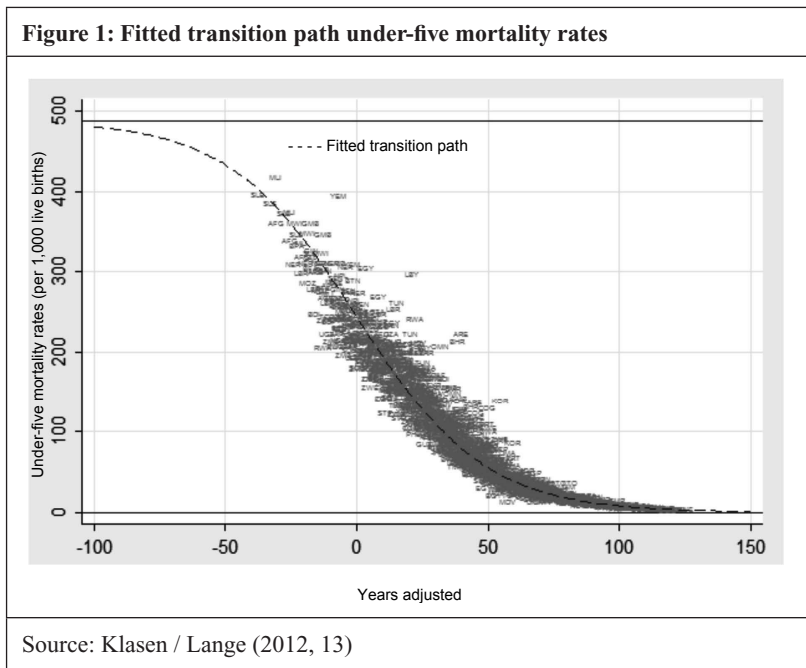
The first method estimates the state capacities of countries and clusters them accordingly, defining targets for each cluster. Some authors utilise the highest rate of progress achieved within a cluster as a target (Fukuda-Parr / Lawson-Remer / Randolph 2009; Randolph / Fukuda-Parr / Lawson-Remer 2010) whereas others suggest using the respective average rate of progress (Anderson / Langford 2013). Whatever indicators are chosen in order to cluster countries according to state capacity, this is a viable and fairly easily explainable approach to set national targets that takes country differences into account.

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4 <http://ebookbrowse.com/gdoc.php?id=24025188&url=ada4f8819ccf8b69b165fb0dea21539b>



The second method measures the progress of countries against the progress that could be expected according to the S-shaped transition path, that is, the path that every country follows more or less strictly on its way towards increasing development. A direct implication of the S-shape is that the initial position of a country explains a lot of the progress that the respective country is able to achieve. This is in line with the argument that the MDGs were disadvantageous to countries with poor starting conditions. In a recent paper, Klasen and Lange (2012) use these transition paths in order to evaluate the fairness of different MDG targets. Figure 1 provides an illustration of a typical transition path using under-five mortality rates based on World Development Indicator 2010 data.



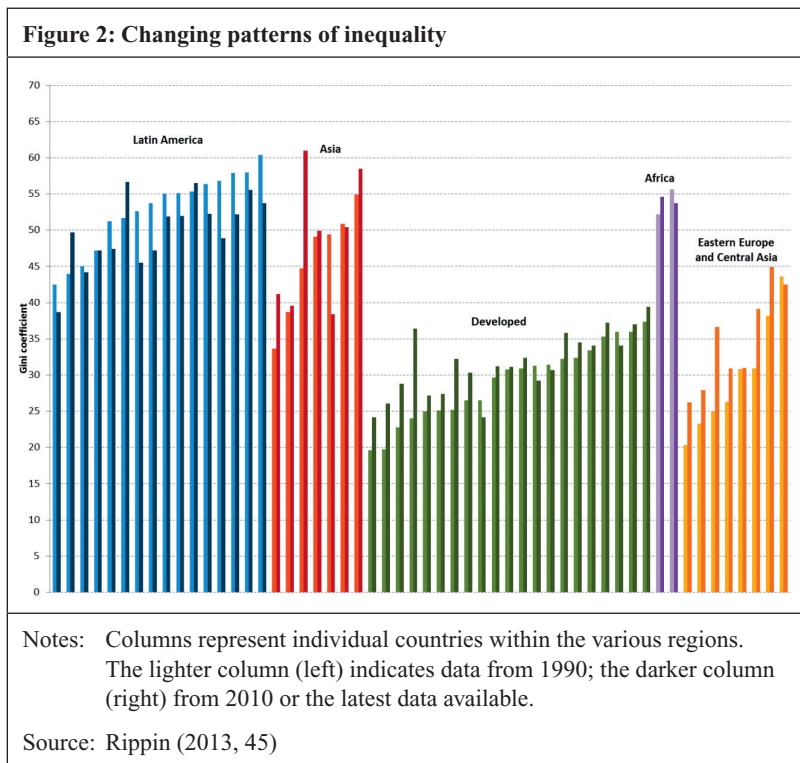
While this second method has the disadvantage that its methodology is not easily conveyed to the public, it has two important advantages: For once, it provides a sound method to determine which target would be fair and ambitious for every single country because it could always be evaluated against what could be expected from the respective country. In addition, it

provides a way to solve the accountability problem that automatically arises in the case of long-term goals, as progress towards goals can be evaluated in any given year in an impartial and fair manner.

### 3.5 Lesson five: equality

The MDGs are strongly criticised for their exclusive focus on *national averages* that implies a complete neglect of inequality. The MDG framework is unable to catch whether progress had been achieved through improvements of the situation of the poor or of the wealthy and privileged.

Since 1990, income inequality has increased in almost every world region (Figure 2). According to the Global Risks 2013 report, the global risk that is



*“most likely to manifest over the next 10 years is severe income disparity”* (WEF 2013, 10). The importance of addressing inequality is all the more urgent as rising inequality is actually an automatic by-product of economic growth, that is, in order to prevent rising inequality it has to be actively counteracted (Kanbur 2011). Vandemoortele (2008) goes as far as to suggest that rising inequality is the main reason why the world is unlikely to achieve most of the MDGs.

In order to account for inequality, however, one has to accept that inequality exists overall in a society along with inequality of opportunity, and both need to be addressed.

*Inequality of opportunity* is due to circumstances beyond individual responsibility, that is, inequality that is due to discrimination of any sort. It discourages individual efforts, investments and creativity, thus wasting human capital and hampering economic growth.

So far, only a few studies have provided estimates of inequality of opportunity. Brunori / Ferreira / Peragine (2013) provide an overview of those studies that calculate estimates for inequality of opportunity of household income and are thus roughly comparable.<sup>5</sup> However, all these estimates are lower bound estimates, that is, they considerably underestimate the ‘true’ extent of inequality of opportunity. Figure 3 provides an overview of these lower bound estimates in relation to overall inequality.

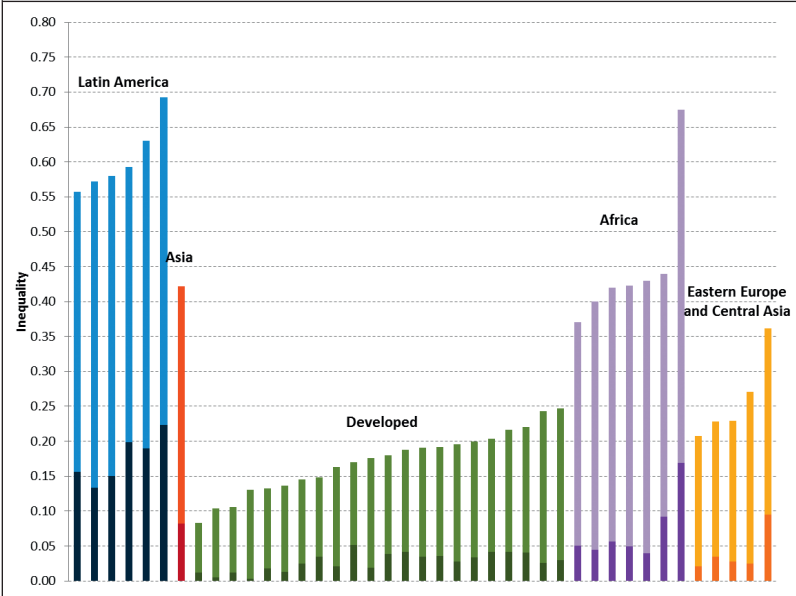
It is easily comprehensible why almost every post-2015 proposal requests that the fight against inequality of opportunity takes centre stage: not only from a moral perspective, but also to avoid the waste of human capital and to boost economic growth. A suggestion of how this can be achieved was made by the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (UNHLP 2013) and has been taken up in the final report of the Secretary-General (Ban 2013): to disaggregate targets according to discriminating factors (e.g. race, caste, disability, region and economic status) and to consider them only *“‘achieved’ if they are met for all relevant income and social groups”* (UNHLP 2013, 29).<sup>6</sup>

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5 The studies are Cogneau / Mesple-Soms (2008); Pistolesi (2009); Checci / Peragine / Serlenga (2010); Ferreira / Gignoux (2011); Ferreira / Gignoux / Aran (2011); Belhaj-Hassine (2012); Piraino (2012); Singh (2012); Brunori / Ferreira / Peragine (2013).

6 Please note that such an approach requires the expansion of current surveys in order to provide data sets that can be disaggregated according to disadvantaged people groups.

**Figure 3: Total inequality and inequality of opportunity in selected countries**

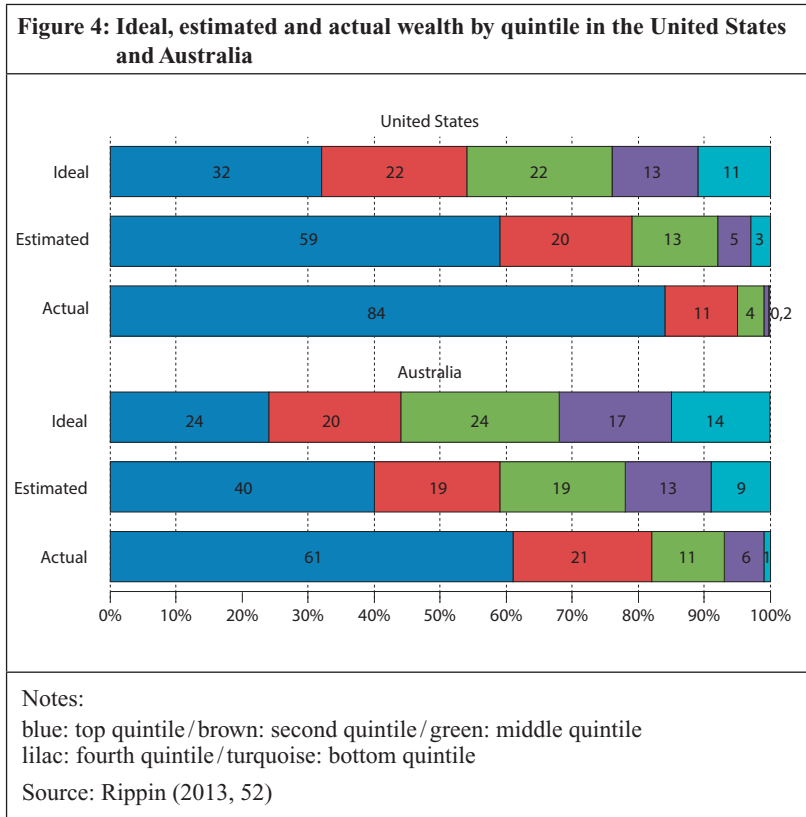


**Notes:**

Columns represent individual countries within the various regions.  
 The darker areas indicate the lower bound estimate of inequality of opportunity on total inequality.

Source: Rippin (2013, 50)

But the obvious importance of inequality of opportunity should not obscure the importance of overall inequality. If inequality, no matter of which form, is too high, it hampers economic growth and may even create social tensions and conflicts (e.g. Persson / Tabellini 1994; Alesina / Perotti 1996). Thus, while it is not very controversial that higher investments and efforts should be rewarded with higher income (Sen 1992, 7-8), it is highly controversial how big this reward may get, that is, how much overall inequality is desirable? Though the response appears to differ from country to country, it seems to be clear that in most countries inequality has grown to an extent that is perceived to be highly unfair (Figure 4).



For this reason, a group of 90 renowned academics recently requested the introduction of a separate target on inequality in the Post-2015 Agenda.<sup>7</sup> It has to be kept in mind, though, that the current MDGs already include a target on inequality, namely “the share of national consumption that accrues to the bottom 20 per cent of the population”. This target has been largely ignored; in fact, most people do not even know that such a target exists (Vandemoortele 2011a; 2011b). The reason is that the reduction of inequality in a given country is liked as little as the policies related with it, such as the limitation of top salaries, promotion of progressive tax systems,

7 <http://post2015.files.wordpress.com/2013/03/inequality-letter-final-190313.pdf>

reduction of global tax evasion and avoidance, etc. (Freeland 2012, ix–x). Thus it is not merely enough to include a target on inequality reduction in the new agenda: one must also ensure that performance with regard to this target is measured and communicated.

### 3.6 Lesson six: measurability

Several lessons can be learned from the experience with the targets and indicators of the current MDG framework. Some MDG indicators turned out to be too unspecific. For instance, the objective of a ‘significant improvement’ in the lives of at least 100 million slum dwellers is so ill-specified that it even induced human rights violations as in the case of Viet Nam whose Fourth MDG Report lists slum clearance among the country’s efforts to achieve the MDGs (Langford 2010, 88; GoV 2005, 48).

Another weakness of the MDGs is that indicators were optionally based on outcomes, outputs and sometimes even inputs. Whenever possible, indicators should be based on outcomes as they measure directly what the goal and target is about. There is usually not much of a difference between the actual goal, target and the respective indicator. One example for such an outcome indicator is the under five mortality rate, one of the clearest and most unobjectionable indicators of the MDGs (e.g. Vandemoortele 2008; Klasen 2012).

However, what the experience with the MDGs has also taught is that, despite their huge advantages, there might be cases in which outcome-based indicators should not be the first choice. Every indicator consists of two basic ingredients, *observations* – the quality of the data that are available for the calculation of a specific indicator – and *transformations* – the number of calculations that have to be conducted in order to derive the final indicator from these observations (Vandemoortele 2011b, 14). Thus, the overall quality of any indicator depends on its performance in both areas. If the performance in any of the two areas is very low, there might be good reasons to reject the respective indicator even if it is outcome-based.

The maternal mortality rate is a telling example of an outcome-based indicator that is derived from highly unreliable observations. As a consequence, almost any message can be derived from the existing data (Vandemoortele 2011b, 13): “[T]here has been little progress in reducing maternal deaths”

(Ban 2010, 8) versus “[S]ubstantial, albeit varied, progress has been made towards MDG 5” (Hogan et al. 2010, 1). Consequently, many health experts would prefer the MDG indicator ‘proportion of births attended by skilled health personnel’ over maternal mortality rates – though the former is a clear input indicator.

But even reliable outcome-based indicators can be misleading if they are unable to precisely capture a goal or target. For instance, in an effort to measure health, MDG indicators concentrate on HIV/AIDs, malaria and tuberculosis. This approach can lead to serious distortions of national priorities in countries in which these diseases do not constitute the predominant health problem – especially if these countries are donor-dependent. A textbook example is provided by Rwanda: According to UNICEF<sup>8</sup>, about 170,000 people were living with HIV in 2009, about 1.6% of the total population; the adult (aged 15-49) HIV prevalence rate is estimated at 2.9%. Rwanda spent USD 73 million of its total health expenditure of USD 307 million on HIV/AIDS – about 24%.

Summarising the measurement experience of the MDGs, indicators should i) be SMART (specific, measurable, agreed, realistic, time-limited); ii) be based on outcomes whenever possible; iii) be based on reliable high quality data; iv) be derived from a low number of transformations; and v) precisely capture the respective target.

## 4 Conclusions

This chapter presented six important lessons gained in almost fifteen years’ experience with the MDGs that are able to provide valuable guidance towards a post-2015 agenda. In particular, the post-2015 agenda should be universal, focused and fair; it should avoid the silo-structure of the current MDG framework, should take inequality into account, and should be based on high-quality indicators.

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8 [http://www.unicef.org/infobycountry/rwanda\\_statistics.html](http://www.unicef.org/infobycountry/rwanda_statistics.html), accessed 12 Mar. 2013

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How to avoid the silo structure of the  
Millennium Development Goals (MDGs)

*Nicole Rippin*



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# How to avoid the silo structure of the Millennium Development Goals (MDGs)

Nicole Rippin

## 1 Introduction

One of the main weaknesses of the MDGs is their sectoral approach – often referred to as ‘silo structure’: the MDGs consist of a list of stand-alone goals that disregards all synergies that undoubtedly exist between the differing goals. Progress towards the goals is more than likely to be accelerated if these synergies were accounted for, that is, if the goals (and targets) were addressed simultaneously rather than separately. This chapter suggests two different ways of how this might be achieved by the post-2015 agenda.

## 2 The Millennium Development Goals (MDGs)

The UN Millennium Summit was concluded with the adoption of the Millennium Declaration on 8 September 2000. In the following years, a group of experts from the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP) developed the Millennium Development Goals (MDGs) with the objective of monitoring the implementation of the commitments made in the declaration – though they ultimately captured only a small fraction of them (Manning 2009; Hulme 2009; Hulme 2010; Vandemoortele 2011). With the expiration date of the MDGs fast approaching, the stage is being set for a post-2015 agenda.

This chapter concentrates on one of the main weaknesses of the MDGs, namely their sectoral approach, and discusses two different ways of how a future development agenda might overcome this weakness (Rippin 2013).

### 3 The silo structure of the MDGs

In the course of the post-2015 debate, the sectoral structure of the MDGs has been severely criticised, *inter alia* by international agencies such as the World Health Organization (WHO)<sup>1</sup>, the United Nations Department of Economic and Social Affairs (UNDESA)<sup>2</sup> and the European Commission<sup>3</sup>. The reason is that the so-called ‘silo structure’ of the current MDG framework disregards the fact that close correlations exist between the different goals and targets. The UNDP report “What will it take to achieve the Millennium Development Goals?” claims that the process of achieving the MDGs might be accelerated if they were addressed simultaneously rather than separately (UNDP 2010, iv):

*This Assessment notes that there are important synergies among the MDGs – acceleration in one goal often speeds up progress in others. In households where women are illiterate, child mortality is higher, implying the links between education, the empowerment of women and the health of children. Given these synergistic and multiplier effects, all the goals need to be given equal attention and achieved simultaneously.*

The silo structure of the MDGs, however, induces precisely the contrary effect (Gore 2010, 75):

*Another problem is that donors are taking a sectoral approach to MDGs, focusing on, e.g. basic health, or primary education, or water, or even a favourite disease. With this approach, it is possible selectively to achieve targets but this does not add up to comprehensive progress.*

In other words, the silo structure of the MDG framework encourages donors to take a sectoral approach to the MDGs that actually hampers the process of achieving them. One suggestion that has repeatedly been made is to utilise a composite index.

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1 <http://www.fip.org/files/fip/WHO/Intervention%20on%20MDGs.pdf>

2 <http://www.un.org/en/development/desa/asg/statements/asg-2012-post2015.shtml>

3 [http://ec.europa.eu/europeaid/what/millennium-development-goals/documents/12-12-06\\_report-final.pdf](http://ec.europa.eu/europeaid/what/millennium-development-goals/documents/12-12-06_report-final.pdf)

## 4 A composite index

There are two ways to measure multidimensional phenomena. The first is to measure multiple dimensions one by one. This ‘dashboard’ is used by the MDGs and results in the described silo structure. The second is to merge the multiple dimensions into one single index, that is, a composite index. Unlike the dashboard, a composite index provides a means to capture the synergistic and multiplier effects that are described in the 2010 UNDP report and to evaluate the impact of different policies on a number of sectors at the same time. Thus, it might be recommendable to utilise a composite index *in addition to*<sup>4</sup> the future goal framework in order to make up for the described weaknesses of the silo structure – given that the respective composite index is able to capture the correlation between the different dimensions.

The latter restriction is obvious yet it excludes an index that is usually suggested for this task: the Multidimensional Poverty Index (MPI). In fact, the simple counting approach of the MPI makes it impossible to capture any kind of correlation between different dimensions. But there are a couple of other indices which build on household data just like the MPI but are additionally correlation-sensitive. Among the most well-known are those proposed by Tsui (2002); Bourguignon / Chakravarty (2003); Chakravarty / D’Ambrosio (2006) and Bossert / Chakravarty / D’Ambrosio (2009).

A disadvantage of these indices, however, is that they are not decomposable according to dimensions. In other words, it is impossible to tell how much of the overall deprivation is due to failures in a specific area, for instance education, health, etc. The only index developed so far that is correlation-sensitive and yet decomposable according to dimensions is the Correlation Sensitive Poverty Index (CSPI) (Rippin 2010; Rippin 2014). This property allows the index to capture the synergies between different goals and targets

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4 Please note that this is not a suggestion to replace the dashboard used by the MDGs by a composite index. A composite index has the clear disadvantage that, being a single number, it is not easily communicable to the public and obscures a lot of information. Please note also that this is not a suggestion to replace a single target with a composite index, as it has been repeatedly suggested to replace the income poverty target with a multidimensional poverty index. One can only strongly advise against such an approach for at least two reasons: First, it would disregard an important poverty dimension, i.e. income. Second, it would lead to double counting, as sectors such as health and education would be components of the multidimensional poverty index and at the same time additional targets of the future goal framework (Klasen 2013).

and to identify at the same time which parts of the population are excluded with regard to which dimensions.

For instance, the German Correlation Sensitive Poverty Index (GCSPi) reveals that a higher share of the poor (i.e. those who are deprived in more than one third of the indicators) lives in the Eastern Bundeslaender (15 %) when compared to the Western Bundeslaender (11 %). It also reveals that, in comparison to the Eastern Bundeslaender, education contributes more to overall poverty in the Western Bundeslaender whereas employment and income are stronger contributors to overall poverty in the Eastern Bundeslaender (Rippin 2012; Rippin forthcoming).

In summary, a composite index such as the CSPI is able to capture synergies between differing sectors and is therefore able to overcome the silo structure of the MDGs. In addition, it provides valuable information about inequality, social exclusion and the main sources of deprivation in a country.

However, the utilisation of a composite index also has at least two serious disadvantages: Firstly, the data requirements are very high and it is at least questionable whether the costs for the compilation of such comprehensive household data are in proportion to the benefits. Secondly, the top-down approach that led to the MDGs – however much it should be opposed – ensured the focus of the goal framework. In contrast, the post-2015 agenda will for very good reasons be developed via a participatory process and have a much broader approach than the MDGs. The disadvantage of this more-than-welcome process, however, is that it is expected to lead to intense lobbying and “*petty sovereignty*” (Duffield 2007, 233) so that it will be difficult to ensure the manageability of the future goal framework (Vandemoortele 2011; Rippin 2013). The introduction of a composite index in addition to the future goal framework will not defuse negotiations but will rather fuel them because not only goals, targets and indicators are to be chosen but also the weight for each component, as well as the respective marginal rates of substitution (Klasen 2013). Thus, it might be worthwhile to think about another way to overcome the silo structure of the MDGs.

## 5 A human-centred approach

Another way to avoid the silo structure of the MDGs could be a human-centred, instead of a sector-centred, approach. In other words, instead of

thinking about sectors, it would be more coherent to think about people, that is, to form clusters according to, for instance, the *three main transition phases* of human life. These are the crucial times in life in which future paths are laid and where deprivation has the strongest detrimental effect. Overcoming deprivation in the transition phases would therefore promise the highest returns regarding progress in human development while at the same time ensuring cross-generational justice that takes due care of any demographic structure, whatever the age-pyramid in a specific country might look like. For instance, while Africa in particular has to address the challenges of a young population – in particular the challenge of creating jobs for a successful youth transition – developed countries, as well as many countries in East Asia and the Pacific, are confronted with the challenges of an ageing population, linked to all the challenges related to pension payments, burgeoning health costs, etc. A human-centred approach would take due care of these differences.

Thus, it might be worth considering clustering the future goal framework in the following way:

**Cluster 1: Childhood wellbeing.** Possible indicators could be, for instance: mortality, nutrition, education, living conditions including access to safe drinking water and improved sanitation, birth registration, healthy life expectancy at birth.

Early childhood already predetermines a significant part of the quality of one's future life. Malnutrition at an early age can cause irreparable damages that significantly restrict future life chances. Insufficient promotion in early education stages leads to failures that are extremely difficult to rectify and constitutes a waste of human capital. Poor living conditions are likely to keep children from building relationships, thereby threatening the development of their social skills.

**Cluster 2: Youth transition.** Possible indicators could be, for instance: healthy life expectancy for persons aged 14-20, higher education, vocational training, non-cognitive skills, access to information and communication technologies.

Young people who are insufficiently trained and educated, who are in poor health or lack non-cognitive skills are often forced into either inactiveness or precarious jobs. Their exclusion from productive employment wastes

human capital and provides a source for future poverty and inequality, burdens social protection schemes and threatens social stability.

*Cluster 3: Retirement.* Possible indicators could be, for instance: social protection, healthy life expectancy for persons aged 60 and over, participation in social life.

It is one of the duties of the state to take care of the elderly population. Aging populations, however, provide an increasing challenge to social protection systems. If not taken proper care of, the challenge could develop into a serious threat to the stability of a country.

In addition to these three clusters, there should be a fourth, a gender cluster. Though gender should be given special attention in all three clusters of transition phases, it is nonetheless a crucial, cross-cutting issue that – even if integrated in all three clusters – would not receive adequate attention:

*Cluster 4: Gender.* Possible indicators could be, for instance: female employment, maternal and reproductive health, violence, voice, participation.

This way to cluster future goals, targets and indicators would provide an effective way to overcome the silo structure of the MDGs without the disadvantages of a composite index. In particular, it would not cause any additional costs and is likely to even defuse negotiations as its non-sectoral approach counteracts lobbying and petty sovereignty.

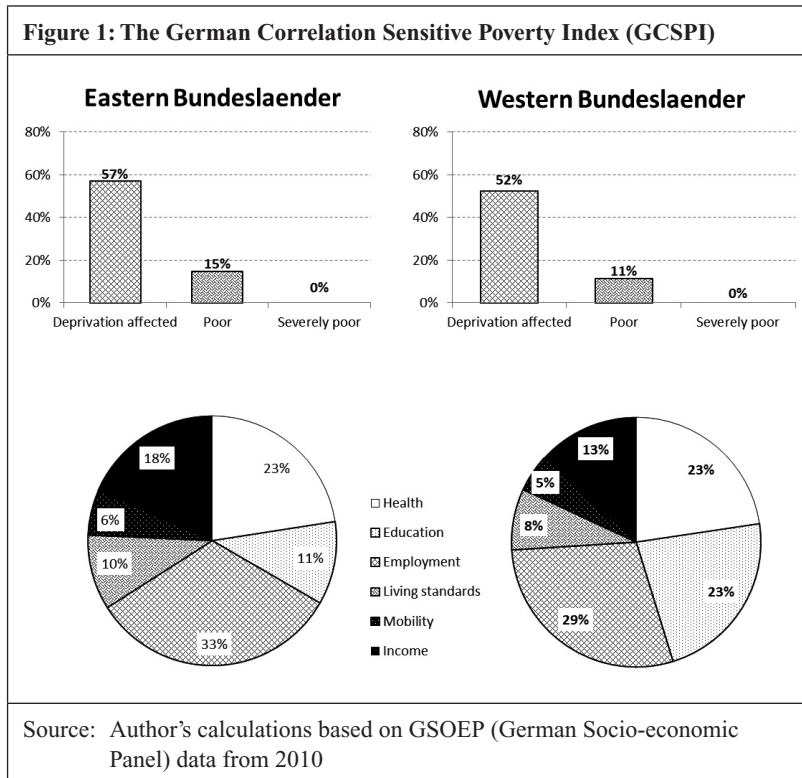
## 6 Conclusions

One of the main weaknesses of the MDGs is their sectoral approach – often referred to as silo structure – as it disregards all synergies between the single goals. If these synergies were accounted for by addressing goals (and targets) simultaneously rather than separately, the process of achieving them might be accelerated. This chapter suggested two different ways of how a future development agenda might overcome this weakness.

For once, a composite index could be utilised that is composed of the indicators of the future goal framework – whatever they may look like. The only condition is that the respective index is correlation-sensitive. This approach, however, causes high costs and is likely to hamper the negotiations of the post-2015 agenda by fuelling lobbying and petty sovereignty.

Second, future goals could be clustered according to the three main transition phases of human life – childhood wellbeing, youth transition, and retirement – as well as gender. Such a human-centred approach would address related goals (and targets) simultaneously without additional costs and is even likely to defuse negotiations as it would hamper lobbying and petty sovereignty.

## Appendix



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Risks and side-effects of global frameworks:  
what lessons for the post-2015 agenda?

*Thomas Fues*



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## Risks and side-effects of global frameworks: what lessons for the post-2015 agenda?

Thomas Fues

### 1 Introduction

Much enthusiasm and excitement has already been generated around the ongoing efforts to create a post-2015 agenda for global development at the United Nations (UN). A wide range of actors – among them international organisations, national governments, civil society and think-tanks – have already begun to direct their attention and resources towards the multi-level process, reaching from meetings of grassroots organisations in Africa to the UN General Assembly. While all this engagement is well-founded and important in building up transnational discourses on key issues of global concern, it is worthwhile to take a step back and to reflect on the risks and side-effects of global frameworks. I do this not from a position of questioning the usefulness of a yet-to-be-determined post-2015 framework but rather with the intent of identifying possible obstacles and pitfalls of getting there. Avoiding these, where possible, and otherwise managing them wisely will increase the likelihood of success and prevent the post-2015 dynamic from getting “*stuck in the process*” (Rippin 2013, 1).

Three interrelated questions stand out as major threats for a meaningful post-2015 agreement. The first risk relates to content and scope of the agenda. Will it be framed as a conventional programme of official development assistance (ODA) for low-income countries or will Post-2015 stand for the ambitious goal of promoting universal transformation? The second issue concerns the interplay of international commitments and domestic implementation. Will Post-2015 rely on a top-down definition of global targets with disputable impact on national priorities or will the concept rather use bottom-up efforts as building blocks?

The final question refers to power games and consensus-building in the international system. The post-2015 agenda will only come about as a result of intergovernmental negotiations at the United Nations. However, the persistence of the historical North-South divide in the world organisation

(the West against G77 and China) has for a long time produced nothing but gridlock on any matter of substance (Hale / Held / Young 2013; Mazower 2012). Thus, the critical decision in the year 2015 will be: Can industrial countries, rising powers and other developing nations rise above past acrimony and find common ground towards a universal strategy on global challenges? This text tries to shed some light on such risks and formulates policy recommendations for a successful conclusion of the post-2015 process.

## 2 ODA agenda or global transformation?

In a landmark decision, the United Nations in September 2013 decided to merge two parallel processes: the efforts on the Millennium Development Goals (MDGs) and the search for Sustainable Development Goals (SDGs) by the open working group of the General Assembly, established after the Rio+20 conference 2012 in Brazil. All member states committed to “*a single framework and set of Goals – universal in nature and applicable to all countries*” (UN 2013b, 3) that will be voted on in 2015.

Despite this remarkable consensus, divergences persist about the deeper meaning of Post-2015. Many voices, particularly from the developing world, still see the framework as a continuation of the MDG agenda, thus embedding the conversation, at least implicitly, in an ODA context. In contrast, the opposing camp aims for structural transformation, applying to all countries.

One aim of emphasising the ‘aid narrative’ of Post-2015 is to urge traditional donors to provide (additional) transfers to the South. Low-income countries in particular would prefer to maintain the present MDG approach which seems to safeguard inflows of external resources. Middle-income countries also favour the ODA approach but are worried about being cut off by traditional donors. Understandably, their intent is to expand the range of beneficiaries in the implementation of the post-2015 agenda beyond the low-income category.

Rising powers like India, China and Brazil which have become important providers of development finance in recent years are more than happy to keep the pressure on the West and are inclined to avoid specific commitments for international transfers (Chaturvedi / Fues / Sidiropoulos 2012). As one



example, take the recent statement of China on post-2015: It aptly addresses a wide range of global challenges, from poverty eradication, inclusive growth, and ecological conservation to international trade and the reform of global economic governance (GoC 2013). The position paper also impresses with a candid assessment of advances and deficiencies in sustainable development at home but does not spell out specific contributions towards low-income countries and the provision of global public goods (Ye / Fues 2014).

The (implicit) ODA orientation of Post-2015 is advanced by the key role of the United Nations as convener. With the exception of peace and security, the United Nations is commonly seen as an institution concerned with North-South cooperation since global economic governance takes place in other forums, like the Bretton Woods organisations and the G20. A telling example of the UN-ODA nexus is the evolution of the MDG concept itself. While the Millennium Declaration of the year 2000, from which the goals were derived, addresses a wide range of global challenges, the MDG agenda has been broadly perceived as a framework for traditional aid (Rippin 2013).

Contrary to the narrow anti-poverty connotation, many voices, particularly from the global North but also from the United Nations (UN 2013a; UNHLP 2013; SDSN 2013), see Post-2015 as a roadmap for global sustainability. The emphasis here lies on the universality of goals, meaning that all countries would need to adjust domestic policies according to global requirements. Proponents of this view share the urgency of poverty eradication but they want to embed the goal in a much more ambitious strategy of global reach which simultaneously addresses the environmental, social and economic dimensions of sustainable development.

Real action for a transformative, universal, post-2015 agenda will not come easily, despite broad rhetorical support. With (re-)nationalisation on the rise, rejection of outside advice has become more pronounced. Imagine the reaction of the German public if national policy space were to be restricted by post-2015 standards, for example in education and energy. The general public would not be amused about targets which require promotion of educational opportunities for people with a migratory history. In the energy field, a post-2015 agenda might advocate the expansion of nuclear energy in support of global climate policies, contrary to Germany's explicit decision to completely switch it off by the year 2022.

The official position of Germany exemplifies the general ambivalence (not only in the industrial world) towards the domestic implications of structural

transformation. While its recent statement supports the universal framing of post-2015, the German government neglects to identify any concrete goal to be achieved at home (GoG 2014). Postulating global adjustment without specifying complementary policies at home can hardly generate trust and credibility within the international community. In a similar style, the European Commission proposes a comprehensive template for intergovernmental negotiations, albeit without naming its own priorities and funding possibilities (EC 2014).

Understanding Post-2015 as a script mainly relevant to developing countries and ODA does not do justice to the severity and urgency of global systemic risks. If Post-2015 is meant to strengthen the provision of global public goods it must be conceived as a universal programme for structural transformation towards sustainability. But there is not only the danger of downgrading Post-2015 to an aid programme which may bring about failure; similarly important is the need to avoid a top-down approach of global goals and targets without commensurate commitment for implementation at the national level.

### **3 Facing the implementation gap: top-down or bottom-up?**

International agreements often suffer from the fact that governments adopt high-flying global goals without serious political will for implementation at home. The mismatch between global pronouncements and national action is a built-in feature of consensus-building at the United Nations since it is easy to subscribe to lofty ideals for the world with a caveat of unrestricted sovereignty in policy formulation at the national level. Swayed by conference dynamics where nobody wants to be identified as a spoiler, governments often accept *pro-forma* consensus even if they (silently) disagree. This holds true for legally binding conventions, for example in the field of international human rights law, but applies even more so to non-binding resolutions. Thus, global frameworks engendered by intergovernmental procedures may look impressive on paper but often do not trigger subsequent efforts by member states or international organisations.

Usually, the links between global targets and national efforts are not specified in international agreements, leaving it up to the individual country how to unilaterally determine its contributions towards collective problem-solving.

In particular, global goals like the MDGs cannot be treated as uniform national standards since this would not take into account different baselines and implementing conditions (Vandemoortele 2012). Even in a multi-stakeholder world with influential non-state, non-executive actors, there is no escaping from the fact that adequate provision of global public goods to a large extent depends on the contributions of nation states, designed and delivered by the respective government at home and in international cooperation.

Recognising the danger of an excessive focus on technocratic target-setting from the top, a transnational alliance of civil society organisations suggests a multi-dimensional procedure for Post-2015. In a first step, a political umbrella declaration by the General Assembly should spell out universal principles and norms (Reflection Group 2013). Then, absolute goals should be defined for important global public goods, e.g. climate stability and human rights. Finally, a differentiation at the regional, national and local level would take into account specific conditions and respective capacities. In a similar approach, the OECD (2013a) speaks out for a small number of high-profile goals of global reach which would be complemented by a more detailed set of county-specific targets and indicators ('global light and country-focused', to use a buzzword from the post-Busan Global Partnership for Effective Development Cooperation).

Strengthening the focus on national implementation comes as a lesson learned from previous experiences, for example the global programmes designed at world conferences of the 1990s (Schechter 2001). All too often, ambitious global targets were missed due to inadequate action on the ground. However, this strategic shift raises pertinent questions which need to be addressed in the post-2015 framework: Who would be in a position to objectively and legitimately determine country-level objectives, considering the diversity and variance of local factors as well as the diverging interests of stakeholder groups? Who would be charged with monitoring and evaluation? Finally, how could governments and other involved actors secure adequate funding from domestic and external sources?

The crucial relevance of international cooperation for the post-2015 agenda is highlighted in an innovative approach by Kaul (2013) which radically rejects top-down programmes. Instead of agreeing on global objectives and then hoping that member states will deliver, she advocates a bottom-up process which centres on the contributions of individual countries to

problem-solving in two dimensions: a) global solidarity, i.e. transfers to low-income countries, and b) provision of global public goods: *“If approached in this way, the Post-2015 Agenda would primarily be an agenda of commitments to international cooperation”* (Kaul 2013, 3). National efforts would be subject to a transparent accountability procedure which regularly assesses and documents the resources provided by national governments to other governments and to multilateral organisations. Aspects of domestic implementation are not considered in her concept.

The elegance of Kaul’s model lies in a drastic reduction of parameters relevant for the post-2015 framework. The exclusive focus on international transfers safeguards national autonomy and policy space. While the concept deserves political backing, certain weaknesses need to be resolved. First, the post-2015 agenda designed on this basis would not guarantee that domestic efforts add up to the desired and necessary level of global action and outcome. To provide an example for this from the climate field: Low- and middle-income countries could receive substantial assistance from outside sources to successfully shift their economies towards low-carbon trajectories. Still, their efforts together with possible emission reductions in high-income countries might not achieve the global volume required for climate stability.

Second, governments would need to establish an impartial institutional mechanism which could monitor and coordinate cross-border resource flows, ensuring that beneficiary countries and international organisations receive adequate external support. The Global Partnership for Effective Development Cooperation established after the 2011 Busan conference on aid effectiveness would like to serve in this function (OECD 2013a). However, important developing countries like India and China are withholding their political support to this new stand-alone organisation and would prefer to delegate the task to the United Nations. At this stage, it seems unlikely that member states could quickly find an agreement on the institutional framework for international transfers.

The decisive role of the national and sub-national level for post-2015 underlines the importance of ‘means of implementation’, meaning knowledge, administrative capacities, skills, funding, technology and other resources which determine the effectiveness of policies and programmes. Many low- and middle-income countries expect significant external assistance, complementing resources mobilised at home. As discussed in

the next section, burden-sharing for international transfers and the provision of global public goods is a key parameter for consensus-building in the General Assembly. Industrialised countries, rising powers, and other middle-income countries will need to identify a universally accepted formula which determines the allocation of funding obligations among nation states.

#### **4 How to overcome multilateral gridlock?**

The political authority mandated to decide on a post-2015 framework is the General Assembly of the United Nations where all member states cast their votes on the basis of sovereign equality ('one country – one vote'). While consensus is not a formal prerequisite of UN decision-making, it is generally accepted that a global agenda depends on the support of (almost) all countries in order to be considered a legitimate roadmap for the future. Arriving at a universally endorsed agreement of substance is not an easy feat, since decision-making at the United Nations is still shaped by historical fault lines which pit industrial countries, basically the Western camp, against a united front of developing countries, organised as G77 and China.

So far, developing countries continue to pledge their allegiance to the G77 as collective representation of interests despite growing economic disparities within the group (Wade 2013). However, rising powers such as India, China and Brazil are finding themselves in an uncomfortable position. While they are getting increasingly involved in policy coordination with leading industrial countries, for example in the G20, North-South polarisation at the United Nations forces them to align with the developing world at large. In the context of post-2015 negotiations, two contentious issues are to be resolved: First, member states must decide on the scope of the agenda: MDG+ for developing countries or universal sustainability goals? Whatever the answer on this issue is, the second conflict centres on the scale and distribution of resources to be mobilised by the international community. Clearly, the volume of external flows will be smaller for the MDG+ option that mostly focuses on social progress in low-income countries. In contrast, the sustainability trajectory will require massive investments for structural transformation in all countries.

Despite the landmark decision of the General Assembly in 2013 in favour of integrating MDGs and SDGs, the details of the post-2015 framework still need to be worked out. European countries favour a comprehensive

concept of sustainable development (EC 2014) while developing countries generally speak out for an MDG-based approach mainly concerned with poverty eradication. As far as they have taken sides in the debate, rising powers like India and China seem to emphasise the MDG+ orientation (GoI 2013; GoC 2013). UN Secretary-General Ban Ki-moon (UN 2013a) and the High-Level Panel established by him (UNHLP 2013) support an integrative sustainability framework. It remains to be seen what influence such statements can exert on the process since member states are known to reject advice from the United Nations Secretariat, jealously guarding their exclusive authority in decision-making.

With regard to resource mobilisation for Post-2015, prospects for consensus-building also look dim. ODA from traditional donors is in decline (OECD 2013b). The uncertain economic outlook in many industrial countries gives little reason for hope that the negative trend might be reversed in the near future. Rising powers which have increasingly become active as providers of South-South development cooperation will experience increased pressure from two sides in the post-2015 debate. Referring to unprecedented prosperity and impressive reserve holdings, traditional donors will openly demand that Southern providers make available substantial resources for developing countries and international organisations. The expectations of low-income countries towards Southern providers will point in the same direction while they may be less confrontational in public.

The line of defence by rising powers is unequivocal. Governments emphasise their status as developing countries and refer to poverty challenges at home. South Africa's president, Jacob Zuma (2013), supported this line of reasoning at the 2013 special event of the UN General Assembly on post-2015: *"The tendency to attempt to delegate some of these historical responsibilities [of Western countries (the author)] to new emerging economies in the South is unacceptable."* In their rejection of funding obligations, governments from the South regularly cite the principle of 'common but differentiated responsibilities (CBDR)', dating back to the 1992 Rio Earth Summit. CBDR has now become a common term in post-2015 and global development debates (Besharati 2013).

In global climate negotiations, CBDR has a well-defined meaning by excluding developing countries from the obligation for emission reductions in the Kyoto Protocol, though this principle is being increasingly

challenged. In contrast, the global development discourse so far uses CBDR as an abstract standard which lacks practical application. Some voices in the South have begun to give operational meaning to the norm. Gerardo Bracho, the Mexican representative at the 2011 Busan aid effectiveness conference, provides a specific example of the possible differentiation between traditional donors and Southern providers: “[I]t will be difficult for us to untie the aid as DAC donors, for example ... We are not prepared to give 0.7 [per cent] of our national income as aid but we are prepared to scale up” (Chatham House 2012, 7).

In a similar vein, academic voices from China, such as the renowned liberal scholar of international relations, Wang Yizhou of Peking University, advocate a stronger role of the country in assuming international responsibilities: “According to UN standards, industrialised economies and emerging powers should dedicate an equivalent of 0.7 percent of their GDP to international aid and development” (Wang 2012, 110). And an influential Chinese think-tank, the Shanghai Institutes for International Studies, argues: “Centering on the making and implementing the post-2015 renewed global partnership for development, China will provide more material public goods” (SIIS 2013, ii). While traditional donors may be unhappy with the limited scope and present low level of realisation, they should acknowledge the fact that the notion of international responsibility is being increasingly accepted in the South.

Consensus-building on the two major points of contention, namely thematic scope and burden-sharing, will not depend on industrial countries and rising powers alone. Developing countries can exert considerable influence. Particularly low-income countries in obvious need of external transfers command moral resources which they can utilise by presenting their case to world opinion. In addition, civil society organisations from North and South can impact decisions at the United Nations through lobbying activities either at home or during intergovernmental negotiations. In some cases, their representatives directly participate in the official process as members of national delegations. Considering the high degree of antagonism between industrial and developing countries in the General Assembly, it is completely open, at this stage, whether the post-2015 process can generate any results beyond empty rhetoric and political symbolism.

## 5 Conclusions

The outcome of post-2015 dynamics will be determined by the political will of member states to address the critical issues raised above. Genuine success of the intergovernmental negotiations will come about when governments converge on the following four points: First, they should define comprehensive sustainability goals of universal reach, providing general signposts for transformative change to all countries. Second, the post-2015 agenda should adopt a 'global light, country-focused' approach which centres on the contributions of individual countries to low-income countries and to the provision of global public goods. Third, member states must break the political gridlock in the General Assembly and find common ground for collective problem-solving. In order to get to this point, industrial countries will need to lead by example with regard to domestic structural transformation and international transfers. In parallel, rising powers and other middle-income countries should not shy away from their responsibilities on the basis of fair burden-sharing.

Finally, the design of broadly accepted institutional innovations will be a prerequisite to consensus-building and effective implementation. Two concerns stand out in this regard: Member states should mandate an organisation to coordinate and monitor the enhanced volume of global resource transfers. In addition, the long-term impact of post-2015 will depend on effective and legitimate mechanisms for mutual accountability and peer review, ensuring that member states stand by their commitments. Both functions could be fulfilled by the post-Busan Global Partnership for Effective Development Cooperation if it can muster universal acceptance. Alternatively, the Development Cooperation Forum could be mandated if support structures at the United Nations Secretariat are properly strengthened.

A final point needs to be made: Member states should not shy away from making decisions on Post-2015 even if a small number of countries dissent. A remarkable departure from the consensus rule which often blocks substantive agreements at the United Nations occurred at the Cancun climate conference in 2011 when the Mexican chair overruled the sole opposing voice from Bolivia in adopting the outcome document (Sterk et al. 2011).

With intergovernmental negotiations in flux, the public can only hope that a new consciousness of the shared destiny of humankind in a highly



borderless, interconnected and polycentric world will eventually induce member states to opt for 'smart sovereignty'(Kaul 2013), rather than becoming stuck in ideology and short-term, egoistical advantage. The significance of a meaningful outcome goes beyond the post-2015 process as such. A consensus would be a breakthrough in overcoming the current gridlock of global governance (Hale / Held / Young 2013), while failure would deepen political divisions in the international community at large.

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Towards a fair and balanced set of  
Sustainable Development Goals (SDGs)

*Hongyuan Yu*



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## Towards a fair and balanced set of Sustainable Development Goals (SDGs)

Hongyuan Yu

Sustainable development is a model of development that gives equal weight to the economic, social and environmental dimensions of progress. The step in turning sustainable development into Sustainable Development Goals (SDG) is to fully acknowledge significant economic, social and environmental values in quantitative terms. A set of new Sustainable Development Goals will be defined in a way that equally reflects the three pillars of sustainable development and that maximises the interdependence of developed and developing countries.

### **1 The development of Sustainable Development Goals (SDGs)**

The internationally accepted definition of sustainable development comes from the report of the United Nations World Commission on Environment and Development in their report “Our common future” of 1987, namely such development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. Through constant evolution and development over the years, the idea of sustainable development has now become the long-term guideline for global development. In terms of the content, it is related to the integration of sustainable economy, ecology and society. Sustainable development requires people to focus on economic efficiency and ecological harmony, to pursue social justice, and ultimately to achieve comprehensive human development. Though it has originated from environmental issues, the concept has gone beyond environmental protection to evolve as a development theory that is to guide mankind through the 21st century. Beginning with the UN Conference on the Human Environment in 1972, political leaders brought sustainable development issues to the agenda of international politics. This United Nations Conference on the Human Environment, held in Stockholm, Sweden, in June 1972, marked the emergence of sustainable development as a UN topic. The United Nations Conference on Environment and Development, held in Rio de Janeiro, Brazil, in June 1992 – known as

the Earth Summit – marked a turning point in the history of international sustainable development cooperation. There the leaders embraced the concept of sustainable development and of common but differentiated responsibilities among rich and poor nations concerning the protection of global resources. The 2002 World Summit on Sustainable Development in Johannesburg, South Africa, encouraged the creation of more informal partnerships among governments, agencies, businesses and citizen groups to take action on existing promises related to sustainable development.

The 2012 Rio+20 Conference encouraged enhanced partnerships between governmental and non-governmental agencies for the achievement of sustainable development at all levels. UN Secretary-General Ban Ki-moon's high-level global sustainability panel, appointed in the lead-up to the Rio+20 summit in June 2012, had issued a report recommending that the world adopt a set of Sustainable Development Goals. The 2012 Rio+20 Conference agreed to strengthen the process of defining a new set of global goals – the Sustainable Development Goals (SDGs) – which may form a part of or replace the Millennium Development Goals (MDGs); most importantly, the SDGs were to form a part of a global development agenda post-2015 (Pretorius 2012).

## **2 The coordination between South and North**

All states in the world should engage in international efforts to address the problem of global environmental pollution. Since no country, by itself, would be able to substantially resolve the environmental problems, international institutions and norms for the international environmental system are needed to overcome the collective action problem that has been apparent since the early 1970s with the Stockholm Conference. The harm done by environmental disasters also adds a potential threat to human existence. It is so serious in nature and so far-reaching in influence that it has transcended national boundaries, crossed oceans and expanded to the whole world. As these consequences became clearer, governments started to work unilaterally and in concert to adapt to and – much less robustly – mitigate environmental problems and build a resilient environmental system. International environmental issues have attracted wide interest in the context of international relations.

Most important of all, poverty eradication is not only the first priority of the MDGs but also the primary objective and implementation basis of SDGs. Therefore, developing countries argued that the Rio+20 summit should clearly put forward specific standards for sustainable development. Many developing countries in the process of industrialisation follow the economic model of Western countries from the late eighteenth century which is growth-oriented, unsustainable and resource-constrained. The developing countries today face the crucial need to promote development while at the same time protecting the environment and contributing to global economic growth. As the former UN Under-Secretary-General of Economic and Social Affairs, Sha Zukang remarked, the implementation of agreed commitments and obligations should be the first priority (Granit et al. 2012). In the current economic situation, developed countries are reluctant to provide financial support, technology transfer and capacity building to developing countries.

The SDGs are of common interest to all human beings and, therefore, the international community should take effective measures and create opportunities for global cooperation. Though there are a great deal of conflicts and disputes between developing and developed countries in how to balance economic growth and environmental protection, there is nonetheless pressure on developed and developing countries to construct an international environmental system in order to prevent ecological disasters collectively. Developing countries generally require developed countries to strengthen their political will, take the lead in action to change their unsustainable patterns of production and consumption and follow the green road of development. Developing countries also strongly urge developed countries to maintain funding levels, technology transfer and capacity building for developing countries, and play a greater role in helping developing countries to achieve the transition towards green and sustainable development. The Rio Declaration on Environment and Development (1992) and the Rio+20 Outcome Document both state that the industrial world should provide technical and financial assistance to developing countries.

International practices of observing the SDGs should involve three levels: First, the national survival level; and second, the economic level. One's economy, society and environment interact with each other. For example, rapid population growth leads to social pressure; access to any environmental resources in order to develop economic activities will result in pressure on the environment. The third level is the political one. One must not interfere in other countries' sovereignty or threaten their economies

due to environmental issues. An equal and inclusive society must address economic growth, social development and environmental issues through a unified strategy and policy.

Although the current actors of sustainable development governance have been diverse, they can be divided into three sectors: The first includes the United Nations General Assembly, the United Nations Economic and Social Council, the United Nations Environment Programme, the former United Nations Commission on Sustainable Development and the United Nations Development Programme, etc. The second sector comprises sovereign states. The third level, in turn, comprises all major groups of civil society, including non-governmental organisations, the private sector, the media, the scientific community, all of which are important players in the global governance of sustainable development.

### **3 The principles of Sustainable Development Goals (SDGs)**

#### **3.1 Fairness**

Sustainable development emphasises that development should be pursued in two ways: The first is fairness within one generation which also, secondly, means intragenerational equity. Sustainable development should meet the basic needs of all people and provide the opportunities to have better living standards. The reality of the world today is that some are rich and one-fifth of the whole world is poor. Developed countries account for 26% of the global population but their consumption takes up 80% of global energy, steel and paper, etc. Sustainable development cannot be achieved in a world of wealth disparities and polarisation. Therefore, we should build a world which provides equitable allocation and equitable development rights. Eliminating poverty should be considered as a special priority in the process of sustainable development. The second way is intergenerational equity: We have realised that the natural resources we rely on are limited. One generation should not destroy future generations' natural resources and environment to satisfy their own development and needs.

## 3.2 Sustainability

The core idea of sustainability is that economic and social development cannot exceed the carrying capacity of natural resources and the ecological environment. This means that sustainable development requires not only justice between generations but must also build on a fair arrangement between man and nature. Resources and the environment are the basis for human survival and development. Without resources and the environment, human beings cannot survive and develop. Sustainable development should be based on the protection of the earth's natural systems. Because of this, development must be limited to some extent. We must give full consideration to finite natural resources. And we must not damage the earth's atmosphere, water, soil and biological and other natural systems as the prerequisite for development. In other words, human beings need to adjust their way of life and determine their own consumption standards, but – in accordance with the sustainable principle – not produce and consume excessively. When the material basis of human survival is damaged, there can be no development at all.

## 3.3 Common but differentiated responsibilities

The principle of 'common but differentiated responsibilities' is the global consensus in the context of the United Nations Framework Convention on Climate Change (UNFCCC). This principle means that the industrialised, wealthy countries of the world bear responsibility for global warming because of their historic emissions of greenhouse gases for more than three hundred years. Furthermore, the developed countries' *per capita* emissions remain far above those of developing countries, meaning that their responsibility continues. Due to differences in history, culture and level of development, the specific objectives, policies and implementation steps of sustainable development cannot be the same for both groups of countries. However, as the goal of global development, the fairness principle and the sustainability principles should be observed by all. To achieve SDGs, we must recognise that complex interdependencies exist and take joint action. Fundamentally speaking, the implementation of sustainable development means promoting the harmony between you and me, man and nature. If everyone abides by the common principles and builds relationships of mutual benefit between you and me, man and nature, sustainable development can be achieved.

## 4 Green economy and the differences between North and South

The green economy is at the core of the SDGs and aims to promote economic recovery and create jobs. The overall goal is to contribute to the reform of multilateral cooperation and the state, to help to eliminate the social, economic and environmental effects of the financial crisis, as well as to solve the problems that have long threatened society such as global warming, food, fuel, water crises and other issues.

Countries have different definitions of a green economy. For the post-industrial countries, domestic environmental problems have been basically solved: people enjoy a high standard of living and a good ecological environment. Their understanding of a green economy focuses on global climate change and other global environmental problems. It also focuses on the impact of global environmental change on domestic conditions and on the world economy. It pays close attention to the international institutional framework that could address global environment problems and build cooperative action among nation-states. In developing countries, the fragile ecological environment is more susceptible to the effects of global environmental change, as they also face a series of domestic environmental problems such as ecological deterioration, environmental pollution and unsafe drinking water and garbage disposal. Therefore, the meaning of a green economy for the developing countries pays more attention to domestic economic development, social progress and environmental protection. But it is also of high relevance for the developing countries to manage domestic natural resources and environmental protection and to deal with climate change. The developing countries should closely combine the two focal areas, as addressing the two dimensions of environmental problems simultaneously can produce synergies.

Till now, the international community has not yet formed a unified and authoritative definition of a green economy. Often research efforts are separated, dealing with economic growth on the one hand or environmental protection on the other. However, both developed countries and developing countries have realised that developing a green economy and achieving low carbon development is the fundamental way to solve the problems of natural resources and the environment. At present, the generally accepted conception a green economy is as follows: It is a kind of coordination pattern

of resource utilisation, environmental protection and sustainable economic development which safeguards the eco-systems relevant for human survival and promotes the development of human societies.

Developing countries stress that the concept of a green economy is one of the important means to achieve sustainable development. However, this conception cannot replace the idea of sustainable development; instead it must be placed within the framework of sustainable development and poverty eradication. Developing a green economy should comply with the basic principles of the “Plan of implementation of the world summit on sustainable development” adopted by the Johannesburg Summit in 2012, with poverty eradication as its main target. Implementing the concept of a green economy must not be used to erect barriers to trade and technology transfer, and to weaken the position of the developing countries. Countries at different stages of development should be allowed to choose their own suitable green path of economic development. Policy space to develop every country’s own path of development and sovereignty over natural resources should be ensured. The other requirements are as follows: to reform the global financial system and to establish a new economic order; to oppose trade protectionism; to make poverty eradication a priority. Developed countries need to recognise their responsibility to help developing countries develop a green economy, rather than imposing it as a condition of trade and foreign aid. The developing countries are opposed to the developed countries promising grants, loans and debt relief with additional restrictions. Finally, the developed countries should establish a new and predictable framework of cooperation which increases financial support for developing countries.

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Post-2015: why is the water-energy-land nexus  
important for the future development agenda?

*Clara Brandi / Carmen Richerzhagen / Katharina Stepping*



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## Post-2015: why is the water-energy-land nexus important for the future development agenda?

Clara Brandi / Carmen Richerzhagen / Katharina Stepping

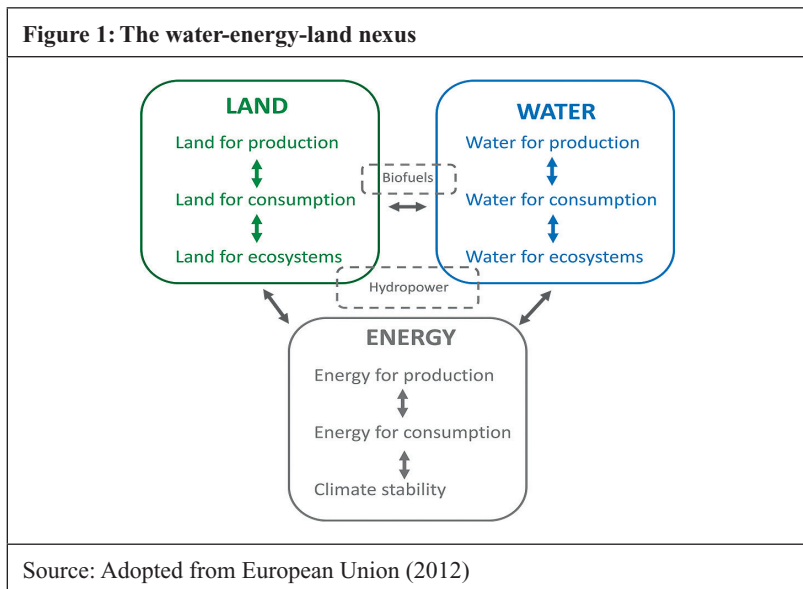
Water, land and energy will play an important role in the post-2015 agenda. Their contribution towards poverty alleviation and sustainable development has been emphasized in all different post-2015 work streams and in the Open Working Group on Sustainable Development Goals (OWG-SDGs). They will likely be regarded in a post-2015 agenda. However, the inclusion of goals related to water, energy and land in a post-2015 regime is important, but not enough, if they remain isolated. The new development agenda should mirror the linkages among them, i.e. the “water-energy-land nexus”. The nexus concept aims at simultaneously transforming the management of water, energy and land in order to satisfy the growing demand for these resources, while operating within environmental limits. The better management is reached by increasing efficiency, reducing trade-offs, building synergies and improving governance across sectors. The concept was launched at the Bonn 2011 Nexus Conference (see Hoff 2011) and is in the focus of the European Report on Development 2011–2012 (European Union 2012).

### **1 Poverty and the water-energy-land nexus**

Water, energy resources and land provide many life-supporting functions, e.g. climate stabilisation and regulation of the hydrological cycle, and are key resources to satisfy basic human needs and allow for development. However, 780 million people lack access to safe water (World Health Organization / The United Nations Children’s Fund 2012), about 1.2 billion people have no access to electricity (Sustainable Energy for All 2013), and for most of the world’s poor in rural areas, arable land is their main source of livelihood (World Bank 2013). Access to these resources and their sustainable management are the basis for inclusive and sustainable development as well as poverty reduction. Yet, the demand for food, water and energy is expected to rise by 30–40 per cent by 2030 (European Union 2012).

Reliable access to water and, at minimum, acceptable levels of quality, availability and affordability of water are indispensable in the fight against poverty. Poor people are most vulnerable to underprovision of water and damages due to floods, as they lack the financial means to invest in reliable infrastructure. Access to clean drinking water allows for the use of water in personal hygiene and household chores. Access to sustainable sources of clean, reliable and affordable energy is also fully recognised as being crucial to poverty reduction and economic development. Poverty reduction and sustainable land use are also closely interlinked because access to land and the conservation of ecosystems relevant for food production are essential to fight hunger and undernourishment. For instance, in almost every second child death, malnutrition is the underlying contributing factor (World Health Organization 2013).

The water, energy and agricultural sectors are interlinked: policies affecting one resource often include negative externalities for other resources – be they in a local, national, regional or global context. Sector policies aiming at security in one sector have repercussions on resources in other sectors



and can compromise other objectives. Cultivating crops to produce biofuels for energy security consumes water and land resources, thereby competing with food production and compromising food security. Expanding arable land and intensifying agriculture to improve food security compromise the protection of forests and increase the pressure on land. Water supplies for households, industry and agriculture rely on electricity, but, in turn, electricity generation (e.g. hydropower) requires considerable amounts of land and water.

Water, land and resources that fuel the energy system (e.g. fossil fuels, timber) are already under pressure and being challenged by human-induced impacts (e.g. land degradation and desertification, climate change, water and nutrient depletion) due to population growth, increasing standards of living, changing diets and consumption patterns, and urbanisation. Pressure increases if policies do not take into account this interrelatedness and can result in scarcity, environmental degradation and/or the destruction of livelihoods.

## **2 Towards the post-2015 agenda**

2015 will be a pivotal year and set the course for environmental and development policy until 2025 or 2030. A process to formulate new development goals in 2015 to succeed the Millennium Development Goals (MDGs) has been set up in the context of the United Nations (UN). Initially, this process has been split into two strands. The first strand ties in with the MDGs and focuses on transforming the current development agenda into a post-MDG agenda with a view to removing its weaknesses but maintaining its strengths. Five work streams (UN Task Team, UN Global Compact, High-level Panel of Eminent Persons, the Sustainable Development Solutions Network and the UN Development Group) were initiated by Secretary-General Ban Ki-moon in order to produce reports and inputs for the Special Event on the Millennium Development Goals (MDGs) that took place in New York in September 2013 (Rippin 2013).

The second strand has emerged from Rio+20 and aims at elaborating Sustainable Development Goals (SDGs). The idea is, first, to broaden the focus of the agenda from human to sustainable development and, second, to enlarge the scope of objectives from developing countries only to all countries. After some struggles with regards to a balanced regional

representation, in January 2013 a 30-member Open Working Group (OWG) of the General Assembly was mandated to prepare a proposal on SDGs for consideration by the Assembly in September 2014. Since the group was restricted to 30 seats, some countries (e.g. Germany, France and Switzerland or China, Indonesia and Kazakhstan) shared a seat. In February 2014 the OWG completed its “stock-taking phase” (Evans / Steven 2013). In eight sessions, the members of the OWG considered a range of topics (e.g. poverty, water, food security, cities, employment, growth, climate change, biodiversity etc.). Since March they discussed a proposed list of goals and targets given that their report to the GA is due in September 2014.

At the Special Event on the MDGs, the General Assembly decided to pave the way for merging the two processes. Originally, the purpose of the event was to review the MDGs and decide how to shape a new development agenda after 2015 when the MDGs would expire. However, the outcome document of the Special Event provides the countries with a short break and states that the intergovernmental negotiations on the post-2015 agenda will only start in September 2014 when the OWG on the SDGs will have completed its task. Until then, further events under the auspices of the General Assembly will take place to set the stage for post-2015 in order to keep the process on-going by not anticipating any outcomes (Rippin 2013). Merging these two processes implies that sustainable development and poverty eradication will become overarching goals of the new post-2015 agenda.

### **3 Water, energy and land in the MDGs and SDGs**

Neither water nor energy or land use is explicitly included as one of the eight MDGs. Yet, MDG 7, to ensure environmental sustainability, comprises a target for water and sanitation – but the target only takes into account social but not economic or ecological issues. MDG 7 also includes a reference to sustainable land use, energy efficiency and CO<sub>2</sub> emissions. The target to reduce by half the proportion of people without sustainable access to safe drinking water was achieved in 2010 (United Nations 2013). The biodiversity target – to achieve a significant reduction in the rate of loss by 2010 – was incorporated into MDG 7 in 2002 but could not be met.

Water, energy and land have to be key topics in the new post-2015 agenda. The outcome document of Rio+20 underlines the importance of water, energy, land and biodiversity as priority areas for SDGs (Rio+20 Conference



on Sustainable Development 2012). In the Secretary-General's initial input to the OWG on SDGs, based on a survey of Member States' views on SDGs, food and agriculture (land), water and energy ranked on the top three positions. The list of proposed SDGs discussed in the final meetings of the OWG contained individual goals on water and energy. Land issues were attributed to goals on hunger/agriculture and ecosystems/biodiversity.

Many ongoing initiatives and parallel processes exist in these issue areas and need to be considered when defining the new goals. The MDG targets for drinking water and sanitation could be renewed with new time limits, while at the same time broadening their scope to the economic and ecological dimensions. Currently, water is separately discussed in two areas in the context of the post-2015 agenda: on the one hand, as an issue related to human development (e.g. safe drinking water); on the other hand, as an issue related to oceans, fisheries and pollution. This distinction is surprising in view of the circulatory nature of this natural resource on the global scale. Water pollution may cause health problems at the local level, but may simultaneously jeopardise ocean fish stocks at the global level. A water-related SDG should aim for a much more integrated approach, e.g. on the basis of the concept of Integrated Water Resources Management (IWRM), which promotes the coordination of managing water, land and related resources while maximising economic and social payoffs without compromising ecosystems. In fact, the Stockholm Statement of the 2013 World Water Week called for a sustainable development goal on water as a cross-cutting resource. By the year 2030, a doubling of global water productivity, a realisation of the human right to safe drinking water and sanitation, and increased resilience to water-related disasters should have been achieved. The concept of a human right to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic uses for everyone also bundles together many crucial aspects (UN Economic and Social Council 2002; United Nations General Assembly 2010).

For energy, the UN Secretary General's SE4ALL initiative is an illustration of what an SDG could look like. The initiative has already gathered substantial support. It includes three targets for 2030: universal access to modern energy services; doubling the rate of energy-efficiency improvements; and doubling the share of renewable energy in the energy mix. According to the Global Tracking Report, which was first published in 2013 and offers country-level data on the current state of these indicators, 1.2 billion people lack access to electricity, renewable energy accounted for

18 percent of the global energy mix in 2010 and that the improvement rate of energy efficiency was -1.3 percent between 1990 and 2010 (Sustainable Energy for All 2013). The SE4ALL targets encompass the three dimensions of sustainable development by considering energy access (social), energy efficiency (economic) and use of renewable sources (environmental). All in all, the SE4ALL initiative provides a sound basis for energy goals in the post-2015 agenda. The Open Working Group included the three SE4ALL targets in their Zero Draft that was published in the spring of 2014.

Regarding land use and biodiversity, existing initiatives and agreed targets can help to shape a new agenda. The initiative of the United Nations Convention to Combat Desertification (UNCCD) aims to reduce the rate of land degradation in order to achieve land-degradation neutrality. It states sustainable land use for all and by all (in agriculture, forestry, energy, urbanisation) and includes three targets: zero net land degradation by 2030; zero net forest degradation by 2030; drought policies and drought preparedness implemented in all drought-prone regions / countries by 2020. In addition, new biodiversity targets were negotiated in 2010 by the 193 parties of the Convention on Biological Diversity (CBD), the so-called Aichi Biodiversity Targets. For example, by 2020, the rate of loss of all natural habitats, including forests, should be at least halved and even brought close to zero, and degradation and fragmentation should be significantly reduced. By adopting these targets, the parties of the CBD committed themselves to an ambitious plan to stop the loss of biodiversity by 2020.

#### **4 The nexus in the post-2015 agenda**

In order to integrate the “water-energy-land-nexus” into the post-2015 agenda, any proposed list of goals should go beyond silo thinking and needs to meet three requirements:

1. Balancing the social, economic and environmental dimension: the integrative character of the new post-2015 agenda could be fulfilled by using second-order conditions. For instance, if environmental protection as a second-order condition is integrated into an objective that focuses on human development, it can be ensured that human development does not result in environmental degradation.

In the context of water, for instance, dam construction for hydropower plants leads to high economic yields, but provokes the loss of biodiversity in the flooded area and has huge social impacts if people need to be resettled. A target on universal access to energy should be balanced by another target promoting clean energies so that the social and economic gains of energy access do not come at the expense of the environment. Similarly, targets promoting clean energy may lead to an initial increase in energy prices – such targets should then be complemented by targets that promote access to affordable energy by all. Likewise, the social and economic impacts of targets for sustainable land use and biodiversity conservation need to be balanced. The SE4ALL initiative illustrates these difficulties. On the one hand, the initiative should become the basis for a goal on sustainable energy in the post-2015 agenda, as the three dimensions of sustainable development are reflected in the targets. On the other hand, the targets have not been integrated, such that the achievement of one would depend on the other two.

2. Achieving coherence across goals: taking account of the water-energy-land nexus requires the formulation of coherent goals that allow for an integrated perspective across goals. The design of future objectives should take into account the multidimensional context full of interdependencies. For example, the construction of reservoir-based hydropower plants can jeopardise water security and create water scarcity downstream; the creation of a reservoir may also conflict with previous land use for agriculture. Energy, in turn, must be supplied in ways that do not undermine other development goals, for example by increasing climate risks, degrading land and using water unsustainably.

The problem is that energy is a key driver behind a number of critical environmental pressures, including greenhouse gas (GHG) emissions (of which energy-related emissions represent roughly 75 per cent of the global total) and land and water use and degradation. If expanded further, biofuels, biomass and hydropower may appropriate significant shares of available land and water resources. Especially the rapid development of biofuels has generated considerable debate regarding their sustainability and, above all, the so-called food versus fuel competition. The current trend towards large-scale acquisitions of agricultural land may imply that access to water is also acquired on a large scale – and points to the multiple facets of managing the natural resource base in the context of a globalised economy. The implementation of the nexus requires policies,

institutional arrangements and procedures that are able to take account of trade-offs and synergies.

3. Agreeing on universal goals: the goals in the post-2015 agenda should be universal, in that they apply to all UN member countries, regardless of the economic, political, legal, social and environmental circumstances. To identify and specify universal goals, all countries will have to commit to this joint global effort – not only developing countries, as happened before. Developing countries' goals on water, energy and land should centre on access and sustainable management, whereas goals in emerging and industrialised countries should focus on sustainable production and consumption issues. Each goal should include a deadline specifying the month and year. To formulate such goals, two options seem to make sense. First, each goal should describe comprehensively the objective and underlying concept and explicitly specify through targets the implications for each country or group of countries. Second, the goal should be formulated in an abstract way and the formulation of targets should be subject to a national pledge-and-review approach, wherein pledges are made on a voluntary basis.

Although a detailed discussion of the pros and cons of each option is beyond the scope of this paper, some points are immediately apparent: the first option facilitates accuracy and precision but is politically less feasible and makes communication harder. The second option allows for conciseness but requires additional explanations. For instance, the goal “to have universal access to water by 2030” would be easily understood, but the scope and the points of reference for each country or group of countries would need to be defined. Furthermore, a pledge-and-review approach can help to overcome negotiation hurdles but bears the risk of leading to weak targets. This approach is particularly useful in the context of goals for resources, for which limits at the global level make little sense, as in the case of water accessibility at the local level.

## **5 The way forward**

The Special Event on the post-2015 agenda in September 2013 paved the way to merge the two ongoing processes for working on the post-2015 agenda. Already existing processes, such as the SE4ALL initiative or the Aichi Biodiversity Targets, should be used and linked in order to identify goals that

build upon agreed language and reflect consensus among the stakeholders. Goals should be designed in such a way that they take into account second-order conditions related to other dimensions (i.e. sustainable development and the water-energy-land nexus), the different levels (global, regional, national, local), and are adapted to countries' diverse states of development (high-income, middle-income, low-income). The true challenge is to design integrated, consensual objectives that are easily understood, communicable, and cut across various sectors, dimensions and periods of time.

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Conceptualising migration in the context of sustainable  
development in a post-2015 framework

*Benjamin Schraven / Niels Keijzer*





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# Conceptualising migration in the context of sustainable development in a post-2015 framework

Benjamin Schraven / Niels Keijzer

## 1 Introduction

Although it is difficult to imagine migration without development – or development without migration – the political sensitivity surrounding restrictions on human mobility has marginalised migration in international development policies. Furthermore, migration stands among the most politically contentious topics in the United Nations (UN) system. The current MDGs reflect an approach to human development that does not involve human mobility. In stark contrast, the prominent place of migration policy in nation-states' domestic-policy debates creates a large community of migration policy experts and researchers.

In the past two decades, efforts have been made to unite the two communities of practitioners and researchers under the label “Migration and Development” (M&D). Although M&D has been discussed biennially by dedicated UN General Assembly committees since the 1990s, destination countries blocked an international conference on the subject (ICMPD/ECDPM 2013).

However, efforts by the UN Secretary General led to the first High-Level Dialogue on Migration and Development (HLD) in 2006. This meeting resulted in ongoing dialogue processes within and outside of the United Nations system, which gradually facilitated ongoing discussions that fed into the second HLD in October 2013. It was hoped that the second HLD would help to improve the prospects for international decision-making on migration. Building on these efforts, the most recent UN General Assembly felt that migration should be “adequately considered” in the formulation of a post-2015 agenda on global development. Many UN members, however, sent low-level delegations to the HLD, and despite the strong rhetoric following the shipwreck tragedies near Lampedusa that same week (see also Box 1), participants adopted an unambitious outcome document that lacks agreement on concrete actions (UN 2013). A month later, European heads

of state rejected the European Commission's proposals to facilitate legal migration and did not want to go further than stating that action "should" be taken to prevent the loss of lives at sea, which was heavily criticised by several migration and human rights related organisations like Human Rights Watch (HWR 2013).

While not agreeing on concrete steps forward, the UN members were willing to state the obvious by recognising that human mobility is a key factor for human development. Moreover, they agreed that migration should be "adequately considered" in the formulation of a post-2015 agenda on global development (UN 2013). Although various options for including migration in a post-2015 framework are on the table – ranging from stand-alone goals to efforts to "mainstream" it throughout the framework – further progress necessitates that migration is reflected in a way that respects the sustainable development orientation that the General Assembly has called for. This paper recapitulates the discussions and analyses which migration related issues have the potential to make migration work for more sustainable development but have been widely overlooked in the post-2015 related discussions so far.

## **2 M&D and the post-2015 development agenda**

Due to the dominance of issues like brain drain or rural exodus in policy and scientific debates at that time, the connotation of migration in the global development discourse was rather negative during the 1970s and 1980s. Discussions on M&D during the 1990s and 2000s, however, have promoted a more positive notion of migration in the international development discourse. Yet, policy debates frequently negate these and continue to consider migration as a security threat, or regard development cooperation as a means to help "avoid" migration. The dominant orientation of international policy discussions, moreover, has a strong functionalist bias that results in a focus on aspects such as remittances, high-skilled migration and brain drain, as well as the contribution of diaspora communities. This functionalist bias leads to development policies portraying migration as a means to development, as opposed to an act of development itself. This bias is accompanied by a lack of consensus on defining key aspects of migration policy, for example a lack of consensual definitions of key terms such as "migration", "internal migration" versus "refugees", as well as ideologically predisposed concepts such as "illegal migrants". This feeds into a larger trend

of criminalising migrants. Medium-term demographic trends in Europe and other regions, however, point to the benefits of facilitating migration for the country of origin, the destination country as well as for the migrant (de Haas 2012; de Haas 2005; Bakewell 2008).

**Box 1: Lampedusa: human tragedies legitimising border control?**

Although they involve grave human tragedies, the October 2013 Lampedusa accidents, in which all in all more than 300 people lost their lives while trying to reach the small Italian island, can hardly be perceived as isolated incidents. There is evidence that these tragedies are directly linked to the EU's policies of criminalising migration to Europe. Oxford University Professor Hein de Haas has compared the European policies and actions to a "waterbed" approach, whereby once pressure is applied somewhere along its borders, the migrants automatically move to another spot. By forcing them to take ever more dangerous sea routes from less politically stable destinations, the EU's policies may in fact be directly contributing to the loss of lives they lament. Whereas the Italian migration minister called for the EU to move away from this policy by decriminalising migrants, European Commission President José Manuel Barroso's Lampedusa response mainly involved referring to the work of the European Union's external border management and cooperation agency (Frontex) and stressed the need to strengthen search and rescue capacities and boat surveillance systems.

(see also: <http://publications.europeintheworld.com/waterbed-effect-eus-immigration-policy/>)

Based on these prospects, some stakeholders argued for including migration in a post-2015 framework that is under preparation. In recent discussions, several options have emerged as possibilities for doing so. First of all, one could envisage a stand-alone goal related to migration with individual targets and indicators. Although it would give it the priority it deserves, this option seems unlikely, given the fierce competition of other goals and the fact that these other goals are less politically contentious. A second option would be to reflect separate (sub-)objectives for migrants and migrant populations under other goals expressed by clear targets and indicators. This seems to be a more feasible option, but it would invite reductionist "shopping"

for particular migration aspects and neglect the wider relation between migration and development. A third option would be to view migration as a key enabler for development more broadly. Such an option views international migration as a cross-cutting issue relevant for several aspects for development and requires its mainstreaming. Although reflecting that migration is relevant to many development factors, it risks to “awaystream” it if there are no clear goals and targets designed. A combination of these three options would provide for a fourth one: a goal that, similar to the current 8th Millennium Development Goal, would commit UN members to giving shape to a global partnership on international migration. The history of MDG8, however, shows the difficulties of ensuring accountability to such a goal and that it alone does not facilitate collective action. (Knoll / Keijzer 2013).

These options have been raised in discussions about a post-2015 framework which, as the General Assembly has agreed, have to be merged with the ongoing Open Working Group discussions on Sustainable Development Goals. This implies that discussions on migration in relation to a post-2015 framework on development should be taken forward in a broader sustainable development context that also addresses the social, economic and environmental dimensions of migration.

It should be emphasised that the situation of migrants will not be meaningfully improved by development projects targeting issues such as circular migration, but instead requires concrete progress in international legislation facilitating human mobility. This involves facing up to non-ratified international conventions as well as dealing with the inequality in human mobility that is tied to one’s given nationality or regional background. More fundamentally, it relates to confronting widespread negative perceptions and misconceptions about migrants in receiving countries as well as the tendency of the political class to frequently exploit these for short-term gains.

### **3 Migration aspects that need to be considered**

Regardless of the option chosen to include migration in the post-2015 development agenda, it should not be reduced to a functionalist view. An M&D approach that serves a universal, inclusive and sustainable

understanding of development should also consider and address the following interrelated aspects:

Migrants' rights as well as living and working conditions: Reports about terrible and life-endangering living and working conditions for South Asian migrant workers in Qatar, which among other things build the stadiums for the 2022 football world cup, are only the tip of the iceberg. Worldwide, many migrants suffer from labour exploitation; insufficient housing conditions; low access to public infrastructures, educational facilities and social protection; and/ or lacking opportunities for societal and political participation (see also IOM 2013). Only a small number of states have signed at least one of the three international instruments related to migrant workers' rights that would commit them to do something about this (in particular the 'International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families'). States having signed at least one of the conventions host merely a third of the total global migrant population (Oxford Martin Commission for Future Generations 2013, 34). Furthermore, there are growing manifestations and expressions of xenophobia, racism and intolerance against migrants worldwide. Thus, an improvement in migrants' living conditions is also about intensifying integration efforts in the destination countries. Work in this area should also involve redefining the term "migrant" as there are no generally accepted criteria concerning who can be perceived as a migrant and who cannot.

Internal migration: The global number of migrants moving within the borders of their own countries is several times higher than the number of international migrants (UNDP 2009). As is the case with international migration, internal migrants' remittances are essential for their families and home communities, and their labour is willingly "utilised" in the destination areas. But internal migrants also face problems relating to social, economic, political and legal marginalisation, and many governments are reluctant to address internal migration politically. They should not remain off-radar in a post-2015 framework that deals adequately with migration.

Environmental change and migration: Fears that climate change and environmental degradation may create millions upon millions of "environmental refugees" and related security and humanitarian concerns have turned out to be both inappropriate and baseless. In fact, recent studies have come to the conclusion that migration can be an important form of adaptation to processes of environmental change (Foresight 2011; Schraven

2012). But so far, migration has hardly been an issue in international and national adaptation policies. Rather, the times that it has featured in discussions on climate change, the defined goal has been to reduce or “prevent” migration via (other) adaptation measures (Martin 2010).

**Low-skilled migration:** Whereas many receiving countries welcome highly skilled professionals – as some of their economic sectors are threatened by a (future) shortage of skilled labour – the immigration of low-skilled workers is usually met with refusal. However, studies confirm that more low-skilled migration from developing to developed countries or emerging economies would not only be beneficial for the sending countries (e.g. via higher remittances to poor households or an increase in unskilled wages due to the decreasing supply); the receiving countries can also benefit, as labour shortages likewise appear in low-skilled job sectors. Finally, facilitating low-skilled migration would be a way of mitigating the human security risks of irregular migration as well as to some extent reducing the large funds now spent on border control (ICMPD / ECDPM 2013).

**Circular migration:** Circular migration is said to have the potential to create “triple-win situations” since: 1) destination areas and sectors benefit, as the required labour force can be recruited for a desired period of time, 2) sending areas / countries benefit via remittances and the acquired skills and knowledge of the migrants and 3) the migrants themselves benefit from the income and experiences gained abroad. Yet, immigration regulations of many receiving countries virtually prevent circular migration, as they only allow temporary (one-time) stays instead of multiple stays. Because they do not want to lose their admission status, migrants usually tend to stay in the destination country as a result. Accordingly, the potential of circular migration cannot be excluded from the post-2015 discussions (Skeldon 2012; ICMPD / ECDPM 2013).

#### **4 Outlook: broaden and intensify the discussion**

The relatively basic nature of the different migration aspects presented here is indicative of the challenging nature of the ongoing discussions. An adequate contribution of a post-2015 framework towards promoting migration in a way that balances the social, economic and environmental pillars of a sustainable development approach requires more fundamental changes to today’s global institutions. So far, these are largely inadequate for



fulfilling this purpose. Regardless of the recent calls for a “transformative framework”, the history of the development of these institutions indicates that such an expectation is not really realistic. Instead, recognition of the need for transformation should inform three incremental, yet important, steps to realise this.

1. First of all, the UN needs to continue its efforts to promote the discussion of migration in a broader sustainable development context, avoid functionalist or instrumental approaches and call for more intensive high-level discussions on the matter.
2. The discussions on migration and its management need to consider the subsidiarity principle and determine an optimal division of labour between the global, regional and national levels, as well as establish avenues to devise coherent policies between those levels.
3. One should not assume that actions can be informed by existing data-collection processes: if there is any area in need of a “data revolution”, then it is the one related to migration. Poor data on migration reflects the lack of consensus on key terms, a lack of investment in empirical research as well as absent data on aspects such as remittances, illegal migration and information on migrant rights in different countries.

The first two actions can help promote discussions on migration in UN member states and avoid the political exploitation of migration misconceptions, which, however, ultimately depends on governments’ willingness to take responsibility in promoting migration for sustainable development.

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The international battle against tax fraud and evasion:  
a key part of the post-2015 agenda

*Christian von Haldenwang / Uwe Kerkow*



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## The international battle against tax fraud and evasion: a key part of the post-2015 agenda<sup>1</sup>

Christian von Haldenwang / Uwe Kerkow

### 1 Introduction

Reports on worldwide tax fraud and illicit global financial flows have been appearing more and more frequently in recent times. In spite of the attention which such revelations attract, however, the international community is still far from an effective system of controls. While it is true that the G20, the G8, the European Union (EU), the *Organisation for Economic Co-operation and Development* (OECD) and other international organisations are advocating more international cooperation and control in this area, implementation of the related resolutions has proven to be difficult.

In its first major report, at the end of May 2013, the United Nations “*High-Level Panel of Eminent Persons on the Post-2015 Development Agenda*” now proposes that the reduction of illicit flows and tax evasion and the recovery of stolen assets be included in the new global agenda. This initiative deserves support, precisely because many of the poorer countries labour under a disastrous combination of weak national tax and control agencies together with international tax loopholes and regulatory gaps.

Large international companies above all use this constellation to shift their profits with the help of internal transfer prices to countries with particularly low tax burdens (so-called “tax havens”). And it is often much too easy for persons with large private assets to circumvent tax obligations in their own countries. While it is true that no reliable figures are available about the extent to which developing countries are damaged by such behaviour, even the most conservative estimates make it clear that these illicit capital outflows lie on an order of several magnitudes above inflows from official

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1 This is the revised and expanded version of a document on tax fraud and evasion that was published as DIE Briefing Paper No. 16/2013. We gratefully acknowledge useful comments by our colleagues from DIE Jörg Faust, Stefan Leiderer and Markus Loewe and Yu Ye from SIIS.

development assistance (ODA), not to mention their negative impacts regarding governance and corruption.

Most of these “tax havens” are found in OECD countries or smaller states and territories which are dependent on them. At the same time, it is the OECD countries which have the market power and public infrastructure to effectively implement controls and plug existing legal tax loopholes. But the major emerging countries too, along with resource-rich developing countries, must be integrated into this effort if actions which have been decided upon are to take effect on a worldwide basis. This topic is thus particularly relevant for a global agenda “*Beyond Aid*”.

The new agenda should tackle the problem at several points: in order to increase market transparency, reporting and accounting obligations of companies must be expanded and standardised. What is also of major importance is to improve international cooperation and the exchange of information between tax authorities. Bilateral accords like those presently in place are not enough for this; rather, multilateral actions by the international community are required. These may be initiated by individual groups of countries, but must then be implemented on a global scale.

## **2 Developing countries are hit hardest**

For a long time, the public debate on tax fraud and financial outflows concentrated on private assets in OECD countries. This, however, touched only the tip of the iceberg. Many developing countries also make it too easy for those with large assets to circumvent their tax obligations. Members of the elite often use their position to block investigations by national tax authorities. Once the funds have left the country, lax controls in so-called “tax havens” help to conceal the origin of such wealth. As a result, some of the world’s wealthiest persons come from very poor (but often resource-rich) countries where governance is badly managed.

In addition, many companies veil their activities by carrying out their operations in part or wholly via “tax havens”. This is especially true of the financial sector. In other areas such as extractive industries and the international transportation industry, such patterns of behaviour are likewise common. An important role is played here by transfer prices for goods and services delivered or rendered within a company or consortium on a cross-country basis (*transfer pricing*).

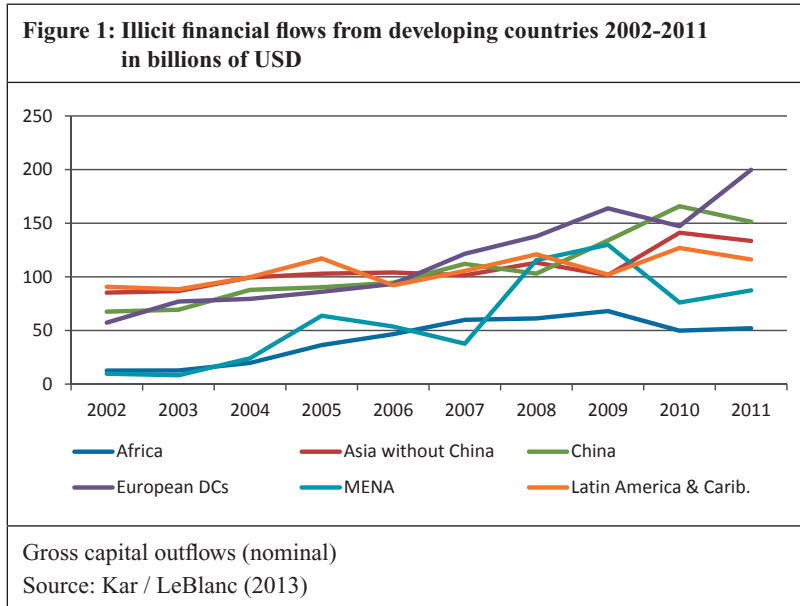


All over the world, tax authorities struggle to monitor transfer prices even for standardized products – not to mention highly specific financial services or internally licensed intellectual property rights. For example, a study carried out by the *United States Congress* in the year 2010 found that the officially documented profits of US American company subsidiaries on the British Virgin Islands were 2.5 times in excess of that country's Gross Domestic Product (GDP). Profits on the Cayman Islands were 4.5 times greater than the local GDP, and even 5.5 times greater in Bermuda (Gravelle 2013). This means that a major share of the value-added of these US companies is transferred artificially to states which levy extremely low taxes. Poor countries with weak public sectors have even greater problems in monitoring large companies. Here the disproportion between the market power of such companies and the effectiveness of taxation and supervisory authorities is usually especially glaring. As a result, the public hand collects only a fraction of the funds which are actually due to the state.

It is no accident that the above-mentioned figures refer to an industrialised country, the USA. True, research has long focused on the problem of measuring capital drains from developing countries. But whereas industrialised countries often provide data on the level of companies or taxpayers, such detailed information is usually unavailable in developing countries. In its place, macro-economic data (e.g. trade and debt statistics) are used to assess the dimensions of the problem. Even though the methodological problems entailed by this do not permit a presentation of robust results, all available evidence indicates that the problem of negative capital outflows places a serious burden on many developing countries. Depending on the source, taxes lost by the developing countries are estimated to total between one-and-a-half to 10 times the amount of official development aid (ODA).

To be sure, very diverse circumstances are hidden behind these aggregate figures. If the statements of the international non-governmental organisation *Global Financial Integrity* (Kar / LeBlanc 2013) are taken as a basis, nearly 19 per cent of all illicit capital outflows in the years 2002 to 2011 fall to the account of the People's Republic of China. In part, these are circular flows of capital which bleed enormous amounts of tax revenue out of the Chinese State and promote corruption and illegal enrichment in their place. The second largest exporter of illicit capital is Russia, which even overtook China in the year 2011 and accounts for 15 per cent of cumulative outflows for the period 2002 to 2011. On the other hand, when such outflows are seen in relation to the GDP, other countries – oil exporters like Nigeria, for

example – are much more heavily involved. At any rate, the outflows appear to have increased significantly in most developing regions in the last decade (see Figure 1).



### 3 Possible elements of a post-2015 agenda

There are signs that the battle against tax fraud and evasion could become a significant aspect of the post-2015-agenda. The relevance of this issue is now generally recognized on the international stage. The United Nations as well as the OECD have long been aware that poorly regulated financial markets and illicit capital flows pose hurdles to the sustainable financing of development. The G20 and G8 emphasized the need for better regulation at their most recent meetings. In order to deal with the problems, institutional, regulatory, tax-related and penal reforms are required. These range from combating tax dodging and eliminating tax loopholes for financial institutions and companies to the restriction of possibilities for acting secretly and an intensified fight against money laundering and corruption.

As a *first* step, international cooperation among tax authorities must be further improved. Automatic exchange of information should become the general norm. In most cases, it has been the rule up to now that information is given out only upon request. In April 2013 the finance ministers of the six largest EU countries (Germany, France, the UK, Italy, Spain and Poland) signalled their readiness to orient themselves to the *Fair and Accurate Credit Transactions Act* (FACTA) of the USA from the year 2003 and to set up an automatic exchange of information about capital income. However, this intensified cooperation in the club of industrialized countries is only an intermediate step, beyond which it is important above all to involve the major emerging countries and those developing countries which are rich in raw materials. There has been almost no discussion of this to date.

*Secondly*, the responsibilities of companies regarding bookkeeping, the rendering of accounts, and the presentation of reports must be expanded and harmonised. In order to make internal transfer pricing transparent, mandatory disclosure is under discussion, above all on a project-by-project and country-by-country basis. This is where sectorial initiatives like the *Extractive Industries Transparency Initiative* (EITI) play a trailblazing role. The disclosure obligations anchored in the U.S. *Dodd-Frank Act* of 2010 for extractive industries also represent an important step on the road to more transparent financial behaviour on the part of multinational companies. This is all the more true as the EU (Parliament, Commission and Council jointly) launched a comparable directive in April 2013. It binds companies listed in the EU as well as major non-listed companies to disclose all payments of more than 100,000 Euros earned from the production of natural oil and gas and from mining and logging operations and made to public entities worldwide. Once this information has been received, it can be combined with technical assistance targeted specifically to resource-rich developing countries.

Another important step would be to oblige every corporate entity recognized as such by law – including corporations, *trusts* and foundations – to procure and provide information about natural persons who profit from that entity's activities (*beneficial ownership*). The lack of such information is the central business basis of the so-called “tax havens”, which advertise that the asset-holder's true identity must not be revealed. This is a point where resistance to reforms (or the gap between formal rules and their effective implementation) is thus especially strong.

*Thirdly*, additional steps to **harmonize** tax regimes and financial market regulations are required. Large companies often use country-specific rules and diverging interpretations of laws to lower their tax burden. In addition, it is now customary to situate valuable intellectual property with company subsidiaries in low-tax countries so that profits from the use of property rights accumulate there. Such behaviour may be legal in many cases, but is by no means legitimate. An important aspect of harmonization in light of this would be a uniform basis for the assessment of corporate income tax, i.e. a *Common Consolidated Corporate Tax Base*, CCCTB, with the aim that company profits should be derived at the place where real value added does in fact occur. This instrument has been under discussion for years within the EU, but has still not been implemented. Here too, emerging powers and the developing countries must be integrated as soon as possible in order to prevent rules from being circumvented practically as soon as they are decided upon.

#### **4 Implementation in the framework of the post-2015 agenda**

Some of the above-mentioned steps are within the area of competence of national governments. In other cases, unilateral actions of individual states or groups of states could quickly have the result of closing international regulation gaps. However, a truly sustainable control of illicit financial flows requires multilateral action within the framework of a global agenda. To be specific:

Actions by national governments: Every state has the responsibility to formulate tax and finance policy regulations and ensure that they are effectively applied. In the poorer countries, however, the capacity gap between governmental agencies and the major companies and owners of assets is particularly wide. As part of the post-2015 agenda, therefore, development cooperation must be more clearly focused on strengthening tax agencies and supervisory bodies in the developing countries. This is already being carried out today to some extent in cooperation with regional associations, above all the Latin American association of tax authorities (CIAT) and its African counterpart (ATAF), which was founded in 2009. To some extent international organisations are also already being integrated, in particular the International Monetary Fund (IMF) with its regional training centres.

The experience of the EITI mentioned above shows that it is possible to provide specifically targeted support to reform-oriented governments relying on a lean, multilateral structure. In this context mechanisms of voluntary self-commitment and accountability are particularly relevant, especially when accompanied by civil society organisations in the countries involved and on the international level.

To a certain extent, unilateral initiatives of powerful individual states or groups of states have the potential to bring about changes on the international level (or conversely to prevent them). This is especially true for the USA as the largest national economy. The above-mentioned laws governing the exchange of information regarding capital income (FACTA) and the disclosure of payments rendered in the extractive industries (Dodd-Frank) have probably brought about more progress in the fight against illicit financial flows than years of deliberations in the EU or OECD. However, even the USA become increasingly aware of the fact that unilateral implementation of power positions alone will hardly suffice to put an end to illicit flows. Important impulses in this regard are coming from so-called “club governance” structures such as the G8 or the G20. These act as forums for the international concertation of political initiatives, can propose effective measures or even provide international organisations with the mandate to take action in a corresponding manner.

Multilateral approaches: a key lesson learned over the past decade refers to the fact that without the major emerging powers and resource-rich developing countries the problem of tax fraud and evasion cannot be brought under control. In recent years, the OECD in particular has launched several initiatives to fight tax evasion and avoidance, addressing the club of industrialised countries as well as non-member states and developing countries. Examples to be named here are the OECD *Informal Task Force on Tax and Development*, founded in 2010, which works on several of the topics discussed above, and the *Global Forum on Transparency and Exchange of Information for Tax Purposes*, currently with 120 members (including many of the so-called tax havens). In addition, the *Financial Action Task Force on Money Laundering* (FATF) which was called into being in 1989 by the G7 strives to promote a stronger involvement of developing and emerging countries through its associated regional groups. Within the UN system, the *United Nations Convention Against Corruption*, which took effect in 2005, offers a framework of standards for international cooperation which in turn takes such important aspects as the return of stolen assets into consideration.

On the whole, the conditions for an international monitoring of the behaviour of states and private actors have improved at several points in recent years. However, they are still inadequate to bring about changes on a broad front. The report of the “*High-Level Panel of Eminent Persons on the Post-2015 Development Agenda*” at the end of May 2013 has proposed that the reduction of illicit flows, tax evasion and the recovery of stolen assets be included in the new global agenda. This proposal is in need of further elaboration. In this, the initiative is dependent on the support of member states and international organisations.

A major opportunity offers itself here for a global agenda “*beyond aid*”. It is certainly possible to formulate targets which can be applied with equal validity to industrialised, emerging and developing countries. The indicators to be used for monitoring could be identical for all states, e.g. a (weighted) tax ratio, indicators measuring banking secrecy and corruption, and documented proof of active collaboration in selected international bodies and initiatives that serve to improve transparency in financial flows and fight unfair tax competition. The value-added of the post-2015 process could lie in providing a broader footing for these measures.

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The post-2015 development agenda:  
the role of the United Nations

*Timo Mahn / Pio Wennubst*



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# The post-2015 development agenda: the role of the United Nations

Timo Mahn / Pio Wennubst<sup>1</sup>

## 1 The United Nations and the post-2015 development agenda

What role has the United Nations (UN) in the Post-2015 development agenda? The UN were instrumental in the success of the original agenda – the Millennium Development Goals (MDGs) – which expire in 2015 and they are again the center of debates regarding the successor agenda. However, it is a lesser-known fact that the MDGs also had a tremendous impact on the three dozen UN entities which are active in the field of development and which together are known as the UN development system. Indeed, the role, functioning and funding of development activities of the UN development system were substantially influenced by the adoption of the MDGs as institutions were shaping their response and contribution to the implementation of the MDGs. With debates about the post-2015 agenda in full swing, further change for the UN is looming on the horizon. In order to guide the coming change, the international community should bring to mind how the MDGs impacted the UN. Learning the lessons of the MDG's impact on the UN development system is a crucial step in preparing the ground for realizing the post-2015 agenda.

### 1.1 Unravelling the mandate of the UN in development

The UN development system has traditionally suffered from a blurred profile and its engagement in development has been diverse and multifaceted (Weinlich 2010, 22). The Charter defines its respective purpose only in broad terms as achieving “*international co-operation in solving international problems of an economic, social, cultural, or humanitarian character*” (United Nations 1945, Art. 1). Member states have traditionally spelt out

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<sup>1</sup> The views expressed here are solely those of the authors.

this mandate in a decentralised manner through the different executive boards of the various entities forming the UN development system. Prior to the year 2000, further general guidance emanated from the “Development Decades”, whose reach and associated levels of investment have however been limited (Fukuda-Parr 2012, 17).

In the end, it was the MDGs which came to have a major impact on the UN development system by offering a unifying set of goals for human development. The MDGs were drawn from the Millennium Declaration adopted by a UN summit in the year 2000, which in turn “recapitulated” the major commitments made by the international community during a series of UN world conferences throughout the 1990s. This is why Vandemoortele (2013, 2) describes them as the “culmination” of previous gatherings and commitments. As a global policy framework, the MDGs have had their effect on virtually all development organizations. For the case of the UN, the evidence suggests that the MDGs and other development goals have effectively become the UN’s main guideposts for development activities (Jenks / Jones 2013, 103).

## 1.2 Contours of the UN development system

The UN development system is formed by 37 funds, programmes and specialised agencies which generally provide capacity-building and technical support in specific areas of activity. Because member states have opted for a sectoralized system of management, the relationships among the different UN entities are generally characterised by coexistence and loose coupling (Righter 1995). This carries the dual burden of fragmentation and complexity. In a nutshell, the UN development system has compartmentalised how it handles development challenges (Jenks / Jones 2013, 104).

The ‘compartmentalised’ structure of the UN development system goes back to the concept of ‘functionalism’ developed in a groundbreaking article by David Mitrany (1943). Functionalism has historically been at the heart of the UN development system’s setup. Its influence has been traced back to the debates among member states prior to establishment of the United Nations (Righter 1995, 32). In essence, functionalism views international objectives, above all peace and stability, as an intended spill-over effect of increased technical and issue-driven cooperation. There is a close linkage between functionalism and the proliferation of institutions. Moreover, since sectors

for cooperation are principally limited, there is also an in-built tendency for increased differentiation and compartmentalisation of development cooperation activities. Preserving the organizational autonomy of individual entities has been an integral component of functionalism.

In addition to the compartmentalized concept and setup, the UN development system has further suffered from its subsequent growth and expansion “without a pre-established blue-print” (Fomerand 2003, 2). More recently, it has been suggested that institutional growth may also have been stipulated by the overarching policy agenda, namely, the MDGs. Notwithstanding the positive effect the MDGs undoubtedly had for the promotion of development cooperation and for rallying and aligning the international community around a common set of goals, it has been suggested that they also affected the institutional setup of the UN development system in a less than positive way. In essence, the MDGs may have “helped to proliferate institutional structures” (Jenks / Jones 2013, 104). The fragmentation of efforts and activities across various entities and projects and programmes within those entities, as well as the institutional proliferation may be seen as the two main legacies that beleaguer the UN development system today.

## **2 The dual role of the UN in the post-2015 agenda**

With regard to the post-2015 agenda, the United Nations have a crucial role in two respects.

First, the UN is the *institutional guardian* of the post-2015 process until its culmination in the adoption of a new agenda in the fall of 2015 and is the main driving force in the agenda’s formulation. It has this role because it is the only global platform of nations that is both legitimate and universal, which makes it a natural forum for debating the post-2015 development agenda. Much like the UN had a major role in the emergence of the MDGs based on the Millennium Declaration adopted in the year 2000, the world is again looking to the UN to manage the post-2015 process. Indeed, goal setting has been one of the major contributions of the UN to the field of development of the last fifty years. In the words of some UN experts, it has been an idea that “changed the world” (Jolly / Emmerij / Weiss 2009, 87). Without the UN and the MDGs, global development policy would have been much less conjoint.

At any rate since the Rio+20 conference, the UN has been heavily engaged in the post-2015 process. During the high-level event in September 2013, UN member states decided to launch intergovernmental negotiations starting in September 2014 which will lead to the adoption of the post-2015 development agenda. The UN Secretary-General summarized previous inputs and reports, in particular by the High-Level Panel of Eminent Persons on the post-2015 development agenda, in his report “A Life of Dignity for All” (UNGA 2013) which serves as the basis for negotiations. The adoption of the “The Future We Want” outcome document at the second UN Conference on Sustainable Development (“Rio+20”) in 2012 generated the concept of Sustainable Development Goals (SDGs) and therefore was another crucial cornerstone. Since the conference, an “Open Working Group on SDGs” has been negotiating an SDG framework that is to reconcile the economic, social and environmental dimensions of development. According to some, these agendas have been “separated at birth” (Melamed / Scott / Mitchell 2012) and reuniting them again is a challenging task that UN member states resolved to do.

Second, reflections are needed about how the UN development system can best contribute to realizing the post-2015 development agenda. The post-2015 development agenda is bound to call for action by the public sector, private enterprises, civil society and individuals alike. The High-Level Panel on the Post-2015 Development Agenda (HLP 2013, 3) put forward the concept of a renewed “global partnership” involving a multiplicity of actors. This demand requires an interpretation of the particular purpose and contribution of the UN development system within the broader landscape of international (development) actors.

Indeed, while UN member states will only come to a decision on the final content and shape of the post-2015 development agenda at a summit at the level of Heads of States / Governments in September 2015, key perimeters of the agenda are already shaping up. The concept of sustainable development, on which the SDGs will draw, constitutes a fundamental shift of paradigm in global development cooperation. The UN was instrumental in the evolution of the concept (Jolly / Emmerij / Weiss 2009, 150) and has a long-standing legacy of engagement in this regard. The UN development system is also faced with increasing demands to engage further in this area. For example, a survey of programme countries revealed that a sustainable development agenda is their highest priority (UNSG 2012, 9) and the Secretary-General has placed the issue at the top of his agenda (UNSG 2012b). The former



President of the General Assembly Vuc Jeremi in a paper written with Jeffrey Sachs therefore foresees a “UN in the Age of Sustainable Development” (Jeremi et al. 2013). With regard to the implementation of the sustainable development agenda, the existence of a “normative gap” (Thakur / Weiss 2009, 212) has been identified. Operationalizing the agenda is expected to be largely a matter of adjusting regulatory frameworks to facilitate equitable and sustainable access to livelihood assets. Sustainability of access, on the other hand, implies that livelihood assets are available, a precondition that might be increasingly difficult to ensure if the natural resource base continues to be depleted.

Given some of its characteristics and capacities at its disposal, the UN development system has been identified to be particularly well placed for making a meaningful contribution to the realization of the post-2015 development agenda in addressing this normative gap. The UN remains the only truly universal global entity that has high input legitimacy, which is a fundamental ingredient for the acceptability of outputs and services, and a demonstrated capacity for convening multiple stakeholders to pursue common objectives. Most crucially, it has an absolute advantage in the close linkage between operations and norm-setting that sets it apart from other actors. Accordingly, the UN development system, in principle, seems well placed to focus on the formation and operationalisation of a normative foundation of the post-2015 development agenda and to guide operations geared towards sustainable development.

### **3 Preparing the UN development system for the post-2015 development agenda**

As the year 2015 is coming closer, UN member states are called upon to prepare the UN development system for its particular contribution to realizing the post-2015 development agenda. This endeavour concerns the functional dimensions of “What” and “How” of the UN development system, as well as the “Means” of achieving them. Below we formulate a number of recommendations relating to these dimensions.

***Adoption of a system-wide mandate (‘what’):*** In order to give the UN entities some broad guidance as to their contribution and role in implementing the post-2015 development agenda, it is recommended that the General Assembly adopts a system-wide mandate for the UN development system.

While the various entities' executive boards would continue to shape the respective operational policies, the benefits of such a broad mandate lie in clearly demarcating and setting the necessary boundaries for the system's functioning.

Such a system-wide mandate would fill the gap left by the expiring MDGs. As it has been argued above, the MDGs have effectively become the main guideposts for the UN development system (Wennubst / Mahn 2013, 14). That function was slow and cumbersome to come, however, since the MDGs had to be adopted decentrally by each executive board of the individual entities. Today, most of the UN's entities in the field of development have signed on to the MDGs and incorporated them into their work programmes (Browne / Weiss 2013, 2).

In order to maintain its relevance, UN development system's mandate would have to be reviewed on a regular basis with a medium-term perspective. A reasonable period would be every four years, in order to align with the regular planning processes of the various entities within the UN development system ("fit for purpose"). The High Level Political Forum (HLPF) that was created at the Rio+20 conference on sustainable development in 2012 would be a suitable forum in which member states could adopt the system-wide mandate, as it has been tasked to "permanently anchor sustainable development at the political level". An opportune time would be in 2016 when the post-2015 development agenda is in existence. Using the HLPF as a venue to establish the system-wide mandate seems suitable as well because it meets every four years at the level of heads of state and government (Beisheim 2014, 5).

***Connecting the UN development system ('how')***: The setup of the UN development system, which follows a compartmentalized logic appropriate for the MDGs, is increasingly becoming inadequate to address interconnected global development challenges such as climate change, migration flows and water scarcity. The post-2015 development agenda therefore portends significant change.

Along this line, a number of institutional reforms are recommended to get the UN development system better prepared. First, the UN development system should strengthen decentralisation efforts in order to respond more adequately to the specific challenges that countries face. In particular, creating a stronger role for the UN Resident Coordinator with enhanced managerial authority to allocate funds within country programmes would

ensure national priorities are met (Wennubst / Mahn 2013, 28). Second, it seems necessary to strengthen and link better structures for inter-governmental oversight and interagency management. It has been argued that “the authorizing environment, the mission, and the capacity of the UN development system are not mutually reinforcing [...]” and are in fact “often pulling in different directions” (Jenks / Jones 2013, 99). The Economic and Social Council (ECOSOC) should take on the role of system-wide executive board and on the interagency side, the UN Development Group (UNDG) needs to be transformed into an appropriate interlocutor of system-wide managerial tasks by clarifying its legal status and giving it the capacity for decisive action vis-à-vis the executive boards of the funds, programmes and specialised agencies. Having an established interplay between the two would establish clear lines of accountability at the core of the system to align with the post-2015 development agenda. Third, operational business practices which currently hinder interoperability and collaboration within the UN development system should be harmonized across all entities. Such technical reforms would invariably increase the ability of entities to communicate with one another and enhance the cohesive operation within the UN development system.

***Work towards system-wide reliable funding (‘means’):*** The UN development system continues to rely largely on supply-driven, headquarter-centred and agency-oriented funding, which stipulates fragmentation. It therefore seems necessary that reforms are grounded in a new system-wide funding mechanism that supports a decentralised and demand-driven approach to development. Concrete steps should be taken to broaden and diversify the funding base and reduce reliance on a limited number of member state donors that primarily contribute earmarked funds. The financial transaction tax pushed by the European Union within Europe offers one possible model (Wennubst / Mahn 2013, 34).

## 4 Conclusions

In the run-up to the post-2015 development agenda, there is a danger that political attention is focussed primarily on the consensus-building around the agenda’s content, while the subsequent implementation is neglected. We argue that the focus of the international community on the process needs to be balanced with the requirements for a successful implementation that

includes all stakeholders and maximizes their respective contributions. Alongside other actors, the UN development system will have to get prepared for the coming “age of sustainable development”. For the UN development system to adequately contribute to the post-2015 agenda requires political willingness by member states to position the UN development system as a relevant actor. Part of this willingness is the realisation that its fragmented structure impedes a truly important role. We argued a possible way out would be to strengthen the system’s institutional setting, way of working and funding in response to a clearly spelt out system-wide mandate. Member states should develop a comprehensive system-wide strategy that better ensures the UN development system contribution to the post-2015 development agenda.

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The G20's development agenda and its role  
in the post-2015 process

*Haibing Zhang*





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## The G20's development agenda and its role in the post-2015 process

Haibing Zhang

### 1 Introduction

In this paper, the author discusses the G20's development agenda and the issue of how to make the G20 play a constructive role in the post-2015 development agenda. In the author's view, compared to the United Nations, the G20 has a small-scale membership which may be conducive to better coordinating the positions of different countries and hence playing a complementary and supporting role for the post-2015 development agenda. What is more important, the G20 can make substantive efforts in critical development areas such as infrastructure.

Development has always been an issue closely linked to the situation of the world economy, whether in the gloomy period of the global financial crisis or in the period of prosperity with a steadily growing world economy. Although the concept of development has been given different definitions and conditions in respect to differing historical backgrounds, the efforts in achieving the goal of poverty reduction and economic growth have never changed for the Least Developed Countries (LDCs) around the world. With the United Nations Millennium Development Goals (MDGs) coming to the end, it has been under debate whether to continue centring on MDGs or to expand to the broader Sustainable Development Goals (SDGs). Such debates have reflected the reality of the different development stages that various countries are facing and correspondingly their diverse interests and demands, which, in turn, has led to the mismatch of visions and strategic focus while drawing up a blueprint for common global development. What is more important for the time being is to take real action in respect to global development rather than constantly proclaiming new initiatives, visions and plans. With the current state of fragmentation in the area of global development, it is uncertain whether the post-2015 agenda sponsored by the United Nations can unify different development views into one common vision of the international community and provide guidance on coordinated global efforts in promoting development. This text will analyse how the G20

can play a supportive role in the implementation of the post-2015 agenda based on an exploration of its development agenda.

## 2 The development agenda of the G20

The development agenda has not been a new issue for the G20. It was just that the G20 ministerial meetings held before the global financial crisis in 2008 received much less international attention than the G20 leaders' meetings. In June 2010, the G20 Toronto summit *communiqué* touched upon the development topic and announced the setting up of the working group on development (DWG). As the *communiqué* pointed out,

*[n]arrowing the development gap and reducing poverty are integral to our broader objective of achieving strong, sustainable and balanced growth and ensuring a more robust and resilient global economy for all (G20 2010a, Para. 47).*

However, development was not regarded as a core item of the G20 agenda until the 2010 Seoul summit.

There were mainly two reasons why development became one of the core items on the agenda of the G20 Seoul summit: one was the strategic consideration of South Korea; another was the inevitable demand for economic globalisation. As a new member of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), South Korea wanted to promote its international clout through the multilateral forum of the G20. With the experience of rising from being a recipient country to being a member of the club of major donor countries, the step was meant to enhance the soft power of South Korea by promoting experience-sharing for international development cooperation. For this, the G20 summit provided a useful stage.

As a consequence of economic globalisation, there has been much international consensus over the development agenda becoming a core item on the G20 agenda. Since the deepening of globalisation and the global spillover effects of financial crises have fully demonstrated the interdependence and interconnectedness of the global economy, it would be impossible to realise the goal of strong, sustainable and balanced growth without full development of the developing countries. To promote global economic growth, sources of new momentum need to be found in order to

increase aggregate demand, with increased contributions from developing countries, including low-income countries (LICs) being an essential component.

The Seoul Development Consensus on Shared Growth succinctly lists four reasons for focusing on the development agenda (G20 2010b): i) For prosperity to be sustained it must be shared. ii) The impact of the recent crisis demonstrated a global interconnectedness that is disproportionately affecting the most vulnerable in the poorest countries. It has been estimated that, as a result of the recent crisis, an additional 64 million people were living in extreme poverty (that is, living on less than USD 1.25 a day) by the end of 2010. iii) As the premier forum for international economic cooperation, the G20 has a role to play, complementing the efforts of aid donors, the UN system, multilateral development banks (MDBs) and other agencies in assisting developing countries, particularly LICs, to achieve the MDGs. iv) The rest of the global economy, in its quest to diversify the sources of global demand and destinations for investing surpluses, needs developing countries and LICs to become new poles of global growth – just as fast growing emerging markets have become in the recent past.

There were four major issues on the Seoul summit agenda, with development for the first time listed among them, together with three others, namely exchange rates, a global financial safety net, and reform of international financial institutions. The Seoul summit published the Seoul Development Consensus for Shared Growth and set up a Multi-Year Action Plan (MYAP) which established nine pillars for the development agenda: infrastructure; human resources; trade; private investment and job creation; food security; flexible growth; financial inclusiveness; domestic resource mobilisation; and knowledge sharing. In order to realise the objectives in the above-mentioned nine aspects, the MYAP laid out the following six principles (G20 2010b):

- Be economic-growth oriented and consistent with the G20 Framework for Strong, Sustainable and Balanced Growth, which requires narrowing the development gap. More robust and sustainable economic growth in LICs will also go hand-in-hand with their capacity to achieve the MDGs.
- Global development partnership: Engage developing countries, particularly LICs, as equal partners, respecting their national ownership and recognising that the most important determinant of successful development is a country's own development policy.

- Global or regional systemic issues: Focus on systemic issues where there is a need for collective and coordinated action, including through South-South and triangular cooperation, to create synergies for maximum development impact.
- Private sector participation: Promote private sector involvement and innovation, recognising the unique role of the private sector as a rich source of development knowledge, technology and job creation.
- Complementarity: Differentiate, yet complement existing development efforts, avoiding duplication, and strategically focus on areas where the G20 has a comparative advantage and can add value focusing on its core mandate as the premier forum for international economic cooperation.
- Outcome orientation.

The Seoul summit showed that the G20 has a clearly recognised focus in the development area, stressing its role as complementary with a view to improving the inadequacy of the current international development aid system, rather than replacing the latter. International development aid has long been obsessed with the problem of fragmentation, with donors, aid distribution and aid funds all manifesting such a trend. The international community has never reached a definite conclusion over the necessity and effectiveness of development aid. As for the G20, it is important to play a different role while stepping into the international development aid system which already has overlapping institutions. The Seoul Development Consensus for Shared Growth designated the G20's focus in the development area as 'development partnership' and 'outcome-oriented'.

The Seoul summit may have formulated the prototype of the G20 development agenda, however, with the group being more of a contingent mechanism, managing and solving the crisis have always been the focus of G20 leaders' meetings. In subsequent G20 summits, the development issue has more and more turned into being purely a decorative topic. In the 2011 G20 Cannes summit, the development issue was still included as a major topic, yet only in last place. Responding to the deteriorating situation of the Euro zone, the Cannes summit put the issue of restoring confidence in the Euro zone at the top of the agenda, with the following topics being the international monetary system, social issues, financial regulation, and development. The Cannes summit continued with the nine pillars designated

at the Seoul summit, with a special focus on food security, infrastructure and financing of development. At the 2012 Los Cabos summit, the G20 focused on the topics of infrastructure and green growth.

Mexico also created the 'two-track' working method: the troika composed of the previous, incumbent and succeeding presidency being the first track, which mainly focused on political and non-financial issues such as employment, agriculture, energy, anti-corruption and development. The second track was the finance track, mainly composed of the Financial Stability Board, the Global Partnership for Financial Inclusion, the International Structural Finance Working Group, and the Energy and Commodities Working Group. The 2013 St. Petersburg summit laid its focus on four of the nine pillars of the Seoul Action Plan: food security; financial inclusion and remittances; human resources; infrastructure as well as the mobilisation of domestic resources. However, all these initiatives have usually seen little follow-up action, which reflects the long-lasting problem of a missing implementation mechanism for the G20.

Among the issue areas in the G20 development agenda, infrastructure, food security, human resources, and green growth have been of most concern to the G20. It regards economic growth as the basis for these four development goals. The four aspects coincide with both the MDGs and SDGs. With the coming of the post-2015 era in the near future, the planning of a new global development agenda has also entered the count-down stage. Can the G20 play a certain complementary role in the future global development agenda and does it have its own position in international development cooperation? It seems that at least until now the answer to this question is still uncertain.

### **3 Debates on the G20 development agenda**

Although the development agenda has been embedded into major debates at G20 summits, there have been more and more critical discussions as to whether the G20 should focus on development at all and whether such focus can really make a difference.

### 3.1 Views doubting the inclusion of development in the G20 agenda

The views objecting to the G20's focus on a development agenda are mainly based on two arguments: first is the charge of an inappropriate mechanism; second is criticism of overlapping mechanisms. The perception of an inappropriate mechanism focuses on the G20's institutional structure and inherent nature. The G20 has a rotating presidency which is not appropriate for a long-term focus on topics such as development which are in need of continuous attention. This may damage the effectiveness of the G20. Besides, the G20 is more a decision-making mechanism than an implementation mechanism. The lack of implementation capacity makes it hard to achieve substantive outcomes in the development field. In terms of its nature, G20 is a political organisation which has a strong political clout. So the more efficient way is to persuade other institutions to provide more contributions to development and aid, rather than doing all these things by itself. If the G20 had a much wider agenda, this would hamper the G20 from playing a major role in its core business of stabilising the world economy, and would lower its efficiency.

In the view of Barry Carin (2013b), the development agenda is the G20's white elephant with certain decorative but no substantive effects. So a better choice would be to keep global development on the G20 agenda but not having it mainstreamed across the G20's overall work. As Carin observes, the G20 adds an issue to its agenda if there is a vexing problem with major implications for all its members that is unlikely to be resolved elsewhere. Hence the G20's role should be focused on strengthening other international institutions and working for positive outcomes, a strategy that would enhance the credibility of the G20 (Carin 2013a).

The charge of overlapping mechanisms is based on the following reasoning: In global development there are already so many international institutions, including the United Nations, the World Bank and the OECD at global level and various regional development banks such as the Asian Development Bank and African Development Bank as well as many bilateral development aid institutions. This is why the G20 does not need to duplicate such efforts. Compared to existing development institutions, the G20 has no special advantage, which renders it hard to make a prominent contribution in the development area. Professor Robin Davies from the Australian National



University frankly criticises the current development agenda of the G20 as lacking substance, being loose in structure and toothless (Davies 2013).

On the other hand, a more practical factor is that, as a leaders' summit, the G20 can hardly influence leaders of G20 member countries in terms of agenda-setting at the national level, in particular the leaders of major powers. At the Seoul summit, it had been hoped that the development topic could become its largest highlight. However, due to the US Federal Reserve's monetary policy change or the so-called Quantitative Easing (QE), the topic of a possible 'currency war' unexpectedly became the focus of this summit. Countries at different national income levels or from different continents all showed great concern in this regard, including a developed country like Germany and emerging economies like Russia, Brazil and South Africa. The immediate effect of the Quantitative Easing of the US Federal Reserve was to lead to a substantial depreciation of the US-dollar, which, in turn, led to rising commodity prices and speculative capital flows into emerging markets. Thus, the stability of global financial markets and the steady economic development of emerging market economies were greatly endangered. This also showed clearly that the then only three-years-old G20 summit arrangements had the very obvious feature of serving as an emergency mechanism.

Such kind of a situation still exists today. Even though everyone recognises the importance of the development agenda, it is impossible to elevate it to the most important and urgent topic on the agenda. At the 2013 St. Petersburg summit it was the Syrian crisis that became the focus rather than the development agenda.

### 3.2 Views in support of the G20's increasing focus on the development agenda

The arguments in favour of including the development topic in the G20 agenda have been mainly based on enhancing the legitimacy of the G20 and the long-term development of the G20 mechanism. Since the setting up of the G20 summits, the G20 has been confronted with a problem of legitimacy. Although G20 member countries account for 85% of the world's GDP and almost 2/3 of world population, those countries excluded are still greatly dissatisfied with it. In the eyes of non-G20 member countries, the G20 has exercised discourse power over global economic governance. Yet most of the

members of the international community have been excluded from this new bloc. To solve this problem, the G20 has been making great efforts in the past five years to enhance its representativeness and legitimacy by soliciting opinions from such forums as Think 20, Civil Society 20, and Business 20. It was against this backdrop that the development issue gradually became one of the core items on the G20 agenda, since it is concerned with the interests of the large group of developing countries. In the view of Professor Mike Callaghan from Australia's Lowy Institute, development is a priority for the G20. At the most basic level, G20 members must be concerned not only with their own economic prospects, but also with the implications of their policies on non-G20 members, particularly low-income countries. Moreover, the advancement of developing countries should be an important focal point in the quest for strong and sustainable global growth (Callaghan 2013).

In the interest of the long-term evolution of the G20 mechanism, the inclusion of development is conducive to the transformation of the G20 from a contingency mechanism to the steering committee of global economic governance. There is no doubt that it was due to the global financial crisis that the G20 was upgraded from the ministerial level to the leaders' summit. In 2007 the subprime crisis broke out in the United States, which later turned into a global financial crisis. In November 2008, the first G20 Summit was held in Washington, DC. Then, in April and September of 2009, the G20 leaders held their second and third summits in London and Pittsburgh, respectively. The three summits held within one year provided the opportunity for the leaders of major economies to meet with each other and advocate for cooperation and consensus-building. This played an indispensable role in terms of stabilising global financial markets, taking joint measures to address the economic recession and consulting on the future development of the world economy. However, with the gradual easing of pressures from the financial crisis, the issue of how to transform the G20 smoothly into a regular mechanism managing global economic governance became more and more obvious. It can be seen that the legitimacy of the G20 has mainly come from its effectiveness in addressing the crisis. Yet it is difficult to make the G20 continue to play an effective role in global economic governance.

In view of this, the development issue is suitable for being a core item on the post-crisis G20 agenda. As we know, the outcome of development cooperation has been influenced by various factors, with a significant

one among them being the issue of fragmentation. Such fragmentation mainly manifests itself in the actions on development and financing for development. Therefore, if the G20 could become the coordination centre of global actions on development, this would definitely be good news for the global development agenda. In brief, the debates over the G20 development agenda show that, after five years from the holding the first G20 summit, there is still great uncertainty over the future of the G20 mechanism and its competence and role. There is also the possibility that the United States may gradually reduce its attention to the G20 in the post-crisis era and the G20 may be marginalised. Hence the G20 needs to include more long-term-oriented economic issues such as development. The development issue also has interconnected and inseparable relations with other global economic issues. So the problem lies in how to make the G20 play the role as the major forum in coordinating global development issues. The focus is now definitely the post-2015 development agenda.

#### **4 How does the G20 play its role in post-2015 development agenda?**

The formal attention of the G20 towards the post-2015 process started at the 2013 St. Petersburg summit. The Russian government clearly mentioned this point in its summary of the summit outcome: *“The UN is currently shaping its post-2015 development agenda, and the G20 is committed to assisting the UN in this endeavour”* (G20 2013a, 1). The St. Petersburg Development Outlook (G20 2013b, 2) includes the following statement:

*The G20 seeks to complement international efforts towards further progress on internationally agreed development goals. The agenda takes account of the outcomes of the UN High-Level Plenary Meeting on the MDGs, as well as with processes, such as the Fourth UN LDC Summit, the 4th High-Level Forum on Aid Effectiveness and the United Nations Conference on Sustainable Development (Rio+20). We seek to ensure that the future G20 development agenda is flexible enough to respond to the Post-2015 Development Agenda.*

What kind of role can the G20 play in international development cooperation as well as in the post-2015 process? In the view of Barry Carin (2013a) in the development area, the G20 is a secondary player. Although the G20's declarations and leaders' statements have widespread effects, it has

significant competition in shaping the discussions. The president of the World Bank is pushing for the eradication of poverty by 2030. The United Nations will monopolise the debate for the next 18 months discussing the Rio+20 sustainability goals and the post-2015 successor to the UN Millennium Development Goals. Nonetheless, the G20 can influence the future research agenda, posing specific questions and issuing remits to be reported on at future G20 meetings. Yet constrained by its limited implementation capacity, it is difficult to attract the limited resources of the international development organisations to be put under the G20's framework. In another article Carin (2013b) proposes that the G20 could have a try in simplifying the post-2015 agenda, since it may be easier to reach consensus within the G20 than at the United Nations. He proposes merging the visions and objectives of the post-2015 agenda and then defining a limited number of commitments which have substantive content and time lines.

Actually, the G20 *has* played a role in the setting of the post-2015 agenda. On the one hand, at the Toronto summit, it established a working group on development, to be followed by the Seoul Development Consensus for Shared Growth. The subsequent Cannes, Los Cabos, and St. Petersburg summits have demonstrated sustained focus on the development issue. The 2013 the St. Petersburg Development Outlook clearly stated that the G20 will assist the United Nations in pushing forward the post-2015 agenda. On the other hand, since the start of the global financial crisis, every G20 summit has stressed the importance of realising the goal of strong, sustainable, and balanced growth. To bring growth and development together into the discussion has been a great contribution by the G20 as the premier forum in coordinating international economic affairs.

In 2014, Australia takes over the presidency at the G20 Brisbane summit. In his speech of January 2014 at the Davos World Economic Forum, Australian Prime Minister Tony Abbott spoke highly of the achievements made in global poverty reduction and development during the past decade. He stressed again that Australia would make strong growth the thematic issue of the 2014 G20 summit, since economic growth has been the key to solving all global problems. Mr Abbott also in a much entertaining way compared himself to an “infrastructure prime minister” and hoped that G20 Brisbane summit could have decision-makers, financing institutions and contractors join together in forging a feasible infrastructure financing plan for a long period of time (Abbott 2014). In a sum, the contribution of the G20 to the post-2015 agenda has not been limited to the setting of goals and principles.

What is more important has been its substantive contribution and guidance on the realisation of global development goals.

If the G20 is to play a greater role in the development field, in particular the post-2015 agenda, it should not be limited to just presenting advice and reporting to the United Nations. The G20 is able to create a new institution to fill a gap in the global governance architecture for development, as it did with the Financial Stability Board. A new Global Development Council could be established on the basis of a working group on development. Currently there are many global, regional and bilateral development and aid institutions, as well as even more non-governmental development organisations, which have great difficulty in coordinating with each other. Hence the G20 may make use of its status as a premier forum of international economic affairs to make a difference in international development cooperation. Based on fully harnessing the role of the leaders' summit, the G20 could improve or solve its weak implementation capacity through an approach of national commitments and mutual assessment, so as to make substantive contributions to the post-2015 development agenda. The leaders attending G20 summits are representing their own countries. Therefore, even if the commitments of the leaders have no binding effect under international law, they are manifestations of national image and national action which have intangible but relatively strong soft binding effects.

Just as Mr Wu Hongbo, the United Nations Under-Secretary General for Economic and Social Affairs, has put it, the post-2015 development agenda led by the United Nations should turn human development into real sustainable development. The MDGs are the founding stones and basis of the SDGs. The MDGs could ensure that a poverty-free, sustainable world for future generations is built in our life-time (Wu 2013). As the premier forum for coordinating international economic affairs, the G20 has both the responsibility and the capacity to build a sustainable world with common development.

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