

SPOTLIGHT

on Sustainable Development 2018



Exploring new policy pathways

How to overcome obstacles and contradictions in
the implementation of the 2030 Agenda

Report by the Civil Society Reflection Group on the 2030 Agenda for Sustainable Development

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with contributions from



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Preface

When governments adopted the 2030 Agenda for Sustainable Development in September 2015, they committed to engaging in systematic follow-up and review of the implementation of this Agenda. Since then 140 governments have prepared or announced Voluntary National Reviews (VNRs), demonstrating their interest in and political ownership of the 2030 process. However, voluntary showcase-style reporting and congratulatory government self-assessments are not enough. Civil society organizations have a key role to play as independent watchdogs holding governments and international organizations accountable for their (positive or negative) contributions to the implementation of the 2030 Agenda. This is particularly relevant with regard to the richest and most powerful actors in the global system, given their economic influence and political weight in international decision-making.

Since 2015, the Civil Society Reflection Group on the 2030 Agenda for Sustainable Development (www.reflectiongroup.org), created in 2011 to offer independent analysis of and suggestions to the international policy discourse, has regularly assessed the implementation of the new Agenda, identifying and tackling obstacles, and presenting its findings in an annual Spotlight Report.

The pilot report in 2016 assessed the strengths and weaknesses of the new Agenda, with a particular focus on the systemic obstacles and transnational spill-over effects that influence or even undermine the implementation of the SDGs.

The 2017 edition zoomed in on a notable trend in the discourse and activity around the SDGs: an uncritical focus on privatization, private finance and corporate partnerships as silver bullets for sustainable development. It analysed the many risks of these approaches, including corporate capture of policy and the impacts on sustainability and inequality. It argued for the reclamation of public policy space and bold measures to realize human rights, increase public finance, to regulate or reject public-private partnerships (PPPs), and to strengthen participatory and democratic governance structures at all levels.

Building on the content of the previous reports, the Spotlight Report 2018 dives more deeply into the policies, resources and actions that will actually be necessary to implement the 2030 Agenda, based in part on proposals and ideas that have already been discussed or attempted in different parts of the world. It highlights policies and approaches which depart from business-as-usual and prioritize fulfilment of human rights and respect for planetary boundaries.

This year's report consists of three parts: The first part contains two overview articles which summarize key findings of the contributions to this report and messages from national 'spotlight reports'. The second part focuses in five chapters on cross-cutting policy reform areas that demonstrate the interlinkages between various SDGs, the need to 'de-silo' current policy approaches, and to promote policies that are genuinely coherent in the interest of sustainable development, human rights and gender justice. The third part includes 17 brief 'Spotlights on the SDGs' highlighting selected examples of good or bad policies regarding specific goals.

The report is supported by a broad range of civil society organizations and trade unions, listed as partners. It is also informed by the experiences and reports of national and regional groups and coalitions from all parts of the world. The contributions cover many aspects of the 2030 Agenda and the SDGs (and beyond), and reflect the rich geographic and cultural diversity of their authors. But what all contributions have in common is the conviction that the world is still off-track in terms of achieving sustainable development and fundamental changes in policies and approaches are necessary – and possible – to unleash the transformative potential of the SDGs.

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1

Overview

Redefining policies for sustainable development

How to close gaps and overcome contradictions in the implementation of the 2030 Agenda

BY JENS MARTENS, GLOBAL POLICY FORUM,
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When UN Member States adopted the 2030 Agenda, they signaled with the title *Transforming our World* that it should trigger fundamental changes in politics and society. With this Agenda governments committed to changing course and leaving the path of ‘business as usual’.

But three years after its adoption, most governments have failed to turn the proclaimed transformational vision of the 2030 Agenda into real policies. Even worse, policies in a growing number of countries are moving in the opposite direction, seriously undermining the spirit and the goals of the 2030 Agenda.

But there are bold and comprehensive alternatives to business as usual that would help to change the course towards more coherent fiscal and regulatory policies. There is a need for a whole-of-government approach towards sustainability. The implementation of the 2030 Agenda and the SDGs must be declared a top priority by heads of government. The national strategies for sustainable development should not be regarded as one among many but constitute the overarching framework for all policies.

It is important to recognize, however, that the implementation of the 2030 Agenda is not just a matter of better policies. The effectiveness of the required policy reforms in the 2030 Agenda implementation process requires more holistic and more sweeping shifts in how and where power is vested, and it depends on the existence of strong, democratic and transparent public institutions at national and international levels.

The High-Level Political Forum (HLPF) 2019 at the level of heads of State and government, the subsequent review of the HLPF, and the 75th anniversary of the UN 2020 provide new opportunities for strengthening and renewal of the institutional framework for sustainable development in the UN.

A “supremely ambitious vision”

When UN Member States unanimously adopted the 2030 Agenda for Sustainable Development in September 2015, they signaled with the title *Transforming our World* that it should trigger fundamental changes in politics and society. They called the 2030 Agenda a “supremely ambitious and transformational vision ... of unprecedented scope and significance”¹ and explicitly linked it to human rights obligations.

Governments recognized in the Agenda the “immense challenges” to sustainable development,

including the “enormous disparities of opportunity, wealth and power” in the world.² In fact, the 2030 Agenda represents the political response to the unresolved global economic, social and environmental crises. In previous decades, unfettered neoliberal economic policies characterized by a fixation on economic growth, accumulation and wealth concentration have increased social and economic inequalities. Persistent poverty, unemployment, social exclusion and higher levels of insecurity have been threatening care systems, social cohesion and

1 UN (2015), paras. 5 and 7.

2 Ibid., para. 14.

political stability. Fast-spreading unsustainable production and consumption patterns have accelerated global warming, depleted the ozone layer, saturated land with nitrogen and poisons, created plastic waste dumps even in the most isolated places of the planet, and dramatically increased noncommunicable diseases. Systemic discrimination keeps women out of positions of power, overburdens them with domestic labour and remunerates their formal employment less than that of men. Meanwhile, care work, which is often undertaken by women within households, remains undervalued and under-recognized.

With the 2030 Agenda governments committed to tackling these problems, changing course and leaving the path of ‘business as usual’. They committed to follow a more holistic approach to development marked by the 17 Sustainable Development Goals (SDGs) and their 169 “integrated and indivisible” targets.³

The Council of the European Union joined this consensus in its conclusions on a transformative post-2015 agenda in December 2014: “Business as usual is no longer an option, whether in terms of human dignity, equality or sustainability.”⁴

But three years after the adoption of the 2030 Agenda, and despite promising initiatives in many parts of the world, most governments have failed to turn the proclaimed transformational vision of the 2030 Agenda into real policies. Even worse, policies in a growing number of countries, not least the USA, are moving in the opposite direction, seriously undermining the spirit and the goals of the 2030 Agenda.

Huge gaps and contradicting policies

With SDG 17 governments committed to a revitalized Global Partnership between States and declared that *public* finance must play a vital role in achieving the SDGs. But the initial implementation phase of the 2030 Agenda has been dominated by a worrying narrative that emphasizes the need to leverage *private* sector engagement, investments and

resources. Mainstream policies still tend to be biased towards *private* financing and private sector partnerships as the primary means of implementation for the 2030 Agenda, based on the misguided idea that relying on private finance is the more affordable and efficient option. In sum, a human rights-based approach to development seems to have been cast aside for a profit-driven approach to development.

Cutbacks in public services and other ‘austerity measures’ that governments claimed were necessary to keep them solvent in the aftermath of the recent economic and financial crisis led to a wave of privatization, particularly in public service provision and infrastructure.

But contrary to the rhetoric of private sector efficiency, a major driver of privatization is the expected profit produced by job cuts and lower labour costs (see Spotlights on SDGs 8 and 9). Privatization has often been used to break unions’ collective agreements, drive down wages and labour conditions, introduce precarious work and can also threaten women’s rights and gender equality (see Chapter 4 and Spotlight on SDG 5).

Growing evidence shows that the various forms of privatization in the water and sanitation sector, in particular, has been detrimental, especially to the most marginalized and vulnerable communities in the world. Private investors have largely ignored the most underserved regions of the world while favouring more lucrative markets that require less capital and promise greater returns (see Spotlight on SDG 6).

The waste services sector has faced similar problems. In many cases privatization resulted in higher costs for municipalities, loss of in-house knowhow and quality control, and poor working conditions, as private operators consistently turn to labour cost reductions and automation as profit-making strategies (see Spotlight on SDG 11).

Private capital and financial innovation are also presented as the plausible and pragmatic approach to solving persistent environmental problems. Conservation finance, private equity funds, land and rainforest bonds: all are attempting to ‘unlock’

³ Ibid., para. 18.

⁴ Council of the European Union (2014).

the supposed trillions of dollars waiting around to finance the global environmental agenda. The last quarter century of international conservation efforts is riddled with exciting promises to generate financial returns from conservation. But these promises have never seemed to materialize (see Spotlight on SDG 15).

With the 2030 Agenda, governments reaffirmed their commitment to achieve universal health coverage and provide access to quality health care for all. But the World Health Organization (WHO), the “directing and co-ordinating authority on international health work”⁵ remains underfunded (see Spotlight on SDG 3). Its biennial budget for 2018-2019 is US\$ 4.42 billion,⁶ just over a quarter of the total sales of the top-selling anti-inflammatory medication Humira in 2016 (US\$ 16.08 billion).⁷ The WHO has become more and more dependent on private contributions, particularly from the Bill & Melinda Gates Foundation, now the second largest funder of the WHO, behind the USA.

Similarly, public funding for education is far from sufficient. The adoption of SDG 4 makes the demand for predictable, publicly funded and regulated education systems ever-more pertinent, as also reflected in the Education 2030 Framework for Action⁸ (see Spotlight on SDG 4). But, according to UNESCO, official development assistance (ODA) to education has been stagnant since 2010, and the ODA that is given often does not go to the countries that are most in need, worsening the prospects for achieving SDG 4.⁹

A huge gap also exists between the commitment to implement social protection systems and the current reality (see Spotlight on SDG 1). The ILO World Social Protection Report 2017-2019 shows that only 29 percent of the world’s population is covered by

adequate social protection.¹⁰ This results in, among others, a massive burden of unpaid care work for women, as a consequence of what DAWN defines as the unfair social organization of care. This means an unequal distribution of responsibilities between the State, market, households and communities on the one hand, and on the other hand between men and women (see Chapter 4).

But the problem is not a lack of global financial resources. On the contrary, in recent years we have experienced a massive growth and accumulation of individual wealth worldwide. The policy choices that have enabled the unprecedented accumulation of individual and corporate wealth are the same fiscal and regulatory policies that led to the weakening of the public sector and produced extreme market concentration and socio-economic inequality. Some governments have actively promoted these policies, in other cases they have been imposed from abroad, notably by the International Monetary Fund (IMF) and powerful public and private creditors (see Chapter 1).

The extreme concentration of wealth, however, has not increased the resources that are available for sustainable development. As the World Inequality Report 2018 states, “Over the past decades, countries have become richer, but governments have become poor” due to a massive shift towards private capital.¹¹

In addition, harmful tax competition, tax abuse, illicit financial flows and the shifting of corporate profits to low or zero tax jurisdictions all have negative impacts on public revenues, the implementation of the 2030 Agenda, and the promotion of human rights and gender equality (see Spotlight on SDG 16). The ‘Panama Papers’, the ‘Bahama Leaks’ and, most recently, the ‘Paradise Papers’ have revealed the global scope of this network of secrecy jurisdictions, which is enabled and supported by a chain of transnational banks, accounting firms and legal advisers. Many of these low or zero tax jurisdictions only exist because they are tolerated by the major

5 Constitution of the WHO, Chapter II, Article 2 (a).

6 WHO (2017a).

7 <https://news.abbvie.com/news/abbvie-reports-full-year-and-fourth-quarter-2016-financial-results.htm>

8 UNESCO (2015).

9 <http://unesdoc.unesco.org/images/0024/002495/249568e.pdf>

10 ILO (2017).

11 Alvaredo et al. (2017), p. 14.

industrialized countries or even controlled by them, such as the Crown dependencies of the UK and some of the British Overseas Territories. The weaknesses of the global tax architecture and the lack of equal, effective and timely participation of developing countries in global tax cooperation make the situation even worse (see Box 0.1).

But even where public money is available, all too often public funds are not allocated in line with the 2030 Agenda and the SDGs but spent for harmful or at least dubious purposes, be it environmentally harmful subsidies or high military expenditures.

Total global military expenditure rose again in 2017, after five years of relatively unchanged spending from 2012 to 2016, to US\$ 1.739 trillion.¹² Jan Eliasson, former UN Deputy Secretary-General and Chair of the SIPRI Governing Board called this trend “a cause for serious concern,” which “undermines the search for peaceful solutions to conflicts around the world”.¹³

In 2017, the USA spent more on its military than the next seven highest-spending countries combined. In 2018, its military expenditures are expected to increase to more than US\$ 700 billion. In contrast, net ODA by members of the OECD Development Assistance Committee (DAC) was only US\$ 146.6 billion in 2017, thus less than one tenth of global military spending. “The world is over-armed while peace is under-funded,”¹⁴ states the Global Campaign on Military Spending (see Chapter 5). Particularly alarming has been the decision of the NATO member countries at their Summit in Wales in September 2014, to increase military spending to at least 2 percent of their national GDP. Even just for the European NATO members, this decision would mean a minimum increase of 300 billion Euros per year, most likely at the expense of other parts of their national budgets.¹⁵ The 2 percent goal represents a kind of

‘Un-Sustainable Development Goal’ and is in sharp contradiction to the spirit of the 2030 Agenda.

Gaps and contradictions exist not only in fiscal policy and the provision of the financial means of implementation for the SDGs. The most striking example is climate policy. Despite the solemn rhetoric of the Paris Summit, governments are lagging dangerously behind the pace of action needed to keep temperatures below the threshold agreed in the Paris Agreement – that is, to hold the increase in global average temperature to well below 2°C. The pledges governments have currently made to reduce greenhouse gas emissions would lead to a 3.2°C rise in average temperature,¹⁶ which would mark a catastrophic new reality in which the poorest countries and communities suffer the worst impacts (see Spotlight on SDG 13).

In many countries energy policies are still shaped by the influence of the fossil fuel industry and do not pay enough attention to climate change. This applies mainly, but not exclusively, to the high emitting industrialized countries. Countries that seek to overcome energy poverty, particularly in Africa, also have to find alternative pathways to climate-friendly energy policies (see Spotlight on SDG 7).

Instead of tackling unsustainable production patterns and taking the ‘polluter pays principle’ seriously, action is postponed, placing hope on technical solutions to climate change, including research on geoengineering, i.e. dangerous large-scale technological manipulations of the Earth’s systems.¹⁷

Of course, major technological shifts are necessary to unleash the transformative potential of the SDGs and to turn towards less resource-intensive and more resilient economic and social development models. But this must not mean an uncritical belief in salvation through technological innovations, whether with regard to climate change or to the potential of information and communications technologies. UN Secretary-General António Guterres recently called

12 www.sipri.org/media/press-release/2018/global-military-spending-remains-high-17-trillion

13 Ibid.

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

15 See: www.ipb.org/news/appeal-disarm-dont-arm/

16 See: <http://climateactiontracker.org>

17 See: www.etcgroup.org/issues/climate-geoengineering

on Member States to “address the dark side of innovation”.¹⁸ This includes the new challenges of cybersecurity threats, the intrusion into privacy by artificial intelligence, its impact on labour markets, and the use of military-related ‘cyber operations’ and ‘cyber attacks’ (see Chapter 3).

The ‘dark side of innovation’ could also be the leit-motif characterizing the dominant fallacies about feeding the world through intensified industrial agriculture. While the prevailing industrial agriculture system has enabled increased yields, this has come at a great cost to the environment as well as to human health and animal welfare. At the same time, it has done little to address the root causes of hunger or to deal with inherent vulnerabilities to climate change. Industrial agriculture and unsustainable food system practices are in fact among the major sources of greenhouse gas emissions, depletion of natural resources, environmental degradation and reduction of biodiversity. Tackling the existential climate challenge and realigning humanity’s ecological footprint to planetary boundaries simply cannot happen without the sustainable redesign of food and farming systems (see Chapter 2 and the contribution of IPES-Food in this report). This redesign must also reverse the trend towards ultra-processed food and drinks consumption, promote sustainable production practices and protect the rights of small-scale food producers (see Spotlight on SDG 12).

Policy coherence for sustainable development is essential in order to ensure that trade policies do not threaten a country’s ability to implement or weaken these policy reforms, by arguing that they are barriers to trade, as is currently taking place with regard to labelling policies and the renegotiation of NAFTA.¹⁹

Trade and trade-related policies are addressed explicitly in seven of the 17 SDGs and are identified as key to the implementation of the 2030 Agenda. Market access is deemed essential to promote the

graduation of the LDCs (targets 10.a, 17.11 and 17.12) and to improve the livelihood of small food producers (target 2.3). Trade distortions are to be dealt with by reducing subsidies on agriculture (target 2.b), on fossil fuels (12.c) and on fisheries (14.6). Capacity-building on trade is required (target 8.a) and the WTO is urged to complete the Doha Round (target 17.10). In sharp contrast, governments failed to translate these promises into action at the Eleventh Ministerial Conference of the World Trade Organization (WTO) held in December 2017 in Buenos Aires. The collapse of the negotiations was not caused only by the *de facto* withdrawal of the US government. Surprisingly, the other 163 members of the WTO were unable to reaffirm their common faith in “a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization” - precisely what their Heads of State agreed to in target 17.10 of the 2030 Agenda (see Spotlight on SDG 17).

Furthermore, governments agreed in the 2030 Agenda that “national development efforts need to be supported by an enabling international economic environment, including coherent and mutually supporting world trade, monetary and financial systems, and strengthened and enhanced global economic governance”.²⁰ They committed to “improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations”.²¹ But since then governments have failed to fix the underlying problems of global financial instabilities. The non-bank financial sector (the global shadow banking system), which is very lightly regulated, has continued to grow, and now represents more than 40 percent of total financial system assets.²² Efforts to fix ‘too big to fail’ banks have not focused on actually stopping bank failures from causing system-wide problems. Instead they have centred on reducing the risks of this by increasing the ability of the banks to shoulder losses.

18 UN (2018).

19 Front-of-pack (FOP) labels on foods and beverages can be used to warn consumers, for instance, that a product has a high content of sugar, salt and/or saturated fat.

20 UN (2015), para. 63.

21 Ibid., SDG target 10.5.

22 Financial Stability Board (2017), p. 33.

And finally, global debt hit a new record high of US\$ 164 trillion in 2016, the equivalent of 225 percent of global GDP.²³

In light of these developments Jesse Griffiths from Eurodad warns that further global or major regional financial crises should be expected: the question is when, rather than whether (see Box 1.1).

But despite these gloomy perspectives, there is still room for change. Contradicting policies are not an extraordinary phenomenon. They simply reflect contradicting interests and power relations within and between societies - and these are in constant flux and can be changed.

In the debates about the 2030 Agenda and future concepts of development and prosperity, more and more governments and international institutions at least acknowledge that there are contradictory interests and conflicting policy targets and promise to tackle them. The 1980s slogan that 'There Is No Alternative' (TINA) to neoliberalism (i.e., free markets, free trade and capitalist globalization) as way for modern societies to develop, is definitively obsolete.

The German government, for instance, states in its new Sustainable Development Strategy:

The value of the sustainability principle is thinking in various dimensions in order first to highlight their interdependencies and often conflicting targets. These can and must then be resolved by balancing the three sustainability dimensions of economy, environment and society in fulfilment of Germany's international responsibility.²⁴

However, it would be misleading to equate the commitment to policy coherence for sustainable development, enshrined in the 2030 Agenda and SDG target 17.14, with just balancing the economic, social and environmental dimensions of sustainability. More economic growth cannot be balanced by less

respect for human rights or the transgression of the 'planetary boundaries'.

It is highly welcome that a growing number of governments at national and subnational level and even local authorities have been adopting sustainable development strategies to implement the 2030 Agenda. Despite their varying quality, scope and ambition, they provide entry points to alternative pathways towards sustainability. However, they are often just one strategy among many and do not subordinate all policies under the primacy of a coherent sustainable development and human rights policy.

Nevertheless, alternative policy propositions exist in all areas of the 2030 Agenda, and it is up to progressive actors in governments, parliaments, civil society and the private sector to gain the hegemony in the societal discourse to be able to put them into practice.

Towards coherent policies for sustainable development

Basically, there are bold and comprehensive alternatives to business as usual that would help to change the course towards more coherent policies for sustainable development aligned with human rights principles and standards.

It is important to recognize, however, that the implementation of the 2030 Agenda is not just a matter of better policies. The current problems of growing inequalities and unsustainable production and consumption patterns are deeply connected with power hierarchies, institutions, culture and politics. Hence, policy reform is necessary but not sufficient, and a sectoral approach is likely to address only the tip of the iceberg. Meaningfully tackling the obstacles and contradictions in the implementation of the 2030 Agenda and the SDGs requires more holistic and more sweeping shifts in how and where power is vested, including through institutional, legal, social, economic and political commitments to realizing human rights. Similarly, the quest for sufficient public financing is important, but it cannot be separated from a broader discussion about the regulation of financial markets and private sector engagement, tax justice, and debt sustainability.

23 See: <https://blogs.imf.org/2018/04/18/bringing-down-high-debt/>.

24 Federal Government of Germany (2017), p. 25.

That said, political action and reforms are necessary and can be summarized in the following six clusters (elaborated in greater detail in the cross-cutting chapters and SDG Spotlights in this report):

1. Turning the commitment to policy coherence into practice. To date, the mainstream approach to sustainable development has been one of tackling its three dimensions in their own zones, complemented by (occasional) coordination between them. This approach has formally emphasized coordination and dialogue but has not created a strong institutional basis for decision-making and policy change across the three pillars. Nor has it adequately addressed human rights deprivations, inequalities and social exclusion.

Governments committed in the 2030 Agenda to pursuing “policy coherence and an enabling environment for sustainable development at all levels and by all actors”. In theory, all pillars of sustainable development are equal, but in real policy the economic pillar is more equal than the others. Decision-making and policy development have been severely handicapped by this hierarchy amongst the ‘pillars’, as economic and finance policies do not necessarily adhere to the requirements of planetary boundaries and human rights standards. To overcome this hierarchy in decision-making and ensure real policy coherence in the interest of sustainable development, it is essential to re-arrange and re-configure the institutional arrangements that cover all aspects of the policy cycle: agenda-setting, policy analysis and formulation, decision-making, implementation and evaluation.

There is a need for a whole-of-government approach towards sustainability to secure highest-level authority and ensure full-time attention and action. The implementation of the 2030 Agenda and the SDGs must not be hidden in the niche of environment and development policies but must be declared a top priority by heads of government. The national strategies for sustainable development should not be regarded as one among many but constitute the overarching framework for all policies. To secure oversight and

public accountability, a parliamentary committee on policy coherence for sustainability could be established (or strengthened if it exists already).

This whole-of-government approach should acknowledge the interlinkages between the different SDGs and the need for a more holistic approach, avoiding the spillover effects that the pursuit of a single goal often has on the others. It should also systematically take into account the external effects and the ‘collateral damage’ of national policies and consumption and production patterns in other countries.

This whole-of-government approach is essential but not sufficient. It needs to be accompanied by strengthened citizen’s rights in decision-making and the commitment to a permanent and meaningful consultation process with broad constituency participation, including the participation of indigenous peoples.

2. Strengthening public finance at all levels. Widening public policy space requires, among other things, the necessary changes in fiscal policies. In other words, governments have to formulate Sustainable Development Budgets in order to implement the Sustainable Development Goals. Both the revenue (tax policy) and the expenditure (budget policy) sides of fiscal policy must be marshalled. Governments can pursue proactive tax policies to resource environmental and social policy goals and simultaneously fulfill their human rights obligations. This includes, for example, taxing the extraction and consumption of non-renewable resources, and adopting forms of progressive taxation that prioritize the rights and welfare of poor and low-income people (e.g., by emphasizing taxation of wealth and assets). Fiscal policy space can be further broadened by the elimination of corporate tax incentives (including tax holidays in export processing zones), and the phasing out of harmful subsidies, particularly in the areas of industrial agriculture and fishing, fossil fuel and nuclear energy. Military spending should be reduced, and the resource savings reallocated, among others, for civil conflict prevention and peacebuilding. If the priorities are properly

defined, fiscal policies can become a powerful instrument to reduce socio-economic inequalities, eliminate discrimination and promote the transition to sustainable production and consumption patterns. The necessary reforms should not be limited to the national level. The strengthening of public finance is necessary at all levels, including the development of municipal fiscal systems and sufficient financial support for local authorities. In addition, a basic prerequisite for the strengthening of national fiscal systems is the strengthening of global tax cooperation to counter the harmful tax race to the bottom and various schemes of tax abuse.

3. Improving regulation for sustainability and human rights. Setting rules and standards is a central task of responsible governments and a key instrument of active policy-making. However, governments have too often weakened themselves by adopting policies of deregulation or ‘better regulation’ (which is in fact a euphemism for regulation in the interest of the corporate sector). Instead, many governments have trusted in corporate voluntarism and self-regulation of ‘the markets’. However, unfettered financial markets made the recent financial crisis possible, weak anti-trust laws allowed transnational banks to become ‘too big to fail’, and the inadequate translation of the precautionary principle into mandatory technology assessments led to environmental catastrophes as in the case of the nuclear power plant melt-down in Fukushima, Japan.

Governments should no longer allow companies and banks to grow in unlimited fashion. ‘Too big to fail’ should be translated into ‘too big to allow’. Today many transnational banks and corporations form non-transparent conglomerates of thousands of subsidiaries and affiliated companies, many of them based offshore in secrecy jurisdictions like the City of London. To limit the power of these companies, governments should strengthen instruments and institutions to enable them to break up oligopolistic structures. They should strengthen national and regional anti-trust laws, cartel offices and competition regulators, as well as global anti-trust policies, cooperation and legal

frameworks under the auspices of the UN (including giving due consideration to the proposal for a UN Convention on Competition).

Governments should also fundamentally rethink their approach towards trade and investment liberalization and place human rights, consumer protection and the principles of sustainable development at the core of all future trade and investment agreements. This includes the abolition of investor-state dispute settlement procedures, even if they are institutionalized under the umbrella of UNCITRAL, the core legal body of the United Nations in the field of international trade law, as long as they put investor rights over human rights and environmental protection.

Strengthened regulation is also needed in areas where existing mechanisms are weak or ineffective, like e-commerce/digital trade and consumer protection. One example is the regulation of the consumption and production of ultra-processed food and drink products (UPPs). Their regulation should include policies to restrict the availability of UPPs in schools, to limit the marketing of UPPs to children, the introduction of front-of-pack (FOP) warning labels on foods and beverages that have a high (and mostly hidden) content of sugar, salt and/or saturated fat, and the introduction of a sugar sweetened beverage (SSB) tax, as recommended by the WHO.

4. Better use or creation of new legal instruments.

The enormous gap between the promises made by governments in the context of climate change agreements and their actions to date has spurred a new approach to accountability: national-level litigation. In the last few years there has been a significant increase in court cases that seek to challenge the climate change policy of governments. Among the most successful of these is a landmark case against the government of the Netherlands in 2015, which led the Hague District Court to order the government to reduce its greenhouse gas emissions by 25 percent compared to 1990 levels by 2020. Since 2015, climate change cases that challenge the inadequacy of government climate change policies have been filed in countries

including Belgium, Switzerland, New Zealand, UK, Norway, India, Colombia and the USA.

Litigation is also increasingly being used as a tool to enforce the responsibility of corporations, particularly in the fossil fuel industry. With the growing visibility of the impacts of climate change it can be expected that the number of successful cases will escalate in the coming years, making litigation an increasingly effective tool for advancing action on climate change.

The human rights framework provides another set of tools to hold governments accountable. With regard to the right to food and nutrition several voluntary guidelines endorsed by the FAO or the Committee on World Food Security (CFS) are of great importance, particularly *the Voluntary Guidelines on the Right to Adequate Food in the Context of National Food Security*, *the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests (Tenure Guidelines)*, and *the Voluntary Guidelines on Securing Sustainable Small-scale Fisheries in the context of Food Security and Poverty Eradication*. Their implementation and translation into national policies and sustainability strategies should be further enhanced.

The relevance and application of international human rights obligations do not cease at territorial borders. International human rights law implies duties on States to respect, protect and support the fulfillment of all human rights, including economic, social and cultural rights, outside of the country's territory. The Maastricht Principles on Extraterritorial Obligations (ETOs) of States in the area of Economic, Social and Cultural Rights provide the most comprehensive articulation of these duties. The precise scope of ETOs is still evolving and contested, but they are one tool to hold richer countries accountable and should be actively promoted.

With regard to the human rights responsibilities of companies there is still a need for a legally binding instrument. The Human Rights Council took a milestone decision in establishing an intergovernmental working group to elaborate such an instru-

ment (or 'treaty') to regulate, in international human rights law, the activities of transnational corporations and other business enterprises. Governments should take this 'treaty process' seriously and engage actively in it. The expected start of the negotiation process in October 2018 offers an historic opportunity for governments to demonstrate that they put human rights over the interests of big business.

Similarly, the UN should develop a regulatory framework for UN-business interactions. This should set minimum standards for the participation of the UN in global partnerships and for the shape and composition of UN initiatives involving the private sector. These standards should prevent undue corporate influence on UN policies and prevent companies that violate internationally agreed environmental, social and human rights standards or otherwise violate UN principles (via corruption, breaking UN sanctions, lobbying against UN global agreements, evading taxes, etc.) from participation in UN events and from eligibility for UN procurement contracts.

- 5. Refining measures and indicators of sustainable development.** Almost three years after the adoption of the 2030 Agenda the indicators to assess progress (or regression) in SDG implementation are still being debated. The universality of the SDGs, their comprehensive nature and interconnectedness are challenging most national statistics offices. There are still enormous data gaps in critical areas such as poverty, climate change, environment, gender, inequality and governance. To date, only 50 of the 169 SDG targets are ready for progress assessment. Over half of the 232 indicators endorsed by members of the UN Statistical Commission lack agreed measurement criteria (68) or sufficient data coverage (66) for regular monitoring or reporting or both. Even worse, less than a third of the data needed for monitoring the gender-specific indicators are currently available. As the monitoring and review process continues, governments have to provide the necessary resources and develop capacities to close these data gaps.

However, exploring adequate SDG indicators is not just a question of resources. The set of indicators with agreed methodology and available data (‘Tier I’ indicators) misses most aspects of the proclaimed transformative nature of the SDGs. The SDGs were rightly celebrated as a paradigm shift in how the international community understands sustainable development, by expanding the definition of poverty, including a concern about inequalities, and being universally applicable. But this is not the picture that emerges from the current set of Tier I indicators. In particular, the indicators on inequalities within and between countries are absolutely inadequate.

Perhaps it is time to start the other way around, consider the transformational vision of the 2030 Agenda and the fundamental intent of the 17 SDGs and find the best available proxy indicators or indices for those promises in a complementary parallel process to the exhaustive and painfully slow interpretation and data gathering for each of the 169 targets. Such a process could also contribute to the implementation of SDG target 17.19 to “develop measurements of progress on sustainable development that complement gross domestic product” and should take into account the broad discourse about human rights measurement, alternative measures of well-being and holistic concepts of *buen vivir*.

- 6. Closing global governance gaps and strengthening the institutional framework for sustainable development.** The effectiveness of the required policy reforms in the 2030 Agenda implementation process depends on the existence of strong, well-equipped public institutions at national and international levels. As noted, it is essential to reflect the overarching character of the 2030 Agenda and the SDGs in the institutional arrangements of governments and parliaments. Creating more effective and coherent global governance will be a futile exercise if it is not reflected in, and ‘owned’ by, effective national counterparts. At the global level, the claim to make the UN system ‘fit for purpose’ requires reforms of existing institutions and the creation of new bodies in areas where governance gaps exist.

Closing these governance gaps requires a commitment to overcome the inequitable distribution not only of resources but also of access to participation and decision-making. Two key recommendations that are of prime importance and give concrete examples of the kind of institutional reforms that are needed, are first, the establishment of an inter-governmental tax body under the auspices of the UN, with the aim of ensuring that all UN Member States can participate equally in the reform of global tax rules; and second, the creation of a Debt Workout Institution within the UN system, independent of creditors and debtors, to facilitate debt restructuring processes.

The implementation of the 2030 Agenda at the global level also requires the provision of predictable and reliable funding to the UN system. In particular, governments should reverse the trend towards voluntary, non-core and earmarked contributions and the increasing reliance on philanthropic funding. This is particularly relevant for the WHO.

To strengthen the principles, goals and policies for sustainable development and overcome incoherence in the global governance architecture, an effective intergovernmental body for norm setting, policy coordination and oversight is necessary. Governments decided in the 2030 Agenda that the High-Level Political Forum (HLPF) under the auspices of the General Assembly and the Economic and Social Council should have the central role in overseeing follow-up and review, provide political leadership, and ensure that the Agenda remains relevant and ambitious. However, compared to other policy arenas, such as the Security Council or the Human Rights Council, the HLPF has remained weak and with only one meeting of eight days a year absolutely unable to fulfil its mandate effectively.

The HLPF 2019 at the level of heads of State and government, the subsequent review of the HLPF, and the 75th anniversary of the UN 2020 provide new opportunities for strengthening and renewal of the institutional framework for sustainable development in the UN.

There is no need to wait for a global consensus of all governments (which is nearly impossible to reach in the current geopolitical climate) to start implementing the political and institutional reforms described above (and in the following chapters and SDG Spotlights in this report). In many areas there is sufficient space to shape policies at the national or even sub-national level, or to start initiatives of like-minded countries within the institutional framework of the UN. Apart from that, fundamental policy changes depend on changes of the dominant discourses and mindsets which cannot be ordered from above. The transformation of our world as proclaimed in the title of the 2030 Agenda has to happen simultaneously at all levels, from local action to global governance reforms, and by all social actors. This is the major challenge, but also the formidable opportunity provided by the 2030 process.

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The world needs to revamp international tax cooperation

BY JOSÉ ANTONIO OCAMPO,
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The international system of taxing companies, which was designed in the early twentieth century by the developed world, has become obsolete in our current globalized world. These days, almost half of world trade takes place between parent companies and subsidiaries of multinational companies and the service sector represents the lion's share of global GDP. But the system of international corporate taxes still follows rules that were set a century ago. Since 2015, the Independent Commission for the Reform of International Corporate Taxation (ICRICT) has been promoting major changes of these rules.

Established by a broad coalition of civil society and consisting of members from all continents and diverse backgrounds, the Commission aims to foster the corporate tax reform debate at the international level, and to promote institutions appropriate for this cause. The implementation of the 2030 Agenda for Sustainable Development and its funding needs make these reforms even more necessary.

Contrary to the high levels of international integration we have reached, the international corporate tax system is based on the *separate entity principle*, according to which every firm that is part of a multinational group, whether parent company or subsidiary, is treated as an independent legal entity when it comes to paying taxes. This generates important problems in accounting and taxation, given that the price at which a business transaction between two companies from the same group is valued, known as the *transfer price*, may be very different from the value of a business transaction between non-related companies, a fully competitive price known as the *arm's length price*.

In theory, the transfer prices should be similar to the arm's length prices. However, it is difficult, or even impossible, to guarantee that this is the case. Moreover, the importance of this problem has increased due to the growing proportion of intangible assets companies have, including their intellectual property – patents, royalties, brand names, registered trademarks –, their management system and their business networks.

When transactions within the same group involve these intangible assets, the principle of the arm's length price does not apply at all, since these transactions are not comparable to others on the market. This structure creates huge opportunities for tax abuses.

To this we need to add the loans between parent companies and subsidiaries and the way they distribute the fixed costs of the administration of the multinational group. The more complex the network of companies tied to the same group is, the easier it is, therefore, to avoid paying taxes.

Global limits to national taxation efforts

On top of these complexities, it is difficult for tax authorities, even the most efficient ones, to call such transactions and transfers into question. What this implies is that the present focus on separate legal entities and its system of transfer pricing is inconsistent with an economy that is globalized and knowledge-based.

The abusive tax practices of many multinationals have aroused indignation in the public eye and led various governments and parliaments to investigate many of the most emblematic corporations

¹ An earlier version of this text was originally published in *International Union Rights*, the journal of the International Centre for Trade Union Rights.

in the world. The inquiries are bringing to light the aggressive tax engineering employed by the large multinationals, as well as the tax competition countries enter into to attract investment.

Even more, in many cases the tax benefits multinationals take advantage of ‘tax holidays’, customs-free zones, investment agreements, or the acceptance of complex corporate ownership structures. All of these practices stem from lobbying by corporations, and from competition between governments to attract investments. The symbols of tax competition are the classic *tax haven*, offering low or zero tax rates, and the extensive networks of special economic zones with generous exemptions from direct taxation as well as various other tax advantages.

These benefits are accompanied by secrecy to protect owners and prevent financial and regulatory authorities from other countries from checking these companies’ balance sheets. The irony of all this is that these *offshore* centres only exist because they are tolerated by the major developed countries or even created by them.

The leaking of the ‘Panama Papers’, the ‘Bahama Leaks’ and, most recently, the ‘Paradise Papers’ have revealed the global scope of these networks, which are enabled and supported by a chain of banks, accounting firms and legal advisers. When tax secrecy is combined with special

exemptions, this may attract and facilitate money laundering and a broad range of illicit activities, as the ‘Panama Papers’ have shown.

In addition, as the leaks from Luxembourg and the European debates about the corporate tax benefits extended by Ireland have revealed, the tax authorities of destination countries can adopt norms that facilitate the shrouding of earnings and corporate structures in secrecy.

Corporate income tax exists in every country, in large part as a mechanism to tax earnings that are difficult to capture at the individual level, as a large number of major shareholders are residents abroad or have their property registered in trusts or *offshore* centres. The combination of conservative tax policies, the growing mobility of capital and the competition between countries to attract investment (and retain that of their own companies) has led to lower rates and numerous other benefits.

According to World Bank data, the revenue from corporate income tax makes up around 8 percent of tax revenues in developed countries and 16 percent in developing ones, which implies that this tax is of particular importance for the developing world. Since the 1980s, the statutory corporate income tax rate has gone down from a typical level of 45 percent to 25-30 percent. Furthermore, as a consequence of the variety of exemptions awarded, the effective tax

rates are much lower than the statutory ones. On a global level, the average corporate income tax burden is calculated to be close to 14 percent of all declared earnings.

According to conservative calculations by the Organization for Economic Cooperation and Development (OECD), the erosion of the tax base and the transfer of benefits generate losses of between US\$ 100 and US\$ 240 billion per year worldwide, equivalent to between 4 percent and 10 percent of global revenue from corporate income taxes. Estimates by International Monetary Fund (IMF) researchers produce even higher amounts: a revenue loss close to US\$ 200 billion, or 1.3 percent of GDP, for developing countries, and between US\$ 400 and 500 billion, or 1 percent of GDP, for OECD countries.

When corporations do not pay the taxes they owe, governments can see themselves obligated to cut essential services to the public or raise regressive taxes, such as VAT, leading to growing inequality in income distribution. Moreover, the tax abuses of multinational corporations produce unfair competition with national companies, many of which are small and medium-sized enterprises which generate a great deal of employment.

An alternative proposal

ICRICT, which I chair, has an alternative proposal to this defective system and expounded in our 2015 Declaration² and in a recent report.³ If multinationals paid taxes as single, unified companies, transfer prices would disappear, because their global assets would be consolidated and they would not be able to gain or lose through internal transactions. In turn, all countries would obtain fiscal revenues from the multinational group in proportion to the activities carried out in them – that is, to the real economic activities that take place in each territory.

This system would require reaching an agreement on how to divide taxes levied from these companies among the countries where they operate. Factors such as sales, employment and resources used could be used to bring this about. The experience of federal countries using similar systems at the national level would be useful to agree on what are the best rules in this regard.

In this system, countries could still enter into competition with each other by lowering corporate taxes rates to encourage investment or reallocating activities, just as they do now. For this

reason, our proposal is also for countries to establish a minimum corporate tax rate of between 15 percent and 25 percent.

What will probably generate a fiery debate is at what level to set the minimum effective tax rate, as several countries (including the USA) have adopted or announced much lower percentages or even more generous reductions in the tax base. To reach a global agreement on a minimum effective tax rate, it will probably be necessary to have an overarching global tax body in place.

However, minimum effective tax rates could be established in some regions in the short term, as a first step towards a global convergence. If countries such as the USA or the members of the EU set a minimum tax rate affecting companies operating (producing or selling) inside their territories, it would de facto imply the introduction of a minimum global tax rate. In turn, developing countries could use the system currently implemented in Brazil, in which local subsidiaries are subject to minimum amounts of taxable revenue based on the gross margins of the transactions they engage in.

So far, the international organization that has contributed the most to tax cooperation among its members is the OECD, whose activities have been reinforced by recent support from the G20. The OECD ‘Base Erosion and Profit Shifting’ (BEPS) Action Plan was approved in 2013, and its first agreements

were announced in 2015. This has been an important step in the right direction, as it initiated a country-by-country report on the profits and tax payments of the largest multinationals, as well as facilitated the exchange of information between countries. Unfortunately, this norm will only apply to very large multinationals and their reports will not be publicly available, contrary to the essential transparency we need.

Furthermore, the BEPS Action Plan failed to address the root of the problem: the transfer price system. It still allows companies to move their profits to wherever they like to take advantage of the jurisdictions with the lowest taxes. Global regulations continue working against developing countries.

These efforts also leave the basic question of global governance wide open, and particularly the lack of equal, effective and timely participation of developing countries. The OECD is not a global organization, as it is made up first and foremost of developed countries. For that reason, the main responsibility for the issue of tax cooperation must lie with the United Nations, by turning the current Committee of Experts on International Cooperation in Tax Matters into a truly global *inter-governmental* organization, and allocating adequate resources for it to promote and improve global tax cooperation. ICRICT has also proposed that UN Member States initiate negotiations to draft a UN

2 Independent Commission for the Reform of International Corporate Taxation (2015).

3 Independent Commission for the Reform of International Corporate Taxation (2018).

convention to combat abusive tax practices.

The Group of 77 and China presented a proposal to upgrade the UN Committee to the Third International Conference on Financing for Development, held in Addis Ababa in July 2015, but major developed countries blocked this proposal. Nevertheless, the project continues, as the UN is the only legitimate arena for this discussion. And to achieve that goal, civil society organizations and trade unions need to press their governments to move in that direction.

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Alternative national reports throw light on inequalities

BY ROBERTO BISSIO, SOCIAL WATCH¹

The 2030 Agenda and its universal commitments to eradicate poverty and reduce inequalities within planetary boundaries are inspirational. People from around the world expect their governments and the international system to act on their promises. While government reporting to the UN is voluntary and without any form of required response, civil society's role as 'watchdog' is exercised in multiple ways. Independent 'spotlight' reports by citizen groups throw light on obstacles and trade-offs in public policies.

The national civil society reporting promoted and compiled by Social Watch clearly show that while circumstances and capabilities are unique in each country, common threads emerge: Inequalities, often exacerbated by the international policy framework, are not being reduced, poverty is underestimated or hidden but not eradicated, sustainability is sacrificed to extractivism.

As the 2030 Agenda is universal, civil society in developed countries grab the opportunity to discuss both domestic policies and their extraterritorial impact. Those spotlights are welcome, and at the same time challenge the system to take on board the contribution of every lantern lit by those that were promised to not be left behind.

At the start of a workshop aimed at building capacity for national-level alternative reports on the SDGs in the Latin American and Caribbean region, the facilitator (who was the author of this contribution) asked the participants to grade, on a scale from zero to ten, the expected impact of civil society inputs into actual policy-making. The answers were oscillating between two and four, submerging the room under a cloud of doubt and skepticism: why would some 40 leaders of prestigious NGOs and wide civil society coalitions lose precious hours preparing for a useless exercise? "The government will probably not move an inch due to our report," observed candidly a Central American cooperatives organizer, "but I will still give ten points to the process of civil society coming together, studying the issues and agreeing on a common platform."

This perception motivates citizen groups to comment, challenge or interpellate their governments and to bring their alternative views to the United Nations

when the High-level Political Forum on Sustainable Development meets to assess the implementation of the 2030 Agenda.

The 'spotlight' reports (replacing the former 'shadow reports') come from all continents and from countries with very different capacities. Yet, in 2018 there is one issue that is highlighted in most of them: inequalities.

Colonial extractivism at the root of power asymmetry in Kenya

In Kenya, for example, the NGO SODNET reports that "the widening gap between the rich and the poor continues to undermine confidence in the institutions of democratic economic governance and, alongside it, the imperative of social cohesion as a condition for sustainable development".

Edward Oyugi, J. Ocholla and Mwaura Kaara report that "Kenya still lives uneasily with a colonial past and its legacy of unequal development, arising from acute asymmetry of power relations associated with

¹ All civil society reports quoted in this article are available on the Spotlight Report website: www.2030spotlight.org.

the continuation of a colonial system that had merely engaged a strategic retreat gear against the false belief that the post-colonial dispensation marked a systemic transformation of the colonial societies.” The country was first managed by the British East Africa Association, mainly for extractive economic interests. While “decolonization was fought for and achieved to ensure that all sections of the Kenyan society would prosper by pursuing a balanced social development, “the seeds of inequality and the trajectory of unequal development remained intact” and “to some extent, disparities experienced rapid but toxic escalation” after independence.

The report concludes that democracy and sustainable development remain “a dream” because “the culture and practice of corruption has grown deep and enduring roots in Kenyan society and become endemic” and allows for concentration of wealth within the ruling circles. The political and bureaucratic leadership benefit from it “and the existing governance institutions either kick the can down the road or lack both the will and capacity to stop them from doing so”.

Inequality will rise in the UK

Meanwhile in the **United Kingdom**, a consultation process coordinated by the UK network of Stakeholders for Sustainable Development (UKSSD) observes that “inequality is projected to rise in the coming years”. Paradoxically, the unemployment rate is reaching an historical low, but “at the same time, tax and social security cuts introduced since 2012 have had a particularly severe effect on people on lower incomes. Black and ethnic minority households, families with at least one disabled member, and lone parents (who are overwhelmingly women) have suffered disproportionately”.

A member of the network, Just Fair, led the drafting of the civil society chapter on SDG 10 on the reduction of inequality at the national level and highlights the fact that, thanks to the Equality Act of 2010, “authorities gather and transparently report useful disaggregated data”. Yet, successive governments have failed to implement this Act. The duty is in force in Scotland since April 2018, Wales has the

power to follow suit, some councils are voluntarily implementing it and 78 Members of Parliament from five different parties are calling on the government to bring the duty into effect.

The report concludes: “A significant change of course is required to meet SDG 10 and internationally recognized socio-economic rights and to turn the UK into a fair society that does not leave anyone behind.”

Illicit outflows deprive Bangladesh of scarce resources

In **Bangladesh**, civil society celebrates that in March 2018 the country met the requirements to “graduate” from its current status of Least Developed Country and be officially listed as “developing”. This success “brings confidence in achieving also the SDGs,” according to the report by COAST Trust, secretariat of Social Watch-Bangladesh. However, the report identifies three major challenges: inequalities, climate change and illicit financial flows.

Income inequalities are remarkable between rural and urban areas, between different regions and between the top 5 percent of households that captures one quarter of the national income, while the bottom 5 percent gets less than 1 percent.

In the coastal region of Bangladesh, one fifth of the country and home to more than 50 million people, most of them living below the poverty line, salinity intrusion and a severe water crisis are causing lower crop yields and scarcity of drinking water, thus endangering livelihoods. Every year thousands of affected people are migrating and taking shelter in urban slums in cities, especially in Dhaka and Chittagong. The government has committed to protect coastal people through critical infrastructure like embankment and polders, but the current, traditional approach is focused on growth-oriented development in infrastructure like transport facilities and export processing zones.

Bangladesh is an innocent victim of global warming, not responsible for its increase and with limited financial capacity to mitigate it. Civil society therefore considers it a “special legitimate right” to receive

more support “from those developed countries who are historically responsible for carbon emission and global warming”.

Domestic resource mobilization is further hindered by illicit finance outflows by the business sector and multinational corporations in particular. The Global Financial Integrity report of 2015 estimated that over US\$ 55.88 billion have been transferred from Bangladesh to foreign countries between 2003 and 2014, which is roughly 1.5 times the national budget and around 12 times more than the foreign aid received in this period. Swiss Bank deposits and acquisition of second homes in Malaysia are the preferred money laundering techniques.

Global coordination and support is needed to stop tax dodging, but the BEPS (Base Erosion and Profit Shifting) Project, initiated by the OECD and the G20 does not include the least developed countries – or those just graduated, like Bangladesh. Thus, Bangladeshi CSOs demand to upgrade the UN Tax Committee, better local tax transparency laws and international rules that reduce the trend to ‘race to the bottom’ by countries in favour of foreign capital.

Switzerland attracts profits generated elsewhere

The report on **Switzerland** by the NGO coalition Alliance Sud echoes these “negative spillover” comments and states that: “Swiss foreign economic policy and its international financial and fiscal policy are still far from taking sufficient account of the requirements of the 2030 Agenda.” After a visit to Switzerland, UN Independent Expert on foreign debt and other financial obligations Juan-Pablo Bohoslavsky drew attention in a report to the Human Rights Council to deficiencies in the prevention of unfair financial flows and problems in the area of international corporate taxation: “The existing Swiss tax privileges for the foreign profits of multinational corporations ... create massive incentives for profit transfers to Switzerland and help to deprive developing countries of potential tax revenues in the hundreds of billions.” Alliance Sud observes that “in the planned Swiss corporate tax reform, the Federal Council plans to abolish the previous tax privileges, but intends to replace them with measures that will ultimately have

the same effect: for multinational corporations it will remain attractive for tax purposes to transfer profits from abroad - not least from poorer countries - to Switzerland”.

The Swiss CSO report criticizes especially the allocation of resources at national level: “In 2017 the number of people affected by poverty in Switzerland has risen for the second year in a row and public funds in support of the poorest are being cut. This is unacceptable, given a government surplus of CHF 5 billion.”

Finland does not see its footprint

Reporting on **Finland**, the platform of civil society organizations Kepa also worries about the extraterritorial impact of national production and consumption patterns. “For example, almost half of Finns’ water footprint is caused by production chains outside Finland” they conclude. Kepa worries that “the group selecting national indicators made the startling observation that there is no reliable or even partially comprehensive information available in Finland on the external impacts of Finnish consumption, i.e., how we exploit natural resources outside of our own country”.

The Finnish Ministry of Finance initiated an assessment of the national budget from a sustainable development perspective. However, the initial work is judged “quite modest”. The budget proposal for 2019 is going to be estimated mainly from the climate change perspective, and will focus on the plans for Finland to become carbon neutral after having reached a historic high in carbon emissions in 2017. Kepa considers it “necessary to widen the approach of taking sustainable development into account in the budget planning” to cover other issues and “to look courageously at tax support for fossil fuels and other activities that may even conflict with sustainable development.”

Bitter observations from Benin

In **Benin** the Social Watch-Benin network set up four working groups (social, economic, environmental and governance) to draft a parallel report to the government’s Voluntary National Review which

reviewed 33 priority targets selected from each of the six SDGs to be reviewed at the HLPF in 2018. Indicators were available for only six of these. The network concludes that while the SDGs “have been incorporated in the government’s Programme of Action and the projects initiated by the development cooperation partners” the lack of “an efficient information system able to illustrate about implementation” risks resulting in “bitter observations, as has happened with other international commitments and conventions”.

France fails to synergize

In **France**, a High Level Steering Committee for the implementation of the SDGs held its first meeting in April 2018 as a forum to debate and collectively build, with public and private actors, a ‘roadmap’ to be issued in the fall of 2019. This move was applauded by the ATD Fourth World Movement for being inclusive, but also criticized as “coming late”.

Civil society submitted several suggestions to the official French ‘milestone report’ that will be submitted to the UN in 2018, covering six of the 17 SDGs and ATD Fourth World finds “very little effort to synergize the various objectives, while these so-called ‘environmental goals’ have a high impact on each other. For instance, we can regret that these objectives are not seen as having an impact on SDG 1. The objective of overcoming poverty in all its forms and worldwide is not a major concern in the French report, whereas it is transversal. At this writing stage, the ‘milestone report’ concerning SDG 6 on water does not mention that access to water is an essential condition of reducing poverty, just like SDG 7 and the access to energy. Similarly, the fundamental recommendation to ‘leave no one behind’ is not translated in the implementation of the SDGs.”

The Movement hopes “that the enforcement of each SDG reaches the poorest, on the national territory as well as in the international development cooperation by France” and it campaigns in particular on the issue of unemployment (currently 9 percent in France) demanding “access to work as a right, just as the right to education or the right to social security”.

Austerity undermining SDGs from Spain to Jordan

Spain is preparing its first Voluntary National Review to be submitted in 2018. A High Level Group (GAN in Spanish acronym) has been created and a Plan of Action 2018-2020 has been announced. The alternative report by La Mundial regrets the lack of dialogue on the SDGs between the government and stakeholders like academia and civil society. Spain is seen as starting late to take note of the 2030 Agenda and the GAN is perceived by civil society as not having the required political standing or participation of key ministries. Further, the GAN is not engaging civil society and the drafting of a plan to promote and implement the 2030 Agenda envisages no democratic involvement of social and political actors or a transparent framework for dialogue.

It is feared that the policies required to achieve the SDGs will be undermined by the continuity of policies of fiscal austerity and shrinking rights that are pushing Spain away from the agreed goals and targets.

Austerity is a major concern also in the reports from Jordan, Argentina and Brazil. In **Jordan**, according to the report by Ahmad M. Awad, from the Phenix Center, “A new series of measures started in 2016, aimed at achieving ‘fiscal consolidation,’ as a condition to unlocking access to IMF aid. Additional austerity measures were thus implemented, leading to rises in fuel prices, as well as in both the sales taxes and customs.”

Nearly half of the Jordanian labour force works in the informal economy, which together with “the continued implementation of business-friendly labour policies, resulted in rising unemployment. Many began to see their ability to afford basic commodities threatened – a predicament termed ‘transient poverty.’ Among unskilled workers, waves of migrant workers and refugees (many desperate) have saturated the market – one hardly bound by any minimum-wage constraints – triggering a race to the bottom.” At the same time, “numerous political and legislative institutions had been severely weakened. The impact of civil society in meaningful public policy debate had all but vanished, and nearly all

instances of social dialogue on labour issues seemed to have been predetermined in favour of employers” and “the possibilities for productive social dialogue and the development of policies based on agreements between workers, employers, and government seem ever more distant”.

Thus policies “have been repeatedly prescribed, recommended and defended by the IMF [that] have, for the most part, disproportionately impacted the poorer segments of the country’s population.” While this clearly contradicts the SDGs, “Jordan’s bilateral and multilateral partners seem to remain either oblivious or unwilling to react to this fact, as well of that of the erosion of democratic oversight through power accumulation, under the supervision of an international financial institution.”

Poverty returns to Argentina and Brazil

In **Argentina**, currently hosting the presidency of the G20, over 10 percent of households are not connected to a clean water supply network and over 30 percent lack sanitation. Investment in water and sanitation was stable at around 2 percent of public expenditure between 2012 and 2015. It dropped to 1.4 percent in 2016 and 0.3 percent in 2017, months before President Mauricio Macri announced in May 2018 the request for an IMF emergency loan that may result in fiscal austerity with further cuts to budgets.

The report by CELS and FOCO registers a similar drop in public expenditure on housing and shift in how the State perceives its role “from ‘builder’ to ‘facilitator’ of private sector investment”. Yet, “Latin American experience (as studied in Chile, Costa Rica and Mexico) shows that restricting public policies to the promotion of mortgage financing, with focalized assistance in poorer areas while leaving to markets the key decisions on urban development and housing usually leads to more speculation around prices, deepens the urban gaps and social segregation.”

In **Brazil**, after over a decade of meaningful progress in tackling poverty through public investments in health, education and social protection, constitutional amendment 95/2016 (CA 95), known as the “Expenditure Rule”, came into force in 2017, freezing

real public spending for 20 years. “By constitutionalizing austerity in this way”, comments the report by INESC, “any future elected governments will be prevented from democratically determining the size of human rights and basic needs investments.”

Rule CA 95 has already begun to “disproportionately affect disadvantaged groups” as “significant resources are diverted from social programmes towards debt service payments”. These fiscal decisions “put at risk the basic social and economic rights of millions of Brazilians, including the rights to food, health and education, the implementation of the SDGs, while exacerbating gender, racial and economic inequalities”. They could also amount to a massive violation of social and economic rights, since “the Brazilian government has not demonstrated that EC 95 was necessary, proportionate and a last-resort measure, nor that less restrictive alternative measures have been explored and analysed.” In fact, NESC, CESR and Oxfam argue that alternatives – such as more progressive taxation and tackling tax abuses – are readily available.

Rights are the departure point in Mexico and Ecuador

Human rights are also the departure point for the civil society critique of official policies in **Mexico**. Mexican civil society organizations demand coherence between the 2030 Agenda and governmental policies in economic and energy matters. They claim that the ongoing reform of the energy sector prioritizes business activities of exploration and exploitation of hydrocarbons over any other activity in the territories and without the necessary safeguards that effectively protect water, biocultural heritage, health of people and communities.

As a result of the examination carried out in March 2018, the UN Committee on Economic, Social and Cultural Rights recommends that the Mexican State takes full account of its obligations under the International Covenant on Economic, Social and Cultural Rights (ICESCR) and ensures the full enjoyment of the rights recognized in it in the implementation of the 2030 Agenda at the national level. It also encourages the State to establish independent mechanisms to monitor progress and treat beneficiaries of public

programmes as holders of rights to which they may be entitled.

Civil society organizations from **Ecuador** have brought to the attention of human rights bodies cases of conflict between extractive industries and indigenous communities. In August 2017, the UN Committee on the Elimination of Racial Discrimination was urged to investigate the situation of several families from the Shuar community displaced unlawfully by the copper mining project San Carlos Panantza in the

Amazon region. Four Amazonian provinces (Napo, Orellana, Pastaza and Morona Santiago) are affected by oil explorations over a total surface of four million hectares. The Center on Economic and Social Rights (CESR) is concerned that the consultation process with hundreds of indigenous communities in that huge area has not been conducted properly. (see also Box 0.2 on the need to include indigenous peoples in all areas of SDG implementation).

Box 0.2

Claim of ‘leave no one behind’ must include indigenous peoples

BY JOSHUA COOPER, UNIVERSITY OF HAWAI’I

The Sustainable Development Goals (SDGs) provide a path to protect the remaining natural resources for future generations and forge a future for those furthest behind. The 2030 Agenda is unequivocally grounded in globally recognized human rights. This includes the rights of indigenous peoples. There are six direct references to indigenous peoples in the 2030 Agenda.

Indigenous peoples spiritual and cultural practices since time immemorial offer valuable insight to humanity if it is to achieve the 2030 Agenda. Indigenous peoples’ traditional knowledge and ancestral wisdom is what the world is seeking with sustainability.

However, the review process to monitor the implementation of the 2030 Agenda in the context of the High-Level Political Forum

(HLPF) of the UN is absolutely insufficient. The presentations of the Voluntary National Reviews (VNRs) by Member States have forgotten indigenous peoples or intentionally forced them into exclusion. Some governments have even returned to earlier positions, prior to the adoption of the UN Declaration on the Rights of Indigenous Peoples and ignore the right of self-identification.

One vital addition of the SDGs to the Millennium Development Goals is that every Member State will measure how they achieve the 2030 Development Agenda. No longer are Indigenous Peoples in developed countries excluded from a global initiative.

During the United Nations Permanent Forum on Indigenous Issues that took place in April 2018, only three months ahead of the HLPF, indigenous peoples explored

engagement around the VNRs at every step in four countries – Australia, Canada, Laos and Vietnam.

While the political systems in those countries are different, the end result is quite similar – in all of them, Indigenous Peoples are invisible and haven’t been included so far in the reports. Indeed, there was little if no communication directly with indigenous peoples to seek their input in their countries’ VNRs.

For the more developed countries, there were promotional materials printed and decorating buildings in capital. However, indigenous peoples never heard from national agencies responsible for drafting the SDG VNRs or were they contacted to participate at the HLPF, let alone to engage in consultations in country.

At the Permanent Forum interactive dialogues, indigenous peoples asked pointedly about SDGs. One of the responses regarding VNRs was: “This is still a relatively new review process. It is the starting point to establish benchmark and priorities.” But we only have a bit over a decade to achieve the SDGs.

During every opportunity to organize, there were no signs from States that showed indigenous peoples were being recognized as partners. In fact,

indigenous peoples wondered if they had missed the development bus and not even been told where the bus stop is.

During the HLPF in 2019, we must indigenize the SDG process for a genuine measurement of the global sustainable development movement. Reforms must mainstream indigenous peoples and other vulnerable voices so as to provide a valuable vision through transformative initiatives.

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Weakening environmental protection in Colombia

In neighbouring **Colombia**, a report by Angélica Beltrán, Karla Díaz and David Cruz, researchers from Asociación Ambiente y Sociedad argues that “extractive industries and atmospheric pollution in the cities are a major source of socio-environmental conflicts”. The report states: “Environmental protection shows a progressive weakening.... Due to the lack of updated environmental information and the simplification of procedures in the granting of permits and licenses, the affected communities find it increasingly difficult to monitor the threats over their land and livelihoods.” Further, environmental control institutions do not have the capacity to oversee extractive activities adequately, which has allowed serious ecocides such as the outcropping of crude oil in the Lizama Block and the violation of environmental rules by Emerald Energy in the Ombu Block, located in the Amazon region.

In fact, the regulatory framework favours extractive activities through measures such as the creation of areas of rapid mining concessions, the opening of oil blocks around national Natural Parks, and territorial gerrymandering in order to allow activities that violate international agreements for the protection

and conservation of the Amazon. The increase in the rate of deforestation, the rise in the number of oil exploration and extraction permits and delays in the implementation of deforestation control strategies have led the Colombian government to postpone the goal of zero net deforestation in the Amazon, initially set for 2020 and now extended until 2030.

Guatemala fails to tax

Meanwhile, in **Guatemala** the main complaint about the State is its absence. “We have the sensation that there is no government,” reports Helmer Velazquez, director of the cooperatives and NGOs association Congcoop, “because taxes are so low and the ‘state captors’ don’t even pay them, thanks to tax exemptions or plain avoidance, which leaves the mortgage of natural resources as the only funding source.”

“This wouldn’t be a problem if we didn’t have seven million people living in poverty: Half of the population! And poverty is extreme for three million of them. Very calm, the government reported in 2017 ‘institutional progress’ by linking the SDGs with the national development plan K’atun 2032. In substantive terms, nothing.”

Fiscal reform and a reorientation of public expenditure are demanded by civil society, which proposes massive investment in family agriculture as the way to unleash virtuous circles on employment and food and thus meet the goals and targets set for 2030.

Food is the key in Nepal

Food is also the axis of the civil society report from **Nepal**, where “transnational corporations are grabbing land, monopolizing seeds and food markets, as a result of which small holder farmers are more and more marginalized”. As visible evidence, “now in Nepal packed foods are common not only in the urban townships but also in remote and hard to reach areas, replacing indigenous food consumption patterns. Farmers rely heavily on seed markets rather than preserving their own seeds which was common practices in Nepal even a few years back.”

Food quality is degrading as farmers are using chemical pesticides and fertilizers. This creates health problems, and even when food availability has improved, the supply is inadequate to meet the surging food demand. Cereal import dependency has been rising, while Nepal's capacity to export food has been falling. This can also be linked with the huge out-migration among youth for work in foreign lands in the absence of opportunities in the country.

“There are three main threats to food security: inequality, limited role of small-scale farmers, and climate change,” concludes the report authored by Gyan Bahadur Adhikari and Kritika Lamsal, from Rural Reconstruction Nepal. To tackle them “the food system must become more rights-based, less market-based, and more people-centred and designed to take into account the perspectives of the poorest people themselves”.

In Nicaragua to defend water is to defend life

In **Nicaragua**, the entry point is water for the joint report of Coordinadora Civil and the National Platform in Defense of Water and Life, “because access to water is both a human right and one of the Sustainable Development Goals”. Nicaragua is suffering a shortage of safe water as a result of

the combined effect of climate change that reduces superficial water and the unregulated extraction of underground water by industrial agro-exporters and enclave tourism.

“Sustainable human development – concludes the report – will improve quality of life for all if it reduces environmental destruction, limits agricultural expansion and restricts open-pit mining that is exhausting natural resources, poisoning the water and causing disease and poverty.”

Right to development denied in Palestine

In **Palestine**, the main obstacle to realizing these goals and targets is the occupation that continues to confiscate lands and, as reported by UNCTAD, deny Palestinians the human right to development.² The indicators are alarming: unemployment has reached 27.7 percent in the Palestinian territories occupied in 1967 and 44 percent in the Gaza Strip. The poverty rate for the year has reached 29 percent in 2017 and it is 53 percent in the Gaza Strip, reflecting the catastrophic effect of the 10-year ongoing blockade.

On the other hand, the civil society report by the Al-Marsad Social and Economic Policies Monitor perceives the Palestinian National Authority's efforts as “reproduction of the same policies and practices”, without the changes that would be required to progress towards the SDGs, “particularly employment and labor, social protection, progressive taxation, industrial and agricultural development, and public expenditure”. Civil society perceives its space as shrinking, while the Authority “takes control of the judiciary and affiliates with the private sector.”

Natural and financial catastrophes in Puerto Rico

From **Puerto Rico**, the women's organization Cohitre also describes a “colonial condition that imposes agendas foreign to our people”. In September 2017

2 See: UNCTAD (2018): The Economic Costs of the Israeli Occupation for the Palestinian People and their Human Right to Development: Legal Dimensions. Geneva. (<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=2044>)

hurricanes Irma and Maria hit the island, destroying 70,000 homes and collapsing its electric network (still not completely restored), its transport system, hospitals and fuel and food supplies.

The catastrophic effects are sharpened by the absence of political powers – the island is a US ‘unincorporated territory’ since 1898 – and the control of its finances by a US-imposed Fiscal Control Board, due to its indebtedness. “The diversion of funds to pay off public debt, adjustment plans, austerity measures, the reduction of the public sector and privatization has compromised the government’s capacity to respond to the crisis” while “the response of the US government is slow, erratic and centralized” and “the US Congress has shown no rush to provide aid to Puerto Rico, given the debate over corruption and how to manage the funds”.

It is estimated that over a hundred thousand people (3% of the population) have migrated following the hurricanes, either for health reasons (seeking appropriate medical services), for reasons of education (closed schools) or looking for a job (due to economic collapse and job loss) and “especially due to a policy from the US Federal Emergency Management Agency (FEMA) that stimulates migration”.

Civil society groups demand the elimination of the Fiscal Control Board that undermines democracy and that “the payment to creditors not be placed above the payment of the ordinary expenses of the government that directly benefit the population, which causes a problem of human rights”.

Peru is unable to implement

Peru was affected by natural disasters more than a year ago, when heavy rains and floods affected 21 of its 25 departments. As of May 2018, thousands of families still live in tents and many schools and hospitals have not recovered completely. In fact, many families still have not recovered their houses, destroyed by an earthquake in 2007, more than ten years ago!

Peru is part of the “Ring of Fire” around the Pacific Ocean, prone to earthquakes and volcanic activity. It is further vulnerable to the climate change-induced

alterations in ocean currents, causing floods in the north of the country and drought in the south and centre. According to the report by Grupo Red de Economía Solidaria del Perú (GRESPE) and the Intercontinental network for the promotion of social solidarity economy (Ripess) “lack of planning in the use of land for housing and criminal-led occupations of unsuitable terrain to set up slums make the problem worse. Captured by corruption, the Peruvian state is too weak to implement public policies, risk prevention, emergency assistance or rehabilitation and reconstruction.”

In 1990, when neoliberal policies started to be implemented, poverty affected 24 percent of the population. The 2018 household survey situates income poverty at 21.7 percent. “Peru has sold at throw-away prices its state-owned enterprises and given away all its natural resources to lower poverty to less than three percent” comments NGO leader Héctor Béjar. “The 2030 Agenda, from this perspective, looks like a beautiful but unreachable utopia.”

Transition left too many behind in the Czech Republic

In the **Czech Republic** the most pressing social issue is the degree of household debt households and the frequency of debt-related property seizures, which concerns more than 8 percent of the population. The costs filed by private collection agencies for often minor sums have deprived hundreds of thousands of people of their property and often forced them to the edge of the society or even into homelessness.

Nevertheless, Ondřej Lánský and Tomáš Tožička report on behalf of Social Watch-Czech Republic that “the conservative and liberal political right that has so far dominated the public discourse for the last three decades keeps repeating that we are living in the best of times and that everybody’s well-off. It therefore forgets a large part of the society that lost in the transformation towards a market economy. They lost in the sense of lacking economic securities that used to be in place, and as a result of direct social degradation. But the major part of academia and the cultural elites refused to pay attention to social issues. Most of the churches and NGOs focused on providing paternalist assistance to the most vulner-

able while keeping with the logic of individualistic responsibility. ‘New politicians’ coming from the oligarchic circles are preying on such sentiments, promising more dignity to the low and middle classes, often outside of the urban centres.”

Challenges in Cyprus

Circumstances look more promising in **Cyprus**, where the 2013 financial crisis seems over and NGOs work together with government and parliament to implement the SDGs, as reported by Charalambos Vrasidas and Sotiris Themistokleous, from CARDET. Yet, even when progress is observed in all SDGs and planning is in place, the official review acknowledges important challenges: “High public debt, high unemployment rate, the low contribution of the agricultural sector in the GDP, under-representation of women in political and public life, the need for a sustainable consumption policy, a high percentage of non-attainment in mathematics, science and reading and the need to increase ODA.”

Build, build, build in the Philippines

In the **Philippines**, with a huge mandate to back it up, the government of President Rodrigo Duterte (locally referred to as “DU30”) set off on a long-term goal consistent with the 2030 Agenda, promising to end poverty by 2040 and building a more fair, prosperous, stable and peaceful society through inclusive economic growth that minds environmental limits.

Two years down the road, Isagani Serrano, president of the Philippines Rural Reconstruction Movement and a convener of Social Watch Philippines, reports that “DU30 appears on track with its 7-8 percent annual economic growth target because of a massive ‘build, build, build’ infrastructure programme accounting for 5.4 percent of GDP in 2017. The negative impact of this programme, specifically conversion to other land uses of already diminishing farmlands, is still to be determined. But the fossil fuel-intensive infrastructure and power programmes and projects could reverse modest gains achieved in environmental protection and rehabilitation.”

Top priority is yet to be given to light infrastructure, like rural roads, water and sanitation, and home electricity, which impact more directly on the lives of the poor and excluded. There is no firm indication as yet whether and how the promised poverty reduction from 21.6 percent to 14 percent by 2022 will be achieved, but spending on the social sector was 8.5 percent of GDP. Remittances from overseas Filipinos – a record-setting US\$ 28.1 billion in 2017 – keep the economy going mainly by financing family consumption and, potentially, the growth of the local economy.

“The regime that started off on a high note of social consensus is now being threatened by creeping polarization”, concludes Serrano. “This is due in part to an abrasive yet popular style of leadership that’s unforgiving to opposition and bearing streaks of authoritarianism. Underlying such polarization is the continuing high inequality that allows a tiny group of 16 billionaire-families and their political allies across the political spectrum – accounting for less than 1 percent of the population – so much power and wealth at the expense of so many.”

Women lead the struggle in Thailand

Writing from **Thailand**, Rane Hassarungsee from the Social Agenda Working Group finds it impossible to constrain the analysis within national borders because “trade liberalization in the process of globalization has enabled transnational corporations to exploit natural resources widely and deeply across borders, in collusion with domestic elites. National-level natural resource policies have implications in other countries as State agencies, domestic monopoly capital and transnational corporations have assumed key roles in framing various aspects of development policies, in manufacturing, energy, environment, land use, etc.” The other side of the coin is that “people’s rights to self-determination is being restricted as their participation in decision-making is curtailed”.

In the case of Thailand, “the State has become a joint stakeholder, either as a major shareholder, or the owner of capital itself. When the government is under the absolute control of the military and the people are deprived of their democratic rights to

demand accountability, to voice any opinions, not to mention criticism, nor to access information, the problems of natural resource management become even more complicated. Large domestic monopoly capital and corporations that rely on military support are joining hands with foreign corporations to strengthen their access to and control of the country's resources, thereby creating further injustices in Thai society.”

The invasion of the farm land of the poor, the expansion of industries into the food resource base of local people, overproduction, and the expansion of energy sources increase the threats of drought, flash floods, severe storms, unseasonal downpours and extreme temperatures. “In this convergence of a socio-economic crisis and an ecological crisis, various groups of women have emerged and are leading the struggles to defend natural resources and the livelihoods of their families and communities”.

If it is likewise appropriated by the grassroots around the world, the 2030 Agenda will shift from a utopian dream into a source of hope.

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How to leave no one behind in statistics?

BY XAVIER GODINOT, INTERNATIONAL MOVEMENT ATD FOURTH WORLD

Paris, late February 2018. It is freezing cold with temperatures of minus 4° C. A head count of homeless people realized within Paris proper has come up with at least 3,624 people sleeping in the streets, in parking garages, train and underground stations. All emergency housing structures are overcrowded and often helpless. The National Statistics Office contends that in France, the number of homeless people has increased by 50 percent from 2001 up to 141,500 people in 2012 and that more than half of them are foreigners. Some 15-20,000 slum-dwellers should be added to this figure. The life expectancy of homeless people is estimated at 49.7 years, 30 years less than that of French males and 35 years less than that of French females. This is the most visible aspect of extreme poverty in France.

How is this reality captured by the Sustainable Development Goals (SDGs) that claim to ‘leave no one behind’ and especially by SDG 1, “End poverty in all its forms everywhere”, and its first target: “By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.90 a day”? Both the language and the spirit of this goal reflect the growing acceptance of the idea that poverty is a multi-dimensional concept that reflects multiple

deprivations in various aspects of well-being. Yet, there is much less agreement on the best ways in which those deprivations should be measured.

Until 2017, the World Bank has assumed that most “high income economies had no people living in extreme poverty”,¹ an assumption that ATD Fourth World has been denouncing for years. In response to recommendations from the *Report of the Commission on Global Poverty* (the Atkinson Report)² the World Bank announced in October 2017 that it would implement a ‘truly global’ approach to poverty measurement and decided to include high-income countries in its global estimate of people living in poverty. Yet, if you search its database for the proportion of people living in extreme poverty in France, that is, on less than US\$ 1.90 a day, you find 0 percent, and the same in Belgium and Germany. It is clear that in high-income countries the poorest are still being made statistically invisible. As a result, the UN SDG Report 2017 was able to state that the number of people living in extreme poverty has fallen significantly, from 1.7 billion in 1999 to 767 million in 2013, which represents a reduction in the global

rate of extreme poverty from 28 percent in 1999 to 11 percent in 2013.³ The number of homeless people in France has nearly doubled over the same period, but this is made completely invisible in this global estimate.

Angus Deaton, the 2015 Nobel laureate in economics, stated recently that World Bank figures on poverty miss a very important fact, in that they ignore differences in need among countries.⁴ There are necessities of life in rich, cold and urban countries that are less needed in poor countries. It is precisely the cost and difficulty of housing that make for so much misery and that are missed by the World Bank global counts. The US\$ 1.90/day line was designed for low-income countries and is inappropriate for high-income ones. Following Oxford economist Robert Allen, Deacon suggests using a US\$ 4/day line, which is an estimated needs-based absolute poverty line for rich countries.

Thinking of poverty as multi-dimensional poses new questions about the true nature of poverty. Amartya Sen, the 1998 Nobel laureate in economics, stated 40 years ago that “Poverty may be seen as a failure to reach

1 Ferreira (2017).

2 World Bank (2016).

3 UN (2017), p. 3.

4 Deaton (2018).

some absolute level of capability”, in our example, a failure to be capable of getting suitable housing when it is freezing cold. He contended that “absolute deprivation in terms of a person’s capabilities relates to relative deprivations in terms of commodities, incomes and resources.”⁵ This is precisely the reason why it is inappropriate to use the same poverty line in developed and developing countries.

World Bank economists have become aware of this and in order to better capture extreme poverty in different national contexts, a World Bank report stated in October 2017:

*Starting this month, the World Bank will report poverty rates for all countries using two new international poverty lines: a lower middle-income International Poverty Line, set at US\$ 3.20/day; and an upper middle-income International Poverty Line, set at US\$ 5.50/day. This will be in addition to the US\$ 1.90 International Poverty Line – which remains our headline poverty threshold, and continues to define the Bank’s goal of ending global extreme poverty by 2030.*⁶

This is a welcome recognition of the need to better capture extreme poverty that was made invisible in middle-income countries. It means that in order to assess progress towards SDG 1,

the US\$ 1.90 International Poverty Line (IPL) is clearly insufficient and must be completed by the ratios or numbers of extremely poor people at US\$ 5.50 a day. What about high-income countries? No IPL has been defined for them. Yet it is crystal clear that “the cost of escaping poverty rises with the average incomes”,⁷ as the same World Bank report notes, and that with US\$ 165 a month, homeless people in Paris, New York or Tokyo are utterly unable to meet their basic needs and to find any solid accommodation with at least some heating. Yet these people remain invisible in the global estimate of the World Bank and of the United Nations.

The universality of the SDGs is challenging most statistics institutions at international or national level. Implementing SDG 1 requires that extreme poverty be measured in absolute terms, with the meaning Amartya Sen gave to this term. Yet the World Bank is accustomed to measuring absolute poverty in developing countries, not in developed ones, while the OECD or Eurostat is accustomed to measuring relative poverty in high-income countries, not absolute poverty. Eurostat recently stated that “the target for eradicating extreme poverty focuses primarily on developing countries in continuity with the earlier Millennium Development Goals”,⁸ which is completely at odds with the spirit and the

wording of the SDGs. As for the OECD, its set of indicators for monitoring SDGs in member countries includes an indicator of the absolute poverty rate at the level of US\$ 10 per person per day, without providing any solid evidence for this figure.⁹

The Atkinson Report formulated many recommendations in order to improve the global count of people living in extreme poverty. Recommendation 3 proposes that there be investigations of the extent to which people are missing from the global poverty count. In 2005, the French National Observatory on Poverty and Social Exclusion estimated that 2 percent of the population, mainly the most impoverished, were not counted in the census. It is very likely that this proportion has increased dramatically today, with the inflow of refugees, many of whom are undocumented. Recommendation 11 states that the World Bank should publish a portfolio of complementary indicators alongside the global poverty count, which the Bank is starting to do. Recommendation 15 suggests that the Bank should develop a programme of work in conjunction with other international agencies, on a basic-needs estimate of extreme poverty.

Another problem with measuring the IPL in different countries is that the measures conceal behind their apparent clarity the darkness of their calculation.

5 Sen (1983).

6 Ferreira/Sanchez (2017).

7 Ibid.

8 Eurostat (2017), p. 29.

9 OECD (2017), Annex 1.

The Report listed not less than 14 non-sampling sources of error in the calculation of the poverty headcount at US\$ 1.90 a day. It recommended that the World Bank adopt a ‘total error’ approach, making clear to the general public the margin of error of the Bank’s estimates. World Bank economists responded that this is one of the Commission’s most important recommendations, yet they state that they “do not currently possess the in-house statistical capacity to correctly produce estimates of ‘total error’ arising from the multiplicity of possible sources of error listed above”.¹⁰ This is highly problematic. By the way, it means that when the Bank contends that global extreme poverty has decreased by a certain percentage over the latest years, you never know whether this reflects on-the-ground improvements or just the margin of error of its calculations. World Bank economists are now making more explicit that their figures are estimates that involve many uncertainties and will now publish estimates of global poverty every other year, instead of every year.

The Atkinson Report also recommended that World Bank and others responsible for poverty statistics explore the use of subjective measures of poverty and use participatory methods to really listen to poor people and understand what defines poverty in their views. The World Bank states that they “fully embrace the principle

that in-depth consultation with poor people themselves is essential to an understanding of the true nature of the multifaceted phenomenon we call poverty”. They also envisage that “likely most important and innovative work that pushes the frontiers of our understanding of poverty will continue to take place at the country or subnational levels”.¹¹

To contribute to the goal of taking up these challenges, the International Movement ATD Fourth World and Oxford University have engaged in an international participatory research on the dimensions of poverty and how to measure them. National research teams comprising academics, practitioners and people living in poverty have been set up in six countries: Bangladesh, Bolivia, France, Great Britain, Tanzania and the USA. They are implementing the Merging of Knowledge approach that ATD Fourth World has been refining for 20 years; it enables people living in poverty to work as co-researchers on an equal footing with other participants.¹² The outcomes of this challenging project are expected in late 2019.

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¹¹ Ibid., p. 6.

¹² See: www.atd-fourthworld.org/what-we-do/participation/merging-knowledge.

¹⁰ World Bank (2016), p. 5.

2

Cross-cutting policy areas

1

The increasing concentration of wealth and economic power as an obstacle to sustainable development – and what to do about it

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The 2030 Agenda cites the “enormous disparities of opportunity, wealth and power” as one of the “immense challenges” to sustainable development.¹ It recognizes that “sustained, inclusive and sustainable economic growth...will only be possible if wealth is shared and income inequality is addressed”.²

A major part of the inequality picture is increasing market concentration and the accumulation of wealth and economic power in the hands of a relatively small number of transnational corporations and ultra-rich individuals. Intense concentration of wealth and power is in fact inimical to progress across the entire 2030 Agenda.

This trend has not emerged accidentally: inequality is the result of deliberate policy choices. In many countries, fiscal and regulatory policies have not only led to the weakening of the public sector, but have also enabled the unprecedented accumulation of individual wealth and increasing market concentration.

But, there are robust and progressive alternatives to these policies, which could effectively redistribute wealth and counteract the concentration of economic power. Such alternative policies will be a prerequisite to unleash the transformative potential of the SDGs and fulfill their ambition “to realize the human rights of all”³.

Growing accumulation of wealth

The inclusion of a goal to reduce inequalities is one of the major strengths of the SDGs, but the challenge is even more immense than Goal 10’s targets suggest. Although there is a target on income disparities

(10.1),⁴ wealth inequality goes overlooked despite being one of the major drivers of disparities across the world.

Many studies have shown that wealth inequality is even deeper and more pernicious than income inequality. According to estimates by the Credit Suisse Research Institute, the bottom half of the global population own less than 1 percent of total wealth.

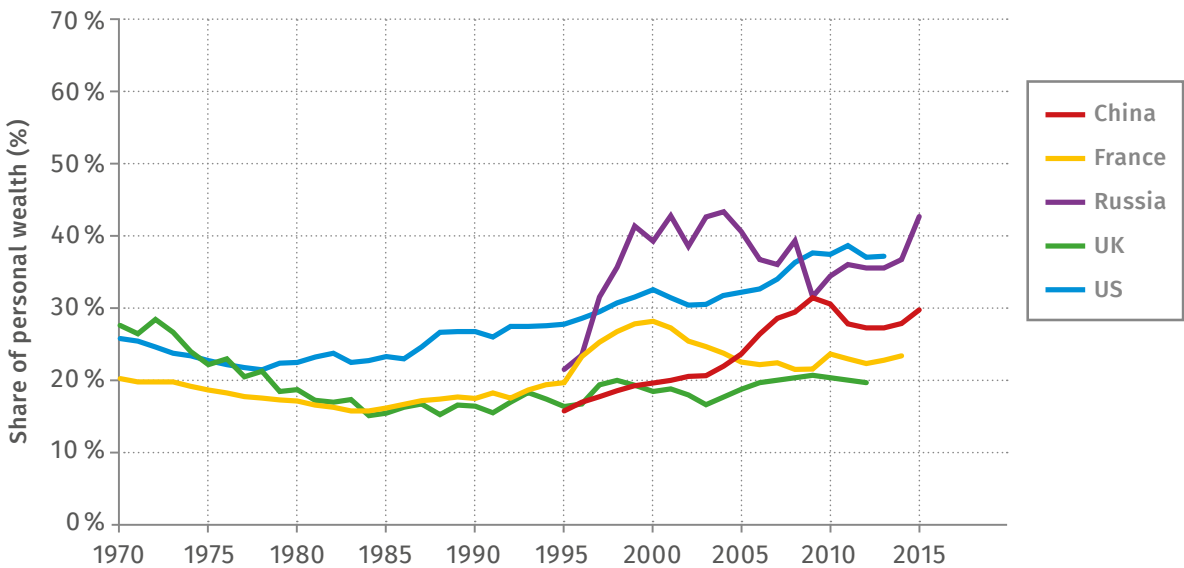
1 UN (2015b), para. 14.

2 Ibid., para. 27.

3 Ibid., preamble.

4 Target 10.1 does not really take aim at income inequality per se (i.e., the gap between the rich and the poor), but rather is based on the World Bank’s measure of ‘shared prosperity’ –the share of the bottom 40 percent of the income distribution increasing faster than the average.

Figure 1.1
Top 1% personal wealth share in emerging and rich countries, 1970-2015



Source: Alvaredo et al. (2017), Figure 4.2.1.

In sharp contrast, the richest 10 percent hold 88 percent of the world’s wealth, and the top 1 percent alone account for 50 percent of global assets.⁵ As Branko Milanovic writes, “wealth inequality is even more extreme [than income inequality] for every country for which we have reliable data”.⁶ These disparities also reinforce each other, as wealth typically generates income: in 2014, 67.4 percent of the pre-tax income of the top 0.1 percent in the USA was income from wealth (capital gains, interest, dividends, etc.).⁷ In most emerging and rich countries the wealth share of the top 1 percent has been rising steadily over the last two to three decades (see Figure 1.1).

The vicious circle of inequality

Wealth – ownership of property, land or shares, for example – confers not just economic security but also social and political power. As Jeff Spross of *The Week* points out, “who owns wealth ultimately determines

who rules”.⁸ This situation creates a ‘vicious circle of inequality’, whereby growing economic inequality heightens political inequality, which then increases the ability of corporations and rich elites to influence policy-making to protect their wealth and privileges. Meanwhile the power of labour unions, for example, is increasingly eroded.⁹ Milanovic states that “higher levels of inequality seem to be economically beneficial for the rich, who are often able to translate their disproportionate control of resources into disproportionate influence over political and economic decision-making.”¹⁰

This is largely because wealth buys influence,¹¹ including through directly financing political campaigns. In the USA, the ultra-rich top 0.01 percent contributed 40 percent of the total election campaign

5 Credit Suisse (2017), p. 110, figures for 2017.

6 Milanovic (2018).

7 Piketty et al. (2018), Data Appendix (<http://gabriel-zucman.eu/files/PSZ2017MainData.xlsx>).

8 <http://theweek.com/articles/717294/wealth-inequality-even-worse-than-income-inequality>.

9 Jaumotte/Osorio Buitron (2015).

10 Milanovic (2018).

11 See Donald (2017) for more on nexus of concentrated political and economic power.

contributions in 2016.¹² In many contexts, legislators are drawn almost exclusively from the wealthiest classes of society. Wealth also buys access to the services of lawyers, accountants and lobbyists, which *The New York Times* terms the “income defense industry”, “a high-priced phalanx of lawyers, estate planners, lobbyists and anti-tax activists who exploit and defend a dizzying array of tax maneuvers, virtually none of them available to taxpayers of more modest means”.¹³

Wealth also tends to persist over generations, thereby constraining social mobility. Wealth disparities on the basis of race and gender for example, tend to be far greater than those for income.¹⁴ While many people may suffer losses as a consequence of a financial crisis, it is the poorest and most marginalized who are hardest hit due to lack of a cushion. In many countries women bore the burden of the global financial crisis of 2007-2009 (and the subsequent austerity measures).¹⁵ In the USA, recessions have disproportionately affected black and Latino families.¹⁶

Why extreme wealth inequality is inimical to the 2030 Agenda

The concentration of wealth directly or indirectly affects all elements of the 2030 Agenda. Extreme economic inequality is, for instance, integrally linked with persistent and chronic poverty (SDG 1). Indeed, several studies have shown that SDG 1 will not be achieved unless extreme income and wealth inequality is also tackled. The resources that are captured by wealthy people and entities will be essential to robustly tackle poverty. To give one example, the richest man in Nigeria, Aliko Dangote, founder of Africa’s largest cement producer, earns enough interest on his wealth in one year to lift 2 million people

out of extreme poverty.¹⁷ Hence it is not surprising that Oxfam, like other civil society organizations, conclude: “To end extreme poverty, we must also end extreme wealth”¹⁸.

In terms of gender inequality (SDG 5), women’s rights are systematically undermined by the same systems which create and perpetuate monopolies of power and wealth. At the simplest level, 90 percent of people on the Forbes billionaires list are men, and the gender wealth gap tends to be even larger than the gender pay gap. In the USA, white women own only 32 cents for every dollar owned by a white man, and women of color even less.¹⁹

Wealth inequality reflects, entrenches and worsens the various inequalities women face, cutting across several SDGs. A report by UN Women on the implementation of the SDGs from a gender perspective finds that in Cameroon, for example, while just over 30 percent of women are illiterate, among the poorest 20 percent of women, more than 80 percent are illiterate.²⁰ In Pakistan, 58.5 percent of women and girls in the lowest 20 percent of the wealth index report having no say in decisions regarding their own healthcare, as opposed to 39.3 percent in the wealthiest quintile, while Colombia’s poorest women are 16.4 times as likely as the wealthiest women to give birth without assistance from a healthcare professional.²¹ UN Women summarizes: “Wealth inequality and gender-related inequality often interact in ways that leave women and girls from the poorest households behind in key SDG-related areas, including access to education and health services.”²²

Furthermore, extreme concentration of wealth threatens the achievement of the 2030 Agenda by fundamentally affecting the amount of resources that are available to be spent on sustainable development.

12 See: www.nytimes.com/2018/02/15/opinion/democracy-inequality-thomas-piketty.html

13 Scheiber/Cohen (2015).

14 <http://prospect.org/article/race-wealth-and-intergenerational-poverty>

15 Donald/Lusiani (2017).

16 Ibid.

17 Oxfam (2018), p. 10 and www.forbes.com/profile/aliko-dangote/?list=billionaires.

18 Oxfam (2018), p. 17.

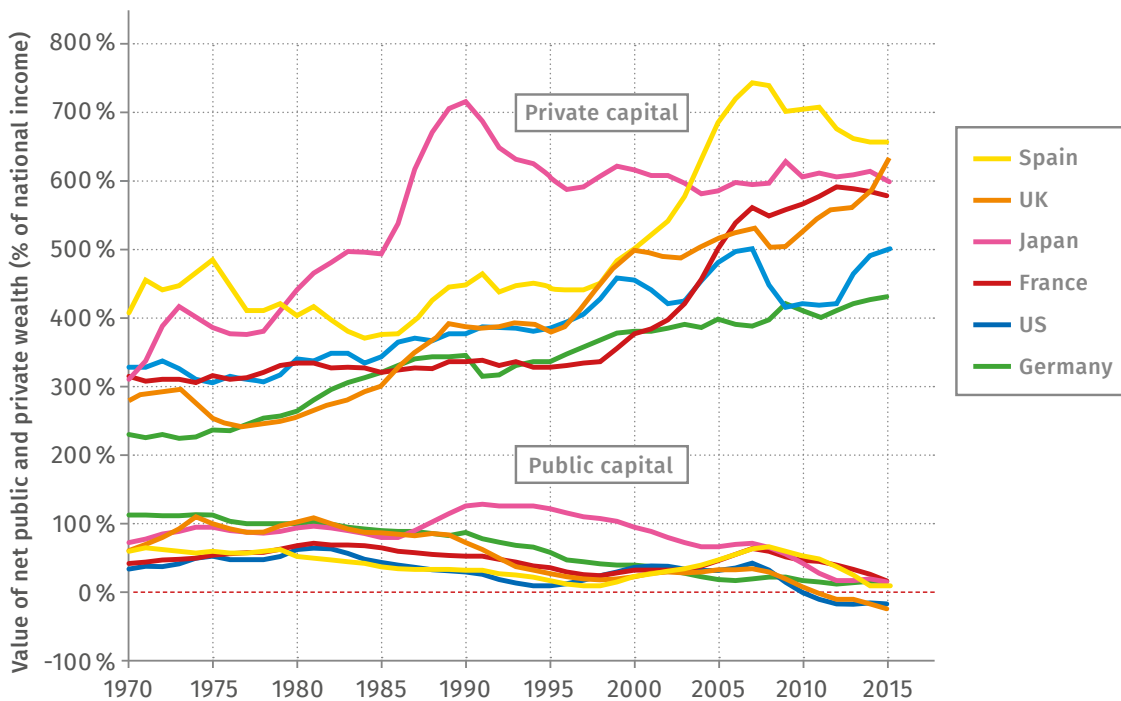
19 Oxfam (2018), p. 25.

20 UN Women (2018), p. 85.

21 Ibid., pp. 153, 167.

22 Ibid., p. 144.

Figure 1.2
The rise of private capital and the fall of public capital in rich countries, 1970-2016



Source: Alvaredo et al. (2017), Figure E6

As the World Inequality Report 2018 states, “Over the past decades, countries have become richer, but governments have become poor” due to a massive shift towards private capital.²³ As result of the privatization policies of the last decades the amount of public capital is now negative or close to zero in many rich countries (see Figure 1.2). This limits the policy space of governments to tackle inequalities, as well as to implement the SDGs. For example, many of the SDGs - especially 3 (health), 4 (education), 5 (gender equality), 6 (water) and 10 (inequalities) - will ultimately depend on quality, accessible public services, which require robust public financing.

In addition to threatening public service provision, intense wealth concentration is likely to be a major obstacle to creating decent work for all and protecting workers’ rights (SDG 8), given that the power of wealthy elites and large corporations vastly out-

weighs that of organized labour. Meanwhile, the ability of labour to organize and negotiate has been compromised in many cases, including through pressure on governments from big business.

Very unequal societies are also bad for the environment,²⁴ and therefore threaten the environmental aspects of the 2030 Agenda. The very rich tend to have a much bigger ecological footprint because they consume more, and high levels of inequality have been shown to work against the mobilization of collective efforts necessary to protect the environment. The ability of the rich to skew decision-making towards their interests may also be detrimental towards the environment, while also ensuring that most of the impacts of climate change and pollution can be ‘dumped’ on people living in poverty.²⁵

²⁴ www.theguardian.com/inequality/2017/jul/04/is-inequality-bad-for-the-environment

²⁵ Islam (2015).

²³ Alvaredo et al. (2017), p. 14.

These trends could also be an obstacle to achieving Goal 16, particularly regarding effective and accountable institutions and participatory, inclusive and representative decision-making. In general, wealth concentration and the economic processes that have accompanied it – such as intense financialization – distort decision-making in ways that could well be fatal to the prospects of realizing the 2030 Agenda. Increasingly, for example, it is financial firms that have the power to make decisions about what infrastructure projects are most important (i.e. likely to produce return on investment), rather than the people affected democratically deciding what is most socially valuable.

Growing corporate concentration

Extreme inequalities in individual wealth are also interrelated with growing market concentration. Many sectors of the global economy are dominated by a small number of transnational corporations, giving them vast power over these markets. The main beneficiaries of these oligopolistic market structures are the companies' largest shareholders and main owners, some of whom have made it to the top of the world's billionaires list. Striking examples are Jeff Bezos of Amazon, Bill Gates of Microsoft, Mark Zuckerberg of Facebook, and Carlos Slim of America Movil. Slim has established an almost complete monopoly over telephone and broadband communications services in Mexico, which, according to the OECD, had significant negative effects for consumers and the economy – but obviously positive effects for Slim's fortune.²⁶

Particularly alarming for the implementation of SDG 2 are the concentration processes and mega-mergers in the agrifood industry - in all phases along the value chain.²⁷ The global trade of agricultural commodities, from wheat, corn and soybeans to sugar, palm oil and rice, is dominated by only five companies. Meanwhile, if all of the currently planned merg-

ers in the seed and agrochemical sector are allowed, the new corporate giants will together control as much as 70 percent of the market for agrochemical products and more than 60 percent of the global seed market.²⁸

Market concentration and the growing role of a few global players are also evident in other areas relevant to the SDGs. Relatively small groups of transnational corporations dominate, for instance, the mining sector, the global oil and gas market, and the car industry. They influence, and often undermine, effective measures against climate change and the transformation towards sustainable energy systems (SDGs 7 and 13). The extractive industries play a similar role in unsustainable consumption and production (SDG 12), particularly with the rush to mine in the deep sea (SDG 14). Corporate concentration has also been shown to cost jobs and reduce wages, with implications for SDG 8.²⁹

Transnational banks, institutional investors and asset management firms, who are major drivers of these trends, have themselves experienced massive concentration in recent years. Research has found a growing concentration of ownership in the hands of finance capital over the past three decades.³⁰ A different investigation of the relationships between 43,000 transnational corporations has identified a group of companies, mainly in the financial industry, with disproportionate power over the global economy. According to the study, "transnational corporations form a giant bow-tie structure and [...] a large portion of control flows to a small tightly-knit core of financial institutions."³¹ At the centre of the bow tie, a core of 147 companies control 40 percent of the network's wealth, while just 737 companies control 80 percent. One of the most influential is the world's largest asset management company BlackRock. At the end of 2017, the value of the assets managed by BlackRock was US\$ 6.288 trillion, higher than the GDP of Japan

²⁶ Oxfam (2018), p. 11.

²⁷ See: IPES-Food (2017) and the comprehensive Agrifood Atlas, published by Heinrich Böll Foundation/Rosa Luxemburg Foundation/Friends of the Earth Europe (2017).

²⁸ IPES-Food (2017), pp. 21ff.

²⁹ Covert (2018).

³⁰ Peetz/Murray Nienhüser (2013).

³¹ Vitali/Glatfelder/Battiston (2011).

or Germany.³² Large institutional investors such as pension funds, insurance funds and sovereign wealth funds are also the drivers of a new generation of public-private partnerships (PPPs) in infrastructure, forcing governments to offer ‘bankable’ projects that meet the needs of these investors rather than the needs of the affected population.

Which policy choices have led us here?

The policy choices that have produced this extreme market concentration and socio-economic inequality are the same fiscal and regulatory policies that led to the weakening of the public sector and enabled the unprecedented accumulation of individual and corporate wealth. Some governments have actively promoted these policies, in other cases they have been imposed from abroad, notably by the International Monetary Fund (IMF) and powerful public and private creditors.

The cutbacks in public services and other ‘austerity measures’ governments claimed were necessary to keep them solvent in the aftermath of the financial crisis of 2008-9 led to a wave of **privatization**, particularly in public service provision and infrastructure. The first pieces of ‘family silver’ sold into private hands were such things as water supply, schools, hospitals, railways, roads, harbors and airports. For example, among the measures Greece was forced to adopt in order to meet the terms of its financial assistance packages was a 40-year concession to operate, manage, develop and maintain 14 regional airports in Greece to Fraport, a German transport company. According to a Transnational Institute study, of the 37 regional airports owned by the Greek state, only the 14 that were profitable have been included in the privatization programme, leaving taxpayers to subsidize the unprofitable rest. The study concluded: “Privatisation often means loss of income to the state as valuable public assets are sold for bargain prices to corporations. Profitable state companies that provide annual revenue are sold off, while unprofitable subsidy-consuming assets remain in state hands.”³³

The global financial crisis also exacerbated the ongoing **erosion of labour rights**, which has been a major factor in rising income and wealth inequality. Historically, unions have played a crucial role in the protection of economic and social rights, and have helped to close gender³⁴ and racial³⁵ wage gaps. There is now strong evidence that lower unionization has been associated with an increase in top income shares in advanced economies.³⁶ Contributing policies included the cessation of national general agreements, roll-backs in policy support for multi-employer bargaining and legislative changes that favoured corporate rights over labor rights, for example introducing the possibility for companies in trouble to opt out of sectoral agreements.³⁷

Increasing inequality has also been fueled by the **financialization** of sectors such as housing. In Spain, for example, the housing bubble has been identified as the main cause of the unprecedented rise in the personal wealth to national income ratio.³⁸ In Argentina, there are 750,000 unoccupied and speculative housing units, while excessive speculation in the real estate sector has pushed up prices to the point where many people (especially in urban areas) are not able to enjoy their right to safe and secure housing.³⁹ In Buenos Aires, the amount of people in situations of homelessness rose by 20 percent in 2016.⁴⁰ Current zoning laws and tax policies have been identified as enabling property speculation practices.⁴¹

Existing **competition and anti-trust laws** at national and international level have evidently been too weak to prevent mega-mergers and to curtail the massive

32 <http://ir.blackrock.com/file/4048287/Index?KeyFile=1001230787>

33 Vila/Peters (2016), p. 12.

34 See: <https://statusofwomensdata.org/women-in-unions/>.

35 See: <http://cepr.net/press-center/press-releases/benefits-of-union-membership-narrow-racial-wage-inequality-for-black-workers>.

36 Jaumotte/Osorio Buitron (2015).

37 Visser/Hayter/Gammarano (2015).

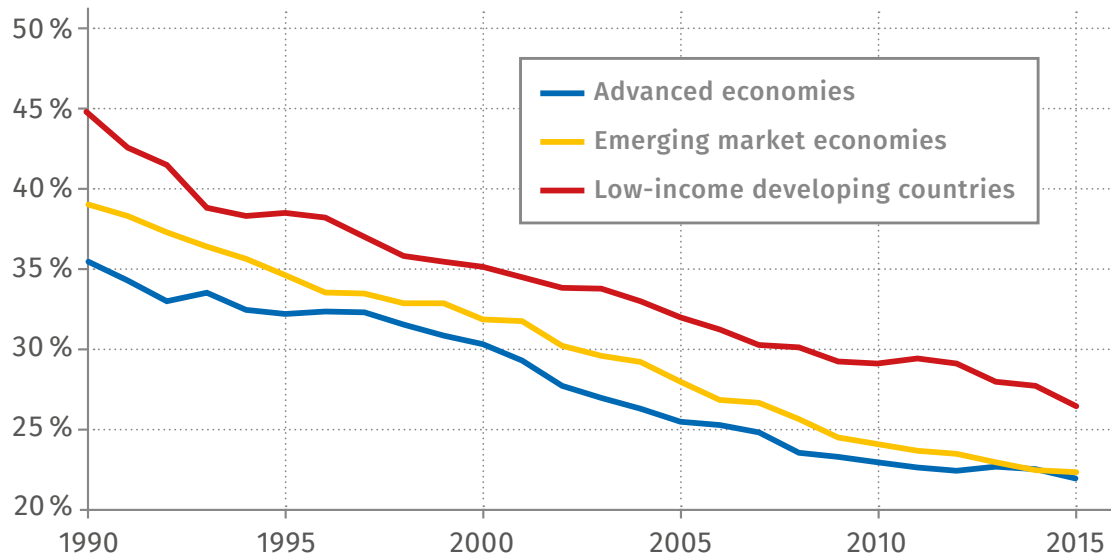
38 Alvaredo et al. (2017), pp. 230ff.

39 CELS (2017).

40 www.cels.org.ar/web/2017/07/ciudad-de-buenos-aires-mas-de-4000-personas-estan-en-situacion-de-calle/

41 CELS (2017).

Figure 1.3
The fall of corporate income tax rates, 1990-2015 (in percent)



Source: IMF (2017), Figure 1.17

growth of financial conglomerates with disproportionate influence on the global economy. During the financial crisis of the late 2000s, bailouts and stimulus programmes rescued the global banking system but failed to curtail the growth of large banks and insurance companies. On the contrary, financial mergers and acquisitions were an integral element of the response.

But perhaps the most important factor in driving the concentration of wealth and economic power has been the adoption of more **regressive tax policies** in most regions of the world, with increased reliance on indirect taxes such as value-added tax (VAT) to raise revenue, declining corporate and personal income tax rates on the highest earners, and low revenue from property and inheritance taxes (if any). Mean statutory corporate income tax rates have declined by 13 to 18 percentage points over the past 25 years (see Figure 1.3).⁴²

Meanwhile, expenditures on public services and social protection – which represent a crucial form of wealth redistribution and play an essential role in realizing human rights - have been cut back in many countries.⁴³ Despite all the rhetoric around belt-tightening and austerity being the only option, more progressive alternatives such as raising tax rates on higher earners, eliminating tax incentives for multinational corporations, or better enforcing the collection of property taxes, have typically been ignored or dismissed as unfeasible.

Even those countries which bucked this trend in recent decades, such as Brazil, are now experiencing a shift towards more punitive, regressive policies, particularly with regards to public spending, with potentially severe impacts on marginalized and disadvantaged communities.⁴⁴ Indeed, the negative

⁴² Crivelli et al. (2015), p. 11.

⁴³ See for instance www.cesr.org/factsheet-brazils-human-rights-advances-imperiled-austerity-measures.

⁴⁴ Ibid.

impact of these trends in fiscal policy has fallen disproportionately on those who can least afford to pay; the gendered impacts of austerity measures and regressive taxation are, for example, well-documented.⁴⁵

The lack of political will or at least effective concerted action to tackle the cross-border dimension of **tax evasion and tax avoidance** has further facilitated the accumulation of wealth and economic power. As most recently revealed in the so-called Panama and Paradise Papers, a large proportion of the profits and wealth of transnational corporations and rich individuals is held offshore in tax havens. This exacerbates inequalities as it deprives countries of revenue that could be used to finance social protection systems and quality public services essential for universalizing enjoyment of economic and social rights. It also leads to a significant under-estimation of the scale of inequality. According to recent estimates, the super-wealthy are hiding at least US\$ 7.6 trillion from the tax authorities.⁴⁶

There are alternatives

Crucially, there are robust and progressive alternatives to these policy trends which would help to redistribute wealth and power, and thereby begin to tackle one of the fundamental structural obstacles to the fulfilment of sustainable development and human rights commitments.

Governments urgently need to implement fiscal and regulatory policies which respond to the massive accumulation of individual wealth, and to generate and redistribute resources in a way more aligned with human rights principles and standards⁴⁷,

including through the provision of quality public services accessible to all. It is important to recognize, however, that tackling inequality is not just a technocratic matter. Extreme inequality is deeply connected with power hierarchies, institutions, culture and politics. As the Society for International Development (SID) notes regarding East Africa, efforts to address inequality are “unlikely to be successful in the absence of a committed attempt to dismantle and recreate the institutions that distribute power and the networks that have emerged to extract benefits from them”.⁴⁸ Hence, policy reform is necessary but not sufficient, and a sectoral approach is likely to address only the tip of the iceberg. Meaningfully tackling economic inequality requires more holistic and more sweeping shifts in where and how power is vested, including through institutional, legal, social, economic and political commitments to realizing human rights.

Human rights standards – particularly those related to substantive equality and non-discrimination, to the progressive realization of economic, social and cultural rights, and to the duty of states to cooperate internationally in the fulfilment of these rights – provide detailed and comprehensive normative guidance to states on the action they must take to reduce economic inequality within and between countries, and how it intersects with gender, racial and other dimensions of inequality.⁴⁹

As governments pursue the reforms that are necessary, *inter alia*, in the areas of national tax and budget policies, international tax cooperation, competition laws and anti-trust regimes, and financial market regulation, human rights principles and standards should guide the policy choices, implementation and the outcomes sought. Essential elements of a reform package are:

45 See www.brettonwoodsproject.org/2017/09/imf-gender-equality-expenditure-policy/ and www.brettonwoodsproject.org/2017/04/imf-gender-equality/.

46 Oxfam (2018), p. 11.

47 See for example Article 2 of the International Covenant on Economic, Social and Cultural Rights, in which each State party undertakes “to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant”.

48 Society for International Development (2016).

49 For more on the role human rights standards can play in guiding efforts to tackle economic inequality, including as part of efforts to implement the SDGs, see Center for Economic and Social Rights (2016).

Figure 1.4
Redistributive impact of taxes and transfers in advanced economies



Source: IMF (2017), figure 1.9.

Emphasizing progressive taxation: Taxation should be based on the ability to pay, with rich individuals and large corporations assuming the major part of the burden (and not given an ‘easy way out’ through loopholes). A flat and undifferentiated value-added tax (VAT) is regressive, disproportionately burdens the poor, and therefore should not constitute the centrepiece of the tax system. A high degree of attention should instead be given to highly progressive income tax, corporation tax,

and taxes on wealth and assets, such as property, capital gains and estates/inheritance. Comprehensive wealth taxes should be carefully considered; Thomas Piketty, for example, has suggested a progressive annual tax on individual net worth for the wealthiest people on the planet, for example at a rate of 1 percent for a wealth of 1-5 million Euros and 2 percent above 5 million Euros.⁵⁰ Any form of indirect taxation should be made as pro-poor as possible, for example through more thorough exemptions on basic goods and higher rates on luxury items. Taxation systems must also be designed with the goal of gender equality in mind, with

particular attention to how tax systems affect the amount and distribution of unpaid care work.

Making full use of the redistributive potential of budget policies: With the 2030 Agenda, governments have committed to progressively achieve greater equality through targeted fiscal, wage, and social protection policies (SDG target 10.4). Redistribution through fiscal policy works; the Gini coefficient of income distribution after taxes and social transfers is often more than 0.2 percentage lower than the Gini coefficient of market income (see Figure 1.4). However, in many countries the redistributive potential of fiscal policy is often grossly underutilized.⁵¹ Participatory budgeting and gender budgeting can be important tools in this regard.

Improve public services and establish universal, comprehensive social protection systems: To create more equal distribution of power and realize human rights (e.g., to water, health, education and social security) it is also crucial that the quality and reach of public services be improved, and that social protection be expanded. Universalizing

⁵⁰ Piketty (2014).

⁵¹ Center for Economic and Social Rights (2018).

access to quality public services are an effective way of redistributing opportunities, well-being, wealth and power. The establishment of social protection floors (itself enshrined in SDG target 1.3) is another essential policy measure to reduce inequality, although ‘floors’ should be a step on the way to more comprehensive social protection systems which are transformative rather than merely ameliorating the worst effects of the current economic system. The human right to social security (social protection) is already a legal obligation of most States, enshrined in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights. The ILO has shown that universal social protection floors are in general affordable for all countries.⁵² Undoubtedly, all and any measures must be gender-responsive if they are to meet their promise of promoting equality and realizing human rights. This includes careful consideration of women’s disproportionate burden of unpaid care work – the reduction and redistribution of which should be a primary aim of public services and social protection systems. Therefore, increasing access to and quality of care services (elder care as well as childcare) should be a major priority.⁵³

Implement and enforce minimum wages and guarantee labour rights, including the right to decent work, equal pay, and the right to organize and collective bargaining. Shifting the balance of power away from capital and finance and towards workers is crucial for redressing inequalities and achieving the SDGs. Minimum wages should be set at a level consistent with what is needed to live in dignity and enjoy the human right to an adequate standard of living. Regulating wage ratios between lowest and highest paid earners in a business could also be considered; at the very least wage ratios and gender wage gaps should be disclosed for public scrutiny.

52 www.social-protection.org/gimi/gess/RessourcePDF.action?ressource.ressourceId=54915. See also the Spotlight on SDG 1 in this report.

53 See Chapter 4 on “care systems and SDGs: reclaiming policies for life sustainability” below.

Reinforce initiatives against tax abuses and illicit financial flows: A bundle of national and international measures is needed to strengthen fiscal authorities, close tax loopholes and prevent capital flight.⁵⁴ These include:

- Effective measures against the manipulation of transfer pricing.
- Mandatory country-by-country reporting standards for transnational corporations.
- Binding rules for the automatic exchange of tax information between state agencies.
- Effective support for stolen assets recovery as described in the UN Convention against Corruption.
- Tracking the beneficial ownership of assets which are held (offshore) by entities and arrangements like shell companies, trusts and foundations. According to the World Inequality Report 2018, a global financial register recording the ownership of equities, bonds, and other financial assets could deal a severe blow to financial opacity. More transparent systems already exist in countries like Norway and China, which suggest that transparency is technically and economically feasible.⁵⁵
- Banning financial transactions in tax havens and secrecy jurisdictions – as well as closing down havens for illicit money.

Applying the ‘polluter pays’ principle to the financial sector – introducing a Financial Transaction Tax (FTT): An FTT should be levied on trading shares, bonds, derivatives and foreign currency at the stock exchange, at trade centres and in over-the-counter transactions. Imposition of the tax ought to be internationally coordinated, but individual countries or groups of countries should be encouraged to start applying it even before it becomes global,

54 See also the Spotlights on SDG 16 and Box 1 in this report.

55 Alvaredo et al. (2017), pp. 263ff.

for example the 10 countries that are participating in the proposal of the European Commission to implement a FTT using “enhanced co-operation”.

Strengthening competition and anti-trust policies:

Governments should strengthen instruments and institutions to enable them to break up oligopolistic structures. They should strengthen national and regional anti-trust laws, cartel offices and competition regulators, as well as global anti-trust policies, cooperation and legal frameworks under the auspices of the UN (including giving due consideration to the proposal for a UN Convention on Competition).

Tackling the ‘too big to fail’ problem - In order to prevent future global financial crises, governments should no longer allow companies and banks to grow in unlimited fashion. The separation of commercial banking and investment banking has to be reconsidered and adapted to the 21st century. Moreover, more effective international regulation is required to avoid the destabilizing effects of hedge funds and private equity funds on the global financial system. This could include a ban on pension funds and insurances investing in highly speculative funds.

Regulating and restricting money in politics:

including through more stringent anti-corruption, disclosure and reporting laws regarding corporate lobbying, political donations and access to policy-makers and policy processes.

Curbing property speculation: Given that property speculation and the financialization of housing is a major cause of rising inequality, homelessness and insecure housing, more countries should consider a kind of ‘property speculation tax’, as implemented in a rudimentary way in Germany, which would levy punitive rates on speculators or those who own second homes and empty properties.⁵⁶ In Spain the autonomous community of Navarra passed a measure allowing the public

expropriation of any housing that had remained vacant for two years.⁵⁷

In sum, there are robust and progressive policy alternatives, which could effectively counteract the excessive concentration of economic power. Implementing such policies will be a prerequisite to unleash the transformative potential of the 2030 Agenda and to realize human rights, as part of and alongside a bigger shift in how power is distributed nationally and globally.

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De-financialization requires global economic governance reform

BY JESSE GRIFFITHS, EURODAD

Financialization has been described as the “process whereby financial markets, financial institutions and financial elites gain greater influence over economic policy and economic outcomes”.¹ This means not only does the over-sized role of the financial sector in the global economy make us vulnerable to frequent crises, but also that the economy is not equipped to deliver the broad-based and sustainable prosperity that is needed to meet the SDGs. Instead, inequality is the defining feature of the age. According to Credit Suisse, over 85 percent of the world’s wealth is owned by less than 10 percent of the adult population,² and according to IMF researchers, “the share held by the 1 percent wealthiest population is rising at the expense of the bottom 90 percent population”.³

What can be done to rein in the power of finance and global elites and gear global, regional and national economies towards meeting the needs of all people? Some solutions will be outlined below, but first we need to understand the nature of the global financial

system, and the global monetary system that underpins it.

Financial crisis management has not fixed underlying problems

The main thing to note about the financial sector reforms undertaken by the Financial Stability Board (FSB) and related institutions at the behest of the G20 after the 2007-2009 global financial crisis is that they have not fixed underlying problems, and the risk of further financial and economic crises remains high. Three key points are worth highlighting:

First, the non-bank financial sector – which is very lightly regulated – continues to grow. As the FSB notes, “non-bank financial intermediation, including by insurance companies and pension funds, has grown in several advanced economies and [Emerging Market and Developing Economies] since the crisis, and now represents more than 40% of total financial system assets.”⁴ The FSB’s ‘narrow measure’ of shadow banking, focusing on activities “that may give rise to financial stability risks” grew “to \$34 trillion in 2015 ... equivalent to 69% of GDP” of the

27 jurisdictions studied.⁵

Second, efforts to fix ‘too big to fail’ banks have not focused on actually stopping bank failures from causing system-wide problems. Instead they have centred on reducing the risks of this by increasing their ability to shoulder losses, and by improving regulators’ mechanisms for resolving insolvencies to prevent problems of one institution (or several) spreading around the system. However, IMF staff have estimated that “the balance sheet size of the world’s largest banks at least doubled, and in some cases quadrupled, over the 10 years prior to the financial crisis... [and] their size has been relatively stable since”.⁶ This is problematic, as the same paper notes that large banks have “lower capital, fragile funding, more market-based activities, and more organizational complexity” than smaller banks.⁷

Third, private debt levels have risen to record levels: Global debt hit a new record high of US\$ 164 trillion in 2016, the equivalent of 225 percent of

1 Palley (2007).

2 Credit Suisse Research Institute (2016).

3 Dabla-Norris et al. (2015), p. 15.

4 Financial Stability Board (2017b), p. 33.

5 Financial Stability Board (2017a), p. 3.

6 Laeven et al. (2014), p. 7.

7 Ibid., p. 8.

global GDP - 63 percent of which is nonfinancial private sector debt.⁸

In summary, ten years after the global financial crisis, we still live in a highly leveraged global economy backed by an under-regulated financial sector in which many institutions could still threaten the system's stability if they were to go under. Further global or major regional financial crises should therefore be expected: the question is when, rather than whether.

However, unlike the last crisis, it is possible that the next crises may hit developing countries first or hit them much harder than did the last crisis. As the FSB notes, "the financial crisis has slowed down, but not reversed, the long-term trend toward higher global financial integration",⁹ and developing countries have become increasingly vulnerable to external financial markets and actors. Private capital flows to developing countries have been driven by the external economic situation and the policies of other countries, in particular low interest rates and quantitative easing policies in the developed world, which have encouraged capital to flow to developing countries in search of higher yields. At the same time, there has been a "significant increase in the presence of foreign investors and lenders in domestic financial markets of

[developing countries] as well as the presence of their residents in international financial markets, rendering them highly vulnerable to global boom-bust cycles generated by policy shifts in major financial centres".¹⁰

Structural problems in the global monetary system

It is important to understand, however, that these problems of the global financial system do not just arise because the financial sector is under-regulated and has in many cases escaped the bounds of national or regional regulation; they are also rooted in problems of the global monetary system.

15 August 1971 marks the day of the 'Nixon shock' – the day the US President unilaterally announced that dollars were no longer convertible into gold, effectively ending the Bretton Woods system of international monetary cooperation that had, after World War II, helped ensure the longest and most equitable sustained period of global growth in human history. The Bretton Woods system had been creaking long before that date, of course. Built around the US dollar, it became increasingly untenable as the USA's enormous post-war current account surplus crumbled and it became a major deficit country. One key feature of the Bretton Woods system, however, was that it required cross-border flows of finance to be heavily regulated by

governments, in order for them to manage their exchange rates within tight bounds. Gradually it was replaced by a new way of thinking that favoured exchange rate flexibility, which would suggest the reverse: governments should not attempt to control, restrict or influence the 'free' movement of international capital.

Since the collapse of the Bretton Woods system in the 1970s, the international monetary system has been prone to significant swings in exchange rates. The current international monetary framework is not really a 'system' at all; it has evolved haphazardly since the early 1970s. Though exchange rates are often described as 'freely floating' there are in practice a wide variety of different arrangements in place. Some countries peg their currencies to a hard currency such as the dollar or a basket of currencies, but this means of course that their macroeconomic frameworks follow that of another country, which can build up significant problems, as Argentina discovered at the beginning of this century. In reality, the size of the foreign exchange market, which dwarfs global GDP, means that government efforts to manage exchange rates can always come unstuck.

This has meant that exchange rates can be highly volatile, which can be very damaging for developing countries. This level of volatility creates significant risks, particularly for

8 See: <https://blogs.imf.org/2018/04/18/bringing-down-high-debt/>.

9 Financial Stability Board (2017b), p. 34.

10 Akyüz/Yu (2017), p. 17.

the poorest countries, making macroeconomic planning difficult, and adversely affecting investment, as investments which could be profitable with stable exchange rates may become unprofitable when risks are accounted for, or may be avoided by risk-averse investors. Exchange rate volatility also increases debt and balance of payments risks, as devaluations increase the cost of servicing foreign debt, and make imports more expensive.

Without controls on capital flows, persistent trade imbalances are a major feature of the system, making it more unstable. Risks have altered in recent years. The slowdown in world trade and the collapse in commodity prices have contributed to developing countries switching from a consistent current account surplus in recent years, to a deficit in 2015, which reached close to US\$ 100 billion in 2016. This contributes to the rising debt levels that we have noted, as this deficit is normally financed by capital imports: by borrowed money.

The fact that the dollar is the global reserve currency exacerbates these problems. The dollar's central role allows the USA to borrow cheaply and to continue borrowing indefinitely, as it can always 'print more dollars'. This means that American monetary and fiscal policy decisions impact the rest of the world. For example, the value of the dollar has a significant impact on commodity exporters as "most commodities

are priced in dollars and most commodity contracts are settled in dollars".¹¹ In addition, there can be enormous systemic risks arising from the dollar's position. The huge scale of borrowing by the US government, financed in large part by China and other emerging countries eager to buy US securities to build their reserves in the decade before the global crisis, allowed the US government to maintain low interest rates, fueling the disastrous private-sector borrowing bubble that was one of the key causes of the crisis.

The monetary policies used in response to the crisis have also created issues for financial markets that may cause significant problems in the future. For example, they have pushed the interest rate for government debts into negative territory, affecting pension funds that buy most of these assets. This may be one reason why so much attention has recently focused on how to help such actors invest more in developing countries, even though this strategy does not have a strong development rationale, particularly for low-income countries, and would connect developing countries even further to unstable international capital markets.

As a consequence of all these risks, developing countries have been transferring funds to developed countries on an enormous scale, to build reserves,

to manage their exchange rates and to protect themselves against future crises arising from the global monetary and financial system. This has largely taken the form of buying assets in developed countries, and "in the first quarter of 2016, 64 percent of official reported reserves were held in assets denominated in US dollars".¹²

Ambitious reforms are needed

It is clear that efforts to reform the global monetary and financial system must have far higher ambitions if the risk of another major global or regional crisis is to be averted.

The system of global economic governance is not working well enough to deliver on the SDGs, in large part because developing countries often have a limited role in, or are excluded from, decision-making in this system. In the aftermath of the global financial crisis, there were numerous calls for a 'Bretton Woods 2' conference to redesign the system to prevent global crises in the future. This would still be merited, but the political will generated by the last crisis did not prove sufficient, and it may unfortunately take another crisis before sufficient momentum gathers behind an ambitious global redesign of the monetary and financial system.

In the meantime, supporting the G77 to lead a push for major

¹¹ Akyüz (2017), p. 3.

¹² United Nations (2017), p. 74.

reforms before or at the next UN Financing for Development conference will be critically important. A major programme of reform is needed, but it is worth highlighting two key recommendations that are of prime importance and give concrete examples of the kind of work that needs to be done.

First is the establishment of an intergovernmental tax body under the auspices of the UN, with the aim of ensuring that developing countries can participate equally in the global reform of international tax rules.

Second is the creation of a Debt Workout Institution within the UN system, independent of creditors and debtors, to facilitate debt restructuring processes. Only by (a) filling the major gaps in the international governance architecture, and (b) ensuring that developing countries have a major role within governance institutions, and that they are transparent and accountable, can we hope to undertake the major reforms to de-financialize the global economic and financial system necessary in order to prevent and resolve future crises.

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2

Policies that strengthen the nexus between food, health, ecology, livelihoods and identities

BY STEFANO PRATO, SOCIETY FOR INTERNATIONAL DEVELOPMENT, ELENITA DAÑO AND TRUDI ZUNDEL, ETC GROUP, LIM LI CHING AND CHEE YOKE LING, THIRD WORLD NETWORK

Food is at the core of the nexus between identities, health, ecology and livelihoods, an intrinsic space where different important dimensions of life converge. Yet, policy discussions and deliberations that impact on food and food systems are often fragmented and incoherent. This chapter explores the close connection between these different domains and offers feasible pathways on how to place the virtuous interplay between sustainable and diversified local food systems and healthy diets at the core of the public policy agenda. It argues that turning to what is defined as the Peasant Food Web is the most effective strategy to address multiple intertwined challenges and offers concrete policy proposals that can facilitate the transition to agroecology and support peasants in feeding the world through a reinforcing loop between biodiversity, nutrition, health and livelihoods. Such a strategy requires significant efforts to 'de-silo' the current policy approach to what are often mistakenly addressed as separate challenges and break down the artificial boundaries imposed by the institutional settings that support each of the interconnected Sustainable Development Goals (SDGs). This could lead to a new coherent and holistic narrative that can inspire and guide the profound transformations envisioned in the 2030 Agenda.

Many challenges, one common root

Food is at the core of the nexus between identities, health, ecology and livelihoods. It therefore intrinsically represents a space for convergence between different important dimensions of life - culturally, socially and economically. Yet, policy discussions and deliberations that impact on food and food systems are often fragmented and incoherent, despite the ambitious and interlinked objectives set forth by the 2030 Agenda for Sustainable Development.

The current outlook is deeply worrying. According to the State of Food Security and Nutrition in the World, in 2016, after a prolonged decline, the number of chronically undernourished people in the world was estimated to have increased to 815 million, rising

from 777 million in 2015.¹ The report sends a clear warning that the ambition of a world without hunger and malnutrition by 2030 remains an uphill challenge. Indeed, it shows unequivocally that the numbers of chronically undernourished people in the world have increased, signalling a reversal from the past slow but steady reduction. Even more worrying, the hunger increase is not only due to the worsening of conflicts and re-acutization of famines, but also to heightened levels of vulnerabilities of all those that continue to live in the margins of society. The human right to the adequate food and nutrition continues to remain grossly unfulfilled.

Many are using this dire state of affairs to promote the grand narrative of feeding the planet by

1 FAO/IFAD/UNICEF/WFP/ WHO (2017).

increasing agricultural productivity and scaling up production. Unfortunately, this is not at all the point. Not only does the world produce enough food for everybody, given that approximately one third of all food produced is currently wasted, but the hunger challenge cannot be addressed in isolation from other critical ones: persistent undernourishment and malnutrition while overweight and obesity advance at high rates; environmental degradation and pollution that threaten the ecological foundations of life and the resource base on which agriculture depends;² the loss of biodiversity critical to resilience;³ high greenhouse gas emissions that contribute to climate change;⁴ inequities in access to food; and policies that marginalize small-scale food producers, their practices and rights.⁵

These and other challenges are closely interconnected. A recent report by the International Panel of Experts on Sustainable Food Systems (IPES-Food) highlights that industrial food systems are increasingly making people sick and leading to massive public health costs (see Box 2.1). Indeed, childhood overweight and obesity are rising in most regions, and in all regions for adults.⁶ Industrial livestock production is considered one of the main contributors to the alarmingly increased levels of antimicrobial resistance. Many refer to diet-related non-communicable diseases as an emerging pandemic that is radically shifting the nature of health challenges in most countries and exposing the profound limitations of an insurance-driven approach to healthcare. Once again, financialization is widening the disconnect with real life and limiting the normative and fiscal space of the State; and the silo approach that separates food and health policies leaves the nexus between these two domains largely unaddressed.

Our planet is suffering too. While the dominant industrial agriculture system, perhaps embodied best by the input-intensiveness and monocultures of

the Green Revolution, has enabled increased yields, this has come at a great cost to the environment, as well as to human health and animal welfare. Industrial agriculture is in fact one of the major sources of greenhouse gas emissions, depletion of natural resources, environmental degradation and reduction of biodiversity. Tackling the existential climate challenge and realigning humanity's ecological footprint within planetary boundaries simply cannot happen without the sustainable redesign of food systems. Interestingly, concrete alternatives exist. Building on well-established FAO data, a recent report by the ETC Group stresses how peasants are the main food providers to more than 70 percent of the world's people while using no more than 25 percent of the resources – including land, water, fossil fuels – used to get the world's food to the table.⁷ Not only does the industrial food chain use at least 75 percent of the world's agricultural resources, but for every US\$ 1 consumers pay to chain retailers, society pays another US\$ 2 in health and environmental damages. Despite this reality, false solutions under captivating titles, such as 'sustainable intensification' and 'climate-smart agriculture', still get the lion's share of policy-makers' attention as well as public resources.

But the problem is not only a matter of health hazards and resource efficiency challenges; it is fundamentally an issue of identities and livelihoods. The skyrocketing expansion of the global food systems, with its astonishing levels of corporate concentration and global 'grabbing-value' chains, is increasingly squeezing small-scale, as well as medium-scale, food production, which not only feeds but also offers livelihoods, employment and incomes to both rural and urban communities. And the global food system is also promoting the homogenization of food habits across the globe, with profound challenges to identities, traditions and cultural heritage.

To complicate matters, food has become the domain of profound technological revolutions, all leading to the increasing homogenization, commodification, dematerialization, dehumanization and financialization of food. The mirage of technological solutions

2 IAASTD (2009).

3 FAO (2010).

4 Smith et al. (2014).

5 IFAD (2013).

6 IPES-Food (2017a).

7 ETC Group (2017).

often generates a false sense of comfort that downplays the transformational shifts that need to be confronted within both production and consumption. And technology is also the primary instrument for the concentration of economic power within global conglomerates and the dispossession of resources of local communities.

The 2030 Agenda may provide key opportunities to connect all these dots and place sustainable local food systems and healthy diets at the core of the public agenda. However, this requires significant efforts to ‘de-silo’ the current policy approach to what are mistakenly addressed as separate challenges and break down the artificial boundaries imposed by the institutional settings that support each of the related interconnected goals.

The food-health-environment nexus: addressing environmental and human health risks simultaneously

Box 2.1

BY THE INTERNATIONAL PANEL OF EXPERTS ON SUSTAINABLE FOOD SYSTEMS (IPES-FOOD)¹

Although they are described in different bodies of literature, discussed in different fora, and addressed (if at all) by different policies, a whole range of severe human health risks are closely connected to food system practices - and to each other. Most of these impacts fall under the following five categories:

- 1. Occupational hazards:** Physical and mental health impacts suffered by farmers, agricultural labourers, and other food chain workers as a result of exposure to health risks in the field/factory/workplace (e.g., acute and chronic pesticide exposure risks, production line injuries, livelihood stresses). *People get sick because they work under unhealthy conditions.*
- 2. Environmental contamination:** Health impacts arising via the exposure of whole populations to contaminated environments ‘downstream’ of food production, via pollution of soil, air, and water resources or exposure to livestock-based pathogens (e.g., contamination of drinking water with nitrates, agriculture-based air pollution, antimicrobial resistance). *People get sick because of contaminants in the water, soil or air.*
- 3. Contaminated, unsafe, and altered foods:** Illnesses arising from the ingestion of foods containing various pathogens (i.e., foodborne disease) and risks arising from compositionally altered and novel foods (e.g., nano-particles). *People get sick because specific foods they eat are unsafe for consumption.*
- 4. Unhealthy dietary patterns:** Impacts occurring through consumption of specific foods or groups of foods with problematic health profiles (e.g., resulting in obesity and non-communicable diseases including diabetes, heart disease, cancers). These impacts affect people directly through their dietary habits, which are shaped by the food environment. *People get sick because they have unhealthy diets.*
- 5. Food insecurity:** Impacts occurring through insufficient or precarious access to food that is culturally acceptable and nutritious (e.g., hunger, micronutrient deficiency). *People get sick because they cannot access adequate, acceptable food at all times.*

¹ This contribution is based on IPES-Food (2017).

An urgent case for reforming food and farming systems can therefore be made on the grounds of protecting human health, and the five channels listed above represent focal points for the action that is required. However, discrete actions to address a given health impact may not suffice. The various health risks reinforce one another, and arise from the underlying imperatives of the *industrial* food and farming systems that are now prevalent in many parts of the world. For example:

- The stress generated by high-pressure work environments in industrialized food processing plants is itself a key factor in increasing the risks of frequent physical injury;²
- Undernutrition and pre-existing disease burdens make people more sensitive to the impacts of environmental change and contamination,³ and at further risk of food insecurity;
- Health risks are also mutually-reinforcing in livestock production; livestock disease risks in confined feedlots encourage the extensive use of antibiotics, which in turn allows antimicrobial resistance to spread;
- A pool of cheap and insecure labour, dangerous conditions and systematic stresses for farmers and foodworkers are

what sustains the low-cost commodity production at the base of global food systems, and underpins the mass production of unhealthy ultra-processed foods.

Health risks in food systems are not, therefore, limited to isolated pockets of unregulated production, or to those excluded from the benefits of modern agriculture and global commodity supply chains. Many of the severest impacts result from deliberate choices and trade-offs that have been made to promote low-cost commodity production in global food systems.

Furthermore, the impacts of food systems on health are exacerbated by factors like climate change, unsanitary conditions, and poverty – which are themselves driven by food and farming activities. In particular, a whole range of health risks in food systems are deeply intertwined with ecological change and degradation - the ‘food-health-environment nexus’.

First, food systems are a major driver of climate change. While estimates differ, food systems may account for as much as 30 percent of all human-caused greenhouse gas emissions.⁴ Climate change, in turn, stands to aggravate a series of health impacts. The changing climate may bring novel vectors into newly temperate climates, driving alterations in the incidence and distribution of pests,

parasites, and microbes, or create temperature-related changes in contamination levels.⁵ For example, people may be exposed to a greater accumulation of mercury in seafood as a result of elevated sea temperatures.⁶ New food safety risks could also emerge as a result of increasing floods and droughts.⁷

Meanwhile, climate change is likely to provoke crop losses due to changing frequency and severity of floods and droughts, and even to decrease the nutritional value of important food crops, such as wheat and rice, as atmospheric carbon dioxide reduces protein and essential mineral concentrations in plant species.⁸ According to the US Environmental Protection Agency, “overall, climate change could make it more difficult to grow crops, raise animals, and catch fish in the same ways and same places as we have done in the past”.⁹ Through changes in rainfall and temperature-driven shifts in plant biomass, climate change is also expected to affect the extent, frequency, and magnitude of soil erosion,¹⁰ with major knock-on effects for health (e.g., increased nitrogen leaching into water, threats to food production and

2 Lloyd/ James (2008).

3 Whitmee et al. (2015).

4 Niles et al. (2017).

5 Newell et al. (2010); Watts et al. (2015).

6 Ziska et al. (2016).

7 WFP (2015).

8 Niles et al. (2017); Watts et al. (2015); Ziska et al. (2016).

9 https://19january2017snapshot.epa.gov/climate-impacts/climate-impacts-agriculture-and-food-supply_.html

10 Whitmee et al. (2015).

food security). Climate change is also likely to increase the risks of natural disasters (e.g., landslides, tsunamis) with the potential to exacerbate food-related health impacts, particularly food insecurity.¹¹

Food systems also contribute to broader environmental and land use changes, further exacerbating a range of health risks. As many as half of zoonotic infection events from 1940–2005 have been attributed to changes in land use, agricultural practices and food production.¹² In other words, a vicious cycle has taken root: the expansion of industrial agriculture has driven zoonotic risks directly, while driving land use changes with further risks of zoonotic disease, and contributing significantly to climate change – itself a major driver of land use change (e.g., due to loss of fertility in existing production zones).

It is also important to think beyond health impacts *per se* and to consider the broader ecological basis for health. The practices associated with industrial agriculture (e.g., chemical-intensive monocropping) are disrupting ecosystems in fundamental ways, and undermining their capacity to provide essential environmental or ecosystem services such as controlling soil erosion, storing carbon, purifying and providing water, maintaining essential biodiversity and associated ser-

vices (e.g., regulating diseases), and improving air quality.¹³ All of these services, provided by nature, are under severe threat, with far-reaching implications for human health. For example, with some 35 percent of global food production dependent on pollination, the loss of pollinators – closely associated with pesticide use – could fundamentally undermine future food production.¹⁴ The general disruption of marine ecosystems is also occurring at a rapid rate, threatening fish populations and thus a key source of protein for many people.

In other words, the impacts of food systems on human health and on the environment cannot be seen in isolation. Steps to address the wide-ranging environmental impacts of industrial agriculture are also steps to address the human health impacts of agriculture – and are doubly urgent. And given the extent of the problems described above, a fundamental redesign of food and farming systems is necessary, to safeguard environmental and human health.

Five co-dependent leverage points can be identified to address the food-health-environment nexus, and to build healthier food systems:

I Leverage point 1: Promoting food systems thinking. The connections between different health impacts, between human health and ecosystem health, between food, health, poverty, and climate change, and between social and environmental sustainability, must systematically be brought to light. Only when health risks are viewed in their entirety, across the food system and on a global scale, can we adequately assess the priorities, risks, and trade-offs underpinning our food systems, that is, the systematic food insecurity, poverty conditions, and environmental degradation inherent in the industrial model versus the low-cost commodity production it is designed to deliver. All of this has profound implications for the way that knowledge is developed and deployed in our societies, requiring a shift toward interdisciplinarity and transdisciplinarity in a range of contexts (e.g., new ways of assessing risks; changes in the way that university and school curricula are structured). Concepts such as ‘sustainable diets’ and ‘planetary health’ help to promote holistic scientific discussions and to pave the way for integrated policy approaches.

I Leverage Point 2: Reasserting scientific integrity and research as a public good. Research priorities, structures, and capacities need to be fundamentally realigned with principles of public interest and public good, and

13 See, for example, Millennium Ecosystem Assessment (2005); IPES-Food (2016).

14 WHO/Secretariat of the Convention on Biological Diversity (2015); Whitmee et al. (2015).

11 Watts et al. (2015).

12 Whitmee et al. (2015).

the nature of the challenges we face (i.e., cross-cutting sustainability challenges and systemic risks). Specific measures are needed to counter the influence of vested interests in shaping scientific knowledge on the health impacts of food systems, and to reduce the reliance of researchers on private funding (e.g., new rules around conflicts of interest in scientific journals, initiatives to fund and mandate independent scientific research and independent journalism). Different forms of research involving a wider range of actors and sources of knowledge are also required to rebalance the playing field and challenge prevailing problem frames (e.g., a global North bias; approaches that exclude impacts on certain populations; siloed approaches that ignore nexus effects).

- I **Leverage Point 3: Bringing the alternatives to light.** The positive health impacts and positive externalities of alternative food and farming systems must be brought to light (e.g., agroecological crop and livestock management approaches that build soil nutrients, sequester carbon in the soil, or restore ecosystem functions such as pollination and water purification). It is crucial to document and communicate the potential of alternative systems to reconcile productivity gains, environmental resilience, social equity, and health benefits; to strengthen yields on the basis of rehabilitating ecosystems (not at their expense); to build

nutrition on the basis of access to diverse, healthy foods; and to redistribute power and reduce inequalities in the process. These outcomes must be seen as a package and as a new basis for delivering health – one in which healthy people and a healthy planet are co-dependent.

- I **Leverage Point 4: Adopting the precautionary principle.** The negative health impacts in food systems are interconnected, self-reinforcing, and systemic in nature (i.e., bound together in nexuses). However, this complexity cannot be an excuse for inaction. Disease prevention must increasingly be understood in terms of identifying specific risk factors (not the cause) by the accumulation of evidence from many different studies, from many different disciplines, as well as in terms of the collective strength, consistency, plausibility, and coherence of the evidence base. The precautionary principle was developed to manage these complexities, requiring policy-makers to weigh the collective evidence on risk factors and act accordingly. It must therefore be repositioned at the centre of policy-making for healthy food systems.
- I **Leverage Point 5: Building integrated food policies under participatory governance.** Policy processes must be up to the task of managing the complexity of food systems and the systemic health risks they generate.

Integrated food policies are required to overcome the traditional biases in sectoral policies (e.g., export orientation in agricultural policy) and to align various policies with the objective of delivering environmentally, socially, and economically sustainable food systems. Integrated food policies allow trade-offs to be weighed, while providing a forum for long-term systemic objectives to be set (e.g., reducing the chemical load in food and farming systems; devising strategies for tackling emerging risks such as antimicrobial resistance). These processes must be participatory. The general public must become a partner in public risk management and priority-setting, and buy into the rationale and priorities underpinning it.

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Setting the record straight: The Peasant Food Web feeds the world and protects the planet

The initial implementation phase of the 2030 Agenda has been dominated by a distressing narrative about the urgent need to leverage private sector engagement, investments and resources, as articulated in the SDG 2 analysis in the Spotlight Report 2017.⁸ In this context, we are often told that big agribusiness is the only solution for the widespread hunger, malnutrition and rapidly changing climate the world is facing today; that we need their technological innovations, financial clout, and global supply chains to feed the world. However, there is a different story playing out: in fact, it is a diverse network of small-scale producers that is the keystone of food security. The ETC Group report synthesises food systems research to tell this “tale of two food systems” comparing the Peasant Food Web and the Industrial Food Chain.⁹

The Peasant Food Web (the Web) is made up of small-scale producers that include farmers, live-stock-keepers, pastoralists, hunters, gatherers, fishers and urban or peri-urban producers. Often these producers are family or women-led, and often peasants are both farmers and fishers, or balancing growing food with urban work or farm labour for all or part of the year. No single term can describe the range of peoples and livelihoods in the Peasant Food Web. The Industrial Food Chain (the Chain) refers to the linear sequence of links running from production inputs (seeds, chemicals, fertilizers) to consumers (grocery retailers, food distributors, etc.). It can also be called the corporate food system, industrial agri-food, or commercial foods. The Chain – and its disproportionate power over food policies and regulations – is closely intertwined with today’s global capitalist trade system.

The Web is a key food source for 70 percent of the world’s people (4.5 – 5.5 billion), including almost all of the 3.5 billion rural people in the global South, and many in the North; 1 billion urban food producers; 800 million fishers or people who rely on small-scale

fisheries; and hundreds of millions who turn to the Web in times of scarcity. In terms of food production, the Web also produces as much as 70 percent of the world’s available food (in calories and weight).

Given these statistics, where does all the food from the Chain go? While the Chain produces a lot of agricultural commodities, most of these do not reach people: 44 percent of crop calories are used up in inefficiencies of industrial meat production, 9 percent go to biofuels or non-food products, 15 percent are wasted in transport, storage, and processing and 8 percent are wasted in households. In total, 76 percent is wasted or diverted. If you go further to look at how much of the Chain’s production is actually nourishing people, the wasted percentage grows: by some estimates, one quarter of the food people eat is overconsumed. The Chain is not only wasteful, but also expensive: ETC Group’s research shows that if we include the environmental, social and health damages it causes, the Chain costs US\$ 12.37 trillion per year, and that for every US\$ 1 spent on industrial food, US\$ 2 in damages are incurred. Diversity is important for social and environmental resilience, especially under the weather and climate volatility of the future. Across crops, livestock and fisheries, the Web nurtures diversity while the Chain’s production model favours uniformity. Peasants, mostly women who do much of seed selection and breeding, have bred 2.1 million varieties of 7,000 crop species while the Chain has only 0.1 million seed varieties under monopoly control (56% of these are ornamentals). Commercial plant breeders work with only 137 species and 16 of them account for 86 percent of the world’s food production, and 45 percent of all private research and development (R&D) resources are spent on a one single crop - maize. The story looks the same for livestock and fish. Peasants have domesticated at least 34 species of livestock and nurture more than 8,700 rare breeds of those species, while the Chain mainly breeds five livestock species (cattle, poultry, pigs, sheep and goats) and fewer than 100 commercial breeds. This extreme genetic uniformity has caused the rise of zoonotic diseases, with 60 percent of all human infectious diseases transmitted through domesticated animals, such as avian flu. Peasants harvest 15,000 freshwater and 20,000 marine species while the Chain catches 1,600 marine species and

⁸ Prato (2017).

⁹ See ETC Group (2017).

farms 500 others, but 40 percent of the industrial marine catch is composed only of 23 species. Despite the availability of thousands of marine species, the Chain focuses its R&D efforts on 25 aquatic species.

Not only does the Chain ignore the importance of diversity in its own crop and livestock development, but its environmental and social harm is also degrading diversity for the rest of us. The Chain uses more than 75 percent of agricultural land, destroys 75 billion tonnes of topsoil annually and its use of pesticides threatens vital pollinators, friendly insects and soil microbes. Its control over agricultural and food policies translates into restrictive seed sharing laws that deny peasants the right to share and use their own seed diversity. The Chain is also responsible for the fact that 91 percent of ocean fish stocks are overexploited or at maximum exploitation, and there has been a 39 percent decline in marine populations and a staggering 76 percent drop in the harvest of freshwater species since the 1970s. About 25 percent of the Chain's marine catch, worth US\$ 10-24 billion annually, is illegal and unreported, and at least US\$ 50 billion is lost annually through fisheries mismanagement.

As a consequence of the massive decline in crop species and genetic diversity, there is a 5-40 percent decline in nutritional qualities of commercially-bred varieties depending on the species. Depletion of the world's fish stocks and dependence on a handful of commercial aquaculture species have serious nutritional repercussions on more than 3 billion people who get 20 percent of their protein from fish and seafood. Because of subsidies, the Chain produces more than is needed for healthy nutrition along with a lot of unhealthy food, significantly contributing to making 30 percent of the world obese or overweight—more than the number of hungry people.

In terms of climate impacts, the Chain is responsible for at least 90 percent of agriculture's fossil fuel use and greenhouse gas (GHG) emissions and for 3-5 percent of the world's annual natural gas supply in manufacturing synthetic fertilizers. The Web uses one ninth of the energy of the Chain per kilogram of rice, and one third per kilogram of maize. Agriculture accounts for 70 percent of the world's freshwater

withdrawals, and one third of aquifers are distressed – the Chain uses most of this in irrigation, livestock and processing. For example, Coca-Cola's water footprint from direct and indirect uses could meet the personal needs of 2 billion people. The agroecological and organic practices of rainwater storage and crop rotation used in the Web reduces irrigation needs by 50 percent and 20 percent respectively.

The social and human rights track records of the Web and the Chain are equally illuminating. Farming, fishing and pastoralism provide more than 2.6 billion livelihoods worldwide. The Web nurtures and celebrates different ways of knowing and understands this diversity as critical to agriculture and sustainability. The Chain's human rights violations range from displacing small farmers to exposing farm workers to health risks from harsh work environments, agricultural chemicals and farm machineries to displacing agricultural labour with drones and automated processes. The Chain is guilty of modern slavery on its plantations, and exploits close to 100 million child labourers, including on palm oil and sugarcane plantations in India and the Philippines and cocoa farms in West Africa. Violence against peasants and workers is escalating as people are being driven off their land and criminalized or killed for saving their seeds and feeding their families.

Proponents of industrialized agricultural systems often point to innovation as the Chain's trump card – without their hefty research and development budgets, how are we to find technological fixes for climate change? However, when peasants can share and exchange seeds and knowledge freely, they can actually adapt very quickly to diverse growing environments. For example, peasants in Papua New Guinea adapted sweet potatoes across 600 cultures and landscapes from mangroves to mountaintops in a century (impressively fast given that it occurred before modern transport and communication).

Given the Chain's inefficiencies and social and environmental harm, it is evident that it cannot scale-up to successfully nourish humanity and the planet. Turning to the Peasant Food Web is the safest option to address the intertwined challenges of identity,

livelihoods, health and ecology that food systems are urgently pressed to confront.

Agroecology and food sovereignty point to the paradigm shift to transform food systems

However important, shifting the centre of gravity of public policies and investments in favour of peasants is not enough to reorient food systems towards sustainability. It is increasingly recognized that a paradigm shift towards diversified agroecological systems is needed.¹⁰

Agroecology is based on a holistic approach and system-thinking. It has technical, social, economic, cultural, spiritual and political dimensions. It combines scientific ecological principles with centuries of peasant knowledge and experience and applies them to the design and management of holistic agroecosystems.¹¹ Its practices are locally adapted, and diversify farms and farming landscapes, increase biodiversity, nurture soil health, and stimulate interactions between different species, such that the farm provides for its own soil organic matter, pest regulation and weed control, without resort to external chemical inputs. Agroecology has consistently proven capable of sustainably increasing productivity, ensuring adequate nutrition through diverse diets and has far greater potential for fighting hunger and poverty.¹² Evidence is particularly strong on its ability to deliver strong and stable yields by building environmental and climate resilience.¹³

Importantly, food sovereignty and agroecology promote more localized food systems centred on the agency of local food producers, therefore offering a concrete alternative to the industrial food and agriculture system that is largely dominated by corporations.¹⁴ While agroecology draws on social, biological and agricultural sciences, peasants' knowledge, expe-

riences and practices are the bedrock of agroecology as a science. Agroecology techniques are therefore not delivered top-down as has been the mainstay of past agricultural technologies but are instead developed on the basis of peasants' knowledge and experimentation, and through farmer-researcher participatory approaches.

Agroecology is therefore not simply about changing agricultural practices and making them more sustainable, although this is important, it is also about creating fundamentally different farming landscapes and livelihoods, and radically reimagining food systems that are diversified, resilient, healthy, equitable and socially just. In this respect, agroecology is a science, a practice and a foundational vision for an inclusive, just and sustainable society.¹⁵

The challenges facing agriculture and food systems are generally perpetuated in vicious cycles that act to lock in the dominant industrial model through a series of powerful feedback loops extending beyond the world of farming: current incentives keep producers (and consumers) locked into the structures and logics of the unsustainable industrial model, while simultaneously locking out the reforms that are needed.¹⁶

The concentration of power, held in a few multinational corporations, reinforces the lock-ins within unsustainable food systems. The disproportionate power these corporations wield determines what we grow, where and how we grow it, what we buy, what we eat and how much we pay for it. Unprecedented consolidation is underway in the seed, agri-chemical, fertilizer, animal genetics and farm machinery industries, while ever-bigger players dominate the processing and retail sectors; a result of significant horizontal and vertical restructuring across food systems.¹⁷ Such high levels of concentration reinforce the industrial food and farming model, exacerbating its social and environmental effects and deepening existing power imbalances.

10 Declaration of Nyeleni 2007 (<https://nyeleni.org/IMG/pdf/DeclNyeleni-en.pdf>); IAASTD (2009); De Schutter (2010); UNCTAD (2013).

11 Gliessman (2014).

12 Altieri et al. (2012); UNCTAD (2013); FAO (2015).

13 IPES-Food (2016).

14 Altieri/Nicholls (2008).

15 Wezel/Bellon/Dore (2009).

16 IPES-Food (2016).

17 IPES-Food (2017b).

Therefore, a systemic transition is needed that would realign the incentives, empowering peasants to step off the treadmill of industrial agriculture while allowing new food systems with new infrastructures and new sets of power relations to emerge. The key is to establish political priorities, namely: to support the development of alternative systems that are based around fundamentally different logics centred on agroecology, and which, over time, generate more equitable power relations. Governments have a key role to play and must ultimately shift all public support away from industrial production systems, while rewarding diversified agroecological systems and the array of positive outcomes they bring about. At the same time, the root causes of consolidation in the food system need to be addressed, including through anti-trust regulation and competition laws or policies (see Chapter 1).

Policy changes to support peasants in feeding the world

With the right policies, land rights and peasant-led agroecological strategies could double or even triple rural employment,¹⁸ substantially reduce the pressure for urban migration,¹⁹ significantly improve food availability and nutritional quality, and eliminate hunger while slashing agriculture's greenhouse gas emissions by more than 90 percent.²⁰ For the billions of peasants to continue feeding themselves and most of the world, institutional and policy barriers must be removed, and the following simultaneous action pathways adopted:

1. Strengthen the role of producers' organizations in policy-making and build inclusive, interdisciplinary, rights-based policy spaces with robust safeguards against conflicts of interest

18 FAO (2013).

19 Assuming the projected migration increase does not happen because many peasants take advantage of new opportunities and return to farming.

20 ETC Group's projections are based on its understanding of the capacity of peasants to respond to positive incentives and the removal of barriers.

First, it is essential that public policies and programmes that have a bearing on the food, health and ecology nexus be defined with the structured and effective participation of smallholder producers' organizations, as the primary contributors to food security, and other rights-holder groups comprised of all those most affected by the related development challenges. This requires the full recognition of social movements and producers' organizations as the key governmental interlocutors in such policy processes as well as adequate public initiatives that facilitate their strengthening and capacity building. It is equally essential to re-articulate public spaces to ensure *ex-ante* interdisciplinary analysis and policy design, rather than *ex-post* coordination between food, health, environmental and other relevant policies. Finally, but most importantly, these institutions need to be firmly centred in the human rights framework, including the right to adequate food and nutrition, and protected by robust safeguards against conflicts of interest, in terms of integrity of the policy process, trustworthiness of the knowledge-base and adequate public financing.

2. Ensure agrarian reform, including the right to territories (land, water, forests, fishing, foraging, hunting)

Recognizing the rights of peasants, smallholders, fisherfolk, pastoralists and indigenous peoples to land and other productive resources is a fundamental pillar for ensuring that they will continue feeding themselves, their families and most of the world. Agrarian reform has reduced poverty and increased the per capita income of beneficiaries in many countries,²¹ and brought positive impacts on health status, educational attainment and overall economic development.²² The recognition of rights of indigenous peoples to their ancestral domain is a precondition for them to sustain agroecological practices. Aquatic reforms that benefit, give social protection and recognize the fishing rights of artisanal fishers and fisherfolk should be adopted. Recognition of rights to productive resources should be complemented by comprehensive support and social services to

21 Reyes (2002).

22 Balisacan (2007).

peasants with priorities determined by them. A UN declaration on the rights of peasants being discussed in a working group of the UN Human Rights Council,²³ may provide an excellent stepping stone in this direction, building on the normative rights-based framework offered by the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of national food security* endorsed by the Committee on World Food Security (see Spotlight on SDG 2).²⁴

3. Restore the right to freely save, plant, exchange, sell and breed seeds and livestock and remove regulations blocking local markets and diversity

The exchange, sharing and saving of seeds and breeds among peasants and farming communities across generations is the foundation of the vast genetic diversity of crops and livestock that serve as basis for global agriculture, food and nutrition. Proprietary rights on seeds through patents and plant variety protection/plant breeders' rights impede peasants' free access to genetic materials that they need to produce food. The rights of peasants to freely save, plant, exchange, breed and sell seeds and livestock should be respected and all legal and institutional impediments to exercising such rights should be removed. The standardization of regional and global seed regulations marginalizes peasant seeds and breeds and adversely affects inter-community exchanges and sharing of genetic materials. Seed certification based on commercial standard of distinctiveness, uniformity and stability (or DUS) blocks peasants' seeds from local markets, eliminates opportunities for additional income and inhibits on-farm innovation on genetic resources. Seed regulations and standards should be reviewed and those that are inherently biased against peasants' seeds and breeds must be removed to encourage the growth of local markets, encourage on-farm innovation, support informal seed supply systems and promote diversity.

4. Focus public policies and investments on strengthening territorial markets²⁵

Territorial markets are the core of domestic food systems. These 'invisible' markets may be informal, formal, or somewhere in between, but are those through which most food transits; however, they have been largely ignored by public policies and investments. These markets are inclusive and diversified, and perform multiple economic, social, cultural and ecological functions within their territories, starting with but not limited to food provision. They contribute to structuring the territorial economy since they enable a greater share of the wealth created to be retained, redistributed, and returned to farm-level and local economies. They include embedded governance systems and offer the locus where political, social and cultural relations unfold, and where all people involved interact according to varying degrees of interdependence and solidarity.

It is urgent that governments employ public policy and investment to support these markets, both by strengthening them where they already exist and by establishing new spaces where they can take root and flourish. CFS's policy recommendations on 'Connecting Smallholders to Markets' provide an important stepping stone in this direction by addressing pricing policies, public procurements, dietary guidelines to promote fresh local products and maintain the connection between consumers and the source of food production, safety regulations adapted to be appropriate for different scales, contexts and modes of production and marketing, and appropriate credit and infrastructure, among others. The recommendations particularly highlighted the key role that governments can play by ensuring that public procurement of food and agricultural products is from agroecological and local sources. The purchase of agroecologically produced food for school canteens, hospitals and other public institutions would help to ensure ready sales outlets for peasants, while providing fresh, nutritious and diverse food.

23 See: www.ohchr.org/EN/HRBodies/HRC/RuralAreas/Pages/WGRuralAreasIndex.aspx

24 CFS (2012).

25 This paragraph builds on the report by the CFS Civil Society Mechanism (2016).

It is essential to build on these recommendations and develop coherent policy and investment frameworks at national and regional levels.

5. Reorient public research and development to build on the agency of peasants and respond to their needs

As publicly funded institutions that are closest to the realities of peasants, national agricultural research centres need to be reoriented to support and respond to the requirements and priorities of peasants. However, it is essential that agroecological innovations have been developed *in situ* with the participation of farmers in a farmer-to-farmer or horizontal (rather than top-down) manner. Peasants are therefore not merely producers of food or recipients of technology, but rather innovators and co-creators of knowledge. It is such horizontal exchange of ideas and innovations among farmers and with social movements that has facilitated the spread of agroecology and should be supported by governments, civil society, donors and researchers. At the same time, the direct involvement of peasants in the formulation of the research agenda and their active participation in the process of technological innovation and dissemination is key. Farmers should be integrated into research and development systems, given tools to do their own on-farm research, and their capacity to share their knowledge with other farmers in farmer-to-farmer networks strengthened. Research priorities need to be identified in a participatory manner, enabling farmers to play a central role in defining strategic priorities for agricultural research.

6. Institute fair and just trade rules, determined by peasant-led policies

The current global trade rules, embodied in unilateral trade policies and more so in bilateral, plurilateral or in multilateral trade and investment agreements, generally favour the industrial food chain and the big corporations through subsidies, standards and regulations that are biased against peasant-led agroecology. In the name of providing access to cheap food to consumers, these regulations attempt to dismantle – both through the World Trade Organization (WTO) and more aggressively through Free-Trade Agreements (FTAs) – import duties that are critical to

protect domestic agricultural production and peasant livelihoods, especially in developing countries. At the same time, inequitable, unfair and irrational WTO rules on agricultural subsidies persist, allowing developed economies to subsidize agribusiness while preventing developing countries from supporting their peasant and agriculture sector. While the recent US threats to WTO as a multilateral platform are worrying, the current multilateral trading systems can only be supported if it reforms itself to bring in agricultural trade rules that ensure equity and benefits for developing countries and their peasants. Therefore, the WTO reform agenda needs to move towards the complete opposite of what the current US Administration wants, which ultimately is more unilateral benefits for itself and its big business. Moreover, trade can only be fair and just if the rules are determined by peasant-oriented paradigms and peasant-led policies. The active participation of peasants in developing trade policies should therefore become integral to the decision-making process.

7. Establish fair wages and working conditions for food and agricultural workers, also tackling gender discrimination

Agricultural workers represent the backbone of the global food production system and yet are the least unionized, have the least access to social security and protection, they are the most socially vulnerable, and employed under the poorest health, safety and environmental conditions.²⁶ Many receive wages that are below the national minimum rate and are often inadequate to ensure decent living conditions for them and their families. Some are even paid in kind or on piece-rate based on productivity. They constitute about 40 percent of the total agricultural workforce and yet are largely invisible in policies and programmes that are targeted at farmers whose conditions and circumstances are different. Their jobs are the most precarious with the introduction of automation, robotics and drones in industrial plantations and commercial farms. Food workers in downstream industries in the industrial food chain such as hotels and restaurants face a similar pre-

²⁶ Hurst (2007).

dicament. Among them, women tend to be further discriminated against and often engaged in work that is even more insecure, hazardous, poorly paid and vulnerable to sexual exploitation. The provision of fair wages, decent working conditions and social protection for food and agricultural workers is a key component of any strategy to support peasant-led agroecology.

8. Re-affirm and fulfill women's rights while pursuing gender equality²⁷

Despite their essential and central role, women are largely invisible in agriculture and often not recognized as 'farmers' – by their families, male farmers, local communities or the State. Women and girls face widespread gender discrimination, violence, sexual exploitation and social, cultural and legal constraints, and are routinely marginalized in terms of control over resources, access to social services and employment opportunities. Women are especially burdened by the amount of unpaid care work they complete: Women living in rural areas work up to 10 hours a day caring for family and community members. Although they make up on average 43 percent of the agricultural labour force in developing countries, they are also marginalized from decision-making spheres at all levels – including the household, local communities and national parliaments. It therefore essential for governments to prioritize the implementation of the UN Committee on the Elimination of Discrimination Against Women (CEDAW) General Recommendation 34 (2016) on the rights of women living in rural areas and further advance the fulfilment of women's rights and the pursuit of gender equality.

9. Reclaim healthy and sustainable diets as public goods²⁸

Consumers, regarded as citizens holding rights rather than market agents with purchasing power, have a right to healthy, affordable and accessible food

options, and to be protected (particularly children) from aggressive marketing of unhealthy food and beverages that promote diet-related non-communicable diseases (NCDs), as well as from equally aggressive marketing of breast milk substitutes. Ultra-processed food and beverage products which are affordably priced and ubiquitously promoted need to be regulated through economic and legislative measures (see Spotlight on SDG 12). Fiscal policies should include those that foster and facilitate access to healthy, fresh and locally produced foods, such as fruits, vegetables and legumes, reinforcing the nexus between the rights of consumers and those of small-scale local food producers. Furthermore, awareness of the critical importance of breastfeeding as one of the most cost-effective interventions to reduce child illness and death needs to be raised as does that of the role of healthy diets in the prevention of NCDs.

10. Recognizing the centrality of citizens' action and promote food democracy

Nonetheless, policy processes may remain constrained, in that the changes needed do not move far or fast enough. As such, there also needs to be a rethinking of how food policy is made, to be more inclusive and to encourage people to re-engage with the politics of food. In other words, there is a need for people to change their relationship to food systems more fundamentally; to shift from being consumers to being citizens.²⁹ Examples of bottom-up citizen-led initiatives are evident worldwide, and this includes community-supported agriculture, which allows people to support local farmers by entering into direct producer-to-consumer marketing schemes, cooperative marketing and purchasing structures and local exchange schemes (e.g., via community and school vegetable gardens) and fair trade schemes. As citizens start to actively shape what the future of their food and agriculture systems looks like, they reassert themselves as legitimate players in the policies that determine the food they eat; this is food democracy. Specific bodies, such as food policy councils, established at various levels from local or municipal to national level, can provide a platform at which var-

²⁷ This section is drawn from Wijeratna (2018).

²⁸ Inspired by the Civil Society Nutrition Group's Vision Statement on Nutrition, delivered at the Second International Conference on Nutrition, Rome, Italy, November 2014.

²⁹ De Schutter (2017).

ious stakeholders come together to analyse the food systems on which they depend and develop proposals for reform. There are examples of such food policy councils prevalent in the USA and Canada since the 1980s, and more recently in the UK and other parts of Europe. They have also been institutionalized in a number of Latin American countries, particularly in Brazil.

Emerging obstacles to system change: the dematerialization, digitalization and financialization of food systems

Unfortunately, technology is making matters worse as the required paradigm shift points at the opposite direction than the powerful technological drivers of change currently at play. Three intertwined dynamics – dematerialization, digitalization and financialization - are profoundly changing the nature of both tradable goods and the markets where these are exchanged.³⁰

The **dematerialization** of food refers to a process that promotes a decrease in the physical substance of food and an increase in the market value of its immaterial dimensions. This happens at two levels. The first one relates to the value share of physical substance within the composition of food price. Traditionally, this was influenced by the significant farm-to-retail price spreads, meaning the difference between the retail price and farm value of a given food product, generated by the material and immaterial costs that contribute to defining the price of food, including transport, logistics and distribution costs. Increasingly the share of immaterial dimensions is becoming larger than the actual value of food, from the cost of advertising, financial remunerations to investors, skyrocketing profits of large distribution channels and sophisticated attempts to use food purchases to gather information on consumers. The second dimension of dematerialization is related to fashion and taste, where aggressive marketing and new food fashions are generating an immaterial notion of food that is often unrelated to its physical qualities. This

means that we can buy egg-like-products that do not actually contain eggs. Some of these trends are sometimes promoted by ill-framed health concerns, whereby the focus, even assuming the health concern is legitimate, is placed on retaining the consumption of an artificially reproduced taste rather promoting healthy and sustainable diets. Some might argue that food always included immaterial dimensions, such as identities, cultures and traditions as well as, more broadly the joy of consuming a delicious meal. The difference here is the emerging shift from these socio-cultural, and inherently public, immaterial dimensions of food to market-valued, and therefore inherently private and tradeable, components (information on consumer choice, advertising, financial remuneration to brokers and retailers). The paradox is the market ‘choice’ of foods whose acceptability and price are fundamentally de-linked from physical production and whose taste mimics something that in fact might not even be there.

The **digitalization** of food refers to an increasingly automated, delocalized and informatized process of food production and commercialization. This starts at the level of agricultural inputs, with ongoing efforts to advance bioinformatic infrastructures that are transforming seeds and other plant genetic material into digitalized objects. Paradoxically, while this process might have been initiated by scientists genuinely concerned with safeguarding biodiversity by creating virtual genetic material which might be transplanted to future territories, it has now been captured by global corporations aiming to patent nature and acquire control of the production process by controlling the market in agricultural inputs. This means that plant and breed varieties are now circulating around the globe in the form of (patented) genetic data while the physical exchange of real seeds is even made illegal in some countries.

At the level of production, advancements in automation and robotics, drone technologies and remote-control devices have all rendered possible the extreme de-localization of unmanned agricultural activities, for example through remote-controlled robotic solutions to greenhouse automations. e-commerce and service related apps for mobile devices are reshaping the retail and food service industry by allowing cus-

³⁰ This section draws on the opening chapter of the Right to Food and Nutrition Watch 2018 (forthcoming).

tomers to place online orders with physical groceries, online retailers and restaurants for home delivery. New applications are beginning to flourish that enable customers to scan the barcode of the product they want to reorder, place orders through microphones embedded in their mobile phones, or simply click the button of small devices associated with specific food products, maybe even embedded by manufacturers in the hardware of kitchen appliances, and have products seamlessly delivered to their doors. The concept of the marketplace as a physical location where people gather for the sale and purchase of goods, with all its colours, traditions, knowledge, negotiations and transactions, is increasing regarded by today's homogenizing version of modernity as a reminiscence of an archaic past.

The **financialization** of food refers to the increasing role played by financial markets within food systems. This plays out at two main levels. The first is the significant growth in the sale and purchase of financial products linked to food commodities, with the consequence of agricultural commodity futures markets replacing real economy determinants as the main drivers of food prices and their volatility. The second is related to the transformation of agricultural resources, mostly land but increasingly patents on genetic resources and infrastructures, into financial assets that can be subjects of acquisitions and resales in financial centres that are often completely delocalized from their physical locations and completely independent of their actual use. Indeed, the financialization of land facilitated land-grabbing by (foreign) investors in manners that are often completely independent from agricultural production.

These intertwined dynamics have shifted decision-making power away from physical production systems in favour of often-unknown financial actors that are primarily interested in upstream operations rather than actual agricultural activities. They therefore promoted grabbing of resources, upscaling of production, increasing delocalization of production from distribution and marketing, and the growth of intermediaries as the key point of aggregation in the food chain. Not only has this increased the distance between producers and consumers and facilitated the dispossession of communities of their land and

other resources, it also undermines the effective decision-making power of local and national public spaces. These vicious processes have been largely facilitated by market liberalization measures promoted by global financial institutions. A perfect example is the numerous Investor-state dispute settlement (ISDS) mechanisms embodied in bilateral and plurilateral trade agreements that de-facto limit States' capacity to regulate in the public interest and comply with their duty-bearer obligations to respect, protect and fulfil human rights.

The combined effect of these dynamics creates complex obstacles and deeply rooted political economies that may impede the paradigm shift towards agroecology. Not only do these processes contribute to the dispossession of peasant knowledge and their secure access to resources, but, by widening the gap between producers and consumers, they facilitate the concentration of economic and political power into the hands of a new set of remote actors that master information and financial means. This reframes class struggle away from the traditional tension between labour and the ownership of physical capital as the new masters of extreme inequalities do not engage in the real economy but rather in the immaterial realm of finance and information, completely by-passing democratic accountability.

This *cul de sac* imposes a reflection on science and its accountability to peoples and their communities. It is imperative to place science at the service of our human, social and ecological challenges, and this requires much more extensive *ex-ante* assessment of which research needs to be undertaken and how to ensure that knowledge so generated remains a public good rather than a source of citizens' manipulation and dispossession. This means finding new ways to subject the direction of future research to public scrutiny and democratic accountability.

The real SDG challenge is to realign the production model with sustainable development

Some of the conclusions outlined in this chapter point at fundamental dynamics that can be generalized beyond the food domain. Indeed, an unsustainable production model is at the core of many of the

challenges to which the SDGs respond. From a narrow profit perspective, it is not surprising that the maximizing returns equation led business to overuse under-priced and often untaxed natural resources and minimize the input of labour, often made relatively more expensive by the employment-linked approach to taxation and social security provisions. The relative cost of the factors of production also led technological innovation to focus on labour substitution and production localization strategies to ride on cheap labour sites, often penalizing workers' rights and conditions. The onset of robotics and artificial intelligence is exacerbating the production and distribution conundrum.

Another dimension of the unsustainability of the production model relates to the profound externalities it generates, for instance in environmental and health terms. As mentioned, for every US\$ 1 consumers pay for industrial food, society needs to bear US\$ 2 of related health and environmental costs. At the same time, corporate taxation continues to fall short of compensating societies for these negative externalities also thanks to the combined effect of deregulation, liberalization and detaxation of capital as well as the smart corporate tax dodging strategies that exploit the loopholes of national tax regimes and concentrate profits within favourable jurisdiction and tax havens. In a nutshell, high profits often correspond to significant socialization of risks and costs on societies.

The challenging dimension of this situation is the fact that, in most cases, this is perfectly legal. Indeed, the gap between what is legally possible and what is sustainable has never been so large. Trapped by resource scarcity and deep political economies, many governments became extremely reluctant to apply policy and legal levers towards market regulation. Liberalization and deregulation allowed a process of unprecedented economic power concentration, leading to the paradox of the market the State wanted to enhance almost disappearing in some sectors.

As exemplified by the needed transformation of food systems, the real challenge of the sustainable development agenda is therefore a policy one: the urgent need for a paradigm shift in the current unus-

tainable production model. This is a cross-cutting issue which rarely surfaces in the re-emerging silos created by the SDG fragmentation despite the rhetoric of integration of the 2030 Agenda. Furthermore, policy debates are often dominated by a reassuring technological euphoria that generates illusions of comfort zones where science is expected to walk in with solutions that allow the challenging necessity for production and consumption readjustments to simply go away. And lastly, the call by the World Bank and others to unlock trillions of dollars of private resources to ensure the implementation of the SDGs evokes the idea that we could address these problems by throwing money at them.

The harsh reality is that, while technology and resources can definitely help, the fundamental challenge is one of devising policies and regulations that progressively but unambiguously reorient the production model and realign it with the imperatives of sustainable development. In a globally integrated economy, no single country can advance such a process in isolation and a concerted global effort is required. The notion that such process can happen through the enlightened self-interest of corporations devising voluntary guidelines is nothing else than a fairy tale – one that reflects the abdication of political responsibility by the State as well as the capture of the State apparatus by powerful economic elites.

Some may consider all this to be fairly utopian in today's geopolitical context, also given the attempts by some administrations to further inject high dosages of steroids into the already hyper pattern of economic globalization. But this is precisely the challenge of the 2030 Agenda: to restore the primacy of people and planet over our economies and find a new balance across all dimensions of sustainable development. This cannot happen if the production model rests unchanged. But this also requires the redesign, or creation, of legitimate institutional policy spaces that can address the common roots of the different development challenges, rather than continuing to treat the symptoms of the problems in well-established silos.

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3

Vector of hope, source of fear

BY ROBERTO BISSIO, SOCIAL WATCH

The 2030 Agenda is enthusiastic about the “great potential” for accelerating human progress brought by information and communications technology and global interconnectedness. At the same time, however the UN now acknowledges “the dark side of innovation” and the new challenges of cybersecurity threats, the risks to jobs and privacy unleashed by artificial intelligence and the use of military related ‘cyber operations’ and cyber-attacks.

As with climate change, increasing inequalities or power concentration, those challenges cannot be solved by countries acting in isolation and urgently require strengthened multilateralism.

At the same time, a major technological shift is necessary to implement the global transition - required by the 2030 Agenda - towards less resource-intensive and more resilient economic and social development models. Most of that technology already exists, but new strategies are needed to generalize it at global level.

“Technology is transforming how we live and work – from bio-engineering to synthetic biology to artificial intelligence to data analytics and to many other aspects” said UN Secretary-General António Guterres in a recent speech.¹ Yet, he added, “as much as technology is a vector of hope, it is also a source of fear.”

In acknowledging this, Guterres also called on Member States to “address the dark side of innovation”. This is a significant shift, since new technologies have appeared in the official discourse on sustainable development only as embodying progress and encouraging optimism.

Guterres made clear those issues are not isolated, since “as long as we cling to an economic and social model that drives exclusion and environmental destruction, people die, opportunities are missed, the

seeds of division and future conflicts are sown and the full force of climate change becomes ever more likely.”

Those are deep and remarkably candid concepts that go beyond the usual enthusiasm about innovation. In 2015, the 2030 Agenda adopted at the highest level by UN Member States, stated that “the spread of information and communications technology and global interconnectedness has great potential to accelerate human progress, to bridge the digital divide and to develop knowledge societies, as does scientific and technological innovation across areas as diverse as medicine and energy”.² Simultaneously, a joint report by The Earth Institute of Columbia University and the Swedish telecommunications company Ericsson found that “in essence, ICTs are ‘leapfrog’ and transformational technologies, enabling all countries

1 United Nations (2018).

2 United Nations (2015), para. 15.

to close many technology gaps at record speed.”³ Not a word about potential dangers, whereas now “the downsides of technology’s inexorable march are becoming clear” to the point that a “neo-Luddism” is seen by some analysts as emerging.⁴

Box 3.1

Half of humanity is NOT online

If the spread of ICTs only brings good things there is no need to regulate it and the only question is how to accelerate its expansion so that everybody in the world can benefit from it. Thus, under SDG 9 on industrialization and innovation, target 9.c commits to „significantly increase access to information and communications technology and strive to provide universal and affordable access

to the Internet in least developed countries by 2020.“

This formulation is a bit awkward. It seems to imply that there would be complete world coverage by 2020, if even the poorest countries have universal access by then. But since a majority of the people living in poverty are citizens of G20 countries, the forecast by Cisco is that by 2020

only half of the world population will be online (4.1 billion Internet users, of a total population of 8 billion). By that date, the number of connected devices will have surpassed 26 billion, thanks to the fast expansion of the “Internet of Things”.¹

1 Cisco (2017).

Hands-off...

The Internet started in the 1970s as a research project funded mainly by the US Department of Defense and the National Science Foundation. In 1995, the US government announced it was ending its subsidies to the operation of the Internet backbone and, simultaneously allowed commercial use of the network, previously restricted to educational and research purposes.

Governments were supposed to better serve the global public interest by keeping their hands off cyberspace. The network expanded at fast speed and quite soon came to be described as a “global public good”.⁵ Yet, keeping with the hands-off spirit, the only

decision that governments collectively made over the new realm was the 1998 declaration of the World Trade Organization (WTO) stating that members “will continue their current practice of not imposing customs duties on electronic transmissions”.⁶ Thus, a disk carrying videos, music or software can be subjected to a customs tariff when crossing borders, but that same content being transmitted to a paying consumer by Netflix or iTunes continues to remain untaxed.

The technical difficulties in controlling the cross-border flow of data (short of a total communications shut down) added an element of necessity to that decision, as in “if you can’t beat them, join them”.

The value of cross-border data flows, which was insignificant when the decision not to tax them was

3 Earth Institute/Ericsson (2015), p. 2.

4 Bartlett (2018).

5 Kaul et al. (1999).

6 WTO (1998).

taken, is growing exponentially. In 2014, the USA exported US\$ 399.7 billion and imported US\$ 240.8 billion in digitally deliverable services. That surplus is even bigger if we add the digital delivery of services through affiliates of U.S. companies located abroad. In 2011, U.S. affiliates in Europe sold digital services for US\$ 312 billion.⁷ Total cross-border online purchases of physical goods, meanwhile, was estimated by UNCTAD to be US\$ 189 billion in 2015, a mere 1.1 percent of total merchandise imports.⁸ 93 percent of global e-commerce is still domestic.

That US economic advantage helps explain their support to the idea of cyberspace as a separate realm, where no (other) government should exercise authority (including taxation). Yet, cyberspace is just a metaphor. All devices exist somewhere and all information is stored somewhere, no matter how fast it might circulate. The difficulties (and sometimes impossibility) faced by duty-bearers to fulfill their responsibilities towards rights-holders (starting with their own citizens) does not dilute rights or obligations, it only emphasizes the need to multilaterally deal with the threats identified by Secretary-General Guterres. Without addressing those threats, ICTs could become obstacles to achieving the 2030 Agenda instead of contributing to its achievement.

Cybersecurity threats

In a blog published in March 2018 by the Rand Corporation, a think tank created in 1948 by Douglas Aircraft Company to offer research and analysis to the US Armed Forces, Isaac R. Porche argues that “nation-states and their proxies are spying and attacking in cyberspace across national borders with regularity”.⁹ The indictment of 13 Russian citizens in the USA for attempting to interfere in the 2016 election is offered as an example, together with the indictment of seven Iranian nationals in 2012 for installing malicious code on a computer that controls a dam in New York State and of a number of Chinese hackers accused of stealing from US companies in November 2017.

Steve Ranger, UK editor-in-chief of the specialized website ZDNet notices however, that the country with “the most significant cyber defense and cyber-attack capabilities” is the USA.¹⁰ During the G20 Summit in Hangzhou, China in 2016, US President Barack Obama said, „We’re moving into a new era here, where a number of countries have significant capacities. And frankly we’ve got more capacity than anybody, both offensively and defensively.“¹¹

The distinction between offensive and defensive tools is, in this case, rhetorical. In 2014, Dan Geer, a security expert from the Massachusetts Institute of Technology and advisor to the CIA, published an essay on “Cybersecurity as Realpolitik,” basically demonstrating that “all cybersecurity technology is dual use”.¹² Geer emphasized that “perhaps dual use is a truism for any and all tools from the scalpel to the hammer to the gas can – they can be used for good or ill – but I know that dual use is inherent in cybersecurity tools.” The corollary of that perception is that “offense is where the innovations that only States can afford is going on.” Needless to say, very few States can afford the enormous investment in equipment and research required to develop these capabilities.

The US Department of Defense considers cyberspace as its fifth realm of operations, after land, sea, air and space. Its current Law of War Manual includes a long chapter on cyber operations, which it defines as operations as those that “use computers to disrupt, deny, degrade, or destroy information...or the computers and networks themselves” if they have “a primary purpose of achieving objectives or effects in or through cyberspace” usually preceding or supporting the main military assault, but carefully excluding from the definition the use of computers “to facilitate command and control” or “operations to distribute information broadly using computers...”.¹³

This is an important distinction, because the UN Charter and international law ban the use of force

7 Nicholson (2016).

8 UNCTAD (2017).

9 Porche (2018).

10 Ranger (2017).

11 White House (2016).

12 Geer (2014).

13 US Department of Defense (2015), p. 995.

except in two situations, self-defense and explicit actions agreed upon by the Security Council. The US Defense Department states clearly that “the term ,attack‘ often has been used in a colloquial sense in discussing cyber operations to refer to many different types of hostile or malicious cyber activities, such as the defacement of websites, network intrusions, the theft of private information, or the disruption of the provision of internet services”. Operations described as ‘cyber attacks’ or ‘computer network attacks,’ therefore, are not necessarily ‘armed attacks’ for the purposes of triggering a State’s inherent right of self-defense under *jus ad bellum*.”¹⁴

That the US Defense Department goes to such lengths in limiting potentially escalating hostilities and counter hostilities in cyberspace can be seen both as an attempt to only retort to force as a last resort, as required by the UN Charter, or could also be seen as making sure that operations regularly carried out in cyberspace by the National Security Agency (NSA) of the Defense Department are not defined as ‘casus belli’ that could legitimize other powers’ retaliation.

The idea of promoting international collaboration on cybersecurity or on regulating (and ultimately outlawing) cyberwar has been appearing at different fora for at least a decade. The difficulties are enormous. The two obstacles most frequently raised are the complexities linked to determining what would constitute a cyber weapon (as opposed to software for peaceful purposes, including that of defense against cyber attacks) and to the difficulties of verification.

In practically all of the cases cited as cyber attacks that have reached the public, not only is the exact location of the origin questionable, but also the attribution to a State or to an independent group is debatable.

Activities not carried out by States but by individuals or private groups cannot strictly qualify as ‘warfare’, but since the origin of the attacks might be difficult to attribute in cyberspace, the UN International Crime and Justice Research Institute seems

to lean towards a definition of cyberwarfare as including ‘cyberhooliganism’, ‘cyber vandalism’, and ‘cyberterrorism’.¹⁵

But the analogy between weapons of mass destruction and cyber weapons can be misleading. While no government would even think of using atomic bombs on their own populations, the same military agencies that prepare (and most likely also conduct) cyber attacks are systematically using those tools on their own citizens. As national borders are diluted in cyberspace, the issues of peace and basic human rights merge. And they are both indispensable to achieving the SDGs because “there can be no sustainable development without peace and no peace without sustainable development”.¹⁶

The revelations by Edward Snowden of the magnitude of mass surveillance conducted by intelligence agencies led the UN General Assembly to adopt a Resolution on the Right to Privacy in the Digital Age,¹⁷ in which it expressed deep concern at the negative impact that surveillance and interception of communications may have on human rights. The General Assembly affirmed that the rights held by people offline must also be protected online, and called upon all States to respect and protect the right to privacy in digital communications. The Office of the High Commissioner on Human Rights concluded that “(D)omestic oversight mechanisms, where they exist, often are ineffective as they fail to ensure transparency, as appropriate, and accountability for State surveillance of communications, their interception and the collection of personal data.”¹⁸

The Human Rights Council created the mandate of a Special Rapporteur on the right to privacy and Professor Joseph Cannataci, from Malta, was appointed in July 2015. In his report to the Human Rights Council in March 2018, Cannataci recommends the creation of an international Legal Instrument on Government

¹⁵ See: www.unicri.it/special_topics/securing_cyberspace/cyber_threats/explanations/

¹⁶ United Nations (2015), Preamble.

¹⁷ United Nations (2013).

¹⁸ UN OHCHR (2018), para. 6.

¹⁴ Ibid. (2015), p. 996.

Led Surveillance with legal authority to balance the legitimate security needs of governments with their obligations to protect human rights.¹⁹

Data as the new oil

Surveillance by a State (whether one's own or not) is not the only threat to privacy. Corporations running digital platforms are increasingly obtaining, processing and re-selling information about people in ways that extend any authorization users may have given, might infringe on their rights – and makes those platforms enormously rich and powerful.

On the one hand, the open nature of the Internet (anybody can access without requesting authorization) and its neutrality (all traffic is treated as equal, a principle now being challenged in the USA) is a democratizing factor: anybody can publish, buy or sell on equal terms and millions of people have found a channel to make themselves heard or access markets that were out of their reach before. At the same time, a handful of powerful players (Google,

Amazon, Facebook, Apple, collectively known as GAFA, now GAFA-A with the addition of the Chinese Alibaba) concentrate enormous power. Google knows that you're sick before you call the doctor, Amazon brags that your next delivery is being packed before you buy it and Facebook has experimented with controlling your moods by offering you good or bad news.

UK mathematician and market analyst Clive Humby stated in 2006 that “data is the new oil”.²⁰ And just like oil, data needs to be processed for it to become valuable gas or plastic. And one could add that just like oil, those that refine and sell it benefit from it more than those from where it is extracted. Awareness of that situation is leading some groups to propose that individuals or communities should be compensated for the value generated from data they provide,²¹ while many countries are considering ways to exert ‘data sovereignty’ (see Box 3.2).

19 Human Rights Council (2018).

20 Palmer (2006).

21 Tarnoff (2018).

Data sovereignty

Box 3.2

BY IT FOR CHANGE¹

In a platformizing economy, e-commerce platforms need to be understood not merely as

marketplaces, but also as digital ecosystems that provide a new architecture for the economy. Platforms like Amazon orchestrate and control entire market ecosystems comprising providers, producers, suppliers and consumers/users.²

E-commerce companies bank on the data produced through their ecosystem for generating value, using such data to create the hold-all digital intelligence to completely transform the DNA of the market and attain a position of dominance. Amazon may have started out as an online book retailer, but it has become a ‘super platform’, a monopsony extending itself across and beyond its e-commerce portal to providing cloud services, a digital wallet, video

1 Extracted from the Submission to UNCTAD's Intergovernmental Group of Experts on E-Commerce and the Digital Economy by members of the Research Network on Policy Frameworks for Digital Platforms - Moving from Openness to Inclusion, led by Anita Gurumurthy, Geneva, April 2018. The complete text is available at: http://unctad.org/meetings/en/Contribution/tdb_edc2018_c03_ITforChange_en.pdf

2 See: www.itforchange.net/sites/default/files/1516/Platform_Policies_Research_Framework2018.pdf

on-demand service and devices.³

Developing countries need to recognize that in the datafying economy, any step towards creating a level playing field for local platforms must foreground and tackle the question of data in digital trade regimes. The discourse of free data flows is premised upon the economic value of data and possibilities for innovation that a global data regime can give rise to. However, developing nations are the mining grounds for data, at worst, and the back offices or server farms for low-end data processing, at best. Even nations that have distinguished themselves as tech hubs often develop innovation products and services only to release intellectual control⁴ and economic dividends to the tech giants of the

global North. Thus, the free data flows discourse disregards the unequal footing⁵ on which ‘intelligence rich’ and ‘intelligence poor’ nations compete.

Fostering local platforms is not about simplistic fixes that come from pre-digital thinking. Data sovereignty and control over data of critical sectors is vital for businesses and governments in the global South so that they can truly benefit from possibilities in e-commerce/ digital trade. Public support is necessary to catalyse and enable local market ecosystems in which small and marginal players can compete. This involves not only creating open and public data sets that are available for public and commercial uses, but also support in the form of public digital intelligence infrastructure.

Moreover, an agile legal and policy framework to curb

platform excess is the need of the hour. The global South risks becoming an unregulated innovation playground for technology giants to experiment in if adequate and comprehensive policy measures are not developed that can govern their operations. Critical policy frontiers such as labour, consumer protection, privacy, foreign investments and other areas that directly impact the livelihood rights of citizens and platform users cannot be conceded to immediate short term gains that big platforms often usher in.

Dubious contracts, Terms of Service and privacy policies emanating from platforms should not do the heavy lifting for state developed well-rounded policy frameworks. Mandating that platform companies share some of the data they collect with public agencies in key sectors is important for curbing their anti-competitive practices and promoting the space for smaller local start-ups or innovators to use these data sets for coming up with their own innovative niche products.

3 See: www.forbes.com/sites/gregpetro/2017/08/02/amazons-acquisition-of-whole-foods-is-about-two-things-data-and-product/#740451d7a808

4 See: www.forbes.com/sites/venkateshrao/2012/09/03/entrepreneurs-are-the-new-labor-part-i/#36a53d3f4eab

5 See: www.itforchange.net/index.php/grand-myth-of-cross-border-data-flows-trade-deals

Jobs: threats and hopes

Since the first industrial revolution, machines have both destroyed jobs and created new ones. The net result is a productivity increase and the big social and political question is how those gains are distributed in society.

But the spread of ICTs does not only substitute machines for human labour, it also facilitates the

splitting of complex jobs into multiple minor tasks and distributing them around the world through digital labour platforms in which clients post jobs and workers bid on them. The market for digital work was US\$ 4.8 billion in 2016, and it is growing at a rate of 25 percent a year.²² An estimated 112 million workers are offering their services in that market, but only

22 Graham et al. (2017).

one out of ten completed at least one paid task in the year.

Millions of unemployed graduates hope to transcend some of the constraints of their local labour markets, and compete globally for tasks such as translations, transcriptions, lead generation, marketing, data entry and personal assistance. With globalization so far widening the global reach of capital at the cost of place-bound labour, this could mean that not just capital, but also labour can compete in a global market. In practice, however, since the offer of labour that is ten times greater than actual demand, digital workers have little bargaining power. Workers are classified as independent contractors and in cross-border transactions the confusion as to which labour legislation to apply usually results in that no social protection whatsoever is in place.

Empirical studies have showed that instead of a frictionless economy, between employers in high-income countries and workers in developing countries (mainly India, the Philippines, Pakistan and Bangladesh) “intermediaries use geographic

location, networks, and other positional advantages to mediate between buyers and sellers, potentially contributing to (and reinforcing) global inequalities”.²³

Nevertheless, “governments like those of Nigeria, Malaysia and the Philippines, and large organizations like the World Bank, are increasingly coming to view digital labour as a mechanism for helping some of the world’s poorest escape the limited opportunities for economic growth in their local contexts”.²⁴ The benefits that some workers actually obtain should not obscure the intrinsic inequality in this market, emphasized by the role of the platforms that intermediate. Digital work is only one of the aspects in which the new technologies are transforming the future of work, but to envision alternatives and strategies for this extreme form of cross-border human relations is necessary to bring a fairer world of work into being everywhere.

²³ Ibid., p. 149.

²⁴ Ibid., pp. 158-159.

Machines (algorithms) are already deciding our future

Box 3.3

BY PRABIR PURKAYASTHA¹

Machine algorithms are taking over decisions that were made by governments, business and even ourselves.

Today, algorithms decide who should get a job, which part of a city needs to be developed, who should get into a college, and in the case of a crime, what should be the sentence. It is not the super intelligence of robots that is the threat to life as we know it, but

machines taking over thousands of decisions that are critical to people’s lives and deciding social outcomes.

What decides you getting a loan or not is finally a machine score – not who you are, what you have achieved, how important is your work for the country (or society); for the machine, you are just the sum of all your transactions to be processed and reduced to a simple number. The worst part is that some of the algorithms are not even understandable to those

who have written them; even the creators of such algorithms do not know how a particular algorithm came out with a specific score!

Mathematician and data scientist Cathy O’Neil, in recent a book, “Weapons of Math Destruction”, tells us that the apparent objectivity of processing the huge amount of data by algorithms is false. The algorithms themselves are nothing but our biases and subjectiveness that are being coded – “They are just opinions coded into maths.”

¹ A longer version was originally published on <https://newsclick.in/>.

What happens when we transform the huge amount of data that we create through our everyday digital footprints into machine ‘opinions’ or ‘decisions’? Google served ads for high-paying jobs disproportionately to men; African Americans got longer sentences as they were flagged as high risk for repeat offences by a judicial risk assessment algorithm. It did not explicitly use the race of the offender, but used where they stayed, information about other family members, education and income to work out the risk, all of which put together, was also a proxy for race.

The problem is not just the subjective biases of the people who code the algorithms, or the goal of the algorithm, but much deeper. They lie in the data and the so-called predictive models we build using this data. Such data and models simply reflect the objective reality of the high degree of inequality that exist within society, and replicates that in the future through its predictions.

What are predictive models? Simply put, we use the past to predict the future. We use the vast

amount of data that are available, to create models that correlate the ‘desired’ output with a series of input data. The output could be a credit score, the chance of doing well in a university, a job and so on. The past data of people who have been ‘successful’ – some specific output variables – are selected as indicators of success and correlated with various social and economic data of the candidate. This correlation is then used to rank any new candidate in terms of chances of success based on her or his profile. To use an analogy, predictive models are like driving cars looking only through the rear-view mirror.

A score for success, be it a job, admission to a university, or a prison sentence, reflects the existing inequality of society in some form. An African American in the USA, or a dalit or a Muslim in India, does not have to be identified by race, caste or religion. The data of her or his social transactions are already prejudiced and biased. Any scoring algorithm will end up with a score that will predict their future success based on which groups are successful today. The danger of these models

are that race or caste or creed may not exist explicitly as data, but a whole host of other data exist that act as proxies for these ‘variables’.

Such predictive models are not only biased by the opinion of those who create the models, but also the inherent nature of all predictive models: it cannot predict what it does not see. They end up trying to replicate what they see has succeeded in the past. They are inherently a conservative force trying to replicate the existing inequalities of society.

The Artificial Intelligence community is waking up to the dangers of such models taking over the world. Some of these models are even violations of constitutional guarantees against discrimination. There are now discussions of creating a US Algorithm Safety Board, such that algorithms can be made transparent and accountable. We should know what is being coded, and if required, find out why the algorithm came out with a certain decision: the algorithms should be auditable. It is no longer enough to say “the computer did it”.

What’s next?

As half of humanity communicates, informs itself and increasingly works and buys online, the original democratization promise of ICTs is being replaced by concern over the enormous power these technologies have concentrated in a few governments and a handful of mega-corporations. The public is concerned

everywhere and the question is no longer if regulation is needed but how to do it.

Recognizing knowledge and the Internet as a global public good should imply a multilateral approach, which can only be based on the primacy of human rights and the recognition of sovereignty (after all, ‘cyberspace’ or ‘the cloud’ are just metaphors, all

computers and the people operating them are actually somewhere).

Computers, algorithms and the laws that govern our use of them, they are all human creations, the result of a cultural construction and political decisions. And as such they can be changed. It will not be an easy task, but what experience has demonstrated so far is that the Internet is not viable as the property of a single country and that the corporations have failed to regulate themselves.

The major asset of the digital corporate giants is not physical capital but intellectual property over their algorithms and the data (provided by the users) over which they operate. Instead of facilitating exchange, as the name suggests, a new generation of 'free trade' reinforces and extends artificial monopolies over data and technology to the extent that as Nobel economist Joseph Stiglitz says, "In fields such as information technology, a whole set of weak patents and an epidemic of over-patenting has made subsequent innovation difficult and has eroded some of the gains from knowledge creation."²⁵

The perception that a different approach to innovation and intellectual property is needed, added to the fear of unfair appropriation of locally generated data by corporations that do not even have representation in their countries led many developing countries to reject the idea of launching e-commerce negotiations at the WTO in 2017.²⁶

'More of the same' is not acceptable any longer. The 2030 Agenda proposes a paradigm shift in development that is not possible with the technologies prevailing today, continued reliance on fossil fuels and further unsustainable (mis)use of resources.

To address the technology needs of "a global transition towards less resource-intensive and more resilient economic and social development models," in 2017 the Belgian research and technology organization VITO, together with partners in Africa, India and

Brazil started a series of Global Science Technology and Innovation conferences. Their initial findings are optimistic: "Many technologies needed to achieve many SDG-related targets are readily available."²⁷ They add that the effectiveness of alternative solutions having been demonstrated under real-life conditions, what is needed is "to develop strategies for deployment at scale to a level necessary to achieve the SDGs."

In the case of energy and food, they state that a key requirement for achieving the SDGs is to prioritize "widely distributed and bottom-up technological solutions that are appropriate for communities' needs and circumstances". Ultimately a "circular economy" is to be put in place. In this new model, ICTs are recognized as "an indispensable tool" and "resource recovery and use from waste" becomes "the new normal".

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²⁵ Stiglitz et al. (2017).

²⁶ See: www.twn.my/title2/wto.info/2017/ti171232.htm

²⁷ See: <https://2018.gstic.org/insights/2017-key-findings>

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4

Care systems and SDGs: reclaiming policies for life sustainability

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Because of its importance to achieving gender equality, SDG 5 calls for recognition and value of unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate (target 5.4). Beyond this, care is a cross-cutting issue along all of the SDGs.

There is still a huge gender gap in terms of the time devoted to domestic and care activities. The massive burden of domestic and care work on women's lives is the consequence of what we define as unfair social organization of care. This means an unequal distribution of responsibilities between, on the one hand, the State, market, households and communities, and, on the other hand, between men and women.

Care can be considered as a human right. People have the right to receive care and to provide it under conditions that do not restrict other rights or aspects of life. Thus States must respond with adequate public policies to promote, protect and fulfil this right.

Such policies should open up opportunities so that people can choose how they meet their own care needs and those with whom they live, they should take into account the diverse personal and family situations, they should provide access to care for the high number of workers in the informal sector, they should be cross-sectoral and interlinked, they should provide the required budgetary resources, and should assure decent working conditions (including decent salaries) for paid care workers.

As human beings, we are vulnerable and interdependent. Throughout the lifecycle, people need to be cared for when they are young, when they are old, when they are sick, when they are pregnant, when they are temporarily or permanently disabled. The concept of care refers not only to direct care provided from one person to another but also to self-care, to the creation of certain pre-conditions needed for

the provision of care (such as all the domestic work which is necessary to create an adequate environment for the provision of care) and it also refers to the management of care provision.²

Care work is provided, often for free and almost always underpaid, by nurses, teachers, mothers/wives/grandmothers/sisters, domestic workers and many others, the majority of whom are women. The way in which care is socially organized has decisive implications for people's everyday life, and for

¹ Thanks to Kate Donald and colleagues from the Civil Society Reflection Group on the 2030 Agenda for Sustainable Development for thoughtful comments on a draft version.

² For a summary discussion on the concept of care see Esquivel (2011).

gender, social and economic inequalities.

SDG 5 calls on States to “recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate” (target 5.4). In addition, **care is a cross-cutting issue along all of the SDGs.**

Unpaid care work is directly related to the promotion of sustained, inclusive and sustainable economic growth, employment and decent work (Goal 8), given the effective contribution it makes to the creation of economic value and the vital role it plays in the sustainability of the labour force. Both official and informal care systems, frequently uncoordinated, are at the core of **SDGs 1 to 4** (on poverty, hunger, health, education), and unpaid care work absorbs the ‘invisible’ cost of poor infrastructure and service provision. This impacts **Goal 6 on** water and sanitation, especially in low-income countries, where women often have to walk miles to collect water and dispose of waste. Care is also linked to **SDG 9 on** industrialization and infrastructure, as gender-sensitive infrastructure is essential to “inclusive and sustainable industrialization”, and to **SDG 10 on** inequalities, with its specific mention of migration as an inequality-reducing factor (target 10.7). Domestic care and care work is of course one of the main needs of aging populations that is satisfied by present-day migration. Further, **the current social organization of care is a key mechanism of reproduction of inequalities** that allows some households to get many care alternatives, at the expense of exploiting the work of poorer women, while restricting them to fragile and informal arrangements both of paid and unpaid work. **Global care chains³** are strong evidence of the transnational mechanisms that deepen inequality both within and between countries. In brief, **creating, improving and expanding care systems (revolutionizing them) is key to achieving many if not all of the SDGs.**

3 On the concept and evidence on global care chains see Pérez Orozco (2013).

The contribution of care work to development

The contribution of care work (paid and unpaid) to social and economic development has been long commented upon. “Unpaid care and domestic work is a foundation of sustainable development. **It sustains people on a day-to-day basis and from one generation to the next. Without it, individuals, families, societies and economies would not be able to survive and thrive.**”⁴ Feminist economists have provided a strong framework to understand the key economic systemic role of care work.⁵ **Nowadays, care work represents the largest subsidy to the global economy by reproducing the labour force at very low or no cost.** Unpaid care work also serves as a counter-cyclical buffer, absorbing the greatest burden of the response to financial crises. Paid domestic work contributes considerably to poor households’ income generation and is key to preventing households from falling into extreme poverty during economic crises. At the same time, unpaid care work is often the only guarantee of households’ well-being when public services are cut back as a consequence of austerity policies.

The 1995 *Human Development Report* devoted a full chapter to measuring the economic contribution of women’s work, within the framework of the Beijing Platform for Action. Since then, many countries have implemented time use surveys, which are able, on the one hand, to confirm through data-based analysis the inequality existing in the distribution of care responsibilities between men and women, and, on the other hand, to estimate the monetary value of the contribution of care work to the economy.

According to UN Women, **in countries where estimates exist, this contribution exceeds 30 percent of GDP (e.g., Nicaragua, India, Tanzania)** and is higher than the contribution made by key sectors of the economy. For example, **in Mexico, the monetary value of unpaid domestic and care work is estimated to be 21 percent of GDP, more than manufacturing, trade and construction,**

4 UN Women (2018), p. 216.

5 Carrasco Bengoa (2006), Picchio (2001), Rodríguez Enríquez (2012).

transportation and mining altogether.⁶

The monetary value given to unpaid care work is a way of revealing the invaluable contribution it makes to the functioning of the social and economic system, including everyday life sustainability. This comprises the already mentioned reproduction of labour force under appropriate conditions to enable participation in productive processes. Besides, care work is vital to create opportunities of future development of children and young people, and to take care of the human needs of dependent elderly people and people with disabilities.

The unequal distribution of unpaid domestic and care work

In all countries where information is available, the gender gap is confirmed in terms of the time devoted to domestic and care activities. The size of this gap varies from case to case but can be over 100 percent. These percentages reflect the sexual division of labour, the persistence of gender stereotypes in care work, naturalization of women's ability to provide care, the inaccessibility (due to high costs) of care services in the market and the insufficient and inadequate public provision of these services.

The huge burden of domestic and care work on women's lives is the consequence of what should be seen as the unfair social organization of care, which distributes responsibilities unequally between, on the one hand, the State, market, households and community, and, on the other hand, between men and women. This represents a problem for women whose excessive burden of domestic responsibilities is the main barrier to economic participation. Thus, despite the advancements observed during the last decades, women's labour force participation rate remains lower than men's, unemployment rates are higher, women are over-represented in the informal sector, suffer vertical and horizontal segregation at the professional level and, as a consequence receive, on average, lower earnings than men.

This is not only a women's problem, but also a social one. The fact that women's economic participation is limited by the burden of care responsibilities represents a productivity loss for the entire society, a loss that increases the more educated women are. On the other hand, women's overly demanding workload and time burden lead to fragile, precarious and unsustainable care arrangements that represent a threat to the future development of boys and girls, and increases the vulnerability of dependent elderly people and people with disabilities.

Likewise, the social organization of care works to reproduce inequality, particularly in the absence or weakness of public provision of care services. Women living in households with enough resources to pay for care services (often hiring other women as domestic and care workers, at low wages) can find time to improve their education, to participate both in political or community spaces, and in economic activities. In so doing, they can earn income to afford more care services, free more time and continue in a virtuous circle of realizing their potential. By contrast, many if not most women live in households that cannot afford to buy care in the market, while at the same time they often carry a heavier burden of care work (because they live in larger households, with more dependents). This reduces their ability to engage in income-generating activities and the vicious circle of privation keeps going. In Latin America, for example, women living in households in the 1st income quintile allocate 50 percent more time to unpaid work than women living in households in the 5th income quintile.⁷

In rural areas, the amount of time allocated to unpaid work depends on the availability of basic social infrastructure (water provision, electricity, sanitation). In Sub-Saharan Africa, for example, "where only 55% of household are within 15 minutes of a water sources, women and girls are the primary water carriers for their families, doing the hauling in over 70% of households where water has to be fetched".⁸

6 UN Women (2016).

7 UN Women (2018), Figure 6.3.

8 Ibid., p. 221.

In some cases, these inequalities acquire a transnational dimension, involving **global care chains**. These involve a combination of, on one hand, increasingly feminized migration processes, driven mainly by economic needs in the countries of origin, and, on the other hand, the so-called care crisis in the countries of destination. Thus, migrant women from the poorest countries are hired in the countries of destination to perform domestic and care work, allowing middle-class women in more developed countries to find more time to participate in the labour market and generate income. At the same time, these migrants leave dependents (usually children) in their countries of origin and other family members, usually women (grandmothers, elder sisters, close relatives) must take care of them. **Through these cross-border chains care work is transferred from middle-class women in more developed countries, to migrant workers, to the unpaid work of women in least developed countries.** These chains vividly represent inequalities and how they are reproduced, both within and between countries.

Moreover, the labour conditions of paid domestic and care workers are often worse than those of any other economic sector, particularly for migrant women. According to a 2016 ILO report, about 50 million of the 67 million domestic workers aged 15 year and older are estimated to be in informal employment worldwide.⁹

Therefore, **the unfair social organization of work is a key node that explains the persistence of socio-economic inequalities, or, rather, a dimension where the intersection of economic injustice and gender injustice is clearly revealed.** In order to break through these mechanisms that reproduce inequality (to move forward towards the accomplishment of SDG 5 and SDG 10, and all the rest), public policies are required.

The risk of current visions for women's economic empowerment

There is widespread agreement about the importance of promoting women's economic empowerment to

reduce inequalities and foster economic and social development. The vision promoted by the IMF and World Bank, for example, and taken up by the Secretary-General's High Level Panel on Women's Economic Empowerment,¹⁰ argues that women's economic empowerment is 'smart economics', and equates empowerment with getting women into the workforce or able to produce marketable products at home.¹¹

However, this vision must be enlarged to embrace the nature of women's labour force participation and recognize unpaid work. While in some cases, **the myriad welfare programmes promoting women's micro-entrepreneurship** may contribute to the generation of income and help improve (at least partially) women's and households' living standards, **they also create a double shift for women because unless they provide care solutions, they increase women's total work time.** Research on programmes in Asia, for example, designed to create conditions for women's economic empowerment, fail to recognize tensions in balancing unpaid work and paid work. For instance, the Karnali Employment Programme in Nepal provides at least 100 days of waged employment through public work programmes to households living in extreme poverty, targeting female-headed households. However, lack of childcare, long distances to worksites and problematic working conditions work against women's effective participation.¹²

Service provision cuts – billed as 'cost-saving' measures – are often made on the implicit or explicit assumption that women will take up the slack, thereby transferring the costs to women. For example, cuts in healthcare might reduce access to sexual and reproductive health services and increased teenage pregnancy rates, adding to the care burden of young women. Similarly, such cuts transfer the provision of care for people with chronic diseases to the household, through early hospital discharges and the need for family assistance by inpatients.

10 United Nations (2016).

11 See for example: www.imf.org/external/themes/gender/ and McKinsey Global Institute (2015).

12 Chopra and Zambelli (2017). See also Cookson (2018).

9 ILO (2016).

Likewise, reduced public investment in social infrastructure (e.g., water and sanitation) may cause an increase in unpaid work. Similarly, the privatization of care-related service provision could potentially exacerbate gaps and inequality owing to the application of copayments and fees.¹³ Employer strategies that rely on private companies for care provision risk the same problem, particularly in countries with a high level of informal employment, which lacks such benefits, therefore, increasing inequality among workers.

The maternalistic vision of social policies

In many countries, cash transfer policies play a key role in improving, at least partially, the living standards of the poorest women. However, their maternalistic approach creates tension for the transformation of the social organization of care. In fact, feminist analysis of conditional cash transfer programmes shows that their impact on women's lives and the promotion of women's rights is ambiguous.¹⁴

These programmes, which have become the backbone of social policies in many developing countries, represent a significant transfer of resources to women who are the main recipients. For many of them, it is the first time they are subjects of public policies, in stable and direct relation with the State. Also, regardless of the amount, for most of them it represents a stable income that can be combined with other precarious income-generating activities (e.g., by other members of the household) to improve household living standards. And with this income (even if it is to be spent on their children), they can strengthen their negotiation position inside the household.

However, these programmes, in turn, end up significantly reinforcing women's role in care provision, mainly by the nature of the conditionalities imposed. First, because they address mothers rather than women; second, because they relate to care aspects

(school attendance and health check-ups) for which women are responsible; third, because generally non-compliance results in termination of benefits, they impose a moral and normative vision of 'good motherhood'; and fourth, because they may discourage women's labour force participation, particularly when eligibility requirements exclude earned income. At the same time, they do not provide for effective mechanisms of graduation from the programmes, resulting in women's welfare dependency.

Reclaiming integrated care policies for the transformation of the social organization of care

Care can be considered as a human right. People have the right to receive care and to provide it under conditions that do not restrict other rights or aspects of life. As a right, care can be enforced, and States must respond. Which is the direction that public policies should take to address the transformation of the social organization of care?

First, they should try to open up opportunities so that people can choose how they meet their own care needs and the needs of those with whom they live. Rather than simply implementing foreign paradigms of de-familization and/or commodification of care, they should set the conditions to allow for household members to choose how they wish to combine care services and unpaid care work.

Second, public policies should consider diverse personal and family situations should and be designed accordingly. On the one hand, it is necessary to better know how the social organization of care is shaped in rural areas, where the definition of care itself is contested. On the other hand, it is necessary to relinquish binary and traditional notions (men/women, nuclear households) to understand the reality of different types of family organization, their specific needs and, therefore, the specific policies required. For example, extending paternity leave is essential, but how will this change the life of a woman living in a single-parent household? Or, rather, how are care-related leave systems adapted to the reality of single-parent families, or adoptive families, or same-sex parents?

¹³ Hall (2014) provides examples of PPPs failures. See also UN Women (2018), Box 6.4.

¹⁴ For a feminist analysis of conditional cash transfers see Martínez Franzoni y Voorend (2008), Rodríguez Enríquez (2011), Cookson (2018).

Third, the debate on the social reorganization of care needs to be separated from the employment issue.

The prevailing approach is still to consider how care arrangements can be facilitated for workers; but these strategies only cover formal paid workers. This can be clearly seen in regulatory frameworks (e.g., care-related leave systems). Finding a way to provide access to these benefits to the high number of workers in the informal sector represents a key issue, particularly for developing countries where informality and precarious labour are still the most common type of employment for most of the population (particularly women) and where young people increasingly have no paid work opportunities, thus suffering high unemployment and work inactivity rates.

Fourth, the maternalistic approaches to care provision must be revisited, as it is not a matter of designing policies to assist mothers and protect children but about thinking how we socially reorganize care provision for people in need of help due to age or physical conditions. It is also a matter of opening up possibilities so that people can choose how to receive and provide care, not only through care policies,

but also by strengthening health protection policies and policies to promote sexual and reproductive rights, including, for example, the right to voluntary terminate pregnancies. Furthermore, it is not only a matter of thinking about providing care for dependent people, but of envisioning a social organization that guarantees the sustainability of human and non-human life.

Fifth, there is an urgent need to adopt an integrated approach to public policy strategies. Such an approach is not only relevant to account for the multiple dimensions of this issue but also to: i) avoid the solution of a problem through the generation of new ones, ii) avoid deeper social fragmentation, and iii) achieve a more efficient use of resources. It requires public institutions that can simultaneously address the different dimensions of care, but, at the same time, it means ensuring that the transformation sought through specific policies (such as extended parental leave, provision of care services for early childhood, etc.) are not undermined by macroeconomic policies.

The National Care System in Uruguay¹

Box 4.1

Uruguay's National Care System, first put on the policy agenda by civil society organizations (mostly women and feminist organizations), turned out to be a priority on every political party platform in the last national election. The combination of a social demand for the transformation of the social organization of care, together with political will, produced a set of integrated policies in 2015 that aim to build a consistent care system. Its design includes three core dimensions: i)

care provision for children under three years old, which includes: day care provision (in public institutions, as universities, workplaces, community spaces), easy access to credit to improve care infrastructure, extension of paternal leave and implementation of parental leave; ii) care services for elderly people and people with disabilities, which includes: personal assistance, day care and long-term residential institutions, tele-assistance; iii) professionalization of paid care

work, through training activities as well as certification of labour competencies and validation of previous training.

¹ For details see: www.sistemadecuidados.gub.uy.

The integrated approach shows that there is a need not only for care policies, but for a set of policies that reduce the burden of care work. Improving water provision, sanitation, access to energy (gas, electricity) and to efficient public transport can help reduce unpaid care work time as well as providing better environment for care giving.

Sixth, governments must commit to moving this issue forward through the allocation of the required budgetary resources. Caring discourses or ‘gender’ or ‘feminist-friendly’ attitudes are not enough. We need political will and funds. For example, estimates of the fiscal effort needed to make early child education and care services universally available in South Africa and Uruguay show that, depending on the scenario, a gross annual investment of between 2.8 percent and 3.2 percent of GDP would be needed to cover children aged 0 to 5 years.¹⁵

While the implementation of public policies to transform the social organization of care requires fiscal efforts, this cannot be used as an excuse to delay progress. First because governments can and should adopt tax reforms to make taxes more progressive and their collection more efficient (through increased taxation on personal income, reduction or removal of tax benefits for huge corporations and addressing illicit financial flows in the context of specific mechanisms of international tax cooperation). And second, because the implementation of care policies has a fiscal cost but its absence has a socioeconomic cost that must be recognized. The fragile care arrangements that threaten child development, the underuse of women’s paid labour, the risk of socioeconomic vulnerability all entail a cost for society that offsets the costs to the public budget. Moreover, while the cost of implementing care services might be moderate, the benefits for women, but also for children’s present and future life can be huge.

Moreover, assuring decent working conditions (including decent salaries) for paid care workers is an essential part of the needed transformation. As mentioned, domestic and care jobs are, almost

everywhere, among the most informal and less paid. There is an urgent need for countries to reinforce legal frameworks that provide care workers with equivalent labour rights and social protection as the rest of the economy (in line with ILO Convention 189). It is necessary that governments adapt national norms to these standards, as well as implement mechanisms for monitoring compliance. An additional note should be made that care provisioning could become an important economic sector that would offer employment opportunities and contribute to domestic demand. Specific policies will be needed in order to avoid a further feminization of the care sector, and pay the salaries needed to attract more men to provide these services.

The unfair social organization of care violates people’s basic rights and needs to be transformed if we want to make progress towards the achievement of the SDGs. It will be impossible to leave no one behind unless this issue is fully addressed. It is time to reclaim integrated care policies for the sustainability of life.

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¹⁵ UN Women (2018).

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5

Quest for sustainable peace and development under militarized security approaches

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In 2015, with the adoption of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), governments acknowledged the mutually enforcing power of peace and development. The 2030 Agenda represents a paradigm shift in terms of universality and interlinked goals, including across borders and affirms the need for a rights-based approach to peace and security, one focused on prevention. At the same time, most governments are still producing, trading and spending more on arms, thereby fueling a militarized approach to peace and security. Dominant power talks on how to achieve peace continue to silence those impacted most by conflicts and wars, including women and children. Profits made under war economies and through the arms trade continue to deepen inequalities and violate the rights of those with enormous humanitarian and development needs.

Instabilities, conflicts and wars are ‘sustained’ in many parts of the world, for the sake of security and the narrow interests of those who benefit from them, moving in a direction opposite to the goal of ‘leaving no one behind’. Long-term solutions for achieving peace and stability require more than a mere commitment to SDG 16 on peaceful and inclusive societies; they require revising policies at all levels (economic, political, social, cultural...etc.) and adopting inclusive and comprehensive development plans.

Achieving sustainable development and sustainable peace are the two sides of the same coin, representing the two pillars of the UN system. “No peace, no development”, “no peace, no justice” and “no development, no security” are commonly used slogans that illustrate the impossibility of separating one from the other.

In 2015, with the 2030 Agenda focusing on peace, justice, effective and accountable institutions, as well as inclusive societies, the international community acknowledged once again that peace is prerequisite for sustainable development. Likewise, within the United Nations system the UN Secretary-General introduced a restructuring of the peace and security

pillar.¹ This outlined a more holistic and comprehensive approach to peacebuilding and sustaining peace, making the linkages to economic and social development and the promotion and protection of human rights.

The Secretary-General’s report also acknowledged the need for cross-pillar work, at national and regional levels and across policy processes. On 27 April 2016, the General Assembly and the Security Council adopted substantively identical resolutions on peacebuilding,² concluding the 2015 review of the UN Peacebuilding Architecture. In those resolutions, both the General Assembly and

¹ UN Secretary General (2018).

² A/RES/70/262 and S/RES/2282 (2016), respectively.

the Security Council identify sustaining peace as:

a goal and a process to build a common vision of a society, ensuring that the needs of all segments of the population are taken into account, which encompasses activities aimed at preventing the outbreak, escalation, continuation and recurrence of conflict, addressing root causes, assisting parties to conflict to end hostilities, ensuring national reconciliation, and moving towards recovery, reconstruction and development, and emphasizing that sustaining peace is a shared task and responsibility that needs to be fulfilled by the Government and all other national stakeholders, and should flow through all three pillars of the United Nations engagement at all stages of conflict, and in all its dimensions, and needs sustained international attention and assistance.

A High-Level UN General Assembly debate on peacebuilding and sustaining peace in April 2018 welcomed a renewed emphasis on conflict prevention.³ It addressed the root causes of conflicts, strengthening policy coherence, funding for peacebuilding operations, strengthening partnerships at various levels, and engaging women and youth both in conflict prevention and peacebuilding efforts.⁴ The representative from Mexico, speaking on behalf of the Group of Friends of Sustaining Peace, said: “we have come a long way in the pursuit of a more inclusive and integrated approach to sustaining peace and addressing the root causes of conflict, instead of just responding to crises.” Echoing this, the Liberian representative said that countries should use their collective ingenuity and resources to invest in prevention and eliminate the main drivers of conflict, particularly at a time of declining funds for such activities. “Imagine”, he said, if “rather than investing in bullets and tanks, we could have them invest in roads and energy, hospitals and schools.” He added: “Pursuing the path of preventing conflict and sustaining peace gives us a real chance to lift our humanity and bend the present trajectory of fear and war.”

3 See: www.un.org/pga/72/event-latest/sustaining-peace/.

4 See: www.un.org/pga/72/wp-content/uploads/sites/51/2018/04/HLM-on-SP-2-April.pdf

The President of the UN General Assembly reinforced the gains from sustaining peace, citing a recent World Bank-UN report that for every US\$ 1 spent on prevention up to US\$ 7 could be saved – over the longer term.⁵

Yet there is a long way to go on challenges and implementation, particularly with increasing concerns over violent extremism. Several studies suggest that investing around US\$ 2 billion in prevention can generate net savings of US\$ 33 billion per year from averted conflict.⁶ Similarly, while achieving peace and stability is the ultimate aim for many, policies for sustaining peace, by addressing the root causes of conflicts and wars remain limited. Therefore, the following steps are necessary to address these challenges:

1. Shift from militarized security and budgets to rights-based sustainable development and public sector budgets

The first aspect of sustaining peace requires a paradigm shift from a state security approach towards a focus on human security and rights-based budgeting, doing away with military-prioritized budgeting. The sad reality shows that “the world is over-armed while peace is under-funded”.⁷ The global trends reflect that military spending is increasing worldwide. Global military spending in 2017 was US\$ 1.7 trillion, 2.2 percent of global GDP.⁸ The USA continues to have by far the highest military expenditures in the world. In 2017, the USA spent more on its military than the next seven highest-spending countries combined (see Figure 5.1).

5 UN/World Bank (2018), p. 2.

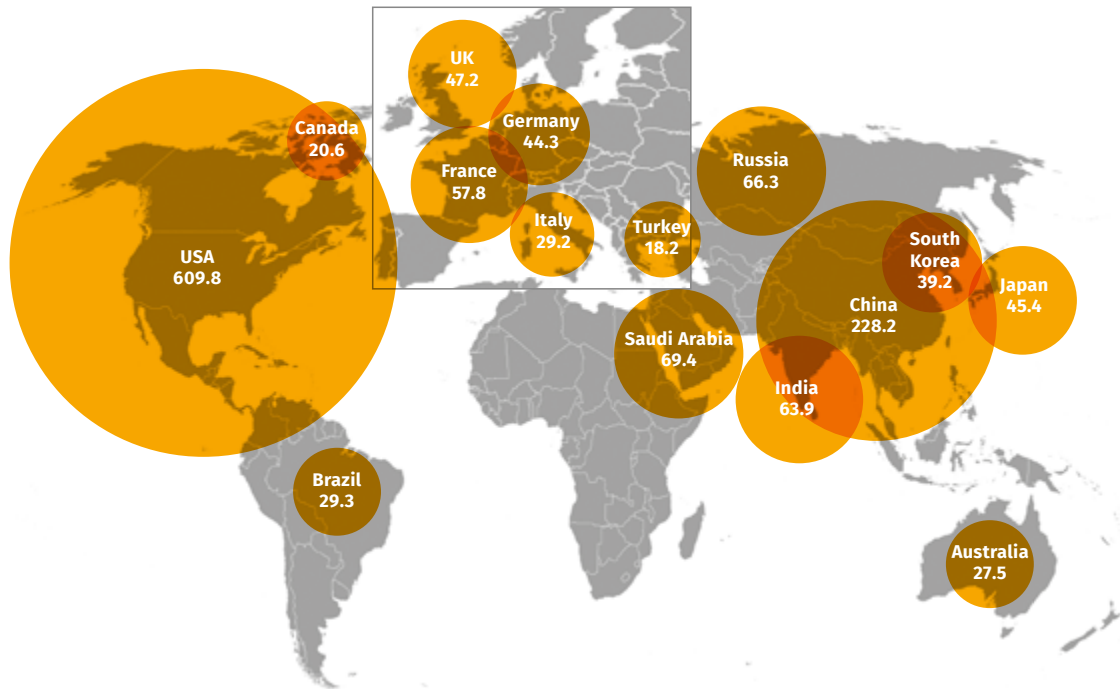
6 UN/World Bank (2018), pp. 4-5.

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

8 See: www.sipri.org/media/press-release/2018/global-military-spending-remains-high-17-trillion.

Figure 5.1
Top 15 military spenders in 2017

Countries with highest military expenditure (in US\$ billion)



Source: SIPRI Military Expenditure Database (www.sipri.org)

Moreover, military expenditure as a share of GDP was highest in the Middle East, particularly Saudi Arabia, Egypt and Turkey, at 5.2 percent in 2017.⁹

Governments' allocation of resources to military spending – including the selling and purchasing of arms – rather than fulfilling their obligation to use the maximum available resources for the progressive realization of economic and social rights - remain at the centre of widening and deepening inequalities, thus a core challenge to achieving sustainable development, in all countries. An analysis by SIPRI concludes that with around 10 percent reallocation of military spending to the achievement of the SDGs, major progress could be achieved, provided that the

reallocated funds are effectively channeled to implement the SDGs with a comprehensive rights-based approach.¹⁰ In contrast, at the NATO Summit in Wales in September 2014, NATO members committed to increase their military spending to at least 2 percent of GDP, for the sake of the principle of 'collective defense'. In follow up, US President Donald Trump continuously raised the issue that most of NATO allies do not meet this benchmark,¹¹ while NATO Secretary General Jens Stoltenberg emphasized the "progress" and noted that the increase in military spending indicating the "right direction."¹²

⁹ Ibid.

¹⁰ Perlo-Freeman (2016).

¹¹ See for instance De Luce/Gramer/Tamkin (2018).

¹² Banks (2017).

However, more spending on defense induces less resources for sustainable development and thus has negative consequences for sustaining peace. Moreover, more ‘securitization’ of the political discourse and international relations, including the focus on cyberwarfare, become a threat to peace (see Chapter 3: Vector of Hope, Source of Fear in this report). Instead, the transformative aspirations of the 2030 Agenda ought to lead to a shift towards the demilitarization of public budgets and the allocation of the additional resources to addressing inequalities, poverty and other development challenges.

In this regard, there is an urgent need to address as well the increasing international arms trade as a main obstacle to sustaining peace (see Figure 5.2). The arms industry is considered a highly profitable sector – but only for those who produce and sell arms, at the expense of hampering peace, contributing to human rights violations, and exacerbating insecurity and instability.

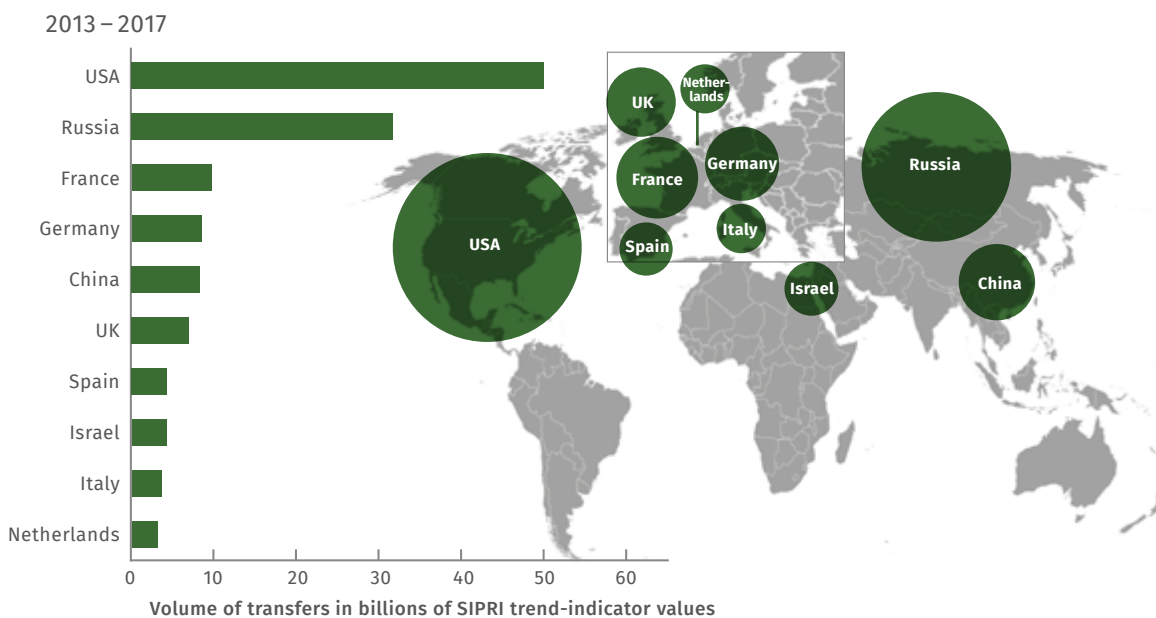
This dichotomy can be seen, for instance, in European external policies: On the one hand EU member states focus on the need for security and stability within what is defined within the EU development cooperation framework as the Southern Neighbourhood region, consisting of 10 Arab States, while on the other hand the same EU countries are among the major arms suppliers to the region, together with the USA, Russia and China.¹³ Overall, arms imports by the Arab region increased to 32 percent of global arms imports in 2013–2017.¹⁴ Access to arms plays a crucial role in sustaining wars, and in contexts where

13 French arms sales increased to Egypt and Qatar in 2015 for example, with a 67.5% surge in arms sales by the Dassault Aviation Group (www.sipri.org/media/press-release/2016/global-arms-industry-usa-remains-dominant).

14 See: www.sipri.org/news/press-release/2018/asia-and-middle-east-lead-rising-trend-arms-imports-us-exports-grow-significantly-says-sipri.

Figure 5.2
Top 10 arms exporters 2013-2017

(Volume of transfers in billions of SIPRI trend-indicator values)



Source: SIPRI Arms Transfers Database (12 March 2018)

instability is sustained, repression and exclusion are systematic, and conflicts are fueled; and with the ongoing arms trade, criminal economies also flourish more easily. Samir Aita reports, for instance, that in Syria, “the new trade networks have developed their activities in the chaos of war towards criminal economy, such as the production of the Captagon drug. Syria has become a major drug producer in the Middle East, and it is expected that if such criminal activities continue to develop it shall a threshold where this criminal activity should constitute the main economic resource of the country, sustaining like in Afghanistan, war on the long term.”¹⁵

The production, mobilization and allocation of economic resources to militarization and securitization enable profits to enable the functioning of warlords in war economies, and exacerbate gross human rights violations for many civilians.

2. Support inclusive peace processes

The second aspect of sustaining peace is the approach adopted for conflict resolution, focused on countering violence, extremism and peacebuilding initiatives. Human rights norms should be well integrated into each of these, such as by empowering women to take pro-active roles, considering that militarization policies are most often male-dominated, silencing gender concerns while the consequences of wars and conflicts are felt harder by women and children. In order to be sustainable, peace processes should go hand in hand with revising policies at economic, social, cultural and political levels, adopting gender and human-rights-based approaches. Yet UN Women statistics show the following gap; from 1992 to 2011 only 9 percent of negotiators at peace tables were women.¹⁶ The same facts and figures reveal that “when women are included in peace processes there is a 20 percent increase in the probability of an agreement lasting at least 2 years, and a 35 percent increase in the probability of an agreement lasting at least 15 years”.¹⁷

Peacebuilding initiatives should also ensure national ownership, enhanced inclusivity and should be designed and implemented based on the specific needs of the country.

Like peacebuilding initiatives, countering violent extremism (CVE) initiatives have been directed towards the Arab region, particularly in response to the rise of violent extremists groups like ISIS. For instance by late 2017, the European Union allocated € 17.5 million to address the terrorist threat in the Arab region under its Instrument contributing to Stability and Peace (IcSP). The programme foresees strengthening the capacity of State actors that play a key role in countering terrorism and violent extremism and focuses on partnerships between authorities, youth and communities to address underlying factors that can make communities vulnerable to violent extremism.¹⁸

There is no doubt that violent extremism in the region, now crossing national and regional borders, has become a global threat and should be addressed. Yet the impact of CVE measures if not well designed, and if they do not incorporate human rights will remain limited. As put-forward by Saferworld, “CVE efforts can’t work if they merely go *alongside* problematic military and rule of law approaches. CVE will only work if it actually stands to *change* the tactics used by military and criminal justice actors.”¹⁹ This would require the adoption of a comprehensive human security approach that goes beyond the rule of law, which can be less than inclusive, and integrating economic, environmental, food, health and other components of human security. In many cases, such as Syria or Iraq, the lack of human security allows an enabling environment for violent extremism as a tool to radicalize and recruit new extremists. This clearly shows the need for more inter-linkages between inclusive development efforts and the CVE efforts. Likewise, the impacts of the arms trade have to be considered, as the availability of arms contributes to the strengthening of violent extremists groups and undermines the capacity of State actors.

15 Aita (2017).

16 UN Women (2018).

17 Ibid.

18 See: http://europa.eu/rapid/press-release_IP-17-3225_en.htm.

19 Attree (2018).

3. Localize humanitarian support and implement development effectiveness principles

Once arms spending and militarized security are on the rise, conflicts and wars last longer, peacebuilding initiatives remain limited and in parallel, humanitarian assistance needs to remain constant. In 2016, around 164.2 million people in 47 countries were in need of international humanitarian assistance, affected from multiple crisis.²⁰ The Top Five countries receiving this assistance are from the Arab region: Syria is number one, followed by Yemen, Jordan, South Sudan and Iraq. Total humanitarian assistance (including from governments, EU institutions and private actors) increased between 2012 and 2016 from US\$ 16.1 billion to US\$ 27.3 billion.²¹

Despite increased assistance, the humanitarian needs will not be necessarily met unless the root causes of the conflicts have been addressed. However, humanitarian assistance can play a crucial role when it is effective and efficient: when it aims at empowering national institutions, regional and local authorities and actors, ensures localization and establishes direct linkages with long-term sustainable development needs. The increasing focus on putting resilience-building at the centre of humanitarian assistance risks shifting attention to short-term basic needs and support rather than addressing the root causes of the crisis.

In addition, complementary to humanitarian assistance is the provision of protection, particularly legal protection, for those people in need. In the Arab region this refers for instance to the huge number of Syrian refugees in neighbouring countries. Given the length of the crisis, long-term and sustainable protection measures should be designed for them; acknowledging the fact that stability and security and refugee protection are interlinked.²² Residency, mobility, employment and livelihood rights for these vulnerable groups must be addressed as priorities.

Important initiatives in this respect are the *Agenda for Humanity*, which includes five major action areas and 24 key transformations that are needed to address and reduce humanitarian need, risk and vulnerability,²³ and the *Grand Bargain*, an agreement between more than 30 of the biggest donors and aid providers to providing 25 percent of global humanitarian funding to local and national responders by 2020, along with more un-earmarked money, and increased multi-year funding to ensure greater predictability and continuity in humanitarian response, among other commitments.²⁴ These initiatives should be enhanced, implemented and monitored closely.

From responsibility to protect to responsibility to prevent?

The international community has long debated how to address serious human rights violations and worked within the international human rights law and humanitarian law framework to find answers. While it was agreed that the protection of human rights is the State's primary responsibility, it became clear that more was needed in the face of massive human rights violations, including those in which the State itself is the major perpetrator. As a result of the debate about State sovereignty and humanitarian interventions, the concept of the responsibility to protect (R2P) emerged in 2001. However, considering the R2P principle as an international security and human rights norm, has been highly problematic, due to double standards in its implementation and the immobility of the international community in the face of its unilateral application.²⁵ The Iraqi occupation became the first case study, which showed that the unilateral application of the R2P principle brought long-term and multi-level problems for the society. The inadequacy of the R2P principle was demonstrated again in the cases of Libya and Syria, where the international community is still unable to bring about peace.²⁶

20 Development Initiatives (2017).

21 Ibid.

22 Ghali (2017).

23 See: www.agendaforhumanity.org/.

24 See: www.agendaforhumanity.org/initiatives/3861.

25 Nuruzzaman (2013).

26 Pingeot/Obenland (2014).

Given the devastating impacts of the wars that extend across national and regional borders, the failures and limits of the normative framework should be addressed.

Indeed, accountability is a core component of sustaining peace. Its integration into the targets and indicator framework of SDG 16, on peaceful and inclusive societies and accountable and inclusive institutions, is another positive step, yet it is not enough. Moving from the R2P doctrine to the universal commitment to sustaining peace within the 2030 Agenda, there is a tremendous need for policies addressing the flaws in the global system for addressing peace and security, including the lack of democratic participation in decision-making mechanisms, in order to avoid bias and double standards. The ability to address the root causes of conflicts and wars and the move towards peacebuilding and the empowering of peaceful societies should be enhanced.

Conclusion

In conclusion, the quest for sustaining peace is highly challenged by diverse factors, as is the achievement of sustainable development. While SDG 16 should be transformative and an enabling goal for implementing the 2030 Agenda and all of its SDGs, the dynamics created by militarization, the rise in military expenditures and arms exports, the securitization of aid, based on national or international security imperatives, together with lack of commitment to development effectiveness and the urgent need for localization of humanitarian aid should be considered key issues to be addressed for its effective implementation. As the President of the General Assembly noted for the High-level Meeting on Peacebuilding and Sustaining Peace in April 2018:

The 2030 Agenda for Sustainable Development also acknowledges the interdependence between development and peace and security. It further recognizes that ‘there can be no sustainable development without peace and no peace without sustainable development’.... The 2030 Agenda is the paramount goal of the United Nations,

and it also happens to be the best defence against the risks of violent conflict.²⁷

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3

Spotlights on the SDGs

SDG 1

Mobilize the financial means for social protection systems for all

BY THE GLOBAL COALITION FOR SOCIAL PROTECTION FLOORS

The international commitment is explicit and ambitious: “Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable“ (SDG target 1.3). Social protection systems include contributory and non-contributory schemes for children, people in active age and older persons, as for example child grants, health insurance or pension programmes. Social protection floors provide at least a basic level of income security and access to health services for all residents in all main contingencies along the life cycle, as defined in the ILO Social Protection Floors Recommendation 2012 (no. 202).¹

There is no doubt that social protection is a key instrument to end poverty and to give people access to opportunities for a self-determined life in dignity. National social protection systems can also contribute to achieving other SDGs, including food security, good health, decent work, gender equality, reduced inequality and cohesive communities.

The social protection target is ambitious as there is an extremely wide gap between the commitment and the current situation. The ILO World Social Protection Report 2017-2019 shows that only

29 percent of the world’s population is covered by adequate social protection.² And yet many more countries than those who already have complete social protection systems could afford at least to complete their Social Protection Floors (SPFs). The forthcoming 2018 update³ of the SPF Index that the Global Coalition for Social Protection Floors has published in 2016, finds that

- 32 countries would require no more than 1 percent of Gross Domestic Product (GDP);
- 39 countries would require between 1 and 2 percent of GDP to complete their SPFs in the short run.⁴

In medium term, a number of countries should be able to close most of their social protection gaps, including:

- 45 countries with SPFs gaps of between 2 and 4 percent of GDP and
- 9 further countries with gaps of between 4 and 6 percent GDP.

In the longer term

- 12 further countries might be able to close most of

1 The objective of universal, human rights-based, social protection is embedded in numerous international laws and agreements, including the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights as well as the ILO Convention 102 on Social Security, and the ILO Social Protection Floors Recommendation No. 202.

2 ILO (2017).

3 Bierbaum et al. (2018).

4 These estimates assume that all transfers are perfectly targeted on the people living below the poverty line.

their gaps between 6 and 10 percent of GDP.

However, even for countries that have the political will to close the gap and the organizational capacity to implement the required policies, a major challenge is to mobilize and maintain the necessary resources to cover the cost in a sustainable way, year in and year out, through good times and bad. Social protection spending is not a short-term effort but needs to be planned and guaranteed for the indefinite future.

Large differences in the funding of social protection

The ILO found large regional differences in the funding of social protection, ranging from about 15 percent of GDP in Europe to 4.5 percent in Africa on average. That funding is almost exclusively mobilized through taxation, social security contributions and other public revenues. Very little official development assistance (ODA) is used to support social protection in developing countries. Total ODA for social protection disbursed in the years 2010-2015 varied between US\$ 1.9 billion and US\$ 2.6 billion or only about 2 percent of total ODA.⁵

In many countries, contributory pensions, employer paid insurance for workers injured on the job and other social insurance systems provide social protection to some of the population, albeit usually not for all people and in particular not for people living in poverty in the informal economy, who are generally not in a position to pay the mandatory contributions. It is thus necessary to allocate government expenditures to social protection systems to protect people from poverty, for which countries need to build strong and fair national tax systems, increase efficiency in tax collection and administration, and end tax evasion and fraud. In some cases, budget expenditures can be reallocated from less essential uses to social protection. In some countries it will be necessary to raise taxes or other fiscal revenues, which should be done in a progressive manner, for instance through taxing personal and corporate income, as well as property and wealth.

Financing mechanisms for social protection

The choice of financing mechanisms should take account the administrative demands of their implementation and their impact on investments and economic performance. But it is essential also to consider the net fiscal impact and incidence of the combination of financing choices and transfer payments on poverty and on inequality.⁶ A well-designed mix of financing mechanisms and social protection transfer programmes can reduce both poverty and inequality as decades of experience in Europe and other parts of the world show.

Striving for universal social protection, some countries have used and improved the fiscal resources earned from extractive industries. A case in point is Bolivia, where the sharing of revenues of gas exports changed from 18 percent to the government and 82 percent to the producers to a revenue 50-50 split, which led to the pledge of additional funds to core social services, including a universal old age pension, and a cash transfer for children in public primary schools to compensate for the cost of books, uniforms and transportation.⁷

Political will as well as long term fiscal planning is needed to maintain social protection expenditures in the face of economic volatility (and increase them as conditions warrant). For commodity-dependent developing countries, some governments build up a reserve fund during boom times to draw down during bad times. It requires government discipline during boom times when there may be strong political pressure to expand government expenditure in unsustainable ways and in which the government administration might assume that the next crisis will fall on a successor government. The success of such a strategy requires good fiscal monitoring, including by civil society organizations.

Even if at first sight social protection seems to be a purely domestic public task, there is without doubt also an international responsibility to support

5 UN (2017).

6 Inchauste/Lustig, ed. (2017).

7 Ortiz/Cummins/Karunanethy (2017), p. 13.

developing countries in this regard, as backed by the extraterritorial state obligations agreed upon in the International Covenant on Economic, Social and Cultural Rights (ICESCR, Art. 2.1). One element of this responsibility is to help individual countries to collect taxes owed that presently escape their fiscal systems. Internationally coordinated efforts are required to effectively reduce tax evasion. Technical assistance is also beneficial to help countries design systems that prevent opportunities for legal, but unethical, tax avoidance schemes, and so not offer competing tax incentives to foreign investors that erode the national tax base in other countries and constitute a fiscal ‘race to the bottom’.

There is a human rights obligation to protect ongoing social protection spending in times of economic distress. Austerity measures typically taken after crises occur must not cut into social protection spending that protects people from the most disastrous fall-out of these crises. The Committee on Economic, Social and Cultural Rights in General Comment 19 (2008) has noted that states have a minimum core obligation to provide some form of social protection, which is not subject to availability of resources. The positive economic effects of social protection as investments in social and economic development must also be recognized, for instance, in terms of supporting skill development and employability, as well as sustaining aggregate demand. During the international financial crisis of 2008, for instance, we observed the stabilizing effect of social protection in some countries, preventing worse impacts on people and economies and enabling faster recoveries.

One reason social protection is threatened in crisis periods is that priority is given to continuing to pay government creditors. It is high time to re-calibrate the risk-sharing between involved parties. The obligation to protect people from intolerable hardship should take precedence over the obligation to honour debt payments when government revenues contract. However, we do not need to wait for sovereign bankruptcy and measures of last resort to protect spending for basic social protection. Proposals to design loans and bonds that automatically postpone or cancel debt servicing during periods of economic stress, called “State-contingent debt”, have many

supporters but need to be put into practice. Moreover, the practice of lending conditionalities requiring States to scale back their social protection systems must be immediately reconsidered.

International ODA for social protection has to increase. Public funds will be usefully spent to contribute to national efforts to design, implement and finance systems of social protection. A reliable international funding mechanism for social protection could have added value, especially as a bridging mechanism for least developed low-income countries that might not yet have sufficient fiscal capacity. In this regards a Global Fund for Social Protection has been proposed that would aim at creating a solidarity-based financing mechanism for social protection floors.⁸ The Fund would be governed by a board consisting of representatives from different constituencies, including the UN, ILO, donor countries, recipient countries and civil society. ODA resources could be complemented by innovative sources of development finance, such as a financial transactions tax (FTT), carbon taxes, and/or a decision by the International Monetary Fund (IMF) to issue new Special Drawing Rights (SDRs) for unrestricted use.

Mobilizing adequate public resources to cover the cost of social protection floors and social protection in a wider sense is a challenging terrain on the international as well as the national level. And yet, the challenge can be met because the requisite techniques and mechanisms of public finance exist. They will have to be implemented to guarantee that nobody is left behind.

⁸ De Schutter/Sepúlveda (2012), Cichon (2015) and Global Coalition for Social Protection Floors (2015).

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The Global Coalition for Social Protection Floors is a network of around 100 NGOs promoting the right of all people residing in a country to social security, regardless of documentation. It promotes social protection floors as key instruments to achieve the overarching social goal of the global development agenda (www.socialprotectionfloorscoalition.org).

SDG 2

Approaching SDG 2 through the Right to Food and Nutrition

BY EMILY MATTHEISEN, FIAN INTERNATIONAL

Rather than reaching the goal of ending hunger that is called for in SDG 2, the world is on track to increased and more exacerbated food insecurity. Since the adoption of the SDGs in 2015, global rates of food insecurity have increased - with some 815 million people facing hunger and malnourishment,¹ and it is estimated that this number will continue to increase. The present understanding of the root causes of hunger and malnutrition and of the policy solutions that can support long-term, structural change, is not sufficiently up to speed with the kind of shifts that need to take place.

A radical shift is needed

Eradicating hunger requires a radical shift from dominant food system models and development paradigms, towards addressing the food system as a whole, and creating enabling public policies that address key issues affecting food insecurity and malnutrition. Mainstream monitoring of food security and nutrition fails to address the critical questions around the social control of the food system, and in particular natural resources, and proposes solutions based on the current industrial model of production that feeds a global, and inherently unequal economy.

Protecting the human right to food and nutrition (RtFN) means supporting small-scale food producers in realizing their livelihoods and accessing natural resources, supporting women's rights, and creating the conditions in which communities and groups

most impacted by food insecurity are at the centre of decision-making. Agroecology is also fundamental to real change in the food system, not just as a method to produce food, but a systemic vision, which generates local knowledge, promotes social justice, nurtures identity and culture, and strengthens the economic viability of rural areas.² The substance of the Right to Food is put forward in General Comment No. 12 of the UN Committee on Economic, Social and Cultural Rights;³ however, related interventions that support participation, accountability, non-discrimination, transparency, empowerment and respect for the rule of law are, unfortunately, far and few between, as many policy-makers fail to understand how to translate RtFN into policy.

Human rights instruments to hold governments accountable

The human rights framework provides a set of tools for social movements and communities to hold governments and international organizations accountable to human rights obligations, and the support to translate these commitments into a coherent set of public policies and programmes, with the full and meaningful participation of a vibrant and diverse civil society. SDG 2 should support this vision, but recognize that it must be rooted in broader struc-

1 FAO/IFAD/UNICEF/WFP/WHO (2017).

2 See: www.foodsovereignty.org/forum-agroecology-nyeleni-2015-2/.

3 "The right to adequate food is realized when every man, woman and child, alone or in community with others, have physical and economic access at all times to adequate food or means for its procurement." See: www.refworld.org/pdfid/4538838c11.pdf.

tures of accountability and technical guidance. The adoption of the *Voluntary Guidelines on the Right to Adequate Food in the Context of National Food Security* (VGRtAF)⁴ was a huge step forward, as it is the first intergovernmental agreement on how to implement RtFN at national level, and has served as the basis of several national legal frameworks globally; it is also the instrument from which many other policy outcomes have emerged. This instrument clearly articulates the RtFN obligations of States, the roles rights-holders have to play, and the need for a holistic approach to food systems, based on the indivisibility of human rights and calling for a multi-sectoral, holistic public policy approach.⁵

Small-scale food producers rely on access to and control over natural resources for the realization of RtFN, their survival and livelihoods. In many countries, land and resource grabbing, and the privatization of natural resources result in forced evictions, mass displacement, food insecurity and human rights abuses and violations. In this context, the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests* (Tenure Guidelines)⁶ represent an unprecedented international agreement; they provide practical guidance to improve the governance of tenure of land, fisheries and forests based on human rights, with an emphasis on vulnerable and marginalized people (see Spotlight on SDG 14 in this report). Since their unanimous approval by member states of the Committee on World Food Security (CFS) in 2012, various actors have engaged in a broad range of activities around the world in order to promote and ensure their implementation, which has resulted in notable policy shifts at national level.⁷

Need for a critical re-examination on how food enters and exits the market

Reforming the food system requires a critical re-examination on how food enters and exits the market, and the true cost of food production. The discussions around the economy of the food system have historically marginalized social movements and small-scale food producers. Policies that limit market access, create unfair pricing, and impose inappropriate regulations prevent small-scale production to thrive, as well as limit the possibility to create sustainable, short food chains. As the bulk of food is channeled through markets linked to local, national and regional food systems ('territorial markets'), there is a need for greater public policy support of these markets, both by strengthening them where they already exist and by opening up new spaces for them to thrive.⁸ In 2016, the adoption of the policy recommendations *Connecting Smallholders to Markets*⁹ further advanced the discussion around the needed reforms in the food system to better support small-scale producers, the connection between producers and consumers, and the structures of local and territorial governance. The process also required collective discussion on issues that are not universally understood, including the definition of a market, of geographical space vis-a-vis a market, the typology of markets that exist and how they are used by food producers, and most importantly, the kind of needed investment and public policies needed.

The world is at a moment where hunger and malnutrition, and even famine, have been exacerbated by conflict and long-term crisis, and the recurrence of chronic food insecurity. There is a need to question 'classical' methodologies of food aid and humanitarian assistance. In order to create real resilience in impacted communities, there is a need for an approach that formally operationalizes and harmonizes humanitarian, development and human rights principles, tackling prevention rather than just reaction to crisis. The *Framework for Action for Food Insecurity in Protracted Crises* (FFA) represents an

4 See: FAO (2014) and Global Network for the Right to Food and Nutrition (2014).

5 See: www.righttofoodandnutrition.org/peoples-monitoring-right-food-and-nutrition for more information on ongoing processes and dynamics for the RtFN at national level.

6 See: Committee on World Food Security (2016b).

7 See: www.csm4cfs.org/wp-content/uploads/2016/09/CSM-Monitoring-Report-VGGT-final1_EN-1.pdf.

8 Civil Society Mechanism (CSM) (2016).

9 Committee on World Food Security (2016a).

important instrument that can address the RtFN of some of the most marginalized persons and communities, departing from a holistic and comprehensive understating of the root causes of hunger and malnutrition, and offering concrete policy guidance.

Arena for global monitoring of hunger and malnutrition

Designing public policies and interventions that can meet the targets of SDG 2 require clear normative standards and technical guidance to address the complex nature of food insecurity, as well as the violations of RtFN. Food security and the realization of the RtFN are key pillars of the vision set forward in the SDGs, but in order to shift the upward trend of increasing food insecurity globally, the assessment and monitoring of how these challenges are not being met must be done in the Committee on World Food Security. The space for policy responses to support RtFN and SDG 2 do not lie in the High Level Political Forum (HLPF) alone. The space given to ‘monitoring’ within the HLPF is a talk shop of ideas and sharing of vague, overarching experiences, rather than a process which facilitates monitoring and accountability, as well as one that lacks the necessary technical specifications for corrective measures and guidance for national-level policies.

The CFS is the space in which the global monitoring of hunger and malnutrition should take place. However, the narrative of the SDGs and the energy put into their implementation put the CFS, and its critical role in policy-making for RtFN, somewhat at risk. Through its Civil Society Mechanism (CSM) civil society organizations, including people most affected by food insecurity and malnutrition have been able to speak with one voice at the CFS.¹⁰ With the development of the CFS monitoring mechanism, major policy instruments will be reviewed at the CFS on a biennial basis, taking into account national and

regional participatory monitoring events,¹¹ as well as individual input from all CFS actors, including those most affected by hunger and malnutrition.

Ending all forms of hunger and malnutrition by 2030 will require not only ‘technical expertise’ and tracking of data, but the solutions and alternatives from the lived experiences of those most impacted by food insecurity. RtFN is not in and of itself a solution to global hunger, it requires political will and accountability in order to fulfill State obligations and utilize an approach that ensures that the 815 million people worldwide suffering from hunger will not remain silent in policy-making.

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- ¹⁰ All participating organizations in the CSM belong to one of the following 11 constituencies: smallholder farmers, pastoralists, fisherfolks, indigenous peoples, agricultural and food workers, landless, women, youth, consumers, urban food insecure and NGOs. For more information on the CSM, see: www.csm4cfs.org.
- ¹¹ The agreed terms of reference for monitoring events at national and regional levels can be found at: www.fao.org/3//a-mr182e.pdf.

SDG 3

The need to strengthen public funding for the WHO

BY K M GOPAKUMAR, THIRD WORLD NETWORK (TWN)

A strong and dynamic World Health Organisation (WHO) is critical for the achievement of the SDGs, especially SDG 3 on health and well-being. The WHO constitution mandates the organization “to act as the directing and co-ordinating authority on international health work”.¹ However, its ability to fulfil this mandate is circumscribed by the nature of its financial resources. WHO’s biennial budget for 2018-2019 is US\$ 4.42 billion,² just over a quarter of the total sales of the top-selling medicine Humira (Adalimumab) in 2016 (US\$ 16.08 billion).³

In part this is because many of the organization’s donors share the view that WHO may not need a huge budget to carry out its constitutional mandate, which mainly consists of setting norms and standards in the area of public health. However, a large part of the organization’s spending in 2016-2017 went to activities related to service delivery rather than to norms and standard setting. For example, US\$ 1.16 billion (25.67%) was spent on its polio eradication programme.⁴

Nature of the WHO financing

WHO’s budget comprises two categories of funds, namely, flexible funds and specified voluntary con-

tributions. Flexible funds are unspecified resources, which can be allocated according to budget priorities. These funds fall into three categories: assessed contributions, core voluntary contributions and programme support costs. The specified voluntary contributions can be used only for the specific purposes agreed by the donor and the WHO Secretariat.

Over the years specified voluntary contributions have constituted the major portion of the WHO budget. During 1998-1999 the breakdown of assessed and voluntary contributions was 49 percent and 51 percent. During 2016-2017 the share of assessed contributions has fallen to 18.45 percent, while that of core voluntary contributions and programme support costs was 3.37 percent and 6.75 percent, respectively.⁵ The major portion of assessed contributions is allocated to salaries – 78 percent during 2010-2011, while only 26 percent of voluntary contributions went to pay salaries,⁶ the rest going to programme activities.

The progressive reduction of the share of assessed contributions in the WHO budget has resulted in donor-driven programme implementation, which has often neglected public health needs. The freeze on UN assessed contributions in 1985, initiated by the USA, greatly contributed to this shift.⁷ There were attempts on several occasions to increase assessed contributions, but these largely failed. Major donor countries

1 Constitution of the WHO, Chapter II, Article 2 (a).

2 WHO (2017a).

3 <https://news.abbvie.com/news/abbvie-reports-full-year-and-fourth-quarter-2016-financial-results.htm>

4 Financial flow information is available at the WHO Budget Portal for 2016-17 <http://open.who.int/2016-17/budget-and-financing>.

5 Ibid

6 WHO (2011a).

7 See for instance Taylor (1991); Adams (2017).

often use voluntary contributions and secondments to influence WHO programmes. Even though there is a stipulation that voluntary contributions can be accepted only for those activities that fall within the WHO General Programme of Work (GPW), this still allows donors to pick and choose programmes within the GPW.

For instance, major donors showed little interest in funding the implementation of activities within the WHO Global Strategy and Plan of Action on Public Health, Innovation and Intellectual Property (GSPOA), which is designed to make use of trade related intellectual property rights (TRIPS) provisions on public health to ensure access to patent-protected medicines and vaccines, included as target 3.b under SDG 3.

In addition, donors have been able to influence WHO programmes through staff secondments that join the WHO Secretariat. For instance, a former Swiss intellectual property negotiator was seconded to WHO as part of the team to implement GSPOA. Considering the active engagement of the Swiss government in negotiating intellectual property rights this raised an obvious conflict of interest. Similarly, the leader of the Swiss delegation to WHO was seconded to lead the work on WHO's Framework of Engagement with non-State Actors (FENSA).⁸ The same person as leader of the Swiss delegation stated at the WHO Executive Board in 2012:

Increased stakeholder engagement was also welcome, but given the specific characteristics, roles and interests of nongovernmental, private-sector and other organizations, WHO should avoid differentiating between categories of stakeholders.⁹

These secondments clearly raise concerns with regard to conflicts of interest, making it important to increase transparency regarding secondments from the Member States and others to the WHO.

Even though secondments from the private sector to the WHO Secretariat are prohibited there is no such restriction on other non-state actors (NSA), such as the Bill & Melinda Gates Foundation.¹⁰

Contributions from non-State actors

In terms of non-State contributions, in 2016-2017 the breakdown of voluntary contributions from non-State actors was as follows: Philanthropic foundations 13.1 percent, non-governmental organizations 5.8 percent, private sector 0.99 percent, academic institutions 0.17 percent.¹¹

The low share of contributions from the private sector is not proportionate to the level of influence they exercise on WHO decision-making, including standards and norm setting. Transnational corporations in particular have helped to shape these. For instance, WHO's Regulatory System Strengthening (RSS) team, which is part of the Essential Medicines and Health Products Department, has engaged organizations linked to the pharmaceutical industry to draft and consult on a guideline on Good Regulatory Practice (GRP) for national medical products regulatory authorities.¹²

In an effort to avoid undue influence of the private sector on norm and standard setting, the Framework for Engagement with non-State Actors (FENSA)¹³ prohibits financial and in-kind resources from the private sector for normative work. Another important condition is that "if a contribution is used for activities other than normative work in which the private sector entity could have a commercial interest, the public health benefit of the engagement needs clearly to outweigh its potential risks."¹⁴

However, this prohibition on receiving financial resources from the private sector does not completely

8 www.ip-watch.org/2012/08/30/silberschmidt-joins-who-as-senior-adviser-to-director-general

9 WHO (2012), p. 90.

10 WHO (2017b), p. 2.

11 <http://open.who.int/2016-17/budget-and-financing>

12 Gopakumar (2016).

13 WHO (2016a).

14 http://apps.who.int/gb/ebwha/pdf_files/WHA69/A69_ACONF11-en.pdf, p. 26

insulate the WHO from the private sector influence because there is no similar prohibition on financial resources from private foundations, such as the Bill & Melinda Gates Foundation. Between 2014 and 2017, the Gates Foundation has granted more than US\$ 1 billion to the WHO,¹⁵ making it the second largest funder of the WHO, behind the USA.¹⁶

At the same time, the Gates Foundation has investments in many pharmaceutical and food and beverage companies, such as Pfizer and Novartis as well as Coca-Cola. The 2015 tax returns of the Bill and Melinda Gates Foundation Trust¹⁷ show it holds shares and corporate bonds in pharmaceutical companies Pfizer (US\$ 719,462 base market value), Novartis AG REG (US\$ 6,920,761), Gilead Sciences (US\$ 2,920,011 base market value), Glaxo Smith-Kline (US\$ 1,589,576 base market value), BASF (US\$ 4,909,767), Abott Laboratories (US\$ 507,483), Roche (US\$ 7,760,738), Novo Norisdick A/S B (US\$ 6,208,992), and Merck (US\$ 782,994).¹⁸ These holdings have not prevented WHO from collaborating with the Gates Foundation to develop, for instance, the Global Vaccine Action Plan, adopted by the World Health Assembly in 2012, despite the fact that many of these firms benefit from this Action Plan.

WHO reform and financing

After kick-starting the WHO reform process in 2011, there was no focused discussion on the effective ways of increasing the flexibility of resources such as increasing the share and volume of assessed contributions. The flexibility of finance was addressed as part of managerial reform in 2011, which set as an aim to increase the percentage of the WHO's budget that is predictable to at least 70 percent after completion of the reform process.¹⁹ However, the 2011

outcome document on the future of financing for WHO emphasized enlarging the donor base instead of an increase in assessed contributions. It stated:

Many of WHO's traditional donors face their own budgetary pressures. WHO will therefore seek to attract new donors and explore new sources of funding. In exploring new sources of funding, the aim will be to widen WHO's resource base, for example, by drawing on the Member States with emerging economies, foundations and the private and commercial sector, without compromising independence or adding to organizational fragmentation.²⁰

The Executive Board decided to explore the possibility of a collective financing approach designed to secure a shared commitment by the Member States through "an inclusive, proactive, systematic, coordinated and transparent process to ensure predictable financing through finance dialogue".²¹

However, the inability to respond adequately to emergencies like the Ebola outbreak in 2014-2016 forced the Director-General to propose an increase in assessed contributions for the 2016-2017 budget. After several attempts to increase the assessed contributions by 10 percent, including in 2013 and 2015, Member States did agree to increase the assessed contributions by 3 percent for the 2018-2019 budget. While this can be seen as a recognition of the funding crisis, it is totally inadequate in terms of addressing it.

The new General Programme of Work endorsed by the 71st World Health Assembly in 2018 also does not include any specific proposals to enhance flexibility but states only that "demonstrating impact will strengthen the case for investing resources over and above the assessed contributions". Acknowledging that greater flexibility is critical to achieving the General Programme of Work it states that "WHO will seek good-quality, multi-year funding with greater flexibility" and adds: "The Director-General has asked Member States to un-earmark their contribu-

15 WHO (2016b). For more on the role of the Gates Foundation in shaping WHO priorities, see Adams (2017).

16 See: <http://extranet.who.int/programmebudget/Biennium2016/Contributor>

17 See www.gatesfoundation.org/~media/GFO/Who-We-Are/Financials/B200_BMGFT_FED_Form-990PF-Public-Disclosure_2015.pdf?la=en.

18 TWN (2017).

19 WHO (2011c), p. 26.6.

20 WHO (2011b), p. 13.

21 WHO (2011c).

tions. This is a sign of trust and enables management to deliver. Increasing assessed contributions would also give WHO greater independence.”²²

Conclusion

Even though a substantial share of WHO funding comes from Member States there is no sustainability and flexibility of funding because a substantial percentage of this funding comes as specified voluntary contributions. This problem is exacerbated by contributions from non-State actors that are overwhelmingly specified, such as the contributions from the Gates Foundation as well as from pharmaceutical companies like GlaxoSmithKline, Novartis and Sanofi Pasteur, all of which are among the top 20 voluntary contributors.

Therefore, there is still an urgent need to ensure sustainable and flexible financing of the WHO. In this regard the following three points should be essential elements of any WHO financing campaign:

- First, the assessed contributions by Member States should be increased every year.
- Second, a certain specified percent of the contributions from philanthropic foundations, NGOs and academic institutions should be accepted only in the form of core voluntary contributions.
- Third, contributions from the private sector should be accepted only as core voluntary contributions.

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²² WHO (2018), p. 9.

SDG 4

The quest for public funding for education and SDG 4

BY ANTONIA WULFF, EDUCATION INTERNATIONAL

For about 12 hours there was a target on education financing in what was about to become the 2030 Agenda. It was proposed in the very last round of negotiations of the Open Working Group on Sustainable Development Goals and it did not take long before it was shot down; Member States said it was not feasible to prescribe percentages of public spending to the different goals, and that it would place the goals in competition with each other. Subsequent Financing for Development negotiations saw Member States reject the proposed commitment to “setting nationally appropriate spending targets on essential services, including education...”, shocking the Norwegian co-facilitator, who said he thought education financing was uncontroversial.

On the surface, education is an indisputable development priority and an obvious item on any government budget. Yet, at the end of the MDG era, it was clear that the lack of financing was one of the main reasons behind lagging progress in achieving universal primary education. Aid to education has dropped many years in a row, amounting to 6.9 percent in 2015, and only 2.7 percent of humanitarian aid is directed to education.¹

This is despite the commitment made in the year 2000 that no country with a credible national education plan would be held back due to a lack of financing, the basis for what today is the Global Partnership for Education (GPE). At its replenishment in February 2018, the GPE failed to meet its target of

US\$ 3.1 billion for the coming years. This, despite the pleas of both Rihanna and Emmanuel Macron.

In the past two years, two high-profile initiatives were expected to propose solutions to the financing conundrum: the so-called International Commission on Financing Global Education Opportunity, and the *World Bank’s World Development Report 2018*. Bizarrely, both said more about why education should be financed rather than how.

The situation is sobering. And it leaves education advocates in a frustrating position of having to choose between carrying on with the same advocacy messages as 25 years ago, talking to the same deaf ears, while reporting ever-more worrying trends and statistics, or – and this may be even more worrying – allowing ourselves to be charmed by the different efforts to give the emperor some new clothes.

Many civil society actors have bought into the idea that the current financing challenge is too big for any State to handle, too big for the public sector to sort out on its own, effectively reinforcing the idea that the involvement of the private sector is necessary. These ideas have taken hold to the extent that the discussion is no longer about *whether* the private sector should contribute to education, but rather about how to maximize its participation and identify related best practices.

Radical notions of rethinking public revenue, spending and redistribution have been replaced by a pragmatic spiel about increased domestic resource mobilization, contributing to a convenient shift in

¹ UNESCO (2017).

the attribution of responsibilities, whereby (poor) countries are now responsible for their own progress. Moreover, while public goods should of course be financed from domestic resources, this discourse conveniently neglects the systemic nature which makes it an impossible solution for many countries; for instance, the effectiveness of tax policy depends in part on the extent to which a State is able to control its capital flows.

While the financing gap persists, the lay of the land has changed considerably in recent years: put simply, capital is the new State, and data is the new capital. Long before SDG 4 on education entered the global arena, data started to be framed as the tool for figuring out how to allocate money, where to save money and which measures yield the best results. The SDG 4 architecture builds on this discourse and, importantly, on its implicit assumptions of education currently being inefficient, and of it being possible for all processes of teaching and learning being standardized, measured and turn into data – data through which one can measure the efforts of students, teachers and systems as a whole.

There are two problems here: first, the costs of the data required to monitor the implementation of SDG 4 are estimated to be US\$ 1.35 million per country and per year, or US\$ 280 million globally per year.² This effectively means that there is a trade-off between implementing the goal and collecting the data. Second, financing, thus far, has been disproportionately allocated to one specific part of the goal, namely, the measurement of learning outcomes and the development of global learning metrics.

Again, this is no coincidence; across the globe we see an increase in large-scale standardized assessments, as for example, the OECD's Programme for International Student Assessment (PISA). Such "test-based accountability schemes", as some would call them, are costly to participate in but produce convenient rankings. However, there is no conclusive evidence on the de facto use of such assessments for improving policy or strengthening education systems.

This focus on standardized assessment data means that no money is left for the indicators with truly transformative potential, such as the thematic indicator on household spending on education, an area where data is urgently missing. Evidence suggests that household expenditure often is the main source of education financing in poorer countries, where households cover school fees, books and uniforms, among other things. Household expenditure may even amount to about half of public expenditure on education.³ With direct and indirect costs of education being the primary reason for parts of populations being excluded from education, data on household spending on education could help show the direct links between public financing and equitable access.

No quick wins

Among the proposed new ideas are various 'innovative' measures: the most grotesque I have come across so far perhaps being one to earmark the income from the VAT on tampons for girls' education, that is, a regressive cash transfer where girls themselves pay through necessities that should be exempt from VAT in the first place. A great example of how desperate efforts to raise revenue may backfire and increase inequality.

A proposal that is enjoying stronger backing is an International Financing Facility for Education, designed to unlock supposed new sources of financing through the World Bank and regional development banks.⁴ It focuses on leveraging additional concessional financing for lower-middle income countries, which generally struggle to access loans. While there is a lot of buzz around this, there is no clarity on governance, strategies for debt sustainability or the de facto appetite from regional banks to step up their education financing.

For decades the education community has called for 6 percent of GDP and 20 percent of the national budget, respectively, to be allocated to education;

2 UNESCO/UNESCO Institute for Statistics (2018), p. 3.

3 Foko/Tiyab/Husson (2012).

4 International Commission on Financing Education Opportunity (2016).

the adoption of SDG 4 makes the demand for sufficient, predictable as well as publicly funded and regulated education ever-more pertinent, as also reflected in the Education 2030 Framework for Action.⁵ But the quest for sufficient public financing should not distract us from also engaging in a more sophisticated and sorely needed analysis of how money is raised and spent, and what current practices mean for the equity and inclusion of education systems. Without such an analysis we cannot deliver on SDG 4. And what is clearer than ever before is that education financing cannot be separated from the broader discussion about the financing of public goods and services, the regulation of private sector engagement, tax justice nationally and internationally, and debt sustainability.

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5 UNESCO (2015).

SDG 5

Women, macroeconomic policies and the SDGs

BY CRYSTAL SIMEONI, FEMNET AND STEPHANIE MUCHAI, HIVOS

“We know now that without gender equality and a full role for women in society, in the economy, in governance, we will not be able to achieve the world we hoped for.”

Phumzile Mlambo-Ngcuka, Executive Director, UN Women

Why inclusive macroeconomic policies are important for the SDGs

Issues of economic growth and rising inequality are slowly taking centre stage in the realm of development, together with an increased focus on the need for economic policies centred around human rights. African economies have grown progressively over the last decades and now rank among the fastest growing economies of the world.¹ However, not all segments of the African population have benefitted. Africa’s economic growth has been accompanied by a rise in both gender inequality and income inequality. Worldwide, there are more and more questions around ensuring equal access to resources, opportunities, dignity and voice. It is crucial that these conversations be inclusive and just for both women and men.

The UN 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), particularly SDG 5 (“Achieve gender equality and empower all women and girls”) is an ambitious attempt at setting a global policy framework that, if fully implemented, looks towards achieving gender equality in a transformative manner. However,

despite some progress, there is still a long way to go in areas such as improving access to health care, education, sanitation and women’s overall quality of life.

Moreover, there has been a trend to relegate the issue of women’s economic empowerment to micro level analysis and intervention. To achieve the vision of the 2030 Agenda, women’s economic empowerment must be understood as far more than a woman’s ability to compete equally in existing markets, or as the beneficial outputs of her contribution to growth. It must include women’s access to and control over economic resources, including land; access to decent work, small medium and large markets and entire value chains; control over their time; and meaningful participation in economic decision-making at all levels from the household to international institutions and policy spaces. Often, particularly with respect to women in rural areas, interventions do not approach the issue from this perspective, but instead adopt patronizing policies that do not recognize women as equal and view them as less than full agents of development.

Current approaches to mainstream economics remain excessively narrow and continue to reinforce gender inequality. Examples include definitions of ‘production’ and economic analyses that do not include women’s labour in care work, instead systematically undervaluing – often erasing – it as a contributing component to GDP growth. This is especially true for women in rural areas who are full time care-givers for children, the sick, disabled and elderly, who are also responsible for building and repairing homes and sourcing and gathering water.

¹ UNECA (2017).

The exclusion of these activities from remuneration and economic contribution effectively systemizes wide-scale discrimination in a field of workers dominated by women. The International Labour Organization (ILO) which “sets labour standards, develops policies and devise programmes promoting decent work for all women and men” has established regulation of domestic work, which includes the tasks enumerated above, in its Domestic Workers Convention 189. This existing regulation signals crucial acknowledgment that domestic work is a both a social and economic contributor. However, the reality for many women is a continued, entrenched notion that unpaid care work has little or no value to economies.

What needs to happen

To address these challenges, there is a need to invest in building women’s capacities to actively participate in the formulation and implementation of inclusive economic and development policies, to enable them to secure meaningful participation and benefits. In particular, women must be able to effectively engage with and influence macroeconomic policies. Macroeconomic policies shape and inform priorities in key social and economic sectors such as agriculture and natural resource extraction, health, and education – sectors which can disproportionately impact women and girls. Macroeconomic policies should include specific considerations on making meaningful investments in rural women beyond tokenism and extractive investments by large corporations, which is characteristic of the current trends.

Two key opportunities to impact women through macroeconomic initiatives are tax justice and open contracting. Taxation is universally agreed to be one of the most sustainable and predictable sources of financing for the provision of public goods and services as well as being a vital mechanism for addressing inequality, including gender inequality. Linked to this is the use of taxes for public procurement, which presents a complementary and critical link for affirmative action macroeconomic policies that embrace transparency, participation and inclusion. Public procurement presents a sizeable market for robust and entrepreneurial activity by women-owned and women-led businesses. Globally,

public procurement accounts for over 30 percent of the GDP in developing countries and up to 15 percent in developed countries. In spending terms, this amounts to trillions of dollars.² Open contracting is an approach to improving the efficiency of public spending while creating a more equitable and favourable business environment. This approach recognizes that how governments generate and spend public monies has direct impacts on people’s lives.

Tax justice

As Africa continues to look at sustainable and stable sources of revenue to fund development, illicit financial flows (IFFs) are increasingly recognized for their role in undermining efforts to close financing gaps, specifically in relation to financing the SDGs, many of which are vitally necessary to achieving gender equality. IFFs also have a negative impact on vertical equity and the progressiveness of tax systems that disproportionately affect women.³ When IFFs are rampant in a country, they contribute to preventing governments from fulfilling their human rights obligation, including to women and girls, by limiting their resource base. Some have argued, correctly, that curbing these illicit financial flows won’t necessarily lead to an automatic investment in the lives of women and girls. However, reducing IFFs does increase the opportunities for access to and equitable distribution of financing that includes women and girls. It increases the likelihood of unlocking finances that provide a myriad of services specific to the priorities of women and girls, including improved access to health care and social services. For Africa especially, it is imperative to implement the recommendations of the report of the High Level Panel on Illicit Financial Flows from Africa.⁴ At a global level, it is important to continue to push for the creation of an intergovernmental global tax body that would ensure that all countries have a say in the regulations and frameworks governing taxation. Currently, the OECD designs standards and models to be implemented

² International Trade Centre (2014).

³ See the Spotlights on SDG 16 and 17 in this report and Grondona/Bidegain Ponte/Rodríguez Enriquez (2016).

⁴ High Level Panel on Illicit Financial Flows from Africa (2015).

globally, however developing countries have no representation in these standard-setting processes. An intergovernmental tax body would ensure a negotiated, globally agreed system would be less complex and more transparent and fair for all.

Open contracting and disclosure of beneficial ownership

Open contracting is an approach to improving public procurement and public contracting through three key elements:

1. **public disclosure** of open data and information about the planning, procurement, awards and management of public contracts;
2. **participation** and use of contracting data by non-state actors – including the private sector – in the planning, awarding, and monitoring of contracts; and
3. **accountability and redress** by government agencies or contractors acting on feedback from the public, companies and civil society. Given the scope of the monies involved, even small reductions in corruption, mismanagement and opaque procurement will yield significant returns for taxpayers.

Beneficial ownership is concerned with the persons who ultimately own, control or benefit from a transaction, property or equity. Determining beneficial ownership is important in the context of open contracting to prevent abuse and allocate rightful benefits and opportunities.

Affirmative action or preferential procurement initiatives as a fiscal route towards empowering women is a global discourse taking root in various state and civil society forums and agencies. Such initiatives have been reported to be inhibited or unsuccessful due in part to lack of access to information on bids and procurement procedures, ability to meet requirements and lack of understanding on procedures.⁵

Open contracting is said to contribute to a more equitable and favourable business environment through fairer allocation processes, lower barriers to entry – especially for small and medium business enterprises (SMEs) – and more competitive intelligence about new opportunities.

How then can open contracting and beneficial ownership support equal rights to economic resources for women under SDG 5?

One way is through identification and support for women-owned and women-led businesses. Research on Kenya's experience has shown that the authenticity of businesses owned by disadvantaged and vulnerable groups is under threat.⁶ In order to take advantage of affirmative action procurement opportunities, unscrupulous persons, including public officials, have registered businesses within the initiative as 'fronting owners' but with true beneficial owners not falling into the targeted disadvantaged groups, which includes women.

Public disclosure of contract awards and beneficial ownership would allow for identification of fraudulent applicants and 'fronting' by non-eligible parties. It would ensure that procurement opportunities were awarded to legitimate women-owned and led businesses. Further, an understanding of the market demographics, organizational capacity of women-owned businesses and ability to bid for various levels of tenders is critical for success. Public disclosure of contracting information on the types of bids applied for by women-owned businesses, the sizes of the businesses and the types of tenders (scope and size of tender as well as goods or services) would facilitate a more accurate baseline as well as progressive analyses of the applicability of the initiative versus the realities on the ground.

Open contracting data and information supports the identification and treatment of issues affecting access and participation in public procurement initiatives set aside for women. The open contracting approach calls for accountability and redress by government

⁵ Hivos (2017) and International Trade Centre (2014).

⁶ Ibid.

agencies or contractors based on provided feedback, to ensure relevant, timely and real fixes resulting in better goods, services, more efficient public spending and inclusive enabling policies. Additionally, it calls for women's participation via communication, consultation, input and collaboration following a set of clear, widely understood rules in empowering macroeconomic policies focused on the public procurement market.

States should promote tax justice and affirmative action public procurement policies to support an enabling environment for women to fully and meaningfully participate in the economy, and remove social, cultural and economic barriers to their participation and empowerment.

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SDG 6

(Re)municipalization of water – the right way towards achieving SDG 6

BY MEERA KARUNANATHAN, BLUE PLANET PROJECT, AND SATOKO KISHIMOTO, TRANSNATIONAL INSTITUTE

The push for greater private sector involvement in the implementation of SDG 6, the Sustainable Development Goal on water, flies in the face of growing evidence that the privatization of water and sanitation has been detrimental, especially to the most marginalized and vulnerable communities in the world.

Evidence shows that private investors have largely ignored the most underserved regions of the world while favouring more lucrative markets requiring less capital and promising greater returns.¹ For instance, in Chile, where 95 percent of the water and sanitation services are in private hands, the State invested significant public funds in order to achieve extensive coverage before it was sold to private investors with the promise of a 7 percent return.² Corporate utilities operating in Chile have not expanded networks outside profitable urban centres.

In Jakarta, private companies took over water and sanitation systems with the promise of expanding the networks in exchange for water charges that would guarantee a 22 percent return on investment.³ Two decades later, those promises remain unfulfilled. Vast segments of the population do not have adequate access to safe, affordable drinking water in sufficient supplies.

As a result, in 2018 the Supreme Court of Indonesia annulled the contracts with private companies operating in the city.⁴

While developing solutions for the financing and implementation of SDG 6, decision-makers must therefore acknowledge the sweeping trend of local governments taking water and sanitation back into public hands. Despite a concerted effort by International Financial Institutions to push private sector participation in water and sanitation services since the 1990s, more than 90 percent of water and sanitation systems around the world are publicly owned and operated. This is due in large part to strong public resistance to private control of local water and sanitation systems.

Remunicipalization: an undeniable trend

Where water and sanitation have been privatized, remunicipalization, or the return of a privatized system into public hands, has become an undeniable trend.

Remunicipalization refers to the return of privatized water supply and sanitation services to public service delivery. More precisely, remunicipalization is the passage of water services from privatization in any of its various forms – including private ownership of assets, outsourcing of services,

1 Hall/Lobina (2012).

2 Larrain (2012).

3 Wu/Ching (2013).

4 See: www.tni.org/en/article/indonesian-supreme-court-terminates-water-privatization.

and public-private partnerships (PPPs) to full public ownership, management and democratic control.

Many cities, regions and countries have chosen to close the book on private water and to bring services back into public control.

Research coordinated by the Transnational Institute (TNI) shows that there have been at least 835 examples of (re)municipalization of public services worldwide since 2000, involving more than 1,600 municipalities in 45 countries. More than 235 cities from 37 countries have remunicipalized water services in this period, affecting more than 100 million people.⁵

Remunicipalization is generally a collective reaction by local authorities and citizens to the economic and social unsustainability of water privatization and PPPs. The pace of this trend has accelerated dramatically. The wave of remunicipalization across France is very significant symbolically. It is the country with the longest history of water privatization and is home to the leading water multinationals. The experiences in other countries such as Spain, the USA and Germany, and major cities including Paris and Jakarta, provide clear evidence that privatization and PPPs fail to deliver on the promised benefits to local governments and citizens and that public management is better suited to meet the long-term needs of end-users, local authorities and society at large – including the need to protect our local and global environment.

Remunicipalization is rarely just about the change of ownership structure from private to public. It is fundamentally about (re)creating better public water services that work for all. This includes restoring a public ethos, universal access, affordability and ensuring transparency and accountability towards elected officials and citizens as opposed to focusing only on the most lucrative parts of the service. Remunicipalized public services often involve new forms of participation for workers and citizens. For

example, the new water operators in Paris, Grenoble and Montpellier are making decisions together with citizens about the reform and operation of water services. The democratization of water services is also at the centre of the remunicipalization movement in Spain, which was born in the aftermath of the global financial crisis from the resistance against evictions and water and electricity cuts.

Public-sector solutions

Given the repeated references to ‘evidence-based’ policy throughout the SDG process, decision-makers pondering the most effective and equitable ways to implement SDG 6 cannot ignore the evidence coming out of communities that have rejected privatization. The hundreds of experiences of remunicipalization within the last 15 years provide evidence not only of private sector failures, but also of solutions for better public services. When the city of Paris took water back into public hands in 2010, services improved significantly. The city saved US\$ 35 million Euros in the first year and reduced tariffs by 8 percent.⁶

The surge of remunicipalization campaigns has provided an important channel for citizens and workers to regain the democratic control that had been eroded by privatization for decades. Cities and local groups engaged in remunicipalization campaigns are simultaneously building effective, forward-looking, democratic public water services. Successful remunicipalization experiences inspire and empower other local authorities to follow suit. We see cities and groups joining forces within each sector, within each country, at the European and international levels: all counterbalancing the influence and obstruction of big corporations and central governments.

Just to give a few examples, the French and Catalan networks of public water operators pool resources and expertise, and work together in dealing with the challenges of remunicipalization. The progressive coalition Barcelona en Comú is one of several in Spain through which communities have articulated a global ‘municipalist’ vision within

5 Kishimoto/Petitjean, eds. (2017); Kishimoto/Petitjean/Lobina, eds. (2015).

6 Hall (2012).

which they practice diverse forms of direct participatory democracy and work pragmatically for solutions to global challenges.

In Canada, the Blue Communities Project began in 2009 as a strategy to prevent local governments from succumbing to pressure by the federal government to entertain private sector participation. A joint project of the Council of Canadians and Canadian Union of Public Employees, the project also supports municipalities in efforts to realize the human rights to water and sanitation. More than 20 Canadian municipalities have since joined the network. Today, the project is active in Switzerland, Germany, France, Greece, Spain, Turkey, Ireland, Brazil and Colombia. Major cities like Paris and Berlin are Blue Communities along with smaller towns like Cambuquira in Brazil. In Switzerland the project also serves as a vehicle for public-public partnerships between Swiss utilities and utilities in other parts of the world.

Rather than promoting failed PPPs, the SDG process should look to these public-public partnerships that are flourishing around the world.

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SDG 7

Power for the people?

The chimera of pro-poor energy solutions

BY ARTHUR MULIRO WAPAKALA, SOCIETY FOR INTERNATIONAL DEVELOPMENT (SID)

Recent discoveries of hydrocarbons in various African countries and the massive investments in energy generation capacity have created expectations that the blackouts and brownouts that several African countries have endured for the past decades will soon be a thing of the past. In East Africa, national economies have in recent years also been recording stellar growth rates which promise new opportunities and discontinuity with the past.

Despite this record, in its *Africa Energy Outlook 2014*, the International Energy Agency remarked: “More than 200 million people in East Africa are without electricity, around 80% of its population. Ethiopia, Kenya and Uganda are among the most populous countries in East Africa and have the largest populations both with and without access to electricity.”¹

So, the irony is that as the region records world-beating economic growth rates, the majority of our co-citizens remain in conditions of energy poverty, forced to rely on alternative energy sources (notably biomass) to meet their energy needs. The knock-on effects of this energy poverty are myriad and contribute significantly to the persistence of inequalities and marginalization. The prevalence of energy poverty is literally a killer – from respiratory diseases and related ailments that are the result of prolonged inhalation of firewood smoke and other fumes from cooking fuels, to ruined drugs and vaccines that are not kept at prescribed temperatures due to the inability to guarantee constant refrigeration, not to

mention other life-saving equipment in hospitals and clinics that is rendered useless by either frequent black/brownouts or absence of electricity. For many of the region’s farmers, post-harvest losses increase food insecurity. Whilst not directly related to energy, they are heavily influenced by absence of appropriate infrastructure in the rural areas, including energy.

Energy poverty also has a very female face to it: it is most often women who have to suffer the indignity and physical pain of gathering firewood, often walking long distances to find it and to bring it back home, and then to suffer the debilitating effects of cooking in a cloud of noxious fumes of firewood combustion. Beyond this, millions of school hours are lost due to lack of lighting in schools and the economy suffers when jobs are either lost or not created due to lack of energy – not to mention the damage done to sensitive machinery by power fluctuations.

Catch-up without change

To date, many of the conversations and policy inputs around energy poverty have tended to be incremental in nature. They favour a ‘catch-up’ mentality but rarely question how the poor could access modern (reliable) energy services. They assume that providing these services to the majority of the population which is currently off the grid need not involve any structural change or call for the transformation of the national energy plans. Fundamentally, adding one person to the grid or several millions is treated with the same indifference. Perhaps those who speak of their plans in these terms are aware that

¹ International Energy Agency (2014), p. 32.

they contain much more propaganda than any serious transformational strategy.

In 2016, an ‘Energy Futures’ initiative that sought to look at possible future scenarios for energy and how these would affect energy poverty was launched in four selected countries of Eastern Africa.² The results of this initiative will challenge the conventional wisdom that positive social and economic development can be expected soon after the grid is expanded. Yes, the national grids are expanding in a bit of a helter-skelter fashion, but the quality of power that is on offer still leaves much to be desired. Furthermore, the cost of energy from the grid is still out of reach for many East Africans. This makes a mockery of the fanfare that has accompanied the electrification programmes and ignores an emerging reality of smaller micro- and mini-grids that are providing affordable power to local communities. Relying mostly on renewable sources for energy generation, they offer an alternative paradigm to the large power-generation projects that are being pushed by the governments.

Alternative pathways

So what energy futures can we anticipate for the majority of East Africans in the next two to three decades? In all of the scenarios we considered, there will be qualitative and quantitative improvements, but the goal of eliminating energy poverty will remain largely unmet. The critical message is that it is less a question of technologies making the difference than an issue of governance and how we choose to align resources to meet with the myriad challenges affecting the provision of energy. This resonates with the earlier assertion that what is needed to provide reliable, affordable energy to the majority of East Africans is a genuine transformational model. Such a model would engage with our proposed production models and respects the limits that climate change and other resources will impose. Our technological solutions

would favour an energy mix that is appropriate to the circumstances and needs of the region and be one that emphasizes renewables over fossil fuels. The scenarios we have prepared may never come to pass. However, they are tools to explore alternative possible futures in order to ensure our strategic choices are both more resilient and more inclusive than current policies.

So, what are the possible pathways that policy-makers need to consider? Obviously, each country will present different specificities. However, three broad elements need to be considered:

- First, energy policies should put the needs of the population front and centre. Many policies today favour industrialization in one flavour or another, but what kind of industrialization it will be still seems to be unclear. It appears to be driven more by an article of faith: ‘if you build it, they will come’ than by concrete industrial agendas. Perhaps investing in ensuring that the grid reaches as many people as possible will offer a better return to our countries.
- Second, energy policies need to pay greater attention to climate change and its potential effects on the investments and plans being made. At this point, the impact of climate change is not a variable that can be treated lightly – it requires that countries begin to make preparations now to future-proof their grids for whatever climate change might throw at us.
- Finally, there needs to be a consideration of how to make energy affordable over the longer term. This is not only a question of which subsidies need to be considered, but also a function of ensuring that we design and implement efficient energy generation and distribution systems.

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2 The Energy Futures initiative is led by the Society for International Development and focuses on energy developments in Ethiopia, Kenya, Tanzania and Uganda. The scenarios developed as part of this initiative are slated to be launched in the second half of 2018.

SDG 8

What policies are needed to achieve Goal 8? The trade union recipe for SDG implementation

BY PAOLA SIMONETTI, INTERNATIONAL TRADE UNION CONFEDERATION (ITUC)

Implement international labour standards, including freedom of association, collective bargaining and social dialogue as a means of implementation of the 2030 Agenda

Promoting the Decent Work Agenda (DWA) remains the main objective of the trade union input into the 2030 Agenda. Based on rights and democratic ownership, the DWA is the foundation for sustainable development, as opposed to palliative interventions.

Human and labour rights, freedom of association and collective bargaining and social dialogue are not only essential ingredients for sustainable economic growth but are the pillars of democracy-building. Building and fortifying democratic processes is in turn the cornerstone of just development.

Evidence shows that social dialogue can foster socio-economic progress and be a governance instrument for sustainable development,¹ representing a key means of implementation of the SDGs. Bringing together workers' and employers' representatives, when making decisions that impact on social, economic and environmental conditions reinforces institutional stability. However, this requires an enabling environment underpinned by respect for labour rights and the full recognition of the role of trade unions.

Implement comprehensive employment policy frameworks, including support to labour market institutions

The weakening of labour market institutions is one key cause of increasing inequality. The 'structural adjustment' paradigm that has governed development since the 1980s has had the undesirable effect of reducing the ability of labour market institutions to moderate market inequality. To implement and achieve SDG 8 on sustainable growth and decent work, comprehensive national employment policy frameworks, built upon the principle of policy coherence for development, are needed. Governments need to design and implement pro-employment macroeconomic strategies supported by progressive trade, industrial, tax and infrastructure policies, including investments in education and skills development, youth employment, equality and the care economy.

Particular attention should be devoted to labour inspection (ILO conventions on labour inspection C81 and C129).

Such policy frameworks should be developed through tripartite consultations, including governments and social partners, the pillars to ensure strong and functioning labour market policies and institutions.

Apply minimum living wages with the full involvement of social partners

Working poverty remains a major challenge across the globe. Considering that the working poor account for more than 700 million people, meeting

¹ ITUC (2017).

SDGs by 2030 will be impossible if this issue is left unaddressed. Implementing and enforcing a statutory minimum wage guaranteeing an income that allows people to live with dignity and is essential to reducing poverty.

The decline in the wage share in many countries has contributed to deficiencies in aggregate demand, which has been detrimental for growth and employment at the national level as well for the global economy.

Opponents of a minimum living wage often argue that vulnerable workers will not benefit because their jobs will be abolished when labour costs increase. However, the ILO has pointed out that employment effects of minimum wages increases are not straightforward. Frequent findings indicate that employment effects are close to zero and too small to be observable in statistics.² In its 2016 Employment Outlook, the OECD further highlights the increased skill use, higher productivity and lower in-work poverty effects that result from higher minimum wages.

Minimum wages should take into account the cost of living, should be evidence-based and regularly reviewed and adjusted (e.g., to take into account inflation). Collective bargaining rights must be ensured in order to achieve fair wages above the minimum wage level.

Ensure adequate, universally accessible social protection in line with ILO Convention 102 and Recommendation 202, taking measures to create fiscal space for social services

The International Labour Organisation (ILO) estimates that only 29 percent of the world's population enjoy a comprehensive level of social protection.³ The low global coverage of social protection occurs despite the legal and operational basis for governments to ensure an adequate level of social protection

for all (ILO Convention 102 and the more recent Recommendation 202).⁴

Governments and international institutions often put forward the unaffordability of universal social protection schemes as a reason for reduced access to social protection. However, ILO estimates suggest that the provision of basic social security benefits would cost less than 2 percent of GDP, and a basic set of benefits for all of those who have no access to social security would cost less than 6 percent of GDP.⁵ The potential of social protection for supporting employment, creating jobs, fostering skills development, and contributing to overall economic growth must be taken into consideration when assessing its budgetary implications.⁶ Focusing on the up-front costs of social protection alone ignores the potential for social spending to serve as positive social 'investments' that can support greater resilience. Workers and trade unions should also play a fundamental role in designing, implementing, managing, and monitoring social protection schemes. Collective bargaining and social dialogue are prerequisites in this respect.

Furthermore, governments are responsible for providing adequate fiscal space to support social policies and must fight to eliminate tax havens, especially in times of crisis. This can be done in a variety of ways, for instance by more redistributive tax systems, by tackling illicit financial flows, tax avoidance and evasion, by re-allocating public expenditure, and by supporting formal employment in order to increase tax and social security contributions.⁷

2 ILO (2016).

3 Cf. ILO (2017), p. xxix.

4 The four pillars of the social protection floor are: 1) health care including maternity care; 2) basic income for children, providing access to nutrition, education and care; 3) basic income in case of sickness, unemployment, maternity and disability; 4) basic income for older persons.

5 ITUC (2014).

6 See, e.g., European Commission (2013).

7 Ortiz et al. (2017).

Taming corporate power: ensure business accountability, transparency and 'due diligence' in global supply chains

The current economic model is based on 'corporate greed', which implies denial of workers fundamental rights and freedoms. This must be changed. The integration of national economies into global markets and the expansion of global supply chains have intensified competition and caused leading firms to cut labour costs through restructuring, outsourcing and off-shoring. This, in turn, has increased downward pressure on wages and working conditions. In a number of countries, these changes were accompanied by the deregulation of labour markets and a rollback in policy support for protective labour market institutions and collective bargaining. These policies, together with the increased mobility of capital, have tipped bargaining power away from workers and their representatives. The model of global supply chains is based on low wages, insecure and often unsafe work.

Governments have to ensure 'due diligence' in supply chains with effective grievance procedures to ensure remedy for human and labour rights violations, as prescribed by the UN Guiding Principles on Business and Human Rights and the ILO Tripartite declaration of principles concerning multinational enterprises and social policy. Corporations must respect freedom of association, pay living wages and respect collective bargaining rights.

A recent IMF report confirms that "the decline in unionization is strongly associated with the rise of income shares at the top", adding that this "explains about half of the 5 percentage point rise in the top 10 percent income share. Similarly, about half of the increase in the Gini of net income is driven by de-unionization."⁸

Moreover, when it comes to private development finance, job creation is consistently put forward as a major development contribution of private sector involvement. However, it is very challenging to find

evidence to support this assumption,⁹ let alone the creation of 'decent jobs'. For this contribution to be realized, donor governments need to endorse specific criteria for engagement with private sector actors. These criteria need to be based on respect for and implementation of due diligence and international labour standards by the private sector, as well as on the impact assessment on social-economic-environmental development at country level of any operation. In that respect, innovative financial instruments such as 'resource blending' and public-private partnerships (PPPs) are very often seen as favouring privatization processes, hampering wider access to public services and revamping tied aid.

Implement a 'Just Transition' to achieve a low carbon economy and to create green jobs

The need to switch to environmentally friendly production methods requires a profound transformation in the way economies and industries operate. Changes must start at the level of labour.

'Just Transition' is premised on an inclusive approach that brings together workers, communities, employers and governments in social dialogue to drive the concrete plans, policies and investments needed for a fast and fair transformation towards a low carbon economy. It adopts a rights-based approach to build social protection systems, provide skills training, redeployment, labour market policies and community development. Governments must strengthen their capacity to deliver Just Transition measures.

Finally, the incipient challenge of digitization and the impact of new technologies pose primary issues¹⁰ - especially for developing countries - from many points of view, ranging from the emergence of new types of jobs with their own organizational forms, as well as to the demand for new skills on the labour market.

⁹ See https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1_en.pdf#page=78

¹⁰ TUAC (2017).

⁸ Jaumotte/Osorio Buitron (2015).

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SDG 9

Alternatives to PPPs – growing instances of de-privatization

BY PUBLIC SERVICES INTERNATIONAL (PSI)

Quality public services are the foundation of a fair society and a strong economy. Such services make our communities and economies more equitable, resilient to downturn and disaster, and protect the youngest, sick, unemployed, disabled, aged and vulnerable. Quality public services are among the State's primary mechanisms for fulfilling its obligations for the realization of human rights, gender equality and social justice. They are key to the implementation of the goals and targets of the 2030 Agenda, including SDG 9 on building resilient infrastructure.

Quality public services also support the economy by providing public infrastructure, research and innovation, a healthy and skilled workforce, and strong and stable justice and regulatory institutions. To be universally available and accessible, quality public services must provide guaranteed access for all, free from discrimination, as a legally-enforceable right. Most public services are more efficient and effective when owned and managed by the public. Consequently, the majority of public services globally remain under public ownership and management.

The fight against privatization is not just a fight to stop the sale of our public services. It is also a fight for the type of society we want, a fight for social justice and equity. There is enough wealth in our economies to enable the required public investment, if corporations and the very wealthy pay their fair share. The consequences of underinvestment in quality public services are lower growth, higher inequality, less social cohesion and an inevitable political reaction that is currently being exploited to fuel racism, nationalism and xenophobia.

Public services as target for privatization

However, the potential profits from public services, combined with three decades of global neoliberal propaganda, make public services a target for privatization by corporate profit seekers. The health sector alone was worth over US\$ 7 trillion in 2013, an estimated 10 percent of global gross domestic product (GDP), and rising by 5 percent a year. Education is estimated to be worth a further US\$ 3 trillion. Water is one of the most essential and potentially valuable resources on the planet (see the Spotlight on SDG 6 in this report).

Those seeking to profit from privatization promote a range of myths. As privatization became a public relations liability in the 1990s, corporations began to promote Public-Private Partnerships (PPPs). As civil society organizations and trade unions work to expose PPPs, their tactics evolve further with new and equally dangerous corporate tools developing all the time.

In recent years, the corporate sector has invested heavily to facilitate the privatization of public services. Their strategy involves the creation of an 'enabling environment' of legislation and regulations to attract and protect private investors, financializing infrastructure as an asset class, and government-funded facilities to prepare a flow of profitable projects. States are increasingly using public money – including taxes, pension funds and official development assistance (ODA) – to offset any risks to private investors. Trade agreements are also used to create a facilitating environment and lock in privatizations.

Privatization is further facilitated by arbitrary limits on government borrowing and spending. Rising debt is often used as a pretext for privatizing assets, instead of demanding that corporations and the very rich pay their share of tax. The UN, the G20 and the OECD have all recently called for more private investment in public services and infrastructure. Alarmingly, many in the global labour movement and civil society have been slow to oppose it.

Contrary to the rhetoric of private sector efficiency, a major driver of privatization is the expected profit produced by job cuts and lower labour costs. Privatization is used to break unions' collective agreements, drive down wages and labour conditions, introduce precarious work and destroy unions.

Social Impact Bonds (SIBs) are the latest mutation of privatization in areas such as offender rehabilitation, youth work and employment services. They reinforce the false idea that only the private sector can innovate. They convert complex social services to financial instruments, which are difficult to administer, and drive resources into fixing the symptoms of social problems, not the causes. SIBs also potentially drive down wages, replace skilled workers with volunteers and create a new acceptable 'social' face for unacceptable privatization of social services.

Privatization, outsourcing and the use of agency workers are not gender neutral. They disproportionately affect sectors with a higher percentage of women. They also block access to those quality public services that should serve to alleviate women's burden of unpaid domestic care work and facilitate women's integration to the labour market (see Chapter 4 in this report). They also create precarious work that undermines labour rights in ways that disproportionately affect women. Privatization, outsourcing and the use of agency workers usually lead to more expensive and less flexible services. The process of granting windfall profits to private companies creates conditions conducive to financial and political corruption that is rarely accounted for.

Where privatization, outsourcing and use of agency workers cannot be stopped, organizing workers in privatized services is both the best way to provide

decent wages and conditions for these workers and an important way to stop wage competition and destruction of workers' rights being used as a force for privatization.

The public is often told that privatizations are difficult or impossible to reverse, but this ignores the evidence of hundreds of cases of governments successfully bringing privatized services - often failed privatizations - back into public hands. Trade unions like PSI support reversal of privatization, promote examples of success and help affiliates to pursue the reversal of privatization. They oppose trade agreements that cover or affect public services because they often make reversal of privatization difficult, more expensive or impossible.

Public-Public Partnerships (PUPs) mainly involve strong public utilities twinning with weaker public utilities to jointly solve problems and improve service quality, often through transfer of technical skills, while preserving decent employment. When governments do not renew contracts with private operators, or terminate them early, PUPs provide a viable way to access expertise.

From New Delhi to Barcelona, from Argentina to Germany, thousands of politicians, public officials, workers, unions and social movements are reclaiming or creating public services – including infrastructure – to address people's basic needs and respond to environmental challenges. They do this most often at the local level.

Growing trend of (re)municipalization

A recent report, "Reclaiming Public Services", prepared by the Transnational Institute and co-published by organizations around the world¹

¹ Published by Transnational Institute (TNI), Multinationals Observatory, Austrian Federal Chamber of Labour (AK), European Federation of Public Service Unions (EPSU), Ingeniería Sin Fronteras Cataluña (ISF), Public Services International (PSI), Public Services International Research Unit (PSIRU), We Own It, Norwegian Union for Municipal and General Employees (Fagforbundet), Municipal Services Project (MSP), Canadian Union of Public Employees (CUPE).

provides an in-depth world tour of new initiatives in public ownership and the variety of approaches to de-privatization.² It shows that there have been at least 835 examples of (re)municipalization of public services worldwide since 2000, involving more than 1,600 municipalities in 45 countries.

Why are people around the world reclaiming essential services from private operators? There are many motivations: to end private sector abuse; regain control over the local economy; give people affordable services; or deliver ambitious climate strategies.

Remunicipalization is taking place in small towns and in capital cities, following different models of public ownership and with various levels of involvement by citizens and workers. Nevertheless, a coherent picture is emerging: it is possible to build efficient, democratic and affordable public services. We can say no to ever declining service quality and ever increasing prices. More and more people and cities are closing the chapter on privatization, and putting essential services back into public hands. The general findings of the report can be summarized by the following 10 points:

1. There are better solutions than privatization
2. Remunicipalization is far more common than it is presumed to be, and it works
3. Remunicipalization is a local response to austerity
4. Remunicipalization is a key strategy for energy transition and energy democracy
5. Bringing services back in-house is ultimately cheaper for local authorities
6. Remunicipalization drives better, more democratic public services
7. Remunicipalization presents 835 more reasons to fight trade and investment deals

8. Lessons learned: Don't privatize in the first place
9. Remunicipalization provides opportunities for new, diversified, democratic public ownership
10. Remunicipalizing cities and citizens groups are working together and building networks

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² Kishimoto/Petitjean, eds. (2017).

SDG 10

Invoking extraterritorial human rights obligations to confront extreme inequalities between countries

BY KATE DONALD, CENTER FOR ECONOMIC AND SOCIAL RIGHTS¹

The issue of inequalities between countries is often conceptualized and measured in terms of GDP. Moreover, the way to reduce these is often implicitly assumed to be convergence upwards through rapid growth. However, although economic growth may be important for many countries (especially LDCs), global convergence with the GDP of the richest countries would be environmentally catastrophic.

In the context of SDG 10, there is an urgent need to look more holistically at power imbalances and inequalities between countries. Even economic power is far broader than just GDP. Trade balance sheets, size of sovereign wealth funds, access to natural resources, sway over trade negotiations and global tax regimes, currency strength, size of national debt; all of these contribute hugely to inequalities between countries. Decision-making in global economic governance is also crucial of course, as represented in SDG target 10.6 (“Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions”). But imbalance of decision-making power (and power more generally) goes much further than just voting rights in international institutions. First, there are many regional or exclusive international institutions, such as the OECD or the G20, which have a great deal of power over the global economic environment (more so than some

‘global’ institutions), and where developing countries are de facto not invited to the decision-making table.²

Cross-border spillover effects of national policy

However, even more significant and yet more intangible is the fact that high-income countries effectively enjoy impunity for their actions that have sometimes catastrophic consequences for people beyond their borders. States exert significant extra-territorial influence in a plethora of ways – be they through investment and financial policies, through their capacity to regulate multinational corporations over which they have jurisdiction, or through the cross-border spillover effects of national policy decisions in areas such as environmental regulation and corporate tax rates. These all exert a profound influence on the capacity of other national governments to realize their human rights and development commitments – through directly constraining their trade or tax revenue, through polluting their air or waterways, through contributing to rising sea levels, or simply through creating an international economic context which works against their interest.

Human rights obligations do not cease at territorial borders

Contrary to what many believe, the relevance and application of international human rights obligations do not cease at territorial borders. Indeed, States’

¹ Parts of this text are based on Center for Economic and Social Rights/ Third World Network (2015).

² See the text box by José Antonio Ocampo (“The world needs to revamp international tax cooperation”) in this report.

human rights obligations are as interconnected as are their economies. International human rights law implies duties on States to respect, protect and support the fulfillment of all human rights, including economic, social and cultural rights, beyond the country's territory. These duties are anchored in the UN Charter, the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights (ESCR), and various other international human rights treaties. They have been elucidated further in jurisprudence from regional and international bodies.

Expert bodies and legal scholars have provided authoritative interpretation of extraterritorial human rights obligations (ETOs). In particular, the Maastricht Principles on Extraterritorial Obligations of States in the area of Economic, Social and Cultural Rights provide the most comprehensive articulation of these duties.³

Human rights advocates are increasingly invoking extraterritorial obligations in specific contexts of cross-border human rights harm, and as a result, human rights courts and mechanisms are scrutinizing these obligations more carefully when reviewing States' compliance with the treaties they have signed. To give just a few examples:

- In November 2017, the Committee on the Elimination of Discrimination Against Women (the expert body which oversees the CEDAW Convention which almost every State in the world has ratified) recommended that Norway should review its policy on oil and gas extraction, given the disproportionate impact of climate change on women, if it wishes to be in compliance with its extraterritorial Convention obligations.⁴ This recommendation was

prompted in part by advocacy from human rights and women's rights groups.⁵

- In 2016, following a submission from CESR,⁶ the Global Justice Clinic at NYU School of Law, Tax Justice Network, and Public Eye, the CEDAW Committee criticized Switzerland for the negative impacts of its financial secrecy policies on woman's rights overseas, especially in developing countries. The Committee called on Switzerland to undertake impact assessments of its financial secrecy and corporate tax policies - which enable large-scale cross-border tax abuses - on women's rights beyond their borders.⁷
- In 2016, the UN Committee on Economic, Social and Cultural Rights (the expert body mandated to review States' compliance with their ESCR obligations) voiced concerns that the UK's financial secrecy legislation and permissive rules on corporate tax are undermining the proper resourcing of human rights overseas. The Committee called on the UK government to conduct a human rights impact assessment⁸ of its financial secrecy and corporate tax and reporting policies, to "take strict measures to tackle tax abuse, in particular by corporations and high-net-worth individuals" and to "intensify its efforts, in coordination with its Overseas Territories and Crown Dependencies, to address global tax abuse".⁹

3 FIAN International, ed. (2013). For more see de Schutter et al. (2012) and Center for Economic and Social Rights/Third World Network (2015).

4 CEDAW/C/NOR/CO/9. For more, see www.ciel.org/news/un-committee-calls-norway-revise-energy-policy-noting-climate-impacts-arctic-oil-extraction/.

5 Notably, the CEDAW Committee's most recent General Recommendation (an authoritative interpretation of the extent and application of CEDAW's standards) includes extensive language on States' extraterritorial obligations. regarding the gender-related dimensions of climate change: CEDAW/C/GC/37 (http://tbinternet.ohchr.org/Treaties/CEDAW/Shared%20Documents/1_Global/CEDAW_C_GC_37_8642_E.pdf).

6 www.cesr.org/sites/default/files/downloads/switzerland_cedaw_submission_2nov2016.pdf

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9 This was also prompted by a submission from CESR, the Global Justice Clinic and Tax Justice Network; see: www.cesr.org/sites/default/files/downloads/GBR_CESR_SUBMISSION_JUNE_2016.pdf.

Not a panacea – but one tool to address inequalities

Although the scope and legal content of ETOs is now quite well-established, they are still politically contested, particularly by wealthier States reluctant to see international cooperation as a human rights issue. Therefore, they are certainly not a panacea or silver bullet for ending inequalities between countries. They are, however, one tool that advocates are leveraging to try to redress these power imbalances and hold richer countries accountable for abusing their power at the expense of human rights enjoyment in poorer countries. Used in a concerted and progressive way, ETOs can aid in challenging impunity for damaging actions of ‘developed’ countries, which reinforce and exacerbate inequalities between countries, including inequalities in access to clean air, to economic decision-making power, to regulation and taxation of multinational corporations, and in the ability to raise enough public revenues to fulfil basic human rights obligations. They can also be a useful yardstick with which to evaluate ‘policy coherence’, one of the most neglected commitments in the 2030 Agenda. At the very least, policy coherence in the SDG context demands that States should ensure their tax, trade, investment, environmental and other relevant policies ‘do no harm’ (i.e. respect and protect) human rights beyond their borders.

Although the international human rights monitoring system has limited ‘teeth’ and enforcement power, the increasing role of its oversight bodies in monitoring extraterritorial obligations indicates that they are one important channel for highlighting cross-border responsibilities and demanding answers on these global systemic power imbalances that are otherwise largely accountability-free zones. The 2030 Agenda is firmly anchored in international human rights law, according to its Declaration; this law unequivocally include ETOs. The forces driving inequalities between countries go far beyond GDP disparities and IMF board seats; and States’ responsibilities to respect, protect and help fulfil human rights beyond their borders go far beyond providing aid. If rich countries wish to take seriously their SDG commitments and their human rights obligations, these considerations should form a major part of their implementation and assessment of progress.

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SDG 11

To ensure sustainable waste services, we must value waste workers and make sure they are in decent jobs

BY DARIA CIBRARIO, PUBLIC SERVICES INTERNATIONAL (PSI)

Waste collection and management are essential public services for every community and are necessary for the protection of public health and the environment. Quality waste-related services are critical to urban management and policies, they underpin thriving local economies and are vital to ensure public spaces can be enjoyed by everyone. Whenever urban waste services and management systems are poor or fail, inhabitants suffer bad living conditions – especially those in the poorest neighbourhoods and slums – and social discontent rises. It is no surprise the issue of waste services is often a hot topic in local government elections worldwide.

As urbanization and consumption rates increase and natural resources shrink, the public's view of waste has moved from an inevitable consequence of industrialized economies to a precious, reusable resource. This shift is exemplified by the growing worldwide interest and investment in the 'circular economy,'¹ not only by policy-makers, but also by business, social enterprises² and civil society. The scientific evidence and shocking images of the impact of the 8 million tons of plastic that end up in the oceans every year³ on marine ecosystems and the food chain

have spurred international outrage and a global call to clean up the mess and halt disaster by securing global regulation, proper solid waste services and responsible consumption everywhere.

Within the current global policy frameworks, waste services prominently feature in the targets and indicators of both SDG 11 and SDG 12, notably with commitments to prevent, reduce, recycle and reuse – as well as to properly collect and discharge – urban solid waste and halve global food waste by 2030; and to properly handle and treat chemical and other hazardous waste through the whole life cycle in accordance with international standards by 2020.⁴ They also figure under the transformative commitments made by UN Habitat member states in the 2016 New Urban Agenda (NUA), which pledges to realize universal access to sustainable waste management systems, minimizing landfills and converting waste into energy, with special attention to coastal areas.⁵

Circular economy hype vs. invisible waste workers

While the importance and visibility of waste services is now clearly and widely acknowledged, it is disconcerting to note that the women and men who deliver them daily to communities – be they municipal public workers, private provider workers or informal waste workers (often referred to as 'waste pickers')

1 The EU describes the circular economy as follows: "In a circular economy, the value of products and materials is maintained for as long as possible. Waste and resource use are minimised, and when a product reaches the end of its life, it is used again to create further value. This can bring major economic benefits, contributing to innovation, growth and job creation." (https://ec.europa.eu/growth/industry/sustainability/circular-economy_en)

2 The Plastic Bank (www.plasticbank.org/).

3 IUCN (2017).

4 SDG targets 11.6, 12.3, 12.4, and 12.5 (<https://sustainabledevelopment.un.org/sdg11> and <https://sustainabledevelopment.un.org/sdg12>).

5 UN General Assembly (2016), para. 34, 71, 74, 121-123.

- remain largely invisible, unrecognized and often without a voice at work.

Waste services jobs are among the toughest and most dangerous professions worldwide. Waste workers keep communities and the environment safe and clean, and recover materials to everyone's benefit, often putting their own physical and mental health at stake. Daily risks include accidental cuts, biological and medical waste contamination, poisoning by chemical substances and heavy metals, bites from animals and insects and ergonomic and musculoskeletal injuries. Fatal and invalidating accidents are common occurrences because of traffic, falls from the collection truck and crushing during the compacting phase. Stress due to workload and violence by service users and street crime are common, with a special vulnerability for women waste workers.

Crews can be severely understaffed and machinery such as mechanical bin lifters and compactors defaulting or under-maintained due to lack of investment or resources by the municipality or the private provider. Protective equipment, sanitation facilities and occupational health and safety training are often inadequate or non-existent, especially when there is no trade union recognition or collective bargaining with the employer. Waste workers also routinely experience prejudice in some communities and are looked down upon by some for the nature of their work. A Brazilian waste services union leader affiliated to PSI, referring to his distinctive municipal waste worker outfit, emblematically said: "Every day I wear a colourful and bright uniform I am proud of. But when I have it on while working in the street I feel invisible."⁶

6 "Sindicatos de América Latina exigen condiciones de trabajo dignas para el sector de gestión de residuos municipales" (www.world-psi.org/es/sindicatos-de-america-latina-exigen-condiciones-de-trabajo-dignas-para-el-sector-de-gestion-de).

A global decent work deficit in the waste services sector

According to a 2017 PSI report,⁷ there is very limited data on municipal waste service workers. This is because local and regional government labour statistics are patchy and municipalities do not systematically collect them, including those on waste services.⁸ While there is a clear knowledge gap in waste workers' employment numbers and working conditions, overall, workers along the waste services spectrum and global supply chain endure a huge decent work⁹ deficit, precariousness and serious health risks. Many work for poverty wages, cannot afford to live where they work and are forced to commute long hours or live in slums. The wide majority are denied labour rights.

Among them, informal waste workers face particularly appalling conditions and severe marginalization, unacceptable health and safety risks, economic insecurity and no social protection unless they are members of a union or organized into cooperatives. Estimated at over 20 million worldwide, they are "the only source of waste collection in some developing countries"¹⁰ where formal waste management services are as yet non-existent or not implemented.

Within this context, the following policy recommendations can improve waste workers' lives and working conditions, while ensuring quality waste services to users and communities.

7 Lethbridge (2017).

8 Pavanelli (2017).

9 Decent work is defined by the ILO as employment that is "productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men" (www.ilo.org/global/topics/decent-work/lang--en/index.htm).

10 Dias (2018).

1. Uphold the labour rights of waste workers and value the profession

Waste workers' conditions greatly improve when they can benefit from trade union representation and enter dialogue and collective bargaining with their employers.¹¹ Governments and businesses alike have a human rights responsibility to provide decent working conditions to waste workers, including adequate health and safety, social security and a living wage. Conversely, they can greatly benefit from constructive dialogue with waste workers and their unions who know best the needs and expectations of the communities they serve and the challenges to ensuring quality waste services.¹²

Waste workers are prominent allies in the setup and implementation of successful integrated municipal waste management plans and in realizing the promises of the circular economy. The establishment of joint workplace occupational health and safety committees is a key aspect of such mutually beneficial worker-employer dialogue, where risks for both the community and the workers can be rapidly raised and addressed to everyone's benefit. Waste workers can be amazing sustainability ambassadors and deliver practical education on waste reduction, reuse and recycling to local communities, schools and institutions. In return, governments and business need to ensure their employability through adequate professionalization paths and programmes, and address the victimization they may suffer in some communities by proactively conveying a positive image of their role and work.¹³

11 Zimring (2018).

12 Interview with Urbano Dini, Director, Integrated Ecological Services, SEI Siena, Italy, "Guardians of the city", PSI movie 2017 (www.youtube.com/watch?v=9d_Bbsv2b0g&feature=youtu.be).

13 An example: PSI "Municipal Workers Make Cities Happen" visual campaign, waste worker poster "Making sustainability happen", 31 October 2017 (www.world-psi.org/sites/default/files/psi_lrg_poster_a3_wasteserviceworkers_0.pdf).

2. Draw up national and local waste management plans that are inclusive of all stakeholders in the waste supply chain

Countries such as Brazil have developed national solid waste plans in a view to bolster recycling rates and include informal workers within the formal municipal waste systems. Some cities do the same in their own municipal plans and urban policies. While this certainly is a positive and necessary step, the role and needs of formal waste workers often do not receive the same attention, and bridges to facilitate the progressive transition of informal workers into formal waste service employment are limited. Truly inclusive plans need to encompass the participation of all waste workers, be they formal (public and private) or informal, along with their unions and associations; as well as of service users from all concerned neighbourhoods and communities, including those in disadvantaged areas and slums.

3. Tap into the circular economy to create quality employment and transition informal waste workers into formality

The labour-intensive nature of waste services and recycling – such as door-to-door and bottle deposit systems - provides major opportunities to ensure the socio-economic inclusion of informal waste workers through the creation of quality jobs. UN data from 101 countries shows that only 65 percent of the urban population was served by municipal waste collection in 2009, and in many developing regions less than 50 percent of solid waste is safely disposed of.¹⁴ Global recycling rates for plastics are still token at around 9 percent while 79 percent is buried in landfills or discarded in the environment.¹⁵ There is clearly an urgent need for more waste services and management workers everywhere and the jobs created must be decent.

The inclusion of informal waste workers in national and local integrated waste management systems is a positive and necessary step; yet it is not enough

14 UN (2016), para. 81.

15 Parker (2017).

as it does not tackle the root causes of informality. Informal waste work is often the only survival option for the poor and the marginalized, or a buffer for unprotected workers hit by economic downturn, but is by no means decent employment.¹⁶ Integrated waste management plans should encompass viable mechanisms to facilitate formalization - a transformative commitment of the NUA¹⁷ - and ensure full access to rights and decent work for informal waste workers so that they can sustainably lift themselves and their families out of poverty. When municipalities systematically resort to informal work that pays poverty wages in order to keep down the labour costs of providing regular municipal waste services, informal workers get locked into the poverty loop and everyone loses.¹⁸

4. Secure a sustainable stream of finance for waste services and policy coherence across different levels of government

Waste services often represent a major - sometimes the largest - share of municipal budgets. It is not uncommon for waste services and waste workers to find themselves at the crossroads of conflicting political and economic interests, especially during political campaigns, ending up in concessions with a duration bound to political cycles. A sustainable stream of local government financing for waste services¹⁹ and thought-through incentives to set up effective waste services are often linked to service quality and decent working conditions. Conversely, the lack of investment in tools, machinery maintenance, protective equipment and worker training have direct negative consequences on workers' health and safety and are highly correlated with precariousness, job outsourcing/privatization and low wages. Incon-

sistencies across legislative frameworks (national, regional and local) underpinning municipal waste management plans are a jeopardizing factor for service quality and waste workers' conditions. In Argentina, municipal waste management plans are often not implemented because they depend principally on provincial government human and financial resource allocations and investment in infrastructure.²⁰ International financial institutions such as the World Bank and the IMF and development agencies have a responsibility to ensure that the funding they put into national and local waste services generates decent employment and ensures that they remain a public service in the interest of the people, not private shareholders.

5. Keep waste service in public hands

The weight of waste services on municipal budgets, their labour-intensive nature and the questionable promises of privatization²¹ have tempted many municipalities into public private partnerships. Yet, privatization can prove very disappointing when it comes to sustainable waste service delivery, ending in higher costs for municipalities, loss of in-house knowhow and quality control, and poor working conditions, as private operators consistently turn to labour cost reductions and automation as profit-making strategies.²² This is what happened in Oslo (Norway), which remunicipalized its waste services in 2017;²³ Conception Bay South (Canada) in 2011;²⁴ and Asuncion (Paraguay) in 2003.²⁵ In all three cases, municipal waste workers' unions played a pivotal role in supporting community demands for quality services and in defending working conditions.

As an essential public service, waste management should stay public, be transparent and involve the participation of users, communities and workers with a view to improving service on a continuous

16 ILO (2002).

17 UN General Assembly (2016), para. 59.

18 A 2010 UN Habitat report says in its foreword: "The informal recycling sector ... may save the city as much as 15 to 20% of its waste management budget by reducing the amount of waste that would otherwise have to be collected and disposed of by the city." (UN Habitat (2010)).

19 Among the most common schemes to finance municipal waste services are property tax, electricity or water bills, direct billing or a combination of these.

20 Lethbridge (2017), p. 11.

21 European Court of Auditors (2018).

22 Hall (2015).

23 Pettersen/Monsen (2017).

24 CUPE (2017).

25 Maffei (2018).

basis and securing accountability. The recent Mexico City Constitution adopted in February 2017 gives the municipality full responsibility to provide waste services free of charge, prohibiting privatization and outsourcing and enshrining mutual recognition between the municipality and labour unions.²⁶ Public-public partnerships and inter-municipal consortiums are promising models to ensure mutual support among small and medium municipalities while sharing the costs of infrastructure and administration. Since 2006, such a consortium reunites six small municipalities of the Argentinean province of Chubut which have developed a shared, integrated solid urban waste services plan and set up a recycling system in the area.²⁷

Conclusion

There is a strong case for all waste workers – be they formal or informal - to seek cooperative and complementary roles in the waste supply chain, joining forces and standing up together in solidarity for decent work across the whole waste workers' spectrum, while promoting a quality public waste service that works in the common interest. It is high time to give back a face, dignity and decent working conditions to all waste workers worldwide. National, regional and local governments, business employers, international financial institutions and agencies, as well as the relevant UN agencies, have the primary responsibility to make sure this happens.

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²⁶ Mexico City Constitution, February 2017 (in Spanish) (www.cdmx.gob.mx/storage/app/uploads/public/59a/588/5d9/59a5885d9b2c7133832865.pdf).

²⁷ Lethbridge (2017), p. 33.

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SDG 12

Curbing the consumption of ultra-processed foods and beverages critical to achieving SDG 12

BY MARISA MACARI, ALEJANDRO CALVILLO AND FIORELLA ESPINOSA, EL PODER DEL CONSUMIDOR

The consumption of ultra-processed food and drink products (UPPs) has quickly transformed our food systems.¹ UPPs are high in added sugar, salt, saturated and trans-fat and additives and have little nutritional value. They are hyperpalatable, convenient, ubiquitous, heavily marketed and highly profitable for food and beverage corporations. The consumption of these foods is replacing the consumption of unprocessed/minimally processed foods which has consequences for health and the environment.

With regard to health, the consumption of these products has been linked to obesity, diabetes, heart disease and certain cancers.² Meanwhile, the processing, distribution and retailing of these foods has precipitated unsustainable production and consumption patterns to the detriment of the environment.

Four consumer-side public policies are critical to make progress towards SDG 12 and to promote sustainable food systems. These policies seek to protect consumers' and children's rights and the right to adequate food and water, through reversing the unsustainable trend towards the consumption of UPPs. In turn, by changing consumption patterns, these policies will promote sustainable production practices and protect the rights of small-scale food producers.

One priority policy is restricting the availability of UPPs in schools. Food provided in schools should largely consist of unprocessed/minimally processed foods and freely available potable water. Food packaging should be minimized and marketing of food and beverages restricted. The sale and marketing of UPPs on the periphery of the school grounds should also be restricted. School food policy should be developed at a national or district level together with the involvement of the agricultural sector so that it can promote not only sustainable consumption but also production. It should prioritize territorial, small-scale food producers and seasonal products, and ensure that a portion of the school food offer is provisioned directly from small-scale producers, as in the case of Brazil.³

Another key priority is issuing a regulation on the marketing of ultra-processed foods to children. Research demonstrates that the majority of food marketing to children is for UPPs. Marketing bombards children with persuasive messages that lead them to develop preferences for unhealthy foods. Strong regulation of food marketing to children that seeks to create sustainable consumption practices must include restrictions on marketing in all communication channels, not just television and radio, but also marketing in public spaces, at points of sale, on social media, videogames, and on the product packages. In addition, it should prohibit the use of celebrities and characters that are targeted to children, as well as the use of free toys, prizes and event sponsorships.

1 Monteiro et al. (2013).

2 For a brief overview of UPPs role in health outcomes see: <http://protejamossusalud.org/> (in Spanish).

3 Hawkes et al. (2016).

Similarly, the marketing of baby formula must also be regulated, as stipulated in the International Code of Marketing of Breastmilk Substitutes.

The third policy priority that can help implement SDG 12 regards front-of-pack (FOP) warning labels on foods and beverages. Labels should use symbols, shapes and colors to warn consumers that a product has a high content of sugar, salt and/or saturated fat. Warning labels should only be on unhealthy, packaged foods; thus, healthier options and unpackaged foods, like fruits and vegetables, would not need warnings. The goal of FOP warning labels is to encourage consumers to choose foods and beverages with no warnings, thereby shifting their consumption from UPPs to minimally/unprocessed foods. The Chilean FOP label,⁴ which has been shown to be easy to understand, even for primary school children, is considered an international best practice by the Pan American Health Organization (PAHO) and can aid in shifting consumers to healthier, more sustainably produced foods.

The fourth policy priority is that of a sugar sweetened beverage (SSB) tax. An SSB tax has been recognized as a key strategy to limit the consumption of sugary drinks which are responsible for an estimated 184,000 deaths worldwide (in 2010) due to obesity-related chronic disease.⁵ The production of these drinks is not only unhealthy but highly unsustainable, considering: the amount of water needed, and wastewater generated, to produce these beverages; the utilization of single-use plastic bottles; and the fact that many communities' water rights have been threatened due to the water extraction practices of transnational beverage companies. The World Health Organization recommends a 20 percent tax on SSBs.⁶ The objective is two-pronged, to reduce the consumption of these unsustainable beverages and to provide revenue so that the State can furnish public goods and services, such as drinking water fountains in schools and public spaces, that foster sustainable

practices and contribute to obesity prevention.

Evidence from Mexico indicates that this tax, despite being low – approximately 10 percent – is working to reduce purchases of SSBs. In Mexico, there was approximately a 6 percent reduction in purchases of these beverages in the first year (2014) of implementation, and up to 9.7 percent in the second year (2015).⁷ Reductions were higher in low-income households and in those with children.⁸

In order for these policies to effectively contribute to achieving SDG 12, it is critical that they are statutory and not self-regulatory, the latter of which have proven ineffective as they are developed by the industries that they seek to regulate. Furthermore, the design, implementation and evaluation of these policies must be free of conflicts of interest from large-scale food and beverage corporations. As a case in point, Mexico's marketing and labelling regulations have failed because they were developed with interference from the food and beverage industry, and these corporate players continue to take part in the evaluation of these policies.⁹

Moreover, policy coherence is essential in order to ensure that trade policies do not threaten a country's ability to implement or weaken this package of interventions, by arguing that they are barriers to trade, as is currently taking place with regard to labelling policy and the renegotiation of NAFTA.¹⁰ Similarly, this package of policies must be internally coherent, in that all policies should utilize the same nutrient profiling system, such as that developed by PAHO.¹¹ Finally, to fully implement SDG 12, reduce reliance on UPPs, and overcome sobering health and environmental challenges, these consumer-side policies must be complemented with strong agricultural policies that guarantee sustainable and equitable food production and guarantee the rights of small-scale food producers.

4 www.minsal.cl/ley-de-alimentos-nuevo-etiquetado-de-alimentos/

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SDG 13

Climate Justice - How climate change battles are increasingly being fought, and won, in court

BY TESSA KHAN, CLIMATE LITIGATION NETWORK

It is difficult to overstate the threat that climate change poses to sustainable development, equality and the enjoyment of human rights. Rising global temperatures have already contributed to the degradation of natural resources that millions of people rely on for their food security, livelihood and well-being. They have driven increasingly severe droughts, floods, wildfires and super-storms. Climate change increased the intensity of Typhoon Haiyan, the strongest typhoon in recorded history, which resulted in the deaths of approximately 7,000 people in the Philippines and the damage or destruction of more than 1 million homes. Climate change is also expected to amplify other threats, including an increase in the risk of vector-borne diseases and profound levels of stress upon critical physical infrastructure.

In 2015, governments committed to SDG 13: “Take urgent action to combat climate change and its impacts” as part of the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change. In the two years since those agreements were adopted, the world has experienced the highest temperatures of any year ever recorded (in 2016)¹ and extreme weather has continued to wreak havoc across the globe, including the devastating impact of Hurricanes Irma and Maria in the Caribbean and lethal flooding across the Indian subcontinent.²

Despite these warning signs, governments are lagging dangerously behind the pace of action needed to keep temperatures below the threshold agreed in the Paris Agreement – that is, to hold the increase in global average temperature to well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The pledges governments have currently made to reduce greenhouse gas emissions set us on a path to a 3.2°C rise in average temperature,³ which would mark a catastrophic new reality in which the poorest and most marginalized countries, communities and individuals suffer the worst impacts. Further, neither the 2030 Agenda nor the Paris Agreement create effective mechanisms to hold governments accountable when they breach these commitments.

A new approach to accountability

The enormous gap between the promises made by governments in the context of climate change agreements and their actions to date has spurred a new approach to accountability: national-level litigation. Court cases that seek to ensure that governments incorporate climate change into their decision-making processes, for example when approving energy infrastructure, are not new: a recent survey stated that by 2017, nearly 900 climate change cases, broadly defined, had been filed.⁴ However, in the last few years there has been a

1 NASA (2017).

2 King (2017).

3 See: <http://climateactiontracker.org>

4 UNEP (2017).

significant increase in a new generation of climate change cases – those that seek to challenge the systemic climate change policy of governments, whether with respect to mitigating or adapting to climate change.

Among the most successful of these cases is a landmark case against the government of the Netherlands in 2015.⁵ The case, which was brought by a Dutch sustainability NGO (Urgenda Foundation) and 900 individual plaintiffs, led the Hague District Court to order the government to reduce its greenhouse gas emissions by 25 percent compared to 1990 levels by 2020. The judges in the case relied on the scientific findings of the Intergovernmental Panel on Climate Change (IPCC), international political commitments and legal principles, and principles of Dutch civil law to conclude that the Dutch government's climate policy amounted to hazardous negligence. The judgment and the campaign accompanying the case have transformed climate change policy-making in the Netherlands to the point that a new centre-right coalition government has set one of the most ambitious climate change policies in the EU.

Just a few months after the judgment in the Urgenda case was rendered, a Pakistani farmer was successful in his argument before the Lahore High Court that the Pakistani government was not doing enough to address and adapt to the local impacts of climate change, which threatened the country's food, water and energy security.⁶ The court agreed and ordered the government to fully implement its National Climate Change Policy. The court also convened a Climate Change Commission to oversee the government's progress.

Since 2015, climate change cases that challenge the inadequacy of government climate change policies have been filed in countries including Belgium, Switzerland, New Zealand, UK, Norway, India, Colombia, and the USA. These cases are anchored in a range of human rights, constitutional, environmental, civil

and administrative legal principles. In the US, for example, 21 young people are suing the federal government on the basis that the government's policies endanger the climate and infringe upon their rights to life, liberty and property.⁷

Litigation is also increasingly being used as a tool to enforce the responsibility of private sector actors – particularly the fossil fuel industry – for their part in perpetuating the climate crisis. At the instigation of Filipino citizens and international NGOs, the Philippines Human Rights Commission is currently investigating the accountability of 50 fossil fuel companies, including Chevron, ExxonMobil and Rio Tinto, for the human rights impacts of climate change.⁸ A court in Germany is also in the process of hearing a ground-breaking case brought by a Peruvian farmer against the Germany utility company, RWE, for its part in emitting greenhouse gases that have led to glacial melt in the Peruvian Andes that threatens his home and livelihood.⁹ More than a dozen US counties and cities are also suing so-called 'carbon majors' (fossil fuel companies that together are responsible for approximately two-thirds of cumulative global carbon emissions between 1854 and 2010) for the costs associated with adapting to climate change, including rising sea levels and damage from extreme storms.¹⁰

The volume of cases seeking political accountability for commitments to address climate change, and corporate accountability for knowingly contributing to the climate crisis, can be expected to escalate in the coming years. Each year, the impacts of climate change are felt more widely and acutely. At the same time, our ability to attribute specific events and impacts to anthropogenic climate change is also becoming increasingly sophisticated.

5 www.urgenda.nl/en/themas/climate-case/

6 Ashgar Leghari v Federation of Pakistan, 4 September 2015 (WP No. 25501/2015, High Court of Lahore).

7 Juliana et al. v USA et al, US District Court for the District of Oregon Case No. 6:15-cv-01517-TC.

8 www.greenpeace.org/seasia/ph/press/releases/Landmark-human-rights-hearings-against-fossil-fuel-companies-begin-in-the-Philippines/

9 www.theguardian.com/world/2017/nov/14/peruvian-farmer-sues-german-energy-giant-rwe-climate-change

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These developments, together with growing public impatience at the gulf between the words and deeds of political and corporate leaders makes litigation an increasingly effective tool for advancing action on climate change.

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SDG 14

Sustainable fishery or Blue Economy?

BY FRANCISCO J. MARÍ, BREAD FOR THE WORLD – PROTESTANT DEVELOPMENT SERVICE

The inclusion in the Sustainable Development Goals (SDGs) of a stand-alone goal addressing the conservation and sustainable use of the oceans – SDG 14 – has resulted in a veritable boom in global ‘blue’ initiatives. No doubt it is encouraging to see the world’s largest habitat receiving more political attention. At the same time, however, one has to take a very close look at what enthusiasm over a ‘Blue Economy’ or catchwords like ‘Blue Growth’ actually conceals and who ultimately benefits from these concepts.¹

Blue Economy vs. rights-based approaches

It generally has to be welcomed that in the ‘blue’ sustainability debates, the international community recognizes that the oceans are not an area devoid of any humans, but that coastal inhabitants hold rights to the land and the seas and have in some cases done so for a long time. In spite of this, at the UN’s first Ocean Conference in June 2017, many representatives of the artisanal fishery sector had the impression that they were not treated as equal partners but merely serving as objects of a wide range of voluntary initiatives by States, business and NGOs that were in support of ‘Blue Economy’ or ‘Blue Growth’. The human rights base of SDG 14 was hardly mentioned in this context.²

The rights of artisanal small-scale fishers were also given scant reference at other major marine conservation conferences, such as the “Our Ocean”

conference, held in Malta in October 2017,³ and in the ‘blue’ financial instruments of the World Bank and the donor community, for example, Germany’s Blue Action Fund.⁴

However, it has to be borne in mind that marine conservation and sustainable fishery issues also include respecting the centuries-old access rights of fishing communities to their fishing grounds and the economic, social and cultural rights of the coastal communities. Another aspect here is the right of people living in the hinterland of the coastal regions to a healthy and diversified diet, of which fish products are an indispensable element.

Growing recognition of small-scale fishery advocacy groups

The representatives of small-scale fisher communities are enjoying more and more recognition world-wide, just like their colleagues in smallholder farming. They are now accepted as an independent sector of fishery and can participate as holders of rights on an equal par with other actors and government representatives in developing international and national law on governing and managing fishing grounds, coasts and seas.⁵

The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in

1 Standing (2018).

2 See: <https://oceanconference.un.org/>

3 See: <http://ourocean2017.org/>

4 See: <https://www.blueactionfund.org/>

5 International Collective in Support of Fishworkers (ICSF) (2014).

the Context of National Food Security, which were officially endorsed by the Committee on World Food Security in May 2012, play an important role in this context.⁶ They also award fishers the right to have a say in decisions on the use of fishing grounds close to the coast, extractive industry investments and tourism ventures. The Guidelines acknowledge that fishers should not only be heard on investment projects, but that their rights are affected by these projects, and investors therefore have to seek prior consent of the coastal communities or give up their projects.

Artisanal fishery scored an even greater success in 2014, when the Voluntary Guidelines on Securing Sustainable Small-scale Fisheries in the context of Food Security and Poverty Eradication (VGSSF) were officially endorsed by the FAO's Committee on Fisheries.⁷ In adopting the Guidelines, the committee recognized for the first time that artisanal fishery represents a distinct sector holding its own rights within fisheries as a whole. Many States refused to the last to allow this splitting up of their fisheries into industrial and artisanal sectors, but they were over-ruled. It was also thanks to the tenacious insistence of the international small-scale fisheries organizations that this materialized.

The implementation of SDG 14 and its targets for sustainable fishery cannot have any prospect of success without the integration of these Guidelines. There is a growing tendency for wild fish stocks to be fished more and more by industrial fishing fleets (approx. 30,000 fishing vessels, operating across 55% of the world's oceans) and used to provide people in the industrialized countries with fish. Almost 2 billion people for whom fish is one of the most important sources of animal protein have to manage with what is left. In addition, nearly 800 million people live on income from fishery and fish processing. Any changes towards more sustainability through marine conservation, closed seasons and species-appropriate fishing methods also have to take these dependences into account.

⁶ See: www.fao.org/tenure/en/

⁷ See: www.fao.org/fishery/ssf/guidelines/en

Sustainable fishery – for whom?

However, sustainable fishery must not mean that it contributes to a sustainable consolidation of the current inequality in the distribution of fish resources. One example of this is tuna fishing. It is no doubt right to do everything to maintain the global tuna stocks, but not for the purpose of 70 percent of these continuing to be provided as canned tuna to the population of the industrialized countries and the emerging economies. Tuna stocks must above all be used more to supply the population of the developing countries in the Pacific, in particular.

Sustainable fishery also means eliminating poverty and maldevelopment in coastal areas, ensuring access to drinking water and good health, providing sufficient education and guaranteeing gender justice, human rights and democracy for the millions of people living on fishery. Such conditions will also enable the coastal communities to achieve agreements with marine conservation, sustainable tourism and – why not? – energy or fish breeding experts and commission them to develop joint proposals to improve their economic, social and environmental situation.

Small-scale fishery organizations want to be subjects of their development in their own right (including the achievement of the SDGs) rather than mere addressees and objects of non-binding voluntary commitments of governments, corporations and NGOs.⁸

Artisanal fishery is part of the solution

Outside the discourse on the 'Blue Economy', small-scale fishery associations are often being given more attention. This applies in particular to the most important organization on governing ocean fishery activities, the FAO. In this context, in addition to the above-mentioned VGSSF, the Port State Measures Agreement, adopted in 2009, also plays an important role. It provides for stringent controls regarding the origin of fishing trawler catches and now has to be

⁸ Gueye (Ed.) (2016).

translated into national policies with the support of civil society.⁹

The small-scale fishery associations are also instrumental in the Fisheries Transparency Initiative (FiTI), a stakeholder platform founded in 2015 along the lines of the Extractive Industries Transparency Initiative (EITI).¹⁰ Its purpose is to increase transparency and participation in fisheries governance for the benefit of more sustainable management of marine fisheries.

Unfortunately, neither participation nor transparency are established everywhere. One of the SDG 14 targets that is meant to be achieved by 2020 – the elimination of global fisheries subsidies – is being negotiated by the WTO in complete absence of artisanal fishery, which is indirectly affected. This recently became apparent at the WTO's Eleventh Ministerial Conference (MC11) in Buenos Aires in December 2017. To the regret of some of the major environmental organizations, a corresponding agreement on subsidies was not reached. The WTO Ministerial Conference ended with only a commitment from members to secure a deal on fisheries subsidies which would deliver on SDG target 14.6 by the end of 2019.¹¹

However, the absent small-scale fishery organizations vehemently opposed the conclusion of an agreement in the framework of the WTO, for this would not have guaranteed artisanal fishery being excepted from the ban on subsidies.

In their opinion, the negotiations concerning this topic should not be addressed by the WTO in any case, for fish is not a mere industrial and trade commodity but represents food for billions of people. Negotiations on this topic relate to fundamental human rights, in particular the right to food. It would therefore be better for the issue of fishery subsidies to be negotiated in Rome, at the FAO, instead of at the WTO in Geneva.

No doubt the huge fishery subsidies have resulted in an overfishing of the oceans and are now threatening livelihoods in artisanal fishery, especially along the coasts of the poorest countries. However, artisanal fishery continues to need State support to maintain sustainable fishery management, marine conservation, monitoring and more sustainable fishing tackle. In the interest of truly sustainable fishery, politicians must boost public financing of these sectors instead of indiscriminately eliminating it through a ban on all subsidies.

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⁹ See: www.fao.org/fishery/psm/agreement/en

¹⁰ See: <http://fisheriestransparency.org/>

¹¹ See: www.wto.org/english/news_e/news17_e/mc11_13dec17_e.htm

SDG 15

The 30-year search for biodiversity gold: history repeats itself?

BY JESSICA DEMPSEY, UNIVERSITY OF BRITISH COLUMBIA

Conservation finance, private equity funds, land and rainforest bonds: all are attempting to ‘unlock’ the supposed trillions of dollars waiting around to finance the global environmental agenda.¹ A recent report by Credit Suisse, World Wildlife Fund and McKinsey claims that conservation could generate all the funding needed to conserve worldwide biodiversity if main investor segments, including high-net-worth individuals, retail and institutional investors, allocated only “1% of their new and reinvested capital to conservation”.² That is, it is claimed that the equivalent of a teeny-tiny spit in a large bathtub could save us all from degraded ecosystems.

While seductive, the last quarter century of international conservation efforts is riddled with exciting promises to generate financial returns from conservation. But these promises never seem to materialize at any scale, although they are always followed by another set of exciting promises: rinse and repeat.

Gene Gold

Going back at least 30 years, the first promise is that of ‘gene gold’. This dream is perhaps best articulated within the 1987 *Our Common Future*, which, during the then-emerging biotechnological revolution, viewed the vast genetic resources of the tropics as an almost limitless source of wealth, wealth that could fund biodiversity conservation. The famed report predicted that the economic value in genetic

resources “is enough to justify species preservation”.³ Meaning: the incentive to sell the genetic information in tropical forests to pharmaceutical and agricultural companies would outweigh the value of other opportunities, in say, timber or the land for agriculture. Such dreams of win-win-win finance – with positive environment, development and profit outcomes – also found their way into the Convention on Biological Diversity (CBD), ratified in 1992.

Enthusiasm for bioprospecting as a revenue source for conservation in the tropics perhaps peaked in 1991 when pharmaceutical giant Merck signed a 10-year, US\$ 1.3 million deal with the Costa Rican National Biodiversity Institute (INBio). But INBio notwithstanding, bioprospecting has largely failed to deliver on its promises of both profits and conservation.⁴ And a 2012 assessment found that it generated only a meager US\$ 50 million for conservation.⁵

Even as people were hanging their hats on the promise of biosprospecting in the CBD negotiations in the late 1980s and early 1990s, chief International Union for Conservation of Nature (IUCN) scientist Jeffrey McNeely and others like the former director of the Millennium Ecosystem Assessment Walter Reid were already seeing the writing on the wall, arguing for a focus on calculating and including the *indirect* economic values of biodiversity.⁶ Such indirect values

1 UNEP (2011) and World Bank (2015).

2 Credit Suisse/World Wildlife Fund/McKinsey & Company (2014), p. 16.

3 World Commission on Environment and Development (1987), p. 155.

4 See, e.g., Firn (2003) and Burtis (2008).

5 Parker et al. (2012)

6 McNeely (1988) and McNeely et al. (1990)

referred to ecosystem functioning and services, services that, when calculated, “may far outweigh direct values” like genetic resources. These might include services of carbon sequestration and water purification.

REDD+ Gold

And so quickly following on the toes of “gene gold”, is REDD+ gold, which promised that sale of carbon sequestration would generate revenue to save tropical forests (and many other ecosystems). The peak of this promise is perhaps the 2008 Eliasch review, commissioned by the United Kingdom. Released just prior to the Copenhagen climate conference (COP 15), the review suggested that including REDD in a well-designed carbon trading system could provide the finance and incentives to reduce deforestation rates up to 75 percent by 2030. One scenario modelled by the review predicted that US\$ 7 billion could be generated by the carbon markets by 2020.⁷ The most recent Ecosystem Marketplace “State of the Forest Carbon Market” report reports that the forest-based emission reduction market peaked in 2014 with US\$ 257 million in value, down to a measly US\$ 120 million in 2016.⁸ It seems we hit peak forest carbon market before anything close to peak oil.⁹

REDD seems dead, although continues in a zombie form: now folks are betting on inclusion of forest carbon offsets in the aviation industry emission reduction scheme and proclaiming the wonder of new financial technologies, namely blockchain.

7 Eliasch (2008).

8 Hamrick/Grant (2017). This figure cited for 2016 excludes revenue from the Australian Emissions Reduction Fund, which transacted US\$ 509.5 million dollars. But it is not a traditional market as there is only one buyer, the Australian government who awards emission reduction contracts by reverse auction.

9 Despite its low revenue, it is crucial to note that REDD is not benign for all communities; depending on the project it can result in land dispossession and further entrench social inequities. For an overview see Holmes/Cavanagh (2016). Another recent academic paper summarizes that REDD+ projects have faced issues of “insecure land tenure, elite capture of incentives, equity concern between recipients of payments and beneficiaries of ecosystem services, uncertainty over conditional based incentives” (Clark et al. (2018), p. 341).

REDD will not die completely, but remains in a state of ever-promise, always around the corner.

Conservation finance gold

And now we are living through another phase of promise – this time focused on financial institutions and mechanisms: from bonds to private equity all now promising to solve what is a giant failure of governments.

Yet, the evidence on this front is also not looking good. While there are difficulties assessing the entire field which is highly fragmented and also often privately held, my own and others scoping research shows that these capital flows are tiny in relation to the size of the problems, and essentially infinitesimal in the world of capital flows writ large.¹⁰ As CIFOR scientists recently conclude, “Expecting such a shortfall [in funding for SDGs, including biodiversity conservation] to be picked up by the private, or indeed any other sector, is arguably misguided and clearly represents the current disconnect between stated ambitions and reality”.¹¹ So far, the return-generating (meaning for-profit) conservation finance sector faces serious challenges scaling up, a problem readily recognized by the sector itself. As the Conservation Finance Alliance concludes, “The overwhelming majority of the financial sector has yet to show interest in biodiversity conservation”.¹² Or as NatureVest and their co-authors plainly state, conservation investments are much “less competitive compared to competing market opportunities.”¹³

For the most part, the capital that is flowing is of a particular sort, deployed by investors who are ok with low liquidity (assets that can be bought and sold quickly are liquid) and who are willing to take no to low return that is often highly risky, investment terms unpalatable to most investors.¹⁴ And in order to make such low-return, high risk investments, the

10 Dempsey/Suarez (2016). See also Clarke et al. (2018).

11 Clarke et al. (2018), p. 338.

12 Conservation Finance Alliance (2014), p. 4.

13 NatureVest/EKO Asset Management Partners (2014), p. 12.

14 Dempsey/Suarez (2016).

whole enterprise relies on the deployment of public and charitable capital that essentially “de-risk” the investments (known as blended capital).

Furthermore, the global geographic distribution of biodiversity finance, both public and private, is uneven. One report concludes that the United States, Canada, Europe, and China “generate and receive the majority of the world’s biodiversity finance”.¹⁵ The Global South, on the other hand, receives far less biodiversity finance: Africa receives 6 percent, Latin America and the Caribbean receive 6 percent, and Asia (not including China) receives 7 percent of overall global biodiversity finance. Similarly, a more recent survey of private investment in conservation found that 92 percent of the private investment found in their survey originated from U.S.-based investors and that across the three areas of conservation investment examined (green commodities, habitat, and water), Canada and the United States received 82 percent of this finance.¹⁶

From gold-seeking to justice-seeking

Given a shortage of political will, private capital and financial innovation are presented as the plausible and pragmatic approach to solving persistent environmental problems and wealth inequalities. Yet I suggest we understand ‘conservation finance gold’ the most recent attempt to achieve positive environmental and social outcomes that are return-generating, the latest in a more than quarter century effort.

And it does feel like history repeats itself. At its 2018 meeting in Davos, the World Economic Forum released a report calling for the 4th Industrial Revolution, a revolution propelled by new scientific and technological capabilities that will, the document proclaims, “enable society to realize the full value of nature and catalyze a new, inclusive bio-economy”, inclusive for humans and nonhumans on earth.¹⁷

What is on offer in that report sounds remarkably similar to that the found in the 1987 *Our Common Future*.

Another day, another bio-economic or green financial revolution, a so-called ‘revolution’ that is always just around the corner: “selling nature to save it” is always promissory, always just out of reach, existing in swirling clouds of hype that project hockey-stick like growth and political-economic transformation that most often flounder, even on their own terms.¹⁸ Placing our faith in this approach is equivalent to burying our heads in the sand while crossing our fingers for good luck, a far cry from pragmatic and plausible.

What is the other path? For decades, activists and critical environment-development academics have understood so-called “underdevelopment” and ecological degradation as a problem created via ongoing imperial and colonial relations: rich countries and individuals have accumulated their vast wealth by extracting resources (and disposing waste) beyond their borders, over hundreds of years. This conceptualization of the problem suggests we must do more than “unlock” private capital; it suggests redistribution - payments for ecological debt (PED). The concept of ecological debt is about showing how value accrued in the Global North has depended inextricably on devaluation in the Global South. It is inherently about linking distant places and rectifying cumulative historical geographical inequalities.¹⁹ Rather than promoting a kind of trickle-down theory of economic “green” development, PED is based upon redistribution and reparations.

Might the conservation world rally around PED? Payments to those conserving biological diversity would thus not be for “ecological services” produced, but rather be debt payments made by those who have taken up disproportionate space of the global commons. How might such debts be paid? In a recent book, Ashley Dawson provocatively suggests that payments might flow through a guaranteed income

¹⁵ Parker et al.(2012), p. 109.

¹⁶ NatureVest/EKO Asset Management Partners (2014).

¹⁷ World Economic Forum (2017), p 4.

¹⁸ Selling nature to save it is a term first used by McAfee (1999).

¹⁹ For an overview of the concept see Warlenius et al. (2015).

supplement for inhabitants of nations who are owed “biodiversity debt”. While surely controversial, Dawson argues that such incomes should flow not through the state, but rather to people directly, given that so many governments are captured by resource extraction interests. Dawson argues that such direct repayments of debt “would entitle the indigenous and forest-dwelling peoples who make these zones of rich biodiversity their homes with the economic and political power to push their governments to implement significant conservation measures”.²⁰ Could conservation organizations and holders of capital facilitate not the development of tourism lodges that compete against each other and return in profit, but rather support a transnationally organized union or movement of “conservation labourers” who might collectively demand higher payments for ecological debt?

These ideas are not silver bullets, holy grails, or miracle cures. There is no such thing. But we live in a desperate time of countless human and nonhuman tragedies, on a planet that is less lively, less bio-culturally diverse by the year - an earth, as Donna Haraway writes, “full of refugees, human and not, without refuge.”²¹ Such a tragedy is a wholly political problem demanding a political solution, which suggests our time and energy is best spent building powerful movements and organizational infrastructures that can move capital and states towards less extractive directions.

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²⁰ Dawson (2016), p. 91.

²¹ Haraway (2015), p. 160.

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SDG 16

Policies to address the gender dimension of Illicit Financial Flows

BY DEVELOPMENT ALTERNATIVES WITH WOMEN FOR A NEW ERA (DAWN)

SDG 16 on peaceful and inclusive societies calls for building effective, accountable and inclusive institutions, in the belief that the impact of good governance on development outcomes can be a positive one. This is of special relevance for the no longer postponable fight against illicit financial flows (IFFs). As a joint FES/DAWN study on IFFs and gender¹ points out, this challenge is also a focus for feminist resistance. Tax abuse, the shifting of corporate profits to low and zero tax jurisdictions, and the current weakness of the international tax architecture that facilitates financial flows resulting from laundering money from criminal activities, all have a negative impact on human rights and gender equality.

Links between IFF and gender equality

Illicit financial flows are those forbidden by law, rules or custom. They encompass not only the illegal but also the unethical or socially unpalatable, such as multinational corporations' tax avoidance. There are at least two links between IFFs and gender equality. On the one hand, tax evasion, elusion and dodging restrict the State's ability to allocate resources to policies that may help narrow gender gaps. On the other hand, trafficking in women workers (e.g., for domestic or industrial informal work, work in the entertainment industry, or sex work) is a major illegal activity that heavily feeds IFFs, while violating women's most basic human rights.

States, acting individually and collectively, have a duty to mobilize the maximum available resources for the progressive realization of women's and girl's human rights. Weak global governance on tax matters and corporate tax dodging threaten this duty. When a State cannot mobilize sufficient resources and /or has budget shortfalls it can only provide insufficient and low-quality services (i.e., education, health, sanitation, public transport, social infrastructure, care services), thereby perpetuating or exacerbating gender inequalities. This is due to the fact that unequal gender power relations in society result in women being overrepresented among the poor and among those that hold low-paid and poor-quality jobs. Women are also more dependent on State service provision and tend to carry the brunt of increased unpaid care work when States cut social services.

Moreover, when a State's ability to collect revenues and control IFFs is restricted, revenue loss tends to be compensated through higher taxes on compliant taxpayers, such as small and medium-sized companies and individuals, or by relying more heavily on indirect taxation. This again affects women more heavily because women are both overrepresented in small and medium enterprises (that benefit less from avoidance opportunities), and are at the bottom of the income ladder, with the result that the consumption tax burden falls more heavily on them.

Lack of resources to properly implement public policies which would guarantee access to basic living standards is also one of the roots of women's vulnerability to human trafficking networks, as well

¹ Grondona et al. (2016).

as to labour and sexual exploitation. Trafficking in women workers is both a consequence and a cause of women's rights violations. Trafficking in women workers and the associated exploitative activities represent extreme manifestations of women's rights violation. Profit-making from trafficking women workers benefits from the diverse mechanisms that allow for illicit financial flows, and the difficulties that are still encountered when attempting to link human trafficking with its money trail. The proceeds from such exploitation appear to be laundered by using the same structures, mechanisms, jurisdictions and enablers as those of tax evasion and avoidance. The professional assistance of lawyers, accountants and banks that make possible the reintroduction of the profits of previous crimes into the legal financial market, is widespread in cases of trafficking in persons. These enablers are the same used by corporations to avoid tax compliance.

Four areas of political action

Therefore, facing this severe injustice requires political will and practical action. Actions in at least four dimensions are needed:

First, on norm setting, which should include: 1) development of an international financial architecture that guarantees compliance with human rights, gender equality, labour and anti-money-laundering standards; 2) agreement on an international standard to sanction global enablers/facilitators of tax abuse and human trafficking, with a special focus on banks, secrecy jurisdictions, shell companies, legal advisors, law firms, accounting firms and corrupt government authorities; 3) establishment of international standards to protect witnesses, whistle-blowers, tax and human right defenders who expose tax abuse and report corruption; 4) enlargement of the political space to implement progressive taxation on income and wealth, while avoiding explicit and implicit gender bias in taxation, and reviewing harmful tax incentives, exemptions and subsidies, especially those provided to corporations.

Second, on institutional frameworks, which should include: 1) at the global level, establishing a UN inter-governmental tax body with universal membership

and equal voting rights, which is adequately resourced, provided with gender and human rights expertise and mandated to advise on reviewing national, regional and global tax policy for compliance with international gender equality and human rights obligations (see the Spotlight on SDG 17 in this report); 2) at the local level, strengthening the mandate and resources of tax authorities, identifying and closing tax loopholes, and prevent revolving doors between private and public sectors which lead to corruption and an internal lobby of the very wealthy and corporations.

Third, on capacity building, by designing and implementing capacity building programmes as part of the principle of international cooperation and assistance in tax matters, including by untied, additional and predictable official development assistance as well as by South-South cooperation.

Fourth, on data, evaluation and accountability, which should include at the global level the design and harmonization of comprehensive cross-border methodologies to collect and analyse comparable data on tax evasion, avoidance, gender biases of tax structures and links between human trafficking and IFFs. At local level, it is necessary to design comprehensive methodologies to collect and analyze data on tax evasion, tax avoidance, gender biases of tax structures, links between trafficking in women workers and IFFs and cross border spillover effects of national tax policies.

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SDG 17

Trading away the SDGs?

Trade and investment agreements – and disagreements – create obstacles for the 2030 Agenda

BY ROBERTO BISSIO, SOCIAL WATCH

Trade and trade-related policies and international agreements are addressed explicitly in seven of the 17 Sustainable Development Goals (SDGs) and are identified as key to implementation of the 2030 Agenda and of the Addis Ababa Action Agenda (AAAA).¹

Market access is deemed essential to promote the graduation of the LDCs (targets 10.a, 17.11 and 17.12) and to improve the livelihood of small food producers (target 2.3). Trade distortions are to be dealt with, reducing subsidies on agriculture (target 2.b), on fossil fuels (12.c), and on fisheries (14.6). Capacity-building on trade is required (target 8.a) and the WTO is urged to complete the Doha Round (target 17.10) as one of the key means of implementation for the whole Agenda.

Collapse of the WTO Ministerial Conference 2017

Yet, governments, less than two years after having unanimously committed themselves at the highest level to these objectives at the UN, failed to translate those promises into action at the Eleventh Ministerial Conference of the World Trade Organization (WTO) held in December 2017 in Buenos Aires.

The meeting at the Argentinian capital collapsed without approving a declaration, not even to thank the host country. “We failed to achieve all our objectives,” said the EU Trade Commissioner Cecilia Malmstrom in her remarks at a closed meeting of

delegation heads in Buenos Aires, according to the audio recording, leaked by the US media outlet and website POLITICO. “The sad reality is that we did not even agree to stop subsidizing illegal fishing,” she went on. “I hope all delegations here reflect carefully about the message this sends to our citizens, to our stakeholders and to our children.”²

Goal 14 of the SDGs commits governments to “conserve and sustainably use the oceans, seas and marine resources” and its sixth target promises to prohibit, by 2020 “certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation”.

In Buenos Aires, the governments could only “agree to continue to engage constructively in the fisheries subsidies negotiations”³ with a view to adopting an agreement by the next WTO Ministerial Conference in 2019.⁴ But this promise cannot be blindly trusted.

2 EU Statement at the Heads of Delegations meeting, Buenos Aires, Argentina, 13 December 2017 (http://trade.ec.europa.eu/doclib/docs/2017/december/tradoc_156464.pdf).

3 All official documents of the Buenos Aires Ministerial Conference can be found at: www.wto.org/english/thewto_e/minist_e/mc11_e/mc11_e.htm

4 See the Spotlight on SDG 14 in this report.

1 For an in-depth analysis see Bellmann/Tipping (2015).

The previous WTO Ministerial Conference, held in Nairobi in 2015, had agreed to conclude in Buenos Aires the negotiations on agricultural stockholding for food security by developing countries. In spite of that commitment, no agreement was reached last December on this key issue, not even to continue negotiating at the next Ministerial.

This failure to agree on agriculture also contravenes the commitments of the 2030 Agenda. SDG 2 promises to “end hunger, achieve food security and improved nutrition and promote sustainable agriculture” and to that effect it spells out as specific targets the commitments to “correct and prevent trade restrictions and distortions in world agricultural markets” (target 2.b) and also to “ensure the proper functioning of food commodity markets ... in order to help limit extreme food price volatility” (target 2.c).

Without an agreement on agriculture, not even to continue negotiating these issues, indispensable to achieve the hunger and nutrition targets, there is no hope for SDG 2 to be met.

In the case of Trade-Related Aspects of Intellectual Property Rights (TRIPS), the results of the Buenos Aires Ministerial Conference were a bit more positive, with a single paragraph resolution that promises to keep discussing the substance of the conflict between the holders of patents of medicines, protected by the TRIPS agreement, and making those same drugs affordable. Countries using generics or resorting to compulsory licensing of medicines in the interest of public health risk being sued through the WTO compliance mechanisms. The continuation of the present ‘peace clause’, committing WTO members not to initiate such complaints while a substantial agreement is being negotiated, was agreed to in Buenos Aires, thereby diluting immediate threats to public health.

Paragraph 68 of the 2030 Agenda called upon “all members of the World Trade Organization to redouble their efforts to promptly conclude the negotiations on the Doha Development Agenda”. The Doha Development Round of trade negotiations was launched in Qatar in 2001, as a result of the Fourth WTO Ministerial Conference. This new round of

trade negotiations was supposed to address the issues of concern to developing countries, in particular textiles and agriculture.

The WTO membership is composed of 164 countries, most of which are also UN Member States. But a few weeks after agreeing on the 2030 Agenda in New York, the same countries could not agree at the 10th WTO Ministerial Conference in Nairobi to reaffirm their commitment to conclude the Doha Round. Thus, paragraph 30 of the Nairobi Declaration simply informs that “many Members reaffirm the Doha Development Agenda” while “other Members do not reaffirm the Doha mandates”.⁵

In Buenos Aires, Conference Chair Susana Malcorra circulated a draft ministerial statement that did not mention the word “Doha” but wanted the WTO members to “reiterate paragraphs 30 and 31 of the Nairobi Ministerial Declaration” and “commit to work towards more effective implementation and enforcement of WTO rules”.

The US vetoed that language. Nothing seems less strict than referencing a statement that says that some are in favour and others against - so observers are led to believe that it was the mention of “the strong legal structure” of the WTO that the US intended to block, even at the cost of letting the whole conference collapse.

The “legal structure” of the WTO is not its role as negotiating forum, but its dispute settlement system that applies trade rules to claims raised by members against other members and allows for the use of proportionate trade sanctions when a country is found guilty of violating trade rules. At the top of that system the Marrakesh Treaty places an Appellate Body, the supreme court of global trade, composed of seven members with fixed terms. The Trump administration has been blockading the appointment of new members to replace those whose mandates expire, which might soon paralyse that body and thus make the WTO useless and leave the door open to trade

⁵ See: www.wto.org/english/thewto_e/minist_e/mc10_e/mindecision_e.htm

wars and unilateral impositions.⁶

The positions of the US government were known in advance and they follow a pattern that is not dissimilar from, for example, the US withdrawal from the Paris Agreement on Climate Change. What was really surprising during the Buenos Aires Ministerial Conference was the inability of the other 163 members of the WTO to reaffirm their common faith in “a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization” - precisely what their Heads of State agreed to in the 2030 Agenda (SDG 17.10).

Push for “new issues”

The countries of the global North, with enthusiastic support from the International Chamber of Commerce, the World Economic Forum and an active lobby of the GAFA-A group (Google, Amazon, Facebook and Apple, with common interests in some issues with the Chinese Alibaba) pushed for partial (non-consensual) agreements with some middle-income countries and a few least developed countries on “new issues”, instead of solving the issues of interest to developing countries and mandated by previous conferences.

Thus, the USA did sign, together with the European Union, Japan, China, Russia and some middle-income countries a “joint statement” promising “to initiate exploratory work together toward future WTO negotiations on trade-related aspects of electronic commerce”.⁷

This coalition of the willing wants to advance “electronic commerce work in the WTO in order to better harness ... opportunities” for micro, small and medium-sized enterprises (MSMEs).⁸ Yet the Anglo-Ecuadorean analyst Sally Burch, one of the NGO experts banned from attending the conference by the Argentinean authorities, commented that “MSMEs are just the bait to attract support” to the

Agenda that the GAFA-A was lobbying for.⁹

This agenda includes “free flow of data”, which actually means the possibility of commodification and appropriation of personal and local data by global corporations, freedom for those corporations to operate in a country without having a commercial presence in it (and thus exempted from fiscal and even criminal liabilities), and freedom to offer their services to the public and to the States without having to disclose their algorithms or include local software or expertise.

Several other “joint initiatives” were made public in Buenos Aires around what Malcorra called “21st century issues”: investment facilitation (supported by 70 members), MSMEs (87 members) and a “declaration on women and trade”, signed by over 100 members.

Some 200 women’s groups from around the world immediately condemned the notion that the WTO could help to empower women, stating:

[I]ncreasing access to credit and cross border trade for a few women will not benefit women’s human rights overall. The declaration is a ‘pink herring’, an attempt to obscure the harm WTO provisions have on women while ensuring the WTO can bring in ‘new issues’, likely to deepen inequality.¹⁰

Similarly, many associations of small and medium-enterprises, mainly from developing countries, condemned the idea of an informal working group on them in the WTO, as well as using supposed benefits for them, but without any consultation, to introduce in the WTO the issue of e-commerce, seen more as a subsidized non-tax-paying threat than an advantage.

The introduction of these new issues was opposed by the African Group as a whole, as well as by Bangladesh, India and other countries. South Africa’s

6 Jishnu (2018).

7 WTO (2017).

8 Ibid.

9 Burch (2017).

10 <http://apwld.org/statement-womens-rights-groups-call-on-governments-to-reject-the-wto-declaration-on-womens-economic-empowerment/>

trade minister Rob Davies castigated the attempts at Buenos Aires to terminate the special and differential treatment (S&DT) flexibilities for developing countries and “walk away from all mandated issues while embracing new issues, which doesn’t portend well for the organization”.¹¹

Without naming the USA, India said, “Unfortunately, the strong position of one member against agricultural reform based on current WTO mandates and rules, led to a deadlock without any outcome on agriculture or even a work programme for the next two years.”¹²

Much of the extreme inequalities in the world that SDG 10 promises to address derive from trade and investment agreements that guarantee free flow of capital but not of labour and increased rights and privileges for investors (including the right of foreign investors to sue host States before private arbitration panels) without countervailing rights for workers, citizens or even governments.

Yet, despite all of its imbalances detrimental to developing countries and to workers and consumers everywhere, the WTO dispute settlement mechanism is the only legal mechanism with enough ‘teeth’ to make powerful countries comply to demands from smaller states.

Deprived both of its role to enable negotiations (by a major player abandoning the field) and of its arbitration function (because of the impasse on Appellate Body selections), the WTO risks being submerged into irrelevancy. International trade is defined by the 2030 Agenda as “an engine for development”.¹³ Is it safe to leave it running without a map or a driver?

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11 Kanth (2017).

12 Ibid.

13 UN (2015), para. 62.

Spotlight on Sustainable Development 2018

Exploring new policy pathways

How to overcome obstacles and contradictions in the implementation of the 2030 Agenda

Report by the Civil Society Reflection Group on the 2030 Agenda for Sustainable Development

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