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THE SDGS – WHAT ARE THE "MEANS OF IMPLEMENTATION"?

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A major shortcoming of the MDGs was the failure to spell out clearly the resources required for implementation. The latest proposals for the SDGs attempt to do so more comprehensively, in a more meaningful spirit of partnership. But will these proposals survive, and who will be monitoring?

Following a protracted inter-governmental consultation through the Open Working Group (OWG) in New York, the United Nations began moving in July 2014 into the negotiation phase of setting the post-2015 development agenda. In addition to proposing new goals and targets, these discussions have included the means of implementation (MoI) to achieve the sustainable development goals (SDGs).[1]

MoI may be presented as two broad sets of modalities and instruments. First, the means of implementation could be distinguished from the perspective of key instruments: financial and other (non-financial). Second, they may be considered from the perspective of jurisdiction or level of operation: global and national policies and institutions, although some may be regional. A depiction of such means of implementation is shown in Table 1.

To develop a set of SDGs, the General Assembly established the OWG in January 2013. The final outcome document of the OWG has proposed a total of 17 SDGs, including proposed goal #17, "Strengthen the means of implementation and revitalize the global partnership for sustainable development." Comprised of 19 targets to measure MoI, there are another 24 targets related to MoI that appear earlier for goals #1 to #16.[2] However, a number of potential MoI are missing in these targets, including mobilization of innovative finance (e.g. foreign exchange transaction fees, carbon tax) and blended finance.

FINANCIAL MoI

There is consensus about three major areas circumscribing the scope of the financial MoI. First, official development assistance (ODA) and debt relief will continue to be important inputs for the delivery of the post-2015 international development agenda. Second, developing countries need to mobilize more resources through enhancing taxation, cutting subsidies, and preventing illicit capital flows. Third, countries—individually or collectively—have to tap into the new and innovative sources of finance. The components of the financial flows are found in Figure 1.

Official Development Assistance remains one of the major sources of financing development. Until ODA is no longer required, every high-income country should contribute the agreed international target of 0.7 percent of its gross domestic product (GDP) as ODA, of which 0.15-0.20 percent should be allocated to the least developed countries (LDCs). Only a handful of countries—including Belgium, Denmark, Luxemburg, the Netherlands, Norway, Sweden, and the United Kingdom[3]—have met this important global commitment. Indeed, in recent years ODA flows have decreased in real terms. Given the protracted recovery from the recent global economic and financial crisis, it is often noted that high-income countries are in no position to increase their ODA. Exceptions do exist however, as a small number of countries—including the United Kingdom—have increased their ODA.

Along with increased ODA, it is also essential to improve the *distribution of aid* across countries as the distribution is skewed towards wealthier developing countries. Similarly, aid should be distributed to sectors that create productive capacity. Fuller implementation of the "Paris Principles" from the Organization for Economic Co-operation and Development (OECD) would improve the quality of foreign aid; especially pertinent is untying technical assistance.

Enhanced ODA flows needs to be coupled with *debt relief*. To facilitate debt cancellation and repudiation of unsustainable debts, comprehensive and participatory debt audits are urgently required. Debt conversion swaps could be tools of debt relief.

Improving taxation capacity to increase *domestic revenues* and harnessing natural resource revenues will help boost financial flows in developing economies. While enhancing the tax/GDP ratio, it

Future UN Development System supports and helps accelerate change in the UN development system to increase effective responses to global development challenges—especially after 2015, the target date for the Millennium Development Goals. Recognizing the many frustrations that have accompanied UN reform efforts, FUNDS envisages a multi-year process designed to help build consensus around necessary changes. Financial support currently comes from the governments of Denmark, Norway, Sweden, and Switzerland.

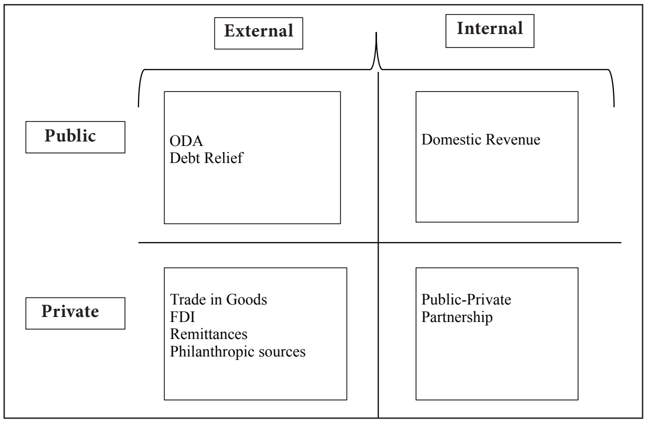
Table 1: Means to Implement the Post-2015 Agenda

Sources		Global Level	National Level
Financial	**Traditional Sources**	• Official development assistance • Debt relief • FDI	• Domestic revenues • Public-private partnership
	Innovative Sources	• Combating illicit financial flows and tax evasion • Foreign exchange transaction fees • Global carbon tax • Tobacco levy	• Blended finance involving international sources
Non-Financial	**Systemic**	• Trade in goods - export access and capacity (including Aid-for-Trade) • Trade in services - overseas remittances • Climate negotiations and outcome • International tax agenda and illicit financial flows • Global financial architecture and economic stability • Transfer of technology and intellectual property rights regime • Regional partnerships	
	Others	• Global dialogue frameworks and agreements • Global data compiling and monitoring • South-South cooperation	• Internal dialogue with CSOs, private sector & other stakeholders • National governance (including crime and corruption), capabilities and institutions, land titles, business climate

is essential to ensure that the incremental revenue comes from direct tax on income and assets, as well as from foreign trade taxes. Improving expenditure efficiency through subsidy reform, especially by phasing out fossil fuel subsidies, can release pressure on the fiscal front. In order to augment domestic efforts to broaden the tax base and revenues, it is also important to implement an international program to deal with illicit financial flows, transfer pricing, and money laundering.

Public-Private Partnerships could play an important role. Public investment in infrastructure and urban development projects may be leveraged with private capital so as to accelerate SDG delivery. This means could provide an avenue for the private sector to play the enhanced role envisaged by the post-2015 agenda.

Figure 1: Financial Flows to Implement the Post-2015 Agenda



Wide-ranging and intensive discussions could identify possible *new and innovative sources* of finance. Taxes on financial transactions and dismantling tax havens are sources along with devoting a portion of sovereign wealth funds to the implementation of the post-2015 agenda. Resources could be raised from capital markets by floating various medium- and long-term instruments. Global solidarity levies—for example, a tobacco levy and a global carbon tax—should be considered. Further, private philanthropic funds could emerge as a key source of development finance.[4]

OTHER MoI

Experience has shown that the effectiveness of financial MoI is reduced significantly in the absence of complementary policy and institutional measures, particularly global ones.

Trade in goods is an important development enabler, and how international trade can support the post-2015 framework is an essential question. The promotion of an open and rule-based multilateral trading system, supported by the World Trade Organization (WTO), is essential. With the Doha round of negotiations stalled, a number of other initiatives are gathering momentum (e.g., the Trans-Pacific Partnership) and may undercut the WTO process. Moreover, attempts are being made to launch alternative multilateral agreements in trade negotiations that threaten to marginalize further low-income countries. Indeed, the LDCs have yet to receive full quota- and duty-free market access for their products in industrialized and middle income countries.

Trade promotion is not only about market access but also about effectively using it. Hence, improving the supply-side capacity of low-income economies is essential, and so the Aid-for-Trade Initiative could play a decisive role. However, to convert trade opportunities to trade flows in the post-2015 period, both funding commitments and disbursements under the Aid-for-Trade Initiative should increase significantly while the Enhanced Integrated Framework for LDCs also should be adequately resourced.

Overseas *remittances* have emerged as an important source of finance for many developing countries. By 2010, total remittances had become more than three times larger than ODA globally. Therefore, the post-2015 development agenda demands that this flow at least remains and even expands. As such, it would be useful to design and implement a globally managed system of temporary movements of "natural persons" (not "legal persons" which include businesses).

The opportunity for greater *labor mobility* should be acknowledged in the post-2015 agenda. To facilitate it, the framework should incorporate Mode IV of the General Agreement on Trade in Services—that is, the temporary movement of natural persons across borders for the purpose of supplying services. In addition, the waiver on providing preferential market access to export of services by the LDCs should be enacted as soon as possible. The post-2015 development framework should also incorporate the International Labour Organization's Convention No.143 to protect the basic human rights of migrant workers, which also should be modified to help reduce transaction costs for going abroad and transfer costs for remittances.

Failure to achieve the MDGs may be correlated with high vulnerability to *climate change*. Because of the costs associated with both the mitigation of greenhouse gases and other adaptations, both the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol have mechanisms to mobilize financial assistance to developing countries. The UNFCCC assigns the Global Environmental Facility as the operating entity whereas the Kyoto Protocol has two financial arrangements: market mechanisms that incentivize reducing greenhouse gas emissions and the Adaptation Fund to assist developing countries counter climate change's adverse effects. To date, commitments and disbursements from these initiatives remain inadequate, partly due to the inconclusive state of the UNFCCC negotiations. Now that the environmental dimensions of development are set to gain prominence in the post-2015 agenda, it is imperative to hammer out an agreement. The degree of ambition of the SDGs could depend on the outcome of the international climate negotiations.

Reform of the international tax system could be important. Combating illicit financial flows, tax evasion, tax havens, and transfer mispricing could enhance domestic resource mobilization. Significant additional resources could be raised by strengthening taxation through international institutional and operational changes and preventing capital flight from developing economies. Estimates show that the annual capital flight from many low-income countries surpasses their annual ODA.

Reform of the existing global financial architecture is required to overcome the lack of appropriate international financial regulation, which has aggravated the vulnerabilities of the system; and the weakest countries have borne most of the cost. Efficiency gains from reforming the global financial architecture could not only provide additional resources but also enhance the prospects for global economic stability and provide safeguards against external economic shocks.

Transfer of technology and intellectual property rights are also essential MoI. Bridging the technology divide is one of the main challenges in implementing the post-2015 agenda. With this in mind, the establishment of a technology bank and supporting mechanisms as promised under the 2011 Istanbul Programme of Actions for the LDCs should be pursued.

Providing access to information, communications, and other technologies could also strengthen transformative processes in developing countries. Eliminating the constraints working against the development dimensions of the intellectual property rights regime is one potentially major way to enrich the post-2015 implementation process. Providing more scholarships to students from low-income countries could also positively influence the delivery of the post-2015 commitments.

There can be several means of implementation available at the *regional level*. Increased regional integration and more regional development banks could help absorb shocks and finance infrastructure. Moreover, regional partnerships on knowledge, innovation, and capacity development could be viewed as major non-financial means of implementation.

INSTITUTIONAL ARRANGEMENTS FOR DELIVERING THE MoI

With the rise of the global South, the role of South-South cooperation (SSC) is increasingly finding pride of place as an MoI within discussions of a viable "global partnership" for the realization of the post-2015 agenda.

While the global partnership is related to implementing the post-2015 agenda, the latter is much broader. The global partnership concentrates on gathering resources and building the capacity to achieve the global development targets. The concept of the MoI, however, is broader than just gathering resources; it also encompasses the institutional framework and governance issues required to achieve the global development goals.

Furthermore, the global partnership is principally between governments of developed and developing countries, in which developed countries often play the dominant role, which is manifested through aid, trade, and investment relationships. The current elements of the global partnership may be traced to the 2002 Monterrey Consensus on Financing for Development, which broadened the list of potential sources of finance.[5] The post-Monterrey process witnessed a number of high-level meetings that culminated in the 2011 Busan meeting on "aid effectiveness." Pursuant to this process, the first high-level meeting on the Global Partnership on Effective Development Cooperation (GPEDC) took place in Mexico in April 2014. Traditional donors are changing their emphasis from "aid effectiveness" to "effective development cooperation" with a view to including "new" actors (e.g., from the private sector and new donors from South) as well as to expand the tool box of cooperation (e.g., private public partnerships and corporate social responsibility funds). The GPEDC has support from UNDP and OECD donors but less enthusiasm from emerging powers. In addition, low-income countries are waiting to see whether it will become a platform for discussing such issues as the transfer of technology and knowledge.[6]

Although the emerging powers from the global South were invited to Mexico for the GPEDC session, these countries took an ambiguous position towards the event and did not associate themselves with the outcome. Their main contention was that SSC cannot be framed in terms of traditional donor-recipient relationships and is more a "partnership" driven by "mutual benefits" and the national priorities of the service-receiving country. Moreover, SSC is now less about the exchange of information and technology than about the delivery of aid.

South-South relations in the recent past have come to characterize the global arenas of trade, investment, and remittance flows. The large Southern countries are gradually increasing their role as non-traditional donors and may increasingly define the global economic landscape and help ensure the delivery of the post-2015 agenda. SSC will thus be both about financial resources and other means of implementation. Given that many of these countries enjoy economic surpluses and reservoirs of knowledge, expertise, and technology, they are naturally positioned to become providers of resources to poorer developing countries.

The BRICS (Brazil, Russia, India, China, and South Africa) agreed to create a development bank and a Reserve Fund in July 2014, seen as possible counterbalances to Northern-led financial institutions. The new development bank is supposed to have an initial capital of $50 billion, of which of $10 billion would be deposited. The bank aims to assist developing countries to mobilize resources for infrastructure and sustainable development projects. In addition, the Contingent Reserve Agreement will have $100 billion at its disposal. The lion's share of the reserve, amounting to $41 billon, will come from China, with Brazil, India, and Russia each contributing $18 billion and South Africa $5 billion. The new development bank will provide the BRICS countries with a platform to pool more funds and collect more resources for SSC.[7]

CONCLUSION

The adequacy of the MoI for the post-2015 agenda can be best assessed once the agenda itself is adopted. It would be desirable to develop a matrix of tasks and responsibilities for each of the goals and targets (and perhaps the indicators too). Each target should be agreed along with a clear idea about delivery mechanisms.

In this connection, accountability and monitoring should be an integral MoI. The MDGs had no specific framework to mobilize additional resources—other than to reiterate the 0.7 percent target—which was a major shortcoming in the exercise. The ongoing disagreements about the content and packaging of the goals and targets reflects a continuing reluctance by countries with means—be they from the North or the wealthier parts of the South—to commit resources to the post-2015 development framework or to an accounting and monitoring mechanism with independence and teeth to keep commitments under review.[8]

Ultimately, the most important means of implementation will be the political will of global leaders, which hopefully will be reflected in the "Declaration" in the final document. The global public's vigilance should seek to keep the feet of political leaders to the fire by constantly reminding them of their commitment to end global poverty and "leave no one behind."

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NOTES

1. Accompanying the OWG, the Intergovernmental Committee on Sustainable Development Financing assessed financing and other resource needs to achieve the Sustainable Development Goals (SDGs). The High-Level Panel on the post-2015 Development Agenda and the Sustainable Development Solutions Network put forward controversial multi-level and multi-dimensional proposals. See United Nations, *A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development, Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda* (New York: United Nations, 2013) available at http://www.post2015hlp.org/wp-content/uploads/2013/05/UN-Report.pdf; and Sustainable Development Solutions Network, *An Action Agenda for Sustainable Development: Report for the UN Secretary-General*, Prepared by the Leadership Council of the Sustainable Development Solutions Network, 6 June 2013, available at http://www.unfoundation.org/assets/pdf/sustainable-development.pdf.
2. OWG, *Outcome Document*, available at http://sustainabledevelopment.un.org/focussdgs.html.
3. UNDP, *Towards Human Resilience: Sustaining MDG Progress in an Age of Uncertainty*, (New York: UNDP, 2011), Chapter 5 "Official Development Assistance", available at www.undp.org.
4. Overseas Development Institute, "Financing and Other Means of Implementation in the Post-2015 Context," 2013, *European Report on Development*, available at http://www.odi.org/projects/2742-erd-2014-european-report-development-financing-post-2015.
5. The Monterrey Conference on Financing for Development was held on 22 March 2002 in Monterrey, Mexico, and resulted in the Monterrey Consensus that encompassed several issues such as domestic resource mobilization; mobilizing FDI and other private flows; international trade as an engine for development; increasing international financial and technical cooperation for development; external debt and systematic issues like enhancing the coherence and consistency for international monetary, financial and trading systems in support of development. Another International Conference on Financing Development will be held in July 2015 in Ethiopia.
6. For a set of essays on these issues, see Thomas G. Weiss and Adriana Erthal Abdenur, guest editors, "Emerging Powers and the UN: What Kind of Development Partnership?" special issue of the *Third World Quarterly* 36, no. 1 (2015).
7. Stephany Griffith-Jones, *A BRICS Development Bank: A Dream Coming True* (Geneva: UNCTAD, 2014) Discussion Paper No. 215.
8. See the advance unedited version of United Nations, *Report of the Intergovernmental Committee of Experts on Sustainable Development Financing*, available at http://sustainabledevelopment.un.org/content/documents/4588FINAL%20REPORT%20ICESDF.pdf.