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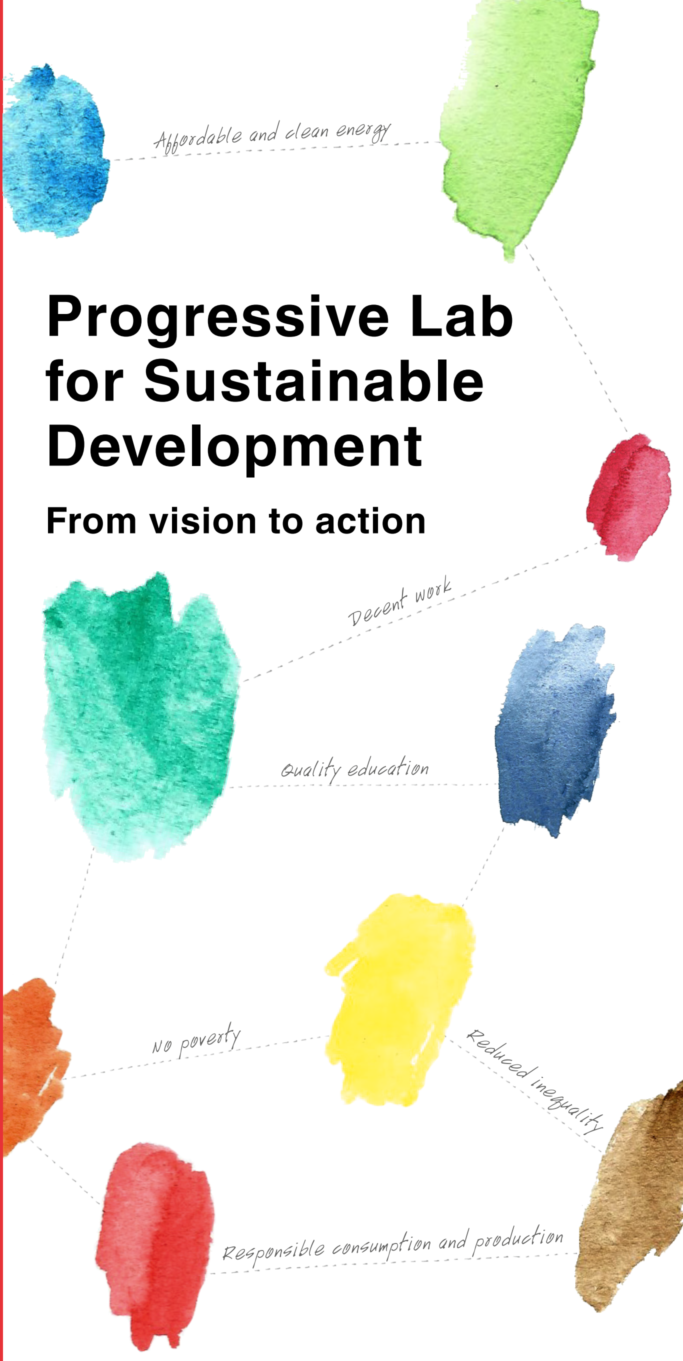
Progressive Lab for Sustainable Development

From vision to action



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PROGRESSIVE LAB FOR SUSTAINABLE DEVELOPMENT: FROM VISION TO ACTION

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TRANSFORMING OUR WORLD, ACHIEVING A SUSTAINABLE DEVELOPMENT MODEL - THE 2030 AGENDA AND THE EU

With contributions by ROBERTO BISSIO, CARLES CASAJUANA, KOEN DE FEYTER, LELIO IAPADRE, MARKUS LOEWE, FABIANA MAGLIO, ANNALISA PRIZZON, LILIANA RODRIGUES AND SAHAR T. RAD

1. Contextual background

The 2030 Agenda for Sustainable Development sets out the framework for achieving sustainable development by 2030, reducing inequalities everywhere and eradicating poverty. A new feature of this Agenda is its universality. It applies to all countries at all levels of development, while taking into account their different capacities and circumstances.

Implementation will be driven by a new Global Partnership characterised by shared responsibility, mutual accountability, and engagement by all. The Means of Implementation for the new Agenda are outlined in the SDGs and the Addis Ababa Action Agenda, agreed in July 2015. Its implementation will require action at national, regional and global level, mobilising governments and stakeholders including citizens, civil society, the private sector and academia, at all levels.

Following the adoption of the 2030 Agenda - formally adopted by the international community at a dedicated UN Summit on 25th September 2015 - and its 17 Sustainable Development Goals (SDGs), the European Union (EU) committed itself to a transformative programme, which could potentially turn the current unsustainable 'growth-at-any-cost' economic model into a sustainable one based on the recognition of, and the respect for, planetary boundaries and the clear supremacy of human rights over the economic privileges of vested interest groups .

This will require measures and policies that tackle the current major global challenges. Some of these global challenges are being addressed in this book, including:

- *Growing inequalities*

The full realisation of the human rights approach that is at the heart of the 2030 Agenda requires a massive reduction in inequalities both between and within countries (SDG 10), aiming to ensure that no one is left behind. The EU should insist that attention to reducing inequalities is an inherent element in all the policies related to the implementation of the SDGs. The focus on inequality complements the reiterated goal of the eradication of extreme poverty, as inequality has been on the rise within most countries over the past decades. However, better inequality indicators still need to be agreed.

A more dynamic and all-encompassing approach to the issue of inequality is urgent. Inequality has severe repercussions for health, well-being and social cohesion. It promotes status competition and consumerism, and it increases violence. By not addressing inequalities, any efforts at poverty reduction and economic growth will be hampered. As such, it is important for the EU to emphasise, in its policies and projects, the significance of reducing not only social inequalities, but also income and wealth differences within and between countries. In this regard, the continuation and expansion of the EU initiatives, aimed at for example financial regulation and preventing illicit financial outflows, are essential.

- *Biased trade and investment strategies and growing corporate power over public authorities*

A universal, rules-based, open, non-discriminatory, fair and equitable multilateral trading system can help promote inclusive economic development. Nevertheless, it is essential to reconcile trade policy and development cooperation objectives with a view to achieving policy coherence for sustainable development, as well as the promotion and the protection of human rights.

Economic and financial globalisation have produced a gradual expansion in the rights of corporations. Business entities have gained the right to establish themselves in most countries of the world through investment agreements (bilateral and regional). One result is that they give corporations the right to sue governments (without the governments being able to reciprocate). They can be used to define health or environmental regulations as 'expropriations', thereby putting corporate privileges above human rights. Several countries are starting to revise those treaties. Investor-state disputes in private arbitration panels have been considered illegal and contrary to human rights by many experts. The EU should not undermine such efforts and it should start to think of alternative ways of balancing investor guarantees with human rights.

- *The funding of development cooperation and aid effectiveness is at stake*

Though already funding well below the internationally agreed 0.7% GNI (Gross National Income) development cooperation target, in recent years a number of EU Members States have cut their development cooperation budgets (Barbière and Jacobsen, 2015). In May 2015, Finland's new centre right government surprisingly budgeted to cut its Official Development Assistance (ODA) by 43% (i.e. €300 million). In the same year, the new Danish liberal-conservative coalition decided to cut its ODA from 0.87% to 0.7% of GNI. The Netherlands aims to reduce its development aid from 0.81% in 2020 to 0.55% of GNI by 2017 (Fic, Kennan and te Velde, 2014; OECD, 2016). Finally, countries worst-affected by the 2008 financial crisis such as Italy, Greece, Portugal and Spain, 'all allocate less than 0.2% of their GNI to development aid' (Barbière and Jacobsen, 2015). Such a reduction in ODA will have serious consequences for developing countries, in particular on the Least Developed Countries (LDCs), which are the poorest and weakest segment of the international community.

At the same time, the involvement of the private sector in development cooperation should not put at stake the aid effectiveness principles that have been 'recognised and accepted by all those involved in development co-operation, from donor and recipient country governments to providers of south-south cooperation, international organisations, civil society, parliamentarians and local government' (OECD, 2012). As highlighted by the Busan Partnership for Effective Development Cooperation, these principles are: '1) Ownership of development priorities by developing counties: Countries should define the development model that they want to implement; 2) A focus on results: Having a sustainable impact should be the driving force behind investments and efforts in development policy making; 3) Partnerships for development: Development depends on the participation of all actors, and recognises the diversity and complementarity of their functions; 4) Transparency and shared responsibility: Development cooperation must be transparent and accountable to all citizens' (OECD, 2012).

- *Illicit financial flows*

Many developing countries are vulnerable to corruption, tax evasion and tax avoidance, as well as losses in other illegal capital flows. The problem needs to be recognised and dealt with at national, regional and global levels by building stable and fair tax systems. The International Covenant on Economic, Social and Cultural Rights (ICESCR) imposes on all states the duty to "take steps [...] to the maximum of its available resources, with a view to achieving progressively the full realisation of the rights recognised in the present Covenant by all appropriate means" (UN General Assembly , 1966, article 2). This duty is not complied with when the "available resources" are substantially diminished because of the massive illegal transfer of resources to secret jurisdictions. The Report of the High Level Panel on Illicit Financial Flows from Africa concluded in 2015 that 50 billion dollars leave the continent illegally every year, double the total ODA received by Africa (UNECA, 2015, p. 13). Contrary to public perception, the bulk of these illicit flows do not originate in corrupt government figures, smugglers of arms or diamonds or drug traffic (all of which obviously exist) but in transfers originated from the activities of legally established corporations, particularly, but not exclusively, in the extractive sector (mining). Since then, the scandal revealed by the Panama Papers and others have demonstrated that the secret offshore economy and the race to the bottom in tax policies (in an attempt to attract investors) not only hurt developing countries but also hurt the developed countries as well.

2. Walking the talk: The EU's contribution to a sustainable development model

After the financial crisis of 2008, with its aftermath of either recession or stagnation, those global challenges are not only relevant for developing countries, they are at the top of the international agenda and the concerns of citizens everywhere. The very future of the European Union is at risk as the continuation of "business as usual" pushes those left behind to support narrow, nationalistic, authoritarian alternatives.

The 2030 Agenda represents a window of opportunity for the European Union to regain its lost legitimacy and social cohesion among European citizens and Member States. In the first place, the 2030 Agenda offers the EU the chance to bring together its Member States around a united objective in which People, Prosperity, Planet, Peace and Partnership are put at the core. It is indeed in everyone's interest to overlook differences and achieve agreement on common issues such as social justice, social welfare and environmental protection. If EU Member States fail to cooperate in a timely and efficient manner on joint goals, they will soon become marginalised in the interplay between the US, Russia and China in all policy fields - trade, climate protection, poverty reduction and the promotion of democracy.

There are many areas in which the EU could redirect its strategies and policies in such a way that it achieves sustainable development while simultaneously reinforcing the European Project. The four dimensions of economic, social and environmental aspects of development, as well as good governance, are closely inter-related and sustainability depends on this interconnection. The EU could therefore unite its forces around these four dimensions.

The purpose of this volume is to offer a non-comprehensive selection of case studies offering ideas for EU innovative strategies and policies to move towards a sustainable development model. The book is divided into two main sections: 1) "Towards alternative fiscal and economic policies" looks at how the current economic, fiscal, environmental and trade policies and partnerships should be reshaped to ensure decent work and respect for labour, social and environmental rights; 2) "Towards equality of opportunity and access to quality education" looks more closely at policies aimed at enhancing people's capabilities, empowerment and participation through access to education, integration and equality of opportunity.

The new 2030 Agenda adds a new emphasis on reducing inequalities within and among countries to the traditional development goals of poverty eradication, changing unsustainable production and consumption patterns and promoting justice (from gender and climate justice to accessible court systems to protect human rights). The private sector is being convened, together with governments, civil society and international institutions, to contribute to the implementation of the 2030 Agenda. For that to be possible, many current practices, ranging from the undermining of tax systems to the promotion of informal economies, need to change. In the first chapter, Leila Adim's paper ventures into this largely unchartered territory, with in-depth analysis of the current situation and concrete policy proposals for the European Union to implement. The paper's innovative approach challenges the traditional thinking that multinational corporations necessarily increase living standards in developing countries and help formalise their economies. Instead, the article shows that multinational corporations' abusive practices are at the heart of their strategy, seeking profit maximisation and a reduction of costs at the expense of the population and the state economy, and it denounces these multinationals. The author focuses on two indirect consequences of multinational corporations' abusive practices: the corporate tax abuse and the abusive use of an informal labour force. In particular, the article highlights human rights violations that such practices perpetuate and the unfair situations they give rise to.

The second article by Alexander Krenek and Margit Schratzenstaller is based on the notion that the mobilisation of additional funds should be as efficient as possible, but they should also contribute to a reduction in income inequality. Indeed, increased domestic resource mobilisation is a key prerequisite for all countries to become more active in the fight against poverty, inequality and climate change. Most countries globally suffer chronically from government budget deficits. Any additional spending on education, income redistribution, greener modes of production or consumption therefore depends on the availability of additional funds. Therefore, the authors suggest the introduction of an EU-wide wealth tax, as a potential sustainability-oriented tax-based own resource to fund the EU budget. This tax would naturally be highly progressive in terms of income redistribution. However, Krenek and Schratzenstaller argue that a wealth tax can be even more efficient than a tax on capital income because it is independent of the rate of return of the capital invested. It forces investors to look for higher rates of return, which tend to be more productive so they create more jobs.

With the 2030 Agenda for Sustainable Development and national development strategies, the pressure for an increase in financial resources to achieve the related goals and targets is even higher. As a result, resource-constrained governments in both advanced and developing economies have increasingly tapped into an array of Public-Private Partnership (PPP) mechanisms for projects that would not have otherwise been implemented due to lack of funding and technical expertise. However, PPP-funded projects are often perceived as a vehicle for the privatisation of public assets, with political stakeholders starting to demand improved social standards in PPP contracts. In her article, Laura Panades-Estruch proposes a 'reinforced social clause' in EU procurement policy as a solution to such concerns. It would also be a tool for the EU to protect rights at work and extend social protection, two main pillars of the decent work agenda. This is also in line with SDG 8 which says that all countries are now committed to the promotion of 'productive employment and decent work'. Drawing lessons from a similar social clause first introduced by the WTO in trade agreements, the article recommends that EU procurement policy includes additional awards criteria on quality. The author articulates why a 'reinforced social clause' in public-private partnerships is a more cost-effective and politically accountable alternative that has lower transaction costs than either public provision, privatisation or public-social-private partnerships. Estruch's analysis does not only offer policy recommendations for EU policy makers to raise labour standards in PPP contracts, it also outlines a feasible 'how-to' action plan to translate the 'reinforced social clause' into EU law.

In line with the objective of ensuring better protection for labour rights in the above paper, **Yentyl Williams'**s article outlines an interesting analysis of social and labour standards in Economic Partnership Agreements with the African, Caribbean and Pacific (ACP) group of states, aimed at assessing their consistency with the Cotonou framework and its prospective evolution. Focusing on three African regions – the Southern African Development Community (SADC), the East African Community (EAC) and the Economic Community of West African States (ECOWAS) – the article provides a first insight into the trade-labour nexus in their most recent Economic Partnership Agreements (EPAs) with the EU. The author proposes an empirical investigation based on the comparison of legal texts, enriched with participatory observation in EU-ACP stakeholder meetings. Did African negotiators conclude EPA-light agreements which reflect their priorities by departing from labour provisions outlined in Cotonou, or did African EPA negotiators lose out by not carrying forward the labour (and social) provisions already included in the Cotonou Agreement into the EPAs? These are the questions Williams tries to address in her paper.

Beyond its social aspects, sustainable development also implies the consideration and integration of the economic and environmental aspects of each implemented policy. Although many argue that development is only possible through industrialisation accompanied by the extraction of human and natural resources as it was experienced by the so-called developed countries, the contribution by Diana Hanry-Knop challenges this vision by presenting a case of successful development in which people's well-being and environmental considerations are in the foreground. Costa Rica indeed provides an excellent role model for implementing sustainable resource management and energy transition towards renewable energy sources, in a process where citizens' involvement has been simultaneously ensured. Such policies could provide ample insight into the EU's domestic and international policies in these fields. In particular, the paper highlights where the EU could engage with, and learn from, the successful experiences of sustainable development in developing countries.

The second part of the book looks into approaches, measures and policies that are needed to empower people, fight inequalities, facilitate inclusion and ensure access to education for all. The article by Sylvain Aubry and Zizipho Zondani critically explores the impact of private schools on the access to education of primary school-aged children in developing countries and acknowledges its complexity. The 2030 Agenda for Sustainable Development renewed the commitment to ensure access to equitable and quality education for all boys and girls as strongly expressed in SDG 4, envisaging a world of universal respect for human rights and dignity, where no child would be left behind. The responsibility of governments to ensure the right to quality public education, and the rapid growth of private schools in the developing world, has attracted considerable critical discussion recently. Will we ever succeed in achieving our ambitious vision of leaving no-one behind if education will not always be free, especially at the point of access? Does private education provision always fill a void created by state failure, or does it instead cause segregation and exacerbate existing socio-economic inequalities? According to the available literature, the evidence as to whether or not private schools provide a better quality of education is questionable, especially in the long run. The article published here presents a rigorous review of the evidence of the impact of education privatisation in developing countries and on the role of donors in supporting this phenomenon, using the UK as an example. It investigates the topic through an *ad hoc* theoretical framework, which encompasses both SDG commitments and human rights obligations. Last but not least, it gives a serious pause for thought to the EU to strongly defend education as a public good and not as a commodity. The article emphasises the opportunity for the EU to stand out as a role model in the financing of education, by supporting further exploration of innovative sources. The concluding section highlights the urgent need for regulation of the private sector as well as a cautious EU monitoring role in international fora. This would ensure that the support for private schools will not deviate from the overall goal of developing the capacity of national education systems.

While the article mentioned above looks at privatisation in general, the article by Antoni Verger and Mauro Moschetti focuses on one particular form of non-State provision: the public-private partnership in education. By looking at the interaction between the private and the public, this article shows both sides of the issue. Set up as an innovative policy approach to providing education, especially in developing countries, the authors observe that public-private partnerships in fact face conceptual and practical challenges and limitations. Through their article, they aim to shed light on the concept of public-private partnerships and their implications in the field of education. Based on a ‘review-scoping’ approach, they assess the impact of public-private partnerships based on indicators such as equality and developed skills. This implicitly demonstrates that performance cannot be reduced to financial analyses only, but it should take the quality of learning, teachers, equity and other educational dimensions into consideration. Although acknowledging the fact that Public-Private Partnership may take education to areas where public provision is insufficient or non-existent, in the end they propose exploring partnership frameworks other than those involving education privatisation and marketisation. This should promote capacity building in the state sector without generating dependence on the private sector.

Beyond the provision of quality education, the following article by Juhar Yasin Abamosa looks at another important problem, namely access to education for refugees in host countries. Indeed, the world is experiencing significant human mobility, part of which is driven by people having been forced to leave their home country. When they reach their host countries, refugees need to access information and acquire new skills to reconstruct their lives and integrate themselves into their new society. As part of their reconstruction, education matters considerably. Not only is education the best tool for developing skills and improving their full potential opportunities, it is also an important driver of equality and economic growth - hence their escape from poverty. Unfortunately, access to education for refugees and migrants is often very difficult due to the presence of several barriers. These barriers may be even stronger when it comes to accessing higher education. The article addresses this issue by exploring the main challenges the refugees face in their trajectories into higher education in their new countries. Based on a literature review, the author highlights the benefits of accessing higher education for both the refugees as well as for host countries. In addition, drawing his analysis from real experiences and cases, the author is able to identify six challenges to refugee's access to higher education, namely lack of information, poor language skills, the difficulty of getting foreign qualifications recognised, discrimination, long waiting times at the camps, and the lack of a flexible curriculum. Accordingly, counter measures are recommended to overcome the problems and help refugees realise their full development.

Finally, is inequality always an obstacle to fair and sustainable economic growth or can it also have a positive impact? Is equity a pre-condition for growth? These questions have haunted economists for a long time. They are still fiercely debated. Some think inequality is an inevitable component of growth, not the lesser of two evils but a necessary evil. Others see it as an obstacle to growth. **Juan Gabriel Rodríguez** contributes to this debate with an insightful proposition: not all inequality is bad. Some forms of it, like some forms of cholesterol in the human body, are good for the economy, or at least impossible to avoid as part of human nature. He distinguishes between inequality of opportunity and inequality of effort. Inequality of opportunity is always an obstacle to economic growth and must be eradicated. A level playing field is the best launching pad for economic growth. Inequality of effort is intrinsic to human nature. Combatting it through redistribution policies can dis-incentivise the best and therefore become an obstacle to economic growth. Some people are prepared to put in more effort than others: they must be encouraged and supported, because they will end up generating opportunities for everyone around them. Policy makers must ensure that all resources used to combat inequality have a positive impact on growth. For this reason, the distinction between inequality of opportunity and inequality of effort is extremely useful, as it clarifies those inequalities which must be eradicated and those which can be disregarded. It also helps to maximise the growth-inducing effects of inequality eradication both in Europe and in developing countries.

Since the adoption of the 2030 Agenda in September 2015, the EU still has to develop a comprehensive EU Sustainable Development Implementation Strategy with a timeline of 2030 that will enable the achievement of Sustainable Development both within the EU and externally over the next 15-year period. This Strategy should incorporate both internally and externally-focused EU policies and actions, as well as the external impact of those policies on third countries. The European Commission's Communication of November 2016 on 'sustainable European future: European action for sustainability' (COM (2016) 739 final), is a long way off providing clear guidance on how the EU will move towards a more sustainable development model.

We hope the articles selected for this collective book will provide some ideas to help this process.

It is time for the EU to move from vision to action.

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