Position on the Means of Implementation

Developed by CONCORD / European Financing for Development Task Force and CONCORD/ Beyond 2015 European Task Force

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Introduction

"The EU and its Member States recognise that universality will require commitment from all. In this context, the post-2015 agenda should be reflected in the internal and external policies of the Member States and of the EU, including the renewed EU Sustainable Development Strategy, and the Europe 2020 strategy and related policies."

Council Conclusions on a transformative post-2015 agenda, 16 December 2014

The European Union (EU) has committed to reflect the universality of the post-2015 agenda in all its policies, internal and external, as well as those of its Member States. The EU's position for the Third Financing for Development Conference in Addis Ababa in July 2015 is a politically critical opportunity to announce its planned action and reform agenda specifically in the areas covered by the Financing for Development agenda. The Financing for Development agenda covers sources of financing for development as well as systemic linkages between the financial system and other parts of the global economic system including the trade and monetary system, macroeconomic interlinkages between the different components as well as international governance in these areas. Given the specific mandate of the Addis Ababa Conference[1] to address the implementation of the Financing for Development agenda, negotiations must be focused on the effective fulfilment of this mandate. Important means of implementation of the post-2015 framework will therefore be agreed in Addis Ababa. **However, means of implementation that are not covered within the mandate of the Addis Ababa Conference must be adequately and thoroughly addressed in the post-2015 negotiations.**

As a very significant global trade bloc, financial centre and donor, the EU has major responsibilities for policy reform and action to advance the Financing for Development agenda. The European Financing for Development Task Force has laid out what we expect the EU to bring to Addis Ababa in the position paper "Destination Addis Ababa: The European Union's Responsibilities at the Third Financing for Development Conference." This current paper on Means of Implementation (MoI) must be read in conjunction with the Financing for Development Task Force's recommendations for the EU for Addis Ababa.

Building upon and fully consistent with its plan of action to support the global agreement on financing sustainable development, the EU must come up with a coherent and holistic road map of how it will implement all the commitments it signs up to in 2015 in Addis Ababa, New York and Paris.

This paper highlights a few important actions that the road map would need to cover:

i. Measuring progress in a way that takes the well-being of people and planet into consideration.

ii. Acting on the responsibility to make policy coherence for sustainable development a reality.

iii. Ensuring effective and inclusive participatory governance.

iv. Putting in place strong and effective accountability mechanisms.

v. Reforming financial policy and institutions, trade policy and practice and fiscal policy so that they serve people and planet.

vi. Adopting innovative sources of finance to raise additional resources for the global implementation of the agreements.

[1] General Assembly 68/279 of 10 July 2014. Modalities for the Third International Conference on Financing for Development. Para 7: Reaffirms that the third International Conference on Financing for Development will assess the progress made in the implementation of the Monterrey Consensus and the Doha Declaration, reinvigorate and strengthen the financing for development follow-up process, identify obstacles and constraints encountered in the achievement of the goals and objectives agreed therein, as well as actions and initiatives to overcome these constraints, and address new and emerging issues, including in the context of the recent multilateral efforts to promote international development cooperation, taking into account the current evolving development cooperation landscape, the interrelationship of all sources of development finance, the synergies among financing objectives across the three dimensions of sustainable development, as well as the need to support the United Nations development agenda beyond 2015.

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This paper does not, therefore, go into the detail of the entire list of areas that must form part of the international agreement on the means of implementation for the post-2015 SDGs framework. The full list of issues that should be covered in such an agreement is listed in the annex. Instead, **this paper aims to highlight a key set of areas in which EU action will have a significant positive impact on the global effort towards sustainable development and responding to climate change.** EU announcements of concrete actions with clear timelines to make progress in these areas will therefore be an important indication that it supports the realisation of a widely shared vision in European civil society for a just, equitable and sustainable world in which every person can realise their human rights, fulfil their potential and live free from poverty.[2]

Alternative Measures of Progress

Most economies are built on a premise that equates the growth of a country's Gross Domestic Product (GDP) with well-being. However, the GDP of a country only counts the monetary value of all officially recognised goods and services that it produces over the course of a year. GDP-measured economic growth is therefore insufficient as a measure of progress because it does not take into consideration, for example, the exploitation of natural resources. Nor does it reflect living standards, or well-being, or equality of outcomes. GDP-measured growth, with its narrow focus on economic development encourages a consumerist culture without recognition of either planetary boundaries or equity. This is extremely short-sighted. For this reason, the emphasis put on growth by the EU as the underlying rationale for many of its policies – such as in the EC Work Plan 2015 or in the Europe 2020 Strategy – is of great concern.

The use of other measures of progress, such as the well-being of people and planet, would create a shift in the design of future policy-making for the benefit of sustainable development. A well-being measure has the advantage of being a composite indicator encompassing a number of different aspects which span the three dimensions of sustainable development. This indicator would therefore serve to gauge the overall progress made across the post-2015 framework.

Recommendations on Alternative Measures of Progress

1. Push for the inclusion in the post-2015 MoI agreement of alternative measures of progress to GDP, such as a well-being index in which the nation's human and natural capital (e.g. natural resource depletion, social costs caused by carbon emissions) would be measured and valued as well as the goods and services produced. The new well-being measure must include, at a minimum, indicators such as: life expectancy at birth, access to quality basic services, income security and living standards, decent work, physical security or integrity, political voice (or participation in decision-making) and environmental degradation, and must be disaggregated by sex and age.
2. Revive previous work done on 'GDP and Beyond' in the European context, linking it to EU commitments in the Sustainable Development Goals (SDGs) framework, such as the need for more sustainable patterns of consumption and production.
3. Ensure that the EU respects the principle that any growth must occur well within planetary boundaries.

Policy Coherence for Sustainable Development (PCSD)

A lack of Policy Coherence in areas such as climate change, tax, trade, investment and finance, agriculture, energy, food security, health, migration, conflict, fragility and security policies can have devastating effects on the poorest and most marginalised people in the world. The current global governance system lacks the basic capacity to handle and redress unfair policies which may result in one actor's decisions or actions seriously undermining the sustainable development paths of a group of people, a country or a region.

Given its legally binding requirement to ensure Policy Coherence for Development, the EU has a particular responsibility in this regard. The EU must demonstrate how it intends to adequately fulfil this responsibility with regard to the means of implementation and within sustainable development.

[2] European Beyond-2015 Task Force vision of the Post-2015 Framework. See Concord-Beyond 2015 European Task Force Recommendations for the Post-2015 Framework. Business as Usual is not an option: Putting People and Planet First, May 2013

Recommendations on Policy Coherence for Sustainable Development

1. Push for inclusion of PCSD during the negotiations on MoI and the SDGs framework, providing the EU obligation as an example and by making clear that the EU intends to take its work on PCSD further through establishing guidelines to screen, monitor and report on relevant decision-making processes at all levels and in all areas, complemented by social, environmental and economic impact assessments, as well as assessments of unintended negative consequences on gender equality, to determine whether a proposed course of action complies with PCSD.

2. Nominate a senior official within the European Commission – such as first Vice-President Timmermans, whose mandate includes sustainable development – to be responsible for ensuring PCSD is adhered to by all services covering both internal and external EU policies. Further engage the respective stakeholders in other sectors - including at officials' and ministerial level – where PCSD is relevant and should be further incorporated into their work plans.

3. Establish redress mechanisms that allow for the voices of affected people to be heard and have their case raised when their rights are being undermined by incoherent public or private sector policies.

Participatory Governance

People everywhere have the right to have their opinions heard and to participate in decision-making which impacts on their lives. Meaningful participation is a necessary condition for achieving sustainable progress to the benefit of all.

The effort to reach out to consult people across the globe by a variety of different means and channels has been a critical building block of the post-2015 process to date. Millions of people have contributed their opinion on what sustainable development means to them and the changes they would like to see going forward. Furthermore, such processes facilitate the spread of awareness about the SDGs framework and its objectives and could persuade individuals to lead more sustainable lifestyles. Certain principles must be respected if participation is to be meaningful. These include: transparency; clear procedures and guidelines; publicity about the consultation process; availability of information in an appropriate format; resources and capacity. Clearly, civil and political rights must be respected. And lastly, the authorities would need to offer suitable responses – and potentially modified policies and actions – based on the consultations.

Recommendations on Participatory Governance

1. Guarantee the effective and inclusive participation of all people in the identification of appropriate national targets, implementation, monitoring and evaluation of the SDGs through ensuring transparent processes and decision-making, respecting civil and political rights (including access to information and freedom of speech and assembly), creating spaces for people to engage in the implementation and follow-up of the SDGs, recognising the specific value of volunteerism herein and pledging to provide adequate responsiveness to the outcomes of participative processes.

2. Reach out to women, youth, children and the elderly, and marginalised groups such as persons with disabilities, LGBT, ethnic and other minorities in order to ensure that the appropriate channels and means of participation are set up for each consultation process.

3. Establish mechanisms whereby people can challenge current or planned actions that they believe will undermine their rights and/or sustainable development prospects in line with the principle of PCSD.

Accountability

Given that the post-2015 framework is a voluntary one, it is being argued that true accountability is not possible or desirable. So the discussion is currently turning around the 'follow-up and review mechanism'. Such monitoring, while essential, is far from sufficient, in and of itself, and we welcome the EC's recent stronger language regarding accountability. Two key aspects must be respected when considering accountability. Firstly, that governments must remain the principal duty-bearers - despite the increased focus on other actors in the future framework – and their publics must be able to hold them responsible for their actions (or lack thereof) in implementing the SDGs. National governments must also ensure that the rules and regulations are in place domestically to hold other actors to account. Secondly, the universal and very interlinked nature of the SDGs framework demands action, coordination and review of progress at a global level.

Recommendations on Accountability

1. Insist on a set of appropriate, rigorous and independent accountability mechanisms in the post-2015 negotiations. Any proposal for the future accountability mechanisms must clearly encompass the 'who', the 'for what' and the 'how' of accountability and must not be based on vague notions of a 'global partnership'. Accountability mechanisms must use disaggregated data, so that governments and rights holders can assess how far the SDGs framework is benefiting particular groups, such as women, persons with disabilities, children, and older people.

2. Emphasise that the local and national levels are the most important levels at which accountability must take place in order to verify that progress has been made for all groups of people, since this is the level at which ordinary people can best provide input. In order for people to be able to input in a meaningful manner civil and political rights such as the right to information and freedom of expression must be guaranteed. Europe must lead by example in putting in place the necessary mechanisms to ensure civic awareness and feedback in Member States. Real participatory monitoring and accountability will greatly enhance the quality of implementation of the SDGs and is thus in everyone's interest.

Systemic Issues

a) Reforming Financial Institutions: The EU houses significant financial centres. Given the important role it plays in the global financial system, the EU must contribute to ensure that finance delivers for people and the planet. This would require financial reform that is oriented towards the respect and protection of human rights, including economic, social and cultural rights and women's rights as well as the environment and remedying human rights abuses caused by financial excesses.[3]

Recommendations on Reforming Financial Institutions

1. Orient financial standard-setting goals to directly contribute to the well-being of human beings and the environment. This requires departing from the current GDP growth orientation, which mistakenly assumes that liberalisation leads to growth and which will indirectly lead to increased well-being.

2. Enforce regulation so that public money does not need to be used to bail out financial institutions in distress and to prevent excessive risk-taking by hedge funds and private equity.

3. Enforce transparency requirements for the financial sector in order to reveal the potential risks financial markets pose to systemic stability, to determine the extent to which they contribute (or not) to the real economy and to enact effective legislation to ensure this contribution.

b) Trade Policy and Practice: The EU is the world's largest trading bloc. By putting in place the right mandatory rules and standards, the EU can regulate trade, increase the share of fair trade globally and in the EU specifically and require all actors in the global value chains to respect human rights and to remedy all abuse of rights. Another opportunity for the EU to make trade a driver of sustainable development is through trade and investment agreements. In current circumstances such agreements are significant obstacles to sustainable development, reducing policy space to achieve sustainable development goals and limiting regulation.

Recommendations on Trade Policy and Practice

1. Align EU Trade and Investment policies with sustainable development objectives. Trade policy must also be a tool to guarantee human rights, such as the right to food, labour rights, women's rights, and to guarantee environmental sustainability. It should not undermine efforts to tackle exploitation and unsustainable consumption of natural resources.

2. Put in place a coordinated EU policy environment to support Fair Trade, unlocking the power of people, local authorities and companies to make trade contribute to sustainable development. This would include supporting voluntary Fair Trade schemes set up by civil society and run with and by small farmers and workers.

3. Ensure EU companies active in global value chains are compliant with international human rights and labour law and conventions. The EU and its Member States should put in place specific policies to pro-actively enhance the capacity of small producers at the bottom end of global value chains, focusing on their needs and what works for them.

4. Make all EU bilateral and multilateral trade negotiations with third countries fully transparent, including through access to information and regular consultation with stakeholders and the public.

[3] For a record of the impacts of the financial crisis on human rights see UNICEF, A Recovery for All: Rethinking Socio Economic Policies for Children and Poor Households, 2012

Fiscal Policy

Progressive tax systems and fiscal policy are essential for states to fulfil their human rights obligations and commitments to restore and protect the environment. Fiscal policy in Europe must be explicitly oriented to serve sustainable development including tackling inequality between and within countries, financing social protection systems and ending over-reliance on fossil fuels and other unsustainable patterns of consumption and production. Billions of public money are still being poured directly and indirectly into the fossil fuel industry, hindering national and international efforts to stimulate a low carbon economy and effectively tackle the main cause of climate change.

The EU is home to many transnational companies and houses several offshore financial centres that encourage tax evasion and avoidance. As detailed in the position paper *Destination Addis Ababa: The European Union's Responsibilities at the Third Financing for Development Conference* from the European Financing for Development Task Force, the EU and its Member States can do much more to end the significant outflow of finance from European countries as well as other parts of the world through capital flight, tax avoidance and tax evasion.

European states' tax systems must be reformed to support sustainable development objectives by shifting the tax base from labour and indirect taxes such as Value Added Taxes, to activities that undermine sustainable development. Examples of such measures include carbon taxes and financial transaction taxes. The final objective should be to reach an EU fiscal union with a mandatory common consolidated corporate tax base as an immediate objective.

Recommendations on Fiscal Policy

1. Set a clear timeline to shift the tax base to more progressive taxes and ensure adequate ex-ante assessments of tax policies to prevent potential spill-over impacts that would undermine sustainable development in other countries.

2. Eliminate all fossil fuel subsidies by 2020 in the EU by looking, for example, at export credit agencies or transportation, amongst many more sectors. Further, the EU should push for an internationally agreed definition of subsidies and enable the availability of accurate and complete data, which has been the biggest impediment to reform so far.

3. Adopt non-discriminatory, gender-sensitive, disability-sensitive, pro-poor, environmentally-sound and climate-proof fiscal policy including gender-responsive budgeting. Policies and budgets should allocate sufficient resources to cover basic services and social protection, taking into account the needs of all people, including marginalised groups such as women and persons with disabilities.

4. Adopt legislation, and expand existing legislation to require full and public transparency of large companies' activities in all sectors and end the use of European banks and offshore financial centres to hide money coming from illicit financial flows. Given the nature of these problems, international tax cooperation is essential and the EU must support the creation of an intergovernmental tax body in the UN to enhance such cooperation.

Innovative Sources of Finance

There is an increasing tendency within the EU to recast innovative finance. This new conceptualisation of innovative finance departs from the original intention of contributing additional and complementary public resources to international solidarity. The revised concept which mainly refers to the use of public finance to leverage private finance has various systemic risks associated with socialising risk and privatising gain. Experiences with climate finance have also demonstrated that using public finance to leverage private finance bears risks in meeting the needs of the poorest and most vulnerable. The EU should return to the original concept of innovative sources of finance. There are several means to raise resources that can be channelled to promote sustainable development and the global effort to combat climate change.

As 11 EU countries have already agreed to commonly implement a Financial Transactions Tax as part of an EU enhanced cooperation initiative, this is a valuable opportunity for these countries to announce their intention to allocate resources to climate finance and sustainable development commitments within the post-2015 framework. The current review of the EU Emission Trading Scheme (ETS) for 2020-2030 presents the EU and its Member States with a concrete opportunity to stop providing free emissions allowances to companies and commit the additional revenues thus collected to international climate finance. A history of easy targets, overseas offset credits and the economic downturn has created far too many permits in the system, and the price is too low to sufficiently rein in big polluters such as coal power. In the past the EU has also shown significant support for putting a price on greenhouse gas emissions from international transport. This approach still has great potential for generating additional sources of finance to address current and future challenges faced by developing countries, in particular climate change. The EU should therefore re-ignite efforts in the relevant international negotiations to reach an agreement on carbon pricing to generate revenues from the transport sector.

Recommendations on Innovative Sources of Finance

1. Broaden existing innovative mechanisms, most particularly the FTT and allocate revenues to climate finance and new financial needs arising out of the post-2015 framework, leading to the fulfilment of human rights' commitments.

2. Direct all ETS auctioning to support climate action and policies equally in both the EU and internationally. Auctioning revenues should provide a significant and reliable revenue stream to developing countries under existing EU climate finance commitments. An International Climate Fund should be established at EU level that would channel auctioning revenues directly to the Green Climate Fund for mitigation and adaptation actions in developing countries.

3. Support the reform of the system of Special Drawing Rights to, inter alia, and generate additional resources as part of the means of implementation.

4. Initiate a constructive dialogue in the relevant international negotiations – International Civil Aviation Organisation, International Maritime Organisation, UN Framework Convention on Climate Change – on establishing a carbon price for international transport; a sound argument for both sustainable development objectives and generating additional finance.

Conclusion

We welcome the EU's intention to ensure that the post-2015 agenda is universally applicable and addresses the structural causes of poverty, inequality, climate change and environmental degradation. The means of implementation to implement the agenda will be as important as the agenda itself. These will determine the success or failure of the agenda and in so doing will determine whether the new framework will improve the well-being of millions of people - particularly women, children and many groups that are in disadvantaged positions in society today – as well as our environment. It is therefore critically important that the negotiations on the means of implementation are given adequate time and undertaken with the thought and care commensurate with their importance in determining the success or failure of the framework.

Annex

Overview of the Means of Implementation

Public Finance

- Official Development Assistance (ODA)
- Additional Climate Finance
- Domestic Resource Mobilization
- Elimination of Illicit Financial Flows including through Tax Avoidance – an Intergovernmental Body for Cooperation in Tax Matters
- Removal of Fossil Fuel Subsidies
- Innovative Sources of Finance: Polluter Tax and Fines, Financial Transaction Tax (FTT), Emissions Trading System (ETS) and others
- South-South Cooperation
- Governance, accountability and human rights responsibility of Development Finance Institutions (DFIs)
- Governance, accountability and human rights responsibilities of International Financial Institutions (IFIs)
- Permanent, fair and transparent Mechanism for Sovereign Debt Restructuring within the UN

Private Finance

- Mandatory regulation of private flows including Foreign Direct Investments
- Transparent and accountable Public-Private Partnerships (PPPs), other forms of blended finance, international pooled finance mechanisms and philanthropic funds that uphold human rights and sustainable development principles and criteria and development effectiveness principles
- Impact Investments
- Substantially reduced transaction costs of remittances

Policies

- Policy Coherence for Sustainable Development
- Progressive Tax Systems/Fiscal Policy
- Alternative Measure of Progress
- Policy incentives for Sustainable Production and Consumption
- Fair Trade
- Trade Agreements and Investment Policies contributing to the realisation of human rights and sustainable development
- Transparent and accountable Export Credit Agencies upholding human rights, sustainable development principles and criteria and development effectiveness principles.
- Strict Conditions for Public Procurement
- Social Protection Systems
- Policy Space

Systemic Issues

- International Financial Stability (Monetary Policies)
- Financial Sector Regulation
- Reform of International Financial Institutions Governance Structures
- Technology and Knowledge Transfers (TRIPs and IPRs)
- Capacity-building
- Human Rights and Gender Equality
- Inclusive and fair Global Supply Chains
- 'Fit for purpose' Carbon Markets

Accountability

- Monitoring and Reporting Mechanisms
- Participation
- Development Effectiveness Principles
- Data Collection and Accessibility
- Private Sector Responsibility and Accountability
- Good Governance
- Principles for the Global Partnership
- The High-level Political Forum (HLPF)