Shaping Post-2015 Global Sustainable Development Agenda beyond

The Means of Implementation and the Global Partnership for Sustainable Development: What’s in it for Emerging Economies?

P. Lucci, A. Khan, E. Stuart

Paula Lucci – Research Fellow, Growth, Poverty and Inequality Programme, Overseas Development Institute, 203 Blackfriars Road, London SE1 8NJ, United Kingdom; E-mail: p.lucci@odi.org.uk

Amina Khan – Research Officer, Growth, Poverty and Inequality Programme, Overseas Development Institute, 203 Blackfriars Road, London SE1 8NJ, United Kingdom; E-mail: a.khan@odi.org.uk

Elizabeth Stuart – Team Leader – Sustainable Development Goals, Growth, Poverty and Inequality Programme, Overseas Development Institute, 203 Blackfriars Road, London SE1 8NJ, United Kingdom; E-mail: e.stuart@odi.org.uk

The new set of Sustainable Development Goals (SDGs) navigates the unchartered territory of defining a workable universal development agenda that will apply to all countries. Emerging economies (EMEs) will play a pivotal role in the implementation of this new global agenda. This paper examines the position of four of the most influential EMEs – Brazil, China, India and South Africa, outlining what they stand to gain or lose from a series of issues that require global action and that are fundamental for the successful implementation of the SDGs. We focus our analysis on six selected issues: global finance, technology transfer, trade, climate change, sustainable consumption and production and global governance. Our study finds that: EMEs are already taking action domestically, bilaterally and regionally even in areas where they have been unwilling to make commitments at the international level. There are a number of issues that could be of interest to EMEs beyond changes to global governance including technology transfer, cooperation on tax information and tracking illicit financial flows, and climate finance. On their part, these influential EMEs could improve standards employed by their national development banks and private sector actors and, if they are genuine in their advocacy for Least Developed Countries (LDCs), spend political capital pushing for a specific LDC Overseas Development Assistance (ODA) target and increase access to their own markets for LDCs. There is a possibility that China could set ODA targets in the future. This paper was written ahead of the Third International Financing for Development Conference in Addis Ababa, Ethiopia, which was held in July 2015. At this, existing commitments to deliver ODA to LDCs was reaffirmed, but were not increased.¹

Key words: Sustainable Development Goals (SDGs), development assistance, South-South cooperation, emerging market economies, Brazil, China, India, South Africa

¹ The authors would like to extend their gratitude to external reviewers Kitty van der Heijden (the World Resources Institute) and Nicole Cardinal (Save the Children) for their detailed and helpful comments to an earlier draft. The authors would also like to thank ODI colleagues Zhenbo Hou, Romilly Greenhill, Claire Melamed for their feedback, and Paddy Carter and Andrew Scott for contributions to the financing, and climate change/sustainable production and consumption sections, respectively.

The authors are grateful for the contributions of Prof. Emilio Lébre La Rovere from Brazil’s Rio de Janeiro’s Federal University; Dr. Chun Zhang from China’s Shanghai Institute for International Studies; Zeenat Niazi, Sanjay Vashisht, Anshul S. Bhamra and Tushar Nair from India’s Development Alternatives and
Introduction

Unlike the Millennium Development Goals (MDGs), the new set of Sustainable Development Goals (SDGs) is navigating the unchartered territory of defining a workable universal development agenda. This means that the goals in the framework will apply to all countries, high, middle and low income countries alike, not just the poorest.

But universality not only refers to domestic implementation of the goals in all countries, it also denotes responsibilities from different countries in the implementation of issues that require global action, such as financing, trade, and technology transfer (most covered by Goal 17 under the proposed SDGs).

This time around many developing countries, particularly those in the G-77 including powerful emerging market economies (EMEs), want to strengthen the commitments made by developed countries on financing and other global policy areas. At the same time, developed countries expect that EMEs will increasingly contribute to international efforts and global policy issues commensurate with their increased economic strength. So far in the context of the SDG negotiations, emerging economies have been reluctant to share the burden of implementation sticking to the principle of ‘common but differentiated responsibilities’ (CBDR, Appendix 1) and a strong North/South rhetoric.

On their part, developed countries have insisted that CBDR is only applicable to climate change negotiations and that Overseas Development Assistance (ODA) is decreasing its relevance as new donors and new financing mechanisms, including private sector investment and domestic resource mobilisation are gaining relevance. Many are sceptical about the prospects of countries in the United Nations being prepared to do more than pay lip service to the implementation of Goal 17, come January 2016.

Although the incentives for emerging economies to subscribe to international commitments on issues that require global cooperation are currently low, there are some issues in Goal 17 and in the forthcoming Addis Ababa financing conference that could be of their interest, such as technology transfer, tax avoidance and climate finance. Furthermore, in other areas where they may be unwilling to make specific commitments, such as aid or climate change, the reality is that some of them are already making progress domestically or through bilateral (e.g. the recent China-US deal on climate change)\(^2\) and regional agreements; therefore such commitments would not necessarily always represent disproportionate new burdens.

Engagement in this agenda also represents an opportunity for emerging economies to step up their involvement in global policy-making in line with their increasing power, and in so doing push for changes in global governance and influence the rules of engagement. While the much-sought reform of key international financial organisations like the International Monetary Fund (IMF) is likely to continue to be blocked by the US Congress, shaping a global partnership deal could offer emerging economies a way to strengthen international soft power, enhancing their reputation and credibility within future global negotiations (Hackenesch and Janus, 2014). In practice, changes in global governance are already happening. The emergence

---

\(^2\) [http://www.theguardian.com/environment/2014/nov/12/china-and-us-make-carbon-pledge](http://www.theguardian.com/environment/2014/nov/12/china-and-us-make-carbon-pledge)
of new emerging economy-led financing institutions, such as the BRICS Bank and the Asian Infrastructure Investment Bank (AIIB) are clear illustrations of this power shift.

A common concern of those following the SDG process closely is that many politically influential emerging economies are not showing sufficient interest in stepping up their global commitment to implementing this agenda. Their role is critical for a number of reasons. First, emerging economies represent 40% of the population and nearly half of the world’s wealth (Brown and Weiss, 2014) and this is set to rise. As increasingly influential actors, having them on board is critical for the success of a new deal. Second, growing middle classes in emerging powers will put more pressure on the environment, which means that they are critical to discussions of development within planetary boundaries. Third, EMEs have a wealth of experience in terms of policies that can successfully contribute to reducing global poverty in a sustainable way, through technical assistance and South-South cooperation.

This working paper examines the position of four of the most influential EMEs — Brazil, China, India and South Africa — on issues that require global action featuring in the SDG agenda, recognising that, as stated above, they play a pivotal role in the implementation of this new global agenda.

We focus our analysis on 6 selected issues: global finance, technology transfer, trade, climate change and global governance. All bar climate change are included in the 17th SDG and most feature in the zero draft for discussion in the third International Conference on Financing for Development (FiD), taking place in Addis Ababa in July 2015.

The study bases its conclusions on four country level background papers conducted by institutions in each of the countries, which carried out a number of interviews with local policymakers. It also draws on content analyses of country statements from the different negotiating fora, further interviews with experts and a literature review.

It is structured as follows. The next section provides a summary of countries’ engagement in the negotiations and national policy developments related to the SDGs to date, as an (imperfect) signal of their interest in implementation. Section 3 analyses what emerging economies stand to gain or may be asked to bring to the table for each of the selected 6 issues, while Section 4 concludes summarising the key findings from our analysis.

Countries’ engagement in the SDG process at UN and country level

Countries’ positions during the negotiations in New York and policy developments at national level can offer useful background and, arguably, can provide an indication of their interest in the implementation of this agenda, both domestically and on issues that require global action, as well as a sense of how the SDGs may complement existing national priorities. However, a word of caution is needed. First, positions in New York do not necessarily reflect national policy. Second, countries’ intent to implement policies in SDG-related areas does not necessarily reflect an interest in SDG implementation per se, but it is more likely to be the result of a domestic objective. Indeed, while the goals have yet to be agreed, even in areas where EMEs may be unwilling to make specific commitments, they are already taking action domestically irrespective of a UN led-process on Sustainable Development Goals. They do so because they consider it to be in their national interest.

---

1 These were undertaken by Prof. Emilio Lébre La Rovere from Brazil’s Rio de Janeiro’s Federal University; Dr. Chun Zhang from China’s Shanghai Institute for International Studies; Zeenat Niazi, Sanjay Vashisht, Anshul S. Bhamra and Tushar Nair from India’s Development Alternatives and Thabileng Mothabi from Open Society Initiative in South Africa.
**Brazil**

At international level, Brazil has been very vocal in the formulation of the SDGs. It hosted the Rio 92 Earth Summit as well as the Rio+20 Conference and had a representative serving on the UN High-Level Panel of Eminent Persons on the Post-2015 Agenda and in the UN Intergovernmental Committee of Experts on Sustainable Development Financing (Constantine and Pontual, 2015). Brazil has made strong contributions to this agenda, particularly on the follow-up on Rio+20 and in pushing (together with France) the technology transfer agenda. However, at times in the negotiations of the Open Working Group outcome document its engagement has been perceived as confrontational by developed countries. For example, in early stages of the SDGs negotiations, Brazilian negotiators insisted that there should be two sets of goals: i) MDGs for the South supported by overseas development assistance and ii) SDGs for the North based on the principle of common but differentiated responsibilities (CBDR, see Appendix 1) and ‘compensation payments’ to countries in the South on top of ODA.  

Domestically, the forthcoming Pluriannual Plan, a four-yearly strategic plan that will gain approval in August 2015 has applied the SDG framework in its design. The Brazilian government has also set up an Inter-Governmental Working Group (GTI) to assess the viability of monitoring and evaluating SDGs-related indicators (Constantine and Pontual, 2015).

**China**

The Ministry of Foreign Affairs has been leading China’s engagement in New York with this agenda but there is much less awareness domestically (indeed, the same is true of most countries). China’s main interest in the SDGs relates to domestic concerns over sustainable development and the structural transformation of its economy. Engagement with the SDG agenda was displayed first with China presenting the concept of a new global development partnership with better equality and balance at the 18th National Congress of the Communist Party of China (CPC) even before the concept of a new global partnership was initiated by the UN for the Post-2015 agenda. Secondly, China called for consensus-building on the Post-2015 agenda through multilateral platforms of diplomacy, for example, at the 5th Ministerial Conference of the Forum on China-Africa Cooperation (Beijing Declaration, 2012). China published its first official policy position paper on the Post-2015 agenda in September 2013 (MOFA, 2013), ahead of most other countries.

However, China’s involvement in the agenda has been treated as a diplomatic issue rather than in a national policy and planning context. The Ministry of Foreign Affairs is shouldering the burden of this responsibility with limited involvement by other powerful central government ministries (Constantine and Pontual, 2015). Although the mechanism for inter-ministerial cooperation was established in 2012, apart from three key ministries — Ministry of Foreign Affairs, Ministry of Commerce, and Ministry of Finance — other ministries and agencies pay little attention to the goals except for when their advice is solicited.

**India**

India has played an active part in the Open Working Group, and as a member of the G-77, hopes to position itself as a strong voice for the developing world.

---

4 Communication with key informant.
5 Ibid.
6 This Group includes twenty seven ministries (out of a total number of thirty nine ministries), co-chaired by the Ministry of Foreign Affairs and the Ministry of Environment.
At national level, India will pursue its growth and development plans as framed under its 12th Five Year Plan (Planning Commission, 2013) and its climate agenda under the guidelines of the National Action Plan on Climate Change (Government of India, 2008). The 12th Five Year Plan has acknowledged the role of the environment and of inclusive growth within India’s development paradigm and has also incorporated a complete chapter on sustainable development (Planning Commission, 2013). The two plans were not developed due to the SDGs process, but their implementation could gain institutional support with the momentum generated by the negotiations as there is alignment in the objectives pursued.

Although the alignment of national policy and planning with the SDGs is seen as important to government officials and their respective departments, there have been no public consultations involving all relevant departments and other key stakeholders. According to some public officials, the line departments will need to report their progress incorporating the indicators from the SDGs as well.

**South Africa**

While South Africa is currently the chair of the G-77 and China bloc, by and large its engagement to date in the New York negotiations appears to have been less active than that of other countries included in this study. It has however made active contributions to the FfD discussions. At Rio+20 it proposed the text to support the need for a sustainable development finance strategy and called for a report on this to be presented to the UN General Assembly. This translated into the work of the Intergovernmental Committee of Experts on Sustainable Development Financing.

Domestically, the Department of Environmental Affairs has oversight on issues of sustainable development but so far implementation and active stakeholder engagement, embedding the SDGs into the national plans is not as evident as in the other countries. Its stance on implementation of the Sustainable Development Goals is informed by the country’s National Development Plan, which seeks to eliminate all poverty and reduce inequality by 2030 (National Planning Commission, 2012). Other policies, such as the National Framework for Sustainable Development of 2008, the National Strategy on Sustainable Development and Action Plan 2011-2014, the New Growth Path and the Medium Term Strategic Framework, are also relevant.

**Assessing emerging economies’ positions**

**Global finance**

Finance is clearly the overarching instrument to deliver on the SDGs. Without sufficient resources to match the increasing ambition of the new development agenda, Goal 17 risks meeting the same fate as Goal 8 of the MDGs, as several developing countries have highlighted. However, the sequencing of the intergovernmental sessions on the post-2015 agenda this year with discussions on Financing for Development as well as the timing of the 3rd FfD conference in Addis Ababa in advance of the UN General Assembly (UNGA) sought to address these fears and tackle the resourcing question early on.

**Development assistance**

Global finance includes a range of mechanisms, such as, aid and other sources of international public finance, domestic resource mobilisation, and foreign direct investment among
others. While aid is increasingly a small part of global finance and it is virtually irrelevant for EMEs – it represents less than of their 0.5% of their GNI (WDI, World Bank) - it has become a point of contention in discussions about financing the SDGs. In particular, there is an increasing expectation, particularly from developed countries, that emerging economies should commit to binding aid targets.

Some observers have called for upper-middle income countries to adopt targets for development finance along the same lines as the OECD 0.7% ODA/GNI target; for example, Schmidt-Traub and Sachs (2015) argue that UMICs should prepare to become donors and commit 0.1% of GNI in development aid.

In principle, there is no reason why the tightly-held notion that South-South cooperation must not be a substitute for North-South flows described above, should stop EMEs from increasing their development finance commitments. However, in practice, with most rich country conspicuously failing to fulfil past commitments, any increased commitments from emerging donors would take on the appearance of being a substitute for northern effort. Further, the pressure on developed countries to meet their historic commitments on ODA will likely decrease if LDCs receive more aid from EMEs.

For their part, at every opportunity, EMEs highlight developed countries’ obligations under the Monterrey and Doha Consensus and the fulfilment of agreed-upon aid targets, while underlining that South-South cooperation is complementary to rather than substituting for the North’s financial obligations towards developing countries. While this is, not unreasonably, motivated by a sense of justice, from a pure self-interest perspective by aligning themselves with LDCs interests and being vocal for ODA commitments of the North, they have effectively diverted attention from asks to make binding commitments on development assistance.

What might persuade EMEs to contribute more money and effort to the FfD agenda? In their engagement with the FfD process, emerging donors emphasise that they have urgent development needs: they still have sizable populations living in poverty and they face large infrastructure gaps. Unless they perceive softer benefits from binding themselves to international financing commitments, such as improving their image as a global citizen and proving their leadership in the global stage, it is hard to see why they would adopt binding development financing targets.

Further, some of the priorities for OECD donors and civil society — such as publishing development finance data using a common open standard (i.e. International Aid Transparency Initiative) — are fundamentally in tension with the ethos of South-South cooperation that would leave that decision up to the recipient.

In short, there might be some limited scope for persuading EMEs to adopt quantitative development finance targets in Addis Ababa, if OECD countries do not attempt to stipulate the terms on which it is done, but the chances are slim: formal reporting and targets are probably too close to the North-South paradigm that emerging donors explicitly disavow. If traditional donors are determined to win reporting and targeting from emerging donors, then the outcome at Addis Ababa will probably have to involve starting a process to replace the OECD DAC as the locus of development cooperation, with an organisation with greater global legitimacy. Perhaps agreement could be sought on a new international indicator for ‘official finance’, to be monitored by a legitimate UN body including flows to and from all countries (including South/South cooperation).

However, it is worthy of note that although still unlikely to make any firm commitments on financing, China’s position in this regard appears to be more nuanced. Academic circles in the country have begun to discuss whether to take the initiative to set a benchmark for Chinese development assistance in terms of a percentage of GNI if developed countries honour their
past commitments on ODA. There are two clear factions - one emphasises that China is still a developing state and needs to downsize current foreign aid levels to fund domestic development especially of rural and western areas; the other argues for providing more global public goods because China is now a global power. Those in between argue for moderate reforms of China’s foreign assistance institutions and for better structures to deliver aid. There may still be an opportunity to increase monetary contributions to the Global Partnership on Sustainable Development (GPSD) given the differences among departments’ positions. For the Ministry of Foreign Affairs, CBDR is the core principle for negotiating on means of implementation (Social Watch, 2015). By contrast the Ministry of Commerce, which is responsible for foreign aid, is more open. The Ministry of Finance, responsible for the allocation of funds, also appears to take a relatively more open attitude to the idea of setting specific ODA targets.7

Despite this reticence to commit to targets at the international level, in practice EMEs, particularly China, are already assuming a greater presence as new donors. This is likely to keep increasing as they see it in the mutual interest of donors and recipients. There are plenty of examples of new donors increasing presence on the ground. In addition to maintaining or increasing investments in international financial institutions, including the IMF, the World Bank, the Asian Development Bank (ADB), China is working together with the international community to build new financial institutions like the BRICS Development Bank, the Asian Infrastructure Investment Bank and the Silk Road Infrastructure Fund. In the case of Brazil, the Banco Nacional de Desenvolvimento Econômico e Social (BNDES, the National Economic and Social Development Bank) has made a significant contribution to the funding of several projects in other Latin American countries (and has annual disbursements bigger than the World Bank).8 For its part, India is among the largest contributors to South-South cooperation in terms of resource flows.9 And South Africa has been a donor to LDCs within the African region, with the South Africa Institute for International Relations arguing that ‘as a donor South Africa is surpassing the ODA target set for traditional donors of 0.7% of gross national income’ (Grobbelaar, 2014).

Of course, the impact of development assistance does not depend on the quantity of resources but the type of aid and in this regard there is scope for improvements. In the case of China aid is often directed to infrastructure projects linked to concessions on natural resources. There are questions on how much it is really focussed on addressing poverty and inequality or how much it integrates principles of environmental sustainability to its operations.

In addition to calling for developed countries to honour their ODA commitments, many of the influential emerging economies have also advocated for ways to strengthen transparent monitoring and review of ODA, its levels and performance (although arguably the fact that developed countries do not honour their commitments has more to do with politics than reporting). One forum being discussed for ensuring that this happens is the High Level Political Forum (MOFA, 2015),10 but also under consideration is a separate accountability mechanism under the Financing for Development process. EMEs have so far opposed similar reporting requirements to apply to South-South flows.

---

7 Chun Zhang, China background paper based on interviews with policy-makers.
8 See http://www.ft.com/cms/s/0/c510368c-968e-11e4-922f-00144feabdc0.html#axzz3bRT6udn0
9 Zeevat Niazi, Sanjay Vashisht, Anshul S. Bhamra and Tushar Nair, India background paper.
10 For example, the second policy paper on Post-2015 of the Chinese government states that: ‘It will be imperative to strengthen the monitoring of the means of implementation at the international level, with a focus on the ODA commitments, technology transfer, and capacity building. The organising and coordinating role of the UN High Level Political Forum on Sustainable Development should be fully leveraged’ (MOFA, 2015).
Other international public financing mechanisms beyond ODA

Of course development assistance is just one financing instrument, and by no means the most relevant to EMEs. FDI and other innovative financing mechanisms are much more important domestically and potentially globally. All nations, especially EMEs aim to devise new innovative ways of raising capital for investments. The challenge at the Third International Conference on Financing for Development in Addis Ababa has been described as ‘turning billions into trillions’ (Development Committee, 2015), such is the scale of investments needed to meet the SDGs. That puts the onus on the private sector and on domestic revenue mobilisation - both topics at the top of the FFD agenda. However, while each of these countries has significant space to increase tax revenues (India for instance has a tax to GDP ratio of just 11%, World Development Indicators, 2012) it is unlikely that a multilateral agreement would be the catalyst for any change.

In general, EMEs are hugely important economic actors, and it is not much of an exaggeration to say the fate of the planet rests on whether they direct the resources at their disposal towards sustainable economic growth.

An area where emerging donors could be asked to cooperate, for instance, is in aligning standards and safeguards employed by their national development banks with those at the World Bank and affiliated regional banks, to slow the race to the bottom dynamic currently in play. Although there may be tensions with the policy of non-interference some emerging donors adhere to, there is an argument that enlightened mutual interest entails minimising the social and environmental fall-out from development projects. The same arguments can be applied to the activities of the EME private sector actors. Further commitments to requiring private companies to conform to international standards, such as the UN Guiding Principles on Business and Human Rights, adopt Integrated Reporting, and also improved oversight and accountability of the financial sector with EMEs and the activities of investors such as pension funds, would be welcomed.11

South-South Cooperation

Alongside financial contributions, EMEs may also be asked to make greater non-financial commitments. They have wealth of experience with a range of policies to address poverty and sustainability that could be extremely valuable to LDCs. They could contribute human resources to alleviate capacity resource constraints in LDCs and increase their in-kind contributions to multi-donor initiatives. For example, Brazil already does much to build on its experience designing and implementing social protection programmes and could make valuable contributions to multilateral efforts to expand social protection in LDCs.

There are well-known constraints around project infrastructure preparation in developing countries, and governments lack engineers and other technical skills to plan major infrastructure programmes, so emerging donors could do more to build capacity in developing countries as opposed to working on discrete projects involving their own national development banks.

Of course, as with elsewhere, the bigger question is not whether EMEs could do more on South-South cooperation, but whether it suits their geo-political agenda to do so. The answer

---

11 Again it is worth noting that progress in this area is already happening on the ground. For example, South Africa is one of the few countries which has a requirement for integrated reporting for listed companies, requiring information on social, environmental and economic performance along with the company’s financial performance.
is likely to be that sometimes it will — in terms of building their sphere of influence — but not necessarily in a multilateral context. A basic source of tension in the FfD arena is, for instance, that the nature of South-South cooperation, based on non-interference and mutual self-interest, renders many aspects of global intergovernmental agreements somewhat irrelevant. South-South cooperation is more like a private matter between consenting governments, than something to be shaped by international agreements and open to public scrutiny.

**Illicit Flows**

Some forms of illicit financial flows originate in emerging economies and have traditional donor countries as their destination; a willingness to help EMEs governments claw back forgone taxes, even at a cost for the domestic financial sector in OECD countries, could be reciprocated by EMEs making offers elsewhere in the FfD agenda. OECD governments could put more pressure on their financial sectors, tax havens within their jurisdictions, to stop facilitating capital flight from EMEs. One strand of the policy response to illicit flows is concerned with the manipulation of reported profits by multinational enterprises (MNEs) in order to minimise tax liabilities, under the OECD-led Base Erosion and Profit Shifting initiative. All the EMEs are already involved in this process, but there may be scope to give them more of what they want here.

In the international arena, the three main proposals for tackling illicit flows are the automatic exchange of information for tax purposes, the creation of a global register of beneficial ownership, and country-by-country reporting of accounts by multinational enterprises. There is momentum building behind all of these ideas, although a global register is probably more of a distant prospect, but it is not clear whether EMEs would regard firmer commitments on the behalf of OECD countries as a bargaining chip of much interest to them, especially if new transparency requirements are also to be applied to their own large companies.

**Technology Transfer**

Emerging economies are very interested in pushing technology transfer higher up in the agenda, referring frequently to what was articulated in this regard in the outcome document at Rio+20. In particular they are eager to expand the scope for collaboration on science, technology and innovation through public-private partnerships, North-South, South-South and triangular cooperation.

The absence of strong negotiating fora for technology transfer to date has created an opportunity for developed and developing countries to set up their own mechanisms. While a Technology Bank (which would have a focus on LDCs) and a global technology facilitation mechanism (TFM) under the auspices of the UN are possible deliverables, many remain sceptical as to the UN’s capacity to broker innovation and technology transfer (as discussed later, the UNFCCC may offer the technology facilitation mechanism, however, its remit would be restricted to green technologies only).\(^{12}\)

This appears to be an area where emerging economies have both something to gain and something to give. Among the former, technology incubators in EMEs could be established. Other areas of interest for EMEs would be patent reform - for example, India has been vocal

\(^{12}\) The proposals for a Technology Bank and the UNFCCC’s Technology Mechanism are really to do much the same as the UNCSTD under UNCTAD. Perhaps the latter’s radical stance has weakened its funding base and ability to lead in this area.
about the need to re-examine patenting rules\textsuperscript{13} - although this is a thorny issue that is unlikely to change in the short term.

In terms of areas where EMEs have something to give, they could put forward specific proposals to step up knowledge transfer to LDCs. Indeed, there are examples of where this is already happening. In the case of Brazil, some successful stories include the use of satellite imagery for land-use change monitoring in the Amazon; and EMBRAPA (the Brazilian agricultural research agency) support for small-scale farmers in Sub-Saharan Africa; sharing of policy tools to increase social inclusion, electronic voting machines, and baby milk banks. This type of contribution to technology transfer could be expanded through the SDGs process.

\textbf{Trade}

Trade would be a core conduit for implementing the SDGs, but it is one that it is clearly negotiated elsewhere, i.e., the World Trade Organisation (WTO). The next Ministerial Conference in Nairobi in December is promising, once again, some move on the long overdue Doha round (Evans, 2015).

At the various sessions of the Open Working Group, EMEs have aimed to advance the principles of the Doha round, that is, a ‘universal, rules-based, open, non-discriminatory and equitable multilateral trading system’ (G-77 and China, 2015), and an increased share for LDCs in global trade (e.g. ‘guarantee ‘special and differential treatment’ for developing countries, removing subsidies in developed countries, especially in agriculture, and flexibility of Intellectual Property Rights rules in order to protect, inter alia, public health, environment and natural resources\textsuperscript{14} and effective implementation of the Istanbul Programme of Action, including aspects pertaining to duty-free and quota-free (DFQF) market access’\textsuperscript{15}).

In these discussions, EMEs demonstrate their increasing weight in the global arena by advocating gains for the LDCs group. However while general statements can be easily made in the context of the SDGs, at the WTO, where self-interest is the prime driver of negotiations, fissures become apparent between the EMEs and LDCs, and alignment will depend on the specific issues and sectors under discussion. As in the case of finance, by advocating for Northern countries to honour their commitments to market access through Duty Free Quota Free market access (DFQF) for LDC products and elimination of other tariff barriers (e.g. rules of origin) they diffuse attention on what they could bring to the table, particularly given that they are now increasingly becoming a destination for LDCs exports (Elliott, 2011).

In practice, some of the EMEs, like China and India, have started granting greater access to their markets to LDCs. For instance, India’s announced at the Bali Ministerial Conference in 2013 to expand coverage of DFQF access for LDCs to 96.2\% of Indian tariff lines,\textsuperscript{16} and China has also recently committed to providing DFQF market access to 97\% of LDCs’ goods\textsuperscript{17}

\begin{footnotesize}
\begin{itemize}
\item[\textsuperscript{13}] Zeenat Niazi, Sanjay Vashisht, Anshul S. Bhamra and Tushar Nair, India’s background paper commissioned for this report drawing on interviews with policy-makers.
\item[\textsuperscript{14}] See statement of Brazil and Nicaragua at Session 6 of the Open Working Group on the Means of Implementation and the Global Partnership for Sustainable Development.
\item[\textsuperscript{15}] See Statement of Brazil and Nicaragua at Session 6 of the Open Working Group on countries in special situations in December 2013.
\item[\textsuperscript{16}] India’s statement at the 9\textsuperscript{th} Ministerial Conference, WTO, Bali, 2013. Available at: http://www.wto.org/english/tratop_e/minist_e/mc9_e/stat_e/ind.pdf
\item[\textsuperscript{17}] http://esango.un.org/ldcportal/trade/news/-/blogs/china-announces-97-per-cent-dfqf-treatment-for-ldc-imports?_33_redirect=http://esango.un.org/ldcportal/trade%3Fp_p_id%3D101_INSTANCE_n7PvTESp1KsN%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-6%26p_p_col_count%3D1
\end{itemize}
\end{footnotesize}
- although in both cases that still gives ample room to exclude virtually all key products that LDCs currently export.

A possible deal on trade related to the means of implementation is a least developed country-focused trade package at the 2015 WTO Ministerial - which could include full duty-free and quota-free access for LDC exports, progress on non-tariff barriers including rules of origin, aid for trade, and reduction or elimination of OECD cotton subsidies” (Evans, 2014). This could benefit all the EMEs to varying degrees. For instance, the elimination or reduction of OECD subsidies on cotton will benefit Brazil, a major cotton exporter. Some of the more difficult and contentious elements of the Doha Round on agriculture are less likely to make headway.

Climate change

The climate change goal of the SDGs (no. 13) has been one of the more contentious throughout the process of formulating the post-2015 development agenda. There has been concern that the SDGs could duplicate or compromise climate change negotiations under the auspices of the UN Framework Convention on Climate Change (UNFCCC), and that, in turn, divisions and slow progress in the climate change negotiations could compromise agreement on the SDGs. These concerns, expressed by emerging economies and others, resulted in the OWG explicitly acknowledging ‘that the UNFCCC is the primary international, intergovernmental forum for negotiating the global response to climate change’ (UN Open Working Group, 2014).

Brazil, China, India and South Africa all support the OWG’s formulation of the climate change goal, which amounts to a restatement of existing international agreement on climate change objectives and the reaffirmation that any agreement on these objectives will be reached under the UNFCCC, rather than in the SDG agreement. They are not looking to gain anything additional on climate change from the SDGs. They do, however, seek to benefit from the package of 2015 agreements (FfD, SDGs, UNFCCC) in three main ways relating to climate change, some already mentioned in the sections above.

The first is on technology transfer, which is seen as an essential element of ‘means of implementation’ for the SDGs (17.6, 17.7, and 17.8 of the OWG proposal). However, international commitments to action on technology that benefit emerging economies are more likely to be agreed under the UNFCCC. The SDGs target for a Technology Bank (17.8a) is directed towards the needs of LDCs and may take some time to get off the ground, while the Technology Mechanism of the UNFCCC already provides an institutional vehicle to promote and support the transfer of technologies to developing countries.

Secondly, the emerging economies seek to benefit from increased flows of climate finance, particularly for mitigation - funds for adaptation are more likely to target LDCs - under provisions of the UNFCCC and to be agreed in Paris, after the adoption of the SDGs. Debate about removing the distinction between development finance and climate finance continues, but it will be in the emerging economies’ (and other G77 countries) interest to maintain a clear distinction between sources of finance. By insisting that climate finance from developed countries is compensation for the impacts of climate change they have caused (in line with the established CBDR principle in climate change), emerging economies can anticipate being eligible for the larger amounts of climate finance expected to be provided under the climate change agreement.

Just as the SDGs do not alter international agreement on climate change objectives, the emerging economies do not expect to contribute more than is agreed under the UNFCCC. The emerging economies advocate quite strongly that contributions, whether under UNFCCC
or SDGs, should be in accordance with the principle of CBDR. They would also all prefer to maintain the developed-developing country interpretation of CBDR currently embodied in Annex 1 of the Kyoto Protocol. This would reduce the risk of EMEs having to make international contribution commitments.\footnote{During 2015 parties to the convention are expected to present their Intended Nationally Determined Contribution to the UNFCCC, but at the time of writing none of the emerging economies had done so.}

This is not to say that the four emerging economies will not be taking action to address climate change and its impacts. For example, China is developing carbon markets and reducing coal consumption; Brazil is taking action on deforestation; and South Africa will be introducing a carbon price and expanding renewable electricity.\footnote{As an interesting aside point, Brazil sees the extension of the new agenda into the environmental field as an opportunity to develop an appropriate green national accounting system.} These, however, are domestic undertakings, and reflect the different country conditions amongst the emerging economies, encapsulated in Table 1. India, with less than half the per capita income and about a third of the per capita emissions of the other emerging economies, has been the least forthcoming in commitments to climate change action at the international level. Its statements indicate that it is growth above all else, but domestically there are starting to be changes. Climate change strategies have been drafted at all governance levels and initiatives such as India’s Integrated Energy Policy, formulated in 2006, seeking to harness renewable energy sources and the more recent introduction of a carbon tax and an indirect tax on coal are further examples of this (Saran and Sharan, 2015).

Some of the trade-offs articulated between going green or growing economically in the strongest positions against climate change action are more apparent than real (New Climate Economy, 2014). Irrespective of emissions savings renewable energy is increasingly the most cost-effective option, even for large scale energy schemes. But the vested political and economic interests in the coal based energy system will need to be challenged. Further, the impact of climate change will be increasingly severe and whether to go green or not will not be a matter of choice anymore at that point in time, but the only option on the table. However, politicians responding to electoral cycles have little incentives to focus on long term interests.

Emerging economies’ per capita GDP and per capita emissions (2011)

<table>
<thead>
<tr>
<th></th>
<th>GDP PPP per capita in $</th>
<th>Per capita emissions in tCO2</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>12,951</td>
<td>6.59</td>
</tr>
<tr>
<td>China</td>
<td>10,040</td>
<td>7.63</td>
</tr>
<tr>
<td>Brazil</td>
<td>14,300</td>
<td>7.21</td>
</tr>
<tr>
<td>India</td>
<td>4,883</td>
<td>1.93</td>
</tr>
</tbody>
</table>

Source: CAIT 2.0 (WRI, 2015)
developing country interpretation of differentiation and taking a more sophisticated approach to the application of CBDR might allow emerging economies to recognise the differences amongst themselves as well as amongst the hugely diverse G77 + China bloc.

**Global governance**

There are at least three areas of relevance for EMEs related to global governance issues. Firstly, and most importantly, reform of Bretton Woods institutions and UN Security Council is their main ask. Redressing the democratic deficit in global governance would provide developing countries their due voice in international agenda-setting. Target 16.8 ‘broaden and strengthen the participation of developing countries in the institutions of global governance’, despite having no precise deadlines or details on how to deliver this target, in theory provides the G77 with a powerful tool for follow-up. In the short term, in the face of US congressional opposition to even moderate reform of the IMF, it is unlikely that there will be any meaningful move in this area. The likely consequence of failure to find a way to work together in fora such as the UN and existing IFIs is that other regional and bilateral spaces will increasingly become the places where policy is actually made. The creation of new development banks, and the increasing importance of spaces, such as the Forum on China-Africa Cooperation, the China-CELAC Forum and the BRICS are examples of this; Constantine and Pontual, 2015).

Secondly, tied to the discussion on global governance, emerging economies also call for a more resilient international monetary system, a topic that has also been included in the draft for the Addis Ababa FfD conference under the rubric of ‘systemic issues’, and referred to as ‘global macroeconomic stability’ in target 17.3 of the SDGs. However, it remains unclear what feasible proposals on this issue could look like e.g. reform of the IMF’s crisis resolution framework and strengthening a global financial safety net. The role of the UN in economic governance is also unclear, as these issues are managed by the IFIs, the G20 and increasingly the new institutions such as those listed above.

Another related element is the call for increasing regulation and transparency of speculative investment. For instance, Brazil would welcome increased transparency and a stricter regulation of international financial flows, seen as a major source of macroeconomic instability, and a better coordination of national and regional financial authorities and of Central Banks. Again questions remain unanswered as to what the appropriate institutional arrangements would be to deal with these issues (e.g. G20, IMF, or a UN organisation. In the case of the latter it remains unclear what its comparative advantage would be, besides of course its representativeness; Evan, 2015).

In summary then, the EMEs do not stand to gain much from the global governance element of the SDGs, their means of implementation, or those of the FfD, as concessions on their likely asks are highly unlikely in the short term.

---


23 [http://www.g77.org/statement/getstatement.php?id=141209](http://www.g77.org/statement/getstatement.php?id=141209) (Bolivia’s statement on behalf of G-77 and China – Preparing for FfD)

24 Based on Emilio Lébre *La Rovere’s* background paper.
Conclusion

In this paper we have examined what emerging economies stand to gain or lose from a series of issues that require global action and that are fundamental for the successful implementation of the SDGs. Many of these feature under proposed SDG 17 and are thorny issues which are being negotiated in other fora (e.g. finance under the Finance for Development Conference, trade under the WTO and climate change under the UNFCCC).

On the whole, EMEs have few incentives (meaningful gains) and some disincentives (e.g. higher expectations that they will contribute towards global commons) to engage with the SDG agenda. Firstly, without commitments by developed countries, currently perceived as only paying lip service to the means of implementation and global partnership for sustainable development agenda, their engagement will be tepid. Secondly, given that one of their main asks — reform of Bretton Woods institutions and the UN Security Council — appears to be off the table, they may simply not see enough to gain. Why would they start giving concessions commensurate with the economic powers if they are unlikely to get a say in the organisations that make the rules?

One key factor to understanding the position of the EMEs discussed here is that there appears to be a disconnect between any rhetoric on these countries of not engaging at international level and the fact that, as set out in this paper, in many areas covered by goal 17, they are already delivering, unilaterally, because doing so is in their national self-interest. This is the case in areas such as South-South cooperation and climate change mitigation.

While there are points of commonalities in the positions of the four emerging economies in our study, it is interesting to single out some nuances in the Chinese position. In some aspects it appears to be more open to take a proactive role in this agenda and in global development more generally (for example with the creation of new institutions such as the Asian Infrastructure Investment Bank or internal discussions about an aid target). However, while some argue that an increasing leadership role in the global stage could yield softer benefits and are in accordable to its current global power, others fear that such a strategy could backfire and its actions misread. Hence, rather than improving its own image in the international fora, by choosing a more proactive role China may end up having to explain what its ambitions are. As a result, it might default to a strategy of business as usual.

Finally, there are a number of issues that could be of interest to EMEs beyond changes to global governance. These include: technology transfer and technical assistance, patents and IP reform, cooperation on tax information and tracking illicit financial flows, and climate finance (trade and climate negotiations are two other areas, but deals here may be more complicated and have their own dynamics). On their part, as the paper sets out, key aspects EMEs could bring to the table are improved standards and safeguards employed by their national development banks and EME private sector actors. In addition, if they are genuine in their advocacy for LDCs, the countries featured in this paper should spend political capital pushing for a specific LDC ODA target and increase access to their own markets from LDCs.

Whether the FfD conference in Addis Ababa and SDG agreements on means of implementation and the global partnership for sustainable development live up to the ambition of the SDG agenda remain to be seen. What is clear is that absent concrete commitments on all of the above aspects of the grand bargain, the entire SDG agenda risks not being implemented.

---

25 Based on Chun Zhang’s China background paper and interviews conducted for this study.
Appendix 1.  
Common but differentiated responsibilities – what does it mean and why is it important in the SDGs agenda?

Principle 7 of the Rio Declaration of the 1992 UN Conference on Environment and Development (UNCED) bears the original definition of the concept of common but differentiated responsibilities: ‘states shall cooperate in a spirit of global partnership to conserve, protect and restore the health and integrity of the Earth’s ecosystem. In view of the different contributions to global environmental degradation, states have common but differentiated responsibilities. The developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command’ (UNCED, 1992).

As a result, the application of CBDR has been in the environmental dimension of sustainable development. For example, in the case of climate change it means that developed countries have an obligation to shoulder the burden of mitigation given their historical greenhouse gas emissions and because they are more developed and able to provide support to developing countries. CBDR also provides the basis for developed countries to support developing countries to adapt to climate change. The CBDR principle applies to other environmental areas, such as biodiversity and desertification.

The G77 Group has tried to extend the use of the concept to areas beyond the environmental field, such as, technology transfer, and indeed to the SDGs in general, but this has been strongly resisted by OECD countries. However, applying the concept of CBDR to implementation of the SDGs has implications for the future. As EMEs further progress, 15 years from now they might face the prospect of being asked to honour the very demands they are currently asking of developed countries. Maintaining differentiation of responsibilities between EMEs and developed countries, for example by arguing the historical responsibility case, will become increasingly difficult.

Source: Author’s interviews and Pauw, et al. (2014)

References


