UNDP and Sustainable Development

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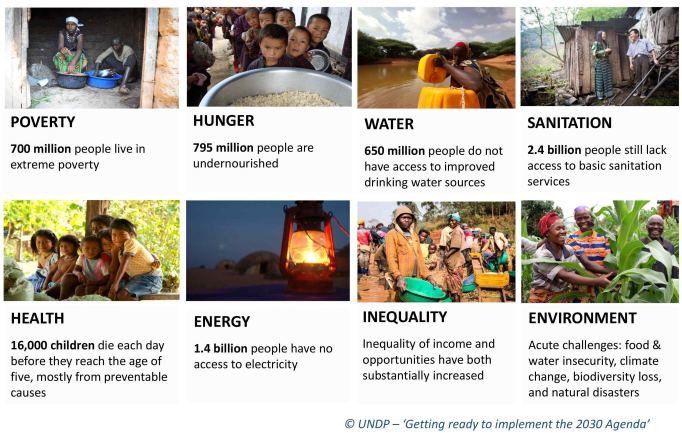
The unfinished business of development



[Figure 1] The Unfinished Business of Development

Still 700 million people in this world live in extreme poverty and 795 million people are undernourished. 650 million people do not have access to improved drinking water sources and 2.4 billion people still lack access to basic sanitation services. 16,000 children die each day before they reach the age of five mostly from preventable causes. 1.4 billion people have no access to electricity. Inequality of income, wealth, access to opportunities have increased substantially. In terms of environment, acute challenges such as food and water insecurity, climate change, biodiversity loss, and natural disasters are ahead. This is the helicopter view of the world as of the end of 2015.

Agenda 2030

Against all these backdrops, UN came up with the Agenda 2030, an overarching framework with SDGs and pragmatic, transformative human development goals at its core. We need to do better and in order to achieve those goals we need a framework that tells us what to do. The Agenda should be based on the three "pillars" of sustainable development: (1) economic sustainability which relies on the traditional growth based on the high use of energy; (2) social sustainability which includes access to resources, health, education, green jobs and good governance; (3) environmental sustainability which includes biodiversity, water, food, energy, and climate change impact. We need all three. We need to find solutions that are compatible across all three strands.

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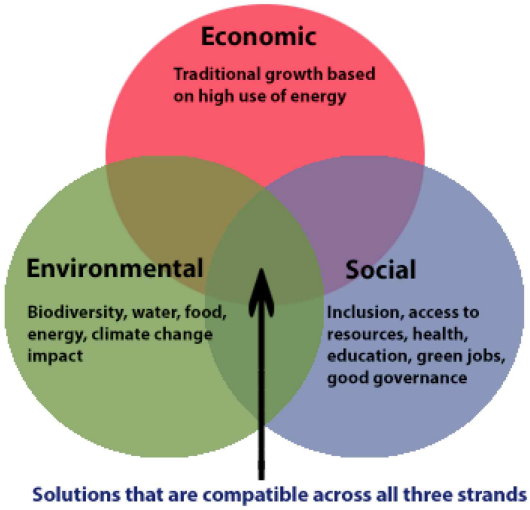


[Figure 1] The Three Pillars of Sustainable Development

SDG Agenda Principles

There are three SDGs principles. First is universality. Every country signed up for SDGs. Therefore, unlike MDGs which were applied only to developing countries, SDGs are applied to all countries. Universality, however, does not mean uniformity. SDGs allow differentiation with reporting at national, regional and global levels for sound evidence base. Second is integration. Integrated approach includes managing trade-offs and maximizing positive synergies across targets. The third idea is 'no one left behind.' We don't want minorities to be left out, and we want SDGs to benefit all by eradicating poverty and sharply reducing inequalities without blunting incentives to work and save. We must prioritize those farthest behind and this requires careful thinking and analysis to operationalize.

Clustering the SDGs: 5Ps

Clustering the SDGs is important as they are interconnected. SDGs are not just 17 things that we should keep in mind. There are 5Ps (Planet, People, Prosperity, Peace, and Partnership) in there. As for the "Planet," there are 5 goals (Goal 6, 12, 13, 14 and 15) to protect our natural resources and climate for future generations. "People" also has 5 goals (Goal 1, 2, 3, 4, and 5) to end poverty and hunger in all forms and ensure dignity and equality. "Prosperity" has 5 goals (Goal 7, 8, 9, 10 and 11) to ensure prosperous and fulfilling lives in harmony with the nature. "Peace" has one important goal (Goal 16) to foster peaceful, just and inclusive societies. Finally, "Partnership" also has one goal (Goal 17) to implement the agenda through a solid global partnership.

Sustainable Development and its obstacles

Sustainable development means "*meeting current needs without compromising future generations' ability to meet their own needs*." Agenda 2030 only works if national or local plans, policies, budgets, private sector decision making all incorporate SDGs, and if these are coordinated across countries. SDGs draw on a balanced mix of resources of finance including domestic and international, public and private.

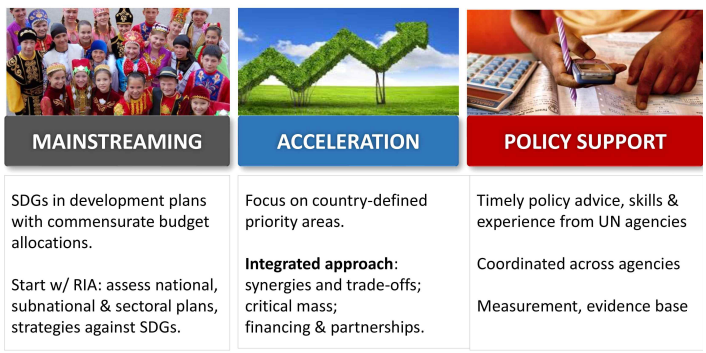
These are all very lofty objectives and one reason why this is hard to achieve is politics. Political systems are poor at handling slow changes with back-loaded net benefits. This is because politicians have short horizon. They don't give enough attention to what will happen in 10-15 years. When compromise is the best solution, it becomes the zero-some game. Choice is not whether to avoid future problems versus continue as before. Rather, it is when we incur costs to adjust to sustainable development.

Another huge problem is inequality. Inequality is, like an acid, and highly corrosive. It is incredibly bad for society because it wastes resources. Market

dynamics and accelerated technological changes are causing soaring inequality which undermines inclusive development and decision making. These lead the world to a suboptimal equilibrium but UN and multilateral cooperation can help.

UNDP's support: MAPS

What does UNDP do to support SDG implementation? MAPs (Mainstreaming, Acceleration, and Policy Support) is UNDP's practical contribution toward SDG attainment funded by the Republic of Korea. UNDP takes a team of experts, goes to a country for examining the problem, and provides policy supports.



[Figure 2] MAPs (Mainstreaming, Acceleration, Policy Support)

First, "Mainstreaming" is having strategy, plans, and budget. It is aligning SDGs in development plans with commensurate budget allocations. Mainstreaming starts with Rapid Integrated Assessment (RIA) which is to assess national, subnational and sectoral plans and strategies against SDGs. Then, "Acceleration" focuses on country-defined priority areas and policies that countries should take action first. Integrated approaches like synergies and trade-offs, critical mass, and financing and partnerships are taken into action. As for "Policy support," UNDP provides timely policy advice, skills and experience from UN agencies, and they are coordinated across agencies. We provide statistical data for proper measurement and evidence-based solutions. Statistics does not betray and assessing the country helps to plan adequate policies.

Accelerators

Accelerators help attain SDGs and Sustainable Human Development faster. All SDGs are important, but their sequencing is the key owing to interactions among them. There are trade-offs, synergies, and feedback loops. More supply, due to higher demand, makes positive feedback loops and dynamic feedback loops can lead to tipping points. Accelerators are policy interventions with a substantial positive multiplier effect. They increase the speed of attaining one or several SDGs by unleashing unused capacity or creating preconditions for SDG progress, removing bottlenecks, underlying constraints or obstacles or boosting dynamic interactions.

MAPS teams have identified numerous accelerators in different countries. Typical accelerators include reducing inequalities, including gender inequality, improved governance, effective institutions, and containing and preventing conflicts. There are two more accelerators that are important. One is technological change and the other is climate change and fossil fuel pricing.

Example 1: Technological change

Technological change turns visibly exponential. Technological progress is reaching and breaching thresholds in the aspects of speed, storage, data capture, searches and analytics. We are facing technological changes which have not been unleashed until

now. Technological change is suddenly accelerating and creating overwhelming escalation which could cause either disruption or opportunity. We are reaching to the critical mass, witnessing unexpected synergies and some dark sides. These aspects, the dynamics they unleash and their interactions over time remove previously binding constraints; transform definition, scope, content of work; massive filtering of jobs; and massively raise productivity, but distribute income in highly skewed manner. In labor market, 2/3 of students will have jobs that do not exist now. Education should be very different from what adults learned and should be incredibly flexible.

Technological changes come on top of global changes already in motion and this critically shapes SDG space. Technological changes interact with demographic shifts, globalization, urbanization and climate change, giving rise to increasingly powerful network and threshold effects, dynamic feedback loops which either recede or become self-reinforcing. This injects complexity and uncertainty into human development thus ushers in both enormous gains, as well as major disequilibria and disruptions. This means departing from the linearity. Soaring inequality can impair socio-economic, environmental sustainability as well. Key point is that productivity gains will create enough resources to fund public policy to handle this without undermining incentives of those driving the transition. For example, the cost of sequencing a single human genome fell by a factor of one million since 2003.

Example 2: Climate change & Fossil Fuel Pricing

The second accelerator is climate change and fossil fuel pricing. Fossil fuels are priced according to marginal production cost. This fails to internalize the nonrenewable nature of fossil fuels, the externalities from burning them, and monopoly position of many producers.

A simple step to help address climate change is to set carbon price right through the regulation, taxation, and carbon trading with binding limits in line with the principle of using instruments with the highest net returns first, also enhancing fiscal space and improving enforcement through micro-level incentives. Another way is to use fiscal space for social support. Market-conform technology transfer across countries, challenging funds to promote clean energy, education and health to raise employability and fostering private sector job creation through trade and technology can also be helpful. One thing to keep in mind, however, is that effective global coordination should be made to preempt arbitrage.

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Dr. Horváth at the OnDream Global Academy