World Without Sustainability Policy

Commentary on the Review of the UN Millennium Development Goals at the UN General Assembly in September 2005

The world needs to do more to achieve its development goals

Energy consumption and climate damage, instability through an unjust distribution of wealth and poverty, education crisis and competition for qualification, barriers to mobility, the depletion of natural resources, environmental pollutants, the global challenges of demographic change – many of today's international security structures will cease to function in the future with nothing to replace them at present, however. At the same time, globalisation presents new opportunities for politics and the economy. However, past concepts will not hold up in the future.

In the next few decades, Brazil, Russia, India, China and South Africa will catch up with the old industrial nations in terms of economic strength and create new environmental and development challenges brought about by massive production and consumption flows. The world is in motion. This is of consequence to Germany. Recognising them and establishing them as the basis for shaping policies is a task which – if at all – could only be resolved through the "recurrent theme of sustainability". In adopting a sustainability strategy, Germany has made an initial move; however, there are, as yet, no discernible signs of sustainability being a recurrent theme in politics and the economy.

In adopting the Millennium Development Goals (MDG, hereinafter referred to as Millennium Goals) five years ago, the United Nations outlined goals for combating poverty and hunger, for universal primary education, gender equality, reducing child mortality and improving maternal health, combating HIV/AIDS, malaria and other contagious diseases, as well as protecting the environment and developing a global partnership for development. The management of development efforts has improved as a result of quantitative indicators having been introduced. The consequences of the Review of the UN Millennium Goals, which is scheduled to take place at the UN General Assembly in September 2005, should be included in the upcoming reform of the bodies and processes within the United Nations.

On the eve of the UN General Assembly, the German Council for Sustainable Development would like to draw attention to the fact that – although the nations of the world have established the Millennium Goals on the basis of realistic ratio and have not

Agreed on utopian issues – the Millennium Goals nevertheless cannot be realised by 2015 as things stand today unless far greater effort is undertaken.

The failure of the Millennium Goals would mark a security risk!

That the Millennium Goals are not a "self-fulfilling prophecy" has been made clear from the outset by the UN Secretary-General, who brought the Millennium Project into being, and by the Political Declaration on the goals (the Millennium Declaration) which was passed by the UN in 2000.

Under the presidency of British Prime Minister Tony Blair, the "G8" Summit held in July of this year, reached an agreement on debt relief for developing countries as well as other funding efforts in order to implement the Millennium Goals, most notably in Africa. Setting the Millennium Goals was the right thing to do. Doing nothing would be more costly. Failure to realise the Millennium Goals would result in global and national security risks escalating immensely and severely aggravate the risk potential of human settlement areas overburdening nature. Should no credible means be taken that would ensure the attainment of the goals, international development cooperation will almost certainly find itself in a legitimacy crisis and the UN's ability to act will be called into question among other things.

Reaching the Millennium Goals is an important step. This having been said, on critical analysis it should be stated that this is only a small and – in terms of the global challenges – only a very small and incomplete step. The root causes for armed conflicts for resources are not removed and are not even addressed. No solution is offered as to how conflicts should be handled in failing states. Neither the effect of poverty as a driving force for environmental destruction nor the interdependence between environmental destruction, access to natural resources and the means of alleviating poverty and creating economic development are addressed.

No success in sight

Today, the world is not on the right track towards attaining the Millennium Goals. That the fundamental conditions for global development have changed compared with the 1990s goes unrecognised all too often.

The international donor community for state development aid has still not reached the target level of 0.7% of each country's respective gross national product. In development policy, finance transfers through the transfer of money from people working abroad to their home country and industrial foreign direct investments are still not being taken into consideration and their effects are therefore underestimated. In order to reach a decision as to the extent to which the Millennium Goals can be realised, we cannot afford to take only state development aid and 0.7% into the equation.

Having a differentiated view of the world in order to understand the development processes is more important than ever.

- In Asia and also in certain parts of South America, partial good successes can be noted in terms of combating poverty and improving diets. Certain Sub-Saharan African countries are moving in the right direction.

- Dynamic economic growth is becoming the hallmark of some former developing countries, whilst others stand out for reasons of stagnation, loss or even collapse.

- The old industrial nations have gone as far as they can with their present development models.

The growing economies are posing new challenges for the environment, development and sustainability. As "emerging economies", Brazil, Russia, India, China and – relative for Africa, also South Africa – are all nations with exceptionally high GDP growth rates. Economic forecasts point to dynamic growth in these countries, making the BRICS economies comparable with those of the USA and Japan. In 40 years' time, the BRICS economies together could well be greater than those of the G 6. This would mean that the largest national economies in the world would no longer automatically be the richest in terms of per-capita income. At the same time, a large number of countries are in the development stage or in a phase of minimal development.

Using economic parameters such as absolute growth and purchase power units, distribution coefficients, GDP per capita, and capital flows, it is possible to differentiate between the material aspects of the status of economic development in countries (cf. Appendix).

Growth traps

Growth for growth's sake comes up against limiting factors in terms of social adaptation and environmental impact. As a rule, economic growth is obtained at the price of disproportionately high environmental consumption. The overuse of ecosystems "subsidises" the economic processes. "Emerging economies" are confronted with infrastructure problems and a need to make enormous subsequent investments in natural capital and resource efficiency on the one hand and – in order to close the rich/poor gap – in social security systems, infrastructure investments, traffic problems, and deforestation problems. The question of "if" or "how" with regard to their inclusion in the international climate protection process will be a signal. The introduction of producer responsibility and the change in consumption and production patterns are other urgent demands that these countries need to meet as part of sustainable development.

In the future, the “old” industrial nations can be even less certain than in the past of their ability to continue their economic models and utilising resources in the same way.

Poverty – an environmental poison

In terms of number, the developing countries (some of which have slow growth; some with stagnating economies; some with no or failed state functions) make up the largest group of nations. The development conditions in these countries must be judged in a differentiated manner. In all cases, it can be rightfully maintained that extremely high rates of poverty and minimal or no growth, and a largely unbridled urbanisation process lead to environmental destruction, the spreading of epidemics and political instability. In these countries, poverty is the prime environmental poison. At the same time, an active strategy aimed at protecting the environment through the sustainable utilisation of natural resources, coupled with the establishment of the right basic conditions, also presents these countries with the greatest opportunity to combat poverty and break the trend towards sub-urbanisation and slum creation. However, such a strategy of sustainable development often runs counter to the prevailing policy of exporting natural resources short-term.

And Germany?

In the highly-developed OECD countries, and in Germany especially, a discussion is pending as to what impact this new world development dynamic is having. They are currently experiencing significant changes brought about by a reduction in the size of the population and a changing demographic composition within the population (ageing, migration) as well as an economic structure with the fall in industrial production and an increase in private services. Their effect on the infrastructure capital and human capital is (whilst still in the inception stages) currently being discussed, first and foremost, in the context of social and economic aspects. At the same time, given the high to very high per-capita consumption of resources in the OECD countries, a discussion is ensuing on the ecological consequences and the resource- and capacity related lack of energy and base materials (e.g. steel, aluminium, tin, copper) caused by the swiftly rising per-capita demand for resources in rapidly growing emerging and developing countries. A discussion on the global ecological consequences has yet to take place in any shape or form. In this respect, “environment” as well as resource use and efficiency is a highly topical task across the globe. With this, it should be borne in mind that a lack of resources, which - due to the lack of efficiency improvements in industrial countries - also leads to price increases (such as in 2004-2005) themselves hinder or slow down the paths to development.

There are new "driving forces" for global development. They must finally be acted upon by politicians.

- New powers:

  Both the rapidly growing national economies and the OECD-type countries present new – and intensified – sustainability challenges for us all. The BRICS countries are the new "driving forces" for global development. The rising demand in China for crude oil and steel and the increasing carbon dioxide loads for the climate are only the latest known examples of a process engulfing every area of politics and the economy.

- World population is not growing as feared, but consumption expenditure is growing at a disproportionately fast rate:

  The demographic trends indicate that the world population is not likely to reach the forecast 10 billion mark. Nevertheless, the pressure on natural resources will not be eased as a result. With a world population of 7 – 8 billion, changing consumption (consumer goods, motorisation, changing types of diet and rising specific meat consumption in emerging countries, fodder demand, water consumption) is posing completely new challenges to the sustainability of production and the efficiency of resource utilisation.

- Environmental costs on the rise:

  The impact of severe environmental damage, excessive use and climate change on national economies as well as the loss of arable farming land due to the climate or settlement of people are new cost drivers in many regions of the world. Even the economic dynamics of the rapidly growing emerging countries are necessitating high subsequent investments in the environment.

- The limits of controllability are becoming apparent:

  Traditional state development cooperation and the state's ability to control development have reached their limit. Attaining the Millennium Goals is not solely or even only predominantly reliant on the size of the development aid budget. Reducing politics to the size of the development aid budget is wrong. In the rapidly growing emerging countries, such as China or Malaysia, development aid accounts for a mere 2%; the largest share of up to 97% (China) is apportioned to direct investments. Similarly, the number of money transfers from citizens working abroad to their home country could also rise in proportion to the increase in the development level. In the case of Sub-Saharan Africa raising the cash flow is perceived to be necessary given the minimal national and international capital flows and in spite of the high dependence of the budgets in many countries on payments of state development aid and related problem areas

These “driving forces” make changes in the course of the Millennium Goals policy a necessity.

The Millennium Goals Review gives grounds for a fundamental discussion on the type of development funding and must be seen in the context of the practice and possibilities of direct investments and of citizens working abroad transferring money to their home country; there is also the issue of reducing subsidies (for water and energy, for example) or of distributing, in a just manner, the development aid that has been paid.

A new division of tasks between state aid and private investment should be striven for. Development aid payments should, first and foremost, focus on funding and promoting the smallest production units, economically weak sectors, literacy, and creating a traffic, administration and education infrastructure and not on projects which could also be given a boost through direct investments.

Combating poverty only works with and not against preserving the environment. Strategies geared towards preserving the environment should be stepped up.

Establishing legal security and a reliable jurisdiction and enforcing these are vital prerequisites for improving the investment climate and safeguarding rights of players in the private sector, civil society and politics.

Insufficient, but – in terms of their constellation – often inept development funding structure: Only one third of the current development aid funds flows into combating poverty, and, according to the Landau Report submitted to French President Chirac, less than 50 percent actually reaches the developing countries as a cash transfer. The aid is often volatile and erratic. Conjecture also exists for Germany that, for example, of the funds deposited by Germany with the World Bank, only a small portion is utilised to combat poverty. Action must be taken to counter the damaging entelechy of project funding in which donors are caught up in competition for “good” projects. The negotiation and transaction costs incurred by donors and recipients when negotiating development programmes are on the increase and the respective projects are becoming less effective.

The core task performed by international organisations and bilateral donors of strengthening legitimate state structures and their civil society funding as a means of counteracting existing or pending disintegration processes in failing states should be extended. It is right to condition further finance transfers. In adopting the

“Civil Crisis Prevention” action plan in 2004, the German government has laid the first foundations. Actively continuing and implementing the plan is urgently required.

The HIV/AIDS pandemic is torpedoing social, economic and political development and the attainment of the Millennium Goals. Currently, the most affected countries are those in the South and East of Africa. However, forecasts indicate that both India and China are also highly susceptible to an explosive epidemic developing. Current and forecast negative consequences of the pandemic require new responses to pressing development issues.

It is necessary to undertake an independent quality control of development cooperation, both internationally and nationally. Development cooperation must cease to be measured on an exclusively quantitative basis (share of the budget) but also on a qualitative in addition to the quantitative basis. It must be possible for development policy to be examined on a qualitative basis using indicators and targets and without the involvement of the fund providers and recipients.

Whilst not requiring a change of course, there is still a pressing need to expand on and intensify bilateral dialogue between Germany and the emerging economies. Rapidly growing emerging and developing countries are at the core of changes in economic relations. Together with the production and consumption patterns in industrial countries, they pose new challenges for global ecological viability. Their socio-economic and ecological change is of great significance to the common search for ways to sustainable development. The “classic development policy” instrument does not do justice to the strategic significance of these countries.

In the process, dialogue as an instrument of political culture will gain in importance in the future. In a world that is growing closer, it is vital that experiences obtained through national approaches to the sustainability policy be exchanged and that means and ways of players from politics, the economy and civil society in national sustainability strategies acting together be found. The German Council for Sustainable Development, together with the German Society for Technical Cooperation GmbH (GTZ), is currently making the first move in the sense that the “BRICS+G” project is organising the first conference on sustainability and economic growth strategies with experts from Brazil, Russia, India, China, South Africa and Germany.