Hujo, Katja

Book

Policy innovations for transformative change : implementing the 2030 Agenda for Sustainable Development : UNRISD flagship report 2016

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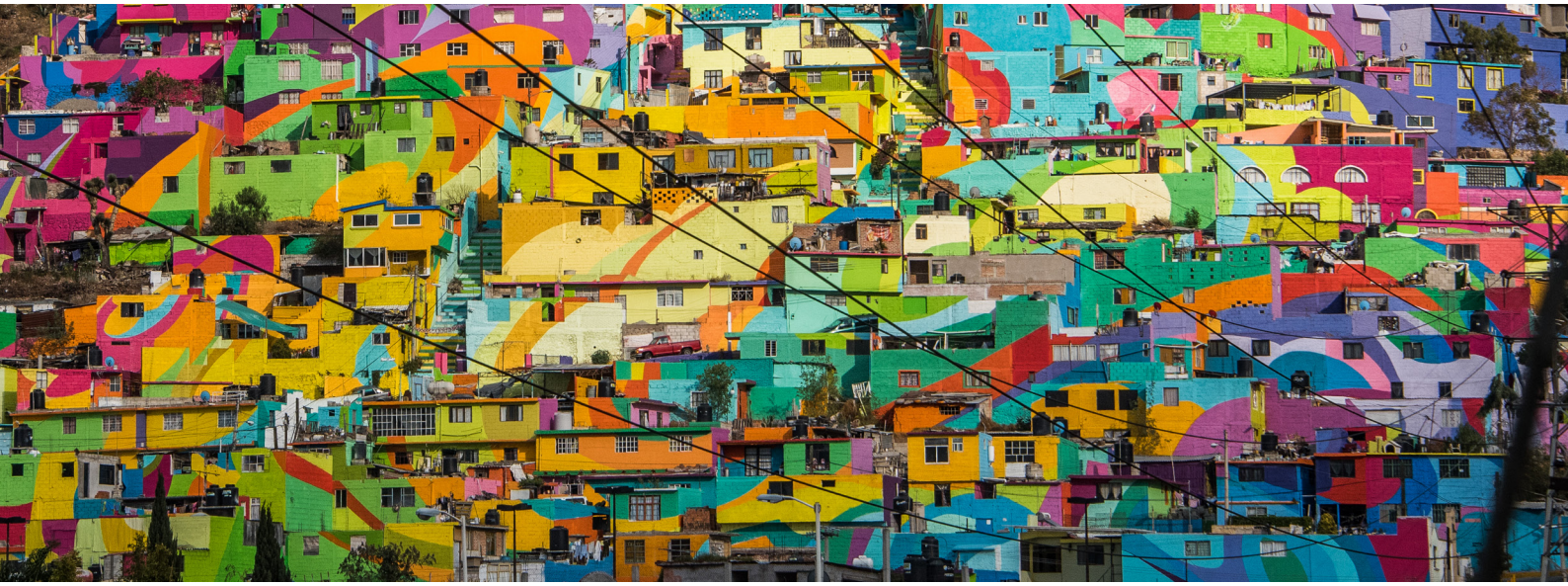
UNRISD FLAGSHIP REPORT 2016



Policy Innovations *for* Transformative Change

Implementing the 2030 Agenda for Sustainable Development

UNRISD
United Nations Research Institute for Social Development

UNRISD FLAGSHIP REPORT 2016

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The United Nations Research Institute for Social Development (UNRISD) is an autonomous research institute within the United Nations system that undertakes interdisciplinary research and policy analysis on the social dimensions of contemporary development issues. Through our work, we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

UNRISD depends entirely on voluntary contributions from national governments, multilateral donors, foundations and other sources. The Institute receives no financial support from the regular budget of the United Nations. As with all our activities, the UNRISD Flagship Report 2016 would not have been possible without the voluntary funding received from our institutional and project funders. We are especially grateful for the support received from the governments of Sweden, Switzerland and Finland in 2015–2016.

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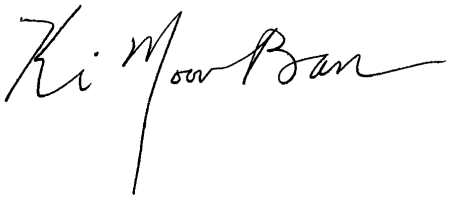
Foreword

Societies across the world are facing many complex and interwoven challenges—poverty, inequality, environmental degradation, demographic change, discrimination and violence—that threaten our efforts to enable people everywhere to live a peaceful, decent and dignified life on a healthy planet.

The 2030 Agenda for Sustainable Development is our shared plan to build that future. This report by the United Nations Research Institute for Social Development, *Policy Innovations for Transformative Change,* offers critical guidance on how countries can turn the aspirations of the 2030 Agenda into reality. It highlights the importance of addressing the root causes of problems, and of rebalancing the social, environmental and economic dimensions of sustainable development.

It shows how some governments—many of them in the Global South—are leading the way through inclusive political processes, new partnerships and new ways of approaching governance. The report also points to the critical role of civil society and movements in holding governments to account, as well as new forms of business that are explicitly incorporating social and environmental objectives.

We have much to learn in the years until 2030 about how to make this transformative change happen. Research by organizations like UNRISD will continue to play an important role in understanding the underlying processes and drivers of change, and in helping countries to learn from each other. At a time when resources are being stretched thinly across many challenges, it is crucial to maintain funding for research. We have a few short years to get things right. I commend the findings of this report to a wide global audience as we strive together to fulfil our promise to leave no one behind.



Ban Ki-moon
Secretary-General of the United Nations
October 2016

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This report is the product of collective work by UNRISD staff and the collaborating researchers and partners in our networks around the globe. The report benefited greatly from conversations with numerous individuals on conceptual, methodological and case study issues as well as draft chapters. UNRISD gratefully acknowledges Sarah Cook, Director from 2009 to 2015, and Peter Utting, former Deputy Director and now Senior Research Associate, for their key role in kick-starting, supporting and framing this project. Paul Ladd, who joined UNRISD as Director in October 2015, has steered this project through turbulent times for the Institute and supported the report team with substantive comments, advice and guidance. Without his dedication, persistence and strong belief that UNRISD produces the kind of evidence and ideas that can support the international community to embark on a new pathway of transformation, this report would not have been possible.

Appreciation is also extended to members of the UNRISD Board who provided support and valuable comments during discussions of the project at annual Board meetings. Valuable feedback was also received during informal consultations on the report concept note with numerous governments and civil society organizations.

We further gratefully acknowledge guidance from the report's advisory board: Yusuf Bangura, Elissa Braunstein, Michael Cichon, Sakiko Fukuda-Parr, James Heintz, Gabriele Koehler and Imme Scholz generously provided advice and comments in individual conversations, discussions with the report team, written feedback on chapters, and insightful exchanges during a peer-review workshop on 30 March 2016 in Geneva.

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As a learning organization that aims to be inclusive of diverse perspectives and responsive to our constituents, we held a global online consultation on the draft report in July 2016. We are especially grateful for the thoughtful, substantive feedback received from the 58 participants in that consultation.

The evidence presented in the different chapters draws as much as possible on original UNRISD research conducted under the Institute's 2010-2015 research agenda, *Social Development in an Uncertain World*. This work was carried out in close collaboration with our networks and partners around the world and, importantly, in the Global South and reflects their views, methodologies and recommendations. Our aim is to bring this rich evidence and the diverse country experiences, showcasing both impressive achievements and protracted challenges, to the attention of policy makers and other political actors and stakeholders in an effort to understand and change, for the better, the complex challenges ahead of us.

As with all UNRISD activities, this report would not have been possible without the voluntary funding received from our institutional and project funders. We are especially grateful for the support received from the governments of Sweden, Switzerland and Finland in 2015–2016.

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OVERVIEW

This beautification project in Pachuca, Mexico, was also a tool of social transformation that decreased violence and created jobs.

Implementing the 2030 Agenda for Sustainable Development

World leaders have committed to transform our world and to leave no one behind in the quest for sustainable development. What needs to happen now to enable the 2030 Agenda for Sustainable Development to deliver on its transformative promise? Which policies and practices will lead to social, economic and ecological justice?

Research presented in the UNRISD 2016 Flagship Report, *Policy Innovations for Transformative Change*, shows that:

- breaking the vicious circle that produces poverty, inequality and environmental destruction requires transformative change that directly attacks the root causes of these problems instead of the symptoms;
- transformative change can be driven by innovative policies that overcome palliative and "silo" approaches, and promote an "eco-social" turn in development thinking and practice;
- innovative policies, which are informed by solid evidence and grounded in normative values such as social justice and sustainability, need to be forged through inclusive political processes, new forms of partnership, multilevel governance reforms and increased state capacity.

Understanding *Transformation* for Sustainable Development

In September 2015, the international community agreed on the 2030 Agenda for Sustainable Development that will guide development policy and practice at national, regional and global levels for the coming 15 years. The Sustainable Development Goals (SDGs) follow the Millennium Development Goals (MDGs), which successfully mobilized efforts around poverty reduction and social development, but also had shortcomings and gaps.[1] Overcoming these by forging a universal agenda that will "leave no one behind" is the ambition of the 2015 agreement and the SDGs. The more inclusive process of formulating and negotiating the goals not only resulted in a more comprehensive development vision, but also laid the foundation for more inclusive implementation and monitoring processes.

"Transforming our world", as the 2030 Agenda is titled, is a far more challenging task than business as usual and goes well beyond the narrower focus of the MDGs. Transformation requires attacking the root causes that generate and reproduce economic, social, political and environmental problems and inequities, not merely their symptoms.

The transformative 2030 Agenda is to be welcomed. Instead of segregated policies in separate domains, it could lead to policy integration and usher in an "eco-social" turn—a normative and policy shift toward greater consideration of ecological and social objectives in development strategies—that delivers genuinely transformative results in terms of human well-being and rights-based, inclusive development.[2] Indeed, it is the vision of doing things differently to achieve radically different outcomes, rather than doing more of the same, that inspires hope for breaking the vicious circle of poverty, inequality and environmental destruction confronting people and the planet.

So what needs to happen now to enable the 2030 Agenda to deliver on its transformative promise? Which policies would lead to social, economic and ecological justice? In this report, UNRISD contributes answers to these questions by:

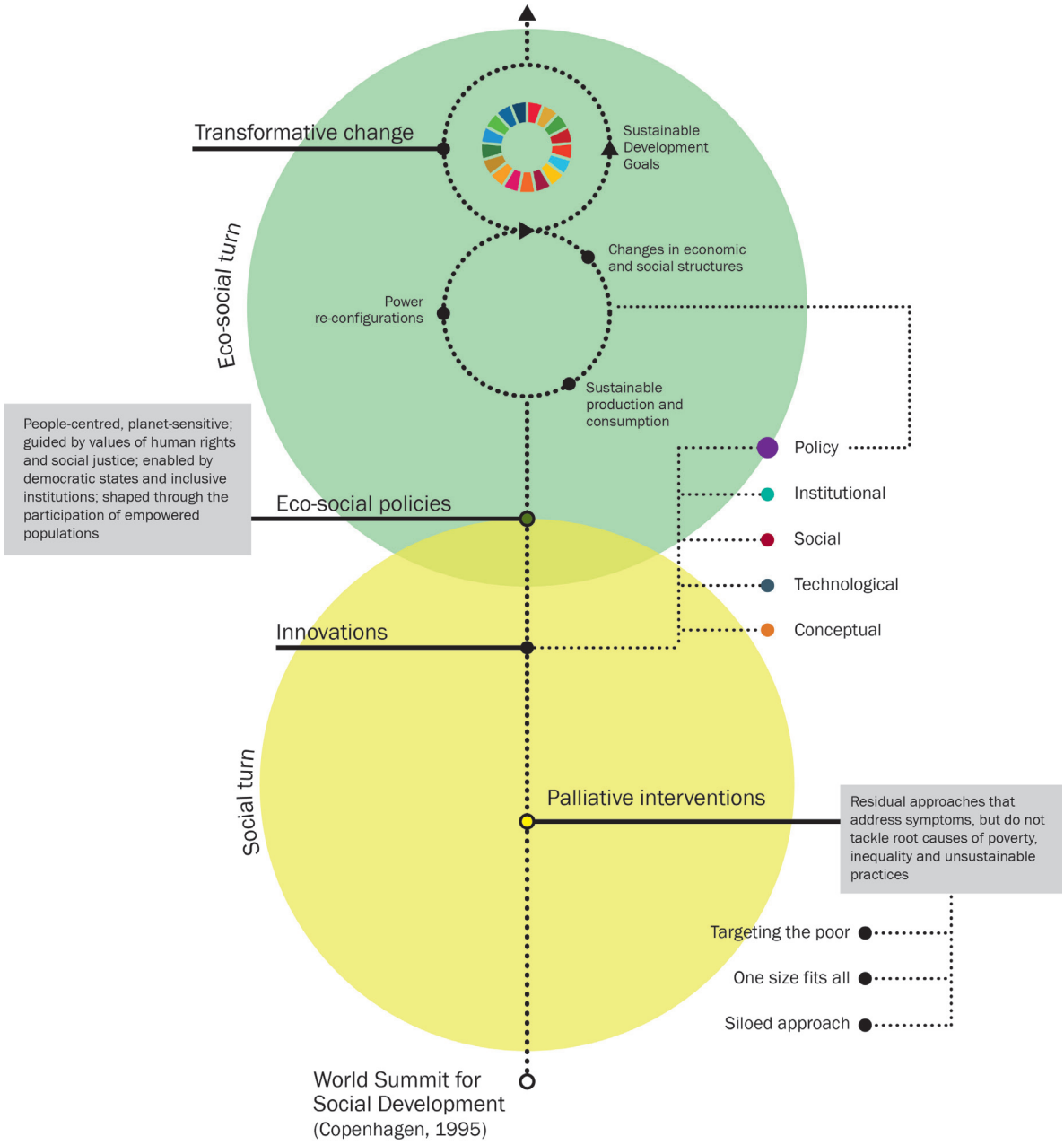
- unpacking the concept of "transformation" to which governments have committed themselves, using the term *transformative change* to designate the qualitative changes in different policy domains that are necessary to achieve the SDGs; and
- presenting integrated policy and institutional reforms and *innovations,* as well as the conditions for their implementation, with the potential to foster transformative change leading to sustainable development.

Defining transformative change

From the perspective of development and social justice, the key question is how to catalyse processes of change that result in transformation. While the terms transformative, transformational or transformation are now being used widely in development discourse, their meaning is often vague, referring to desirable outcomes such as inclusion and sustainability. In contrast, this report is specific about the processes of change needed in society and the economy to achieve greater equality, sustainability and empowerment.

Transformative change, as defined in this report, involves changes in all three dimensions of the 2030 Agenda for Sustainable Development: economic, environmental and social. It requires changes in economic structures to promote employment-intensive growth patterns that ensure macroeconomic stability and policy space. In order to make this economic change environmentally sustainable, profound changes are required in production and consumption patterns and energy use through legislation, regulation and public policies. But most importantly, it requires changes in social structures and relations, including addressing the growing economic and political power of elites and patterns of stratification related to class, gender, ethnicity, religion or location that can lock people (including future generations) into disadvantage and constrain their choices and agency. It also means changing

Figure 0.1. **Understanding transformative change**



norms and institutions, both formal and informal, that shape the behaviour of people and organizations in the social, economic, environmental and political spheres.

Transformative change understood in this way is a long-term process, requiring both individual agency and collective action by societies. Its means, and its results, include visible and measurable economic and political empowerment of disadvantaged and vulnerable groups; greater gender equality in all spheres; more equal redistribution of income and wealth; active citizenship with greater agency of civil society organizations and social movements; changes in North-South power relations and global governance institutions; empowerment of small enterprises, rural producers and informal workers; and a reversal of the hierarchies of norms and values that subordinate social and environmental goals to economic objectives.

It is clear that transformative change involves multiple actors, and transparent and democratic political processes involving all those actors are also part of the "transformation we want".

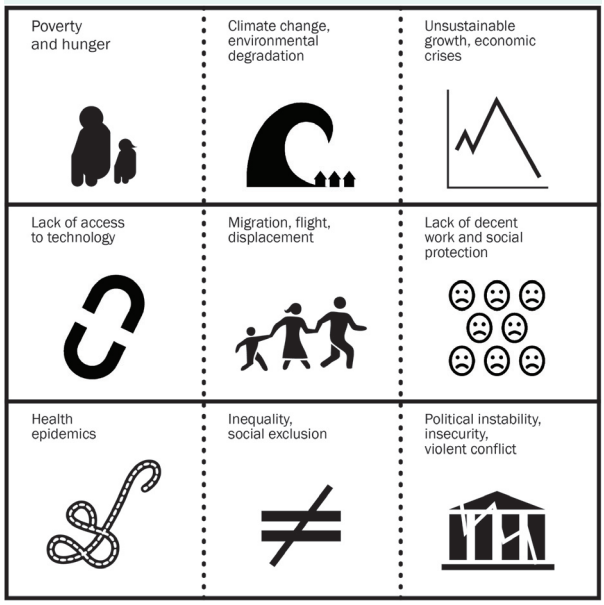
The context

The emphasis of the SDGs on multiple, interrelated and indivisible objectives requires integrated policy frameworks for implementation. This holistic vision resonates with UNRISD's approach to social development, which has long emphasized the integration of economic and social policy while enhancing environmental sustainability, human rights and gender equality.[3]

The multiple objectives to be fulfilled through the 2030 Agenda speak directly to the global challenges of our time: poverty and hunger; climate change; unsustainable growth and economic crises; migration, flight and displacement; health epidemics; inequality; social exclusion; lack of decent work and social protection; as well as political instability, insecurity and violent conflicts (figure O.2).

There are also opportunities emerging in the current context that could impact positively on transformative change. One is to seize the momentum of the 2030 Agenda to raise awareness and forge the alliances that will be needed to drive implementation at the national, regional and global levels. Others arise from the wider range of global initiatives and partnerships that aim to support progressive change at the national level, from the recommendation on National Social Protection Floors to the Paris Agreement on Climate Change.

Figure O.2. **Global challenges of our time**



What UNRISD research demonstrates

Innovations happening in many different areas reflect a shared interest in providing solutions to the complex and interrelated problems that countries are facing (box O.1). But policy, institutional, social, technological and conceptual innovations need to fulfil certain conditions if they are to promote transformative change in a positive and progressive sense.

In this report, UNRISD takes a careful look at some key areas of innovation and reform, examining the evidence of what is working for transformative change in specific contexts, in developing countries in particular, and identifying challenges and potential contradictions. The report analyses which policies and approaches are likely to contribute to the achievement of the SDGs, and explores ways to foster the policy coherence, and democratic and participatory policy processes and institutions, that will be required to do so.

The report covers:

- recent innovations that can be harnessed to realize the 2030 Agenda;
- whether innovations are conducive to truly transformative change; and
- the necessary conditions for transformative innovations to succeed.

This report consists of eight chapters.[4] Chapter 1 sets out a framework for understanding transformative change, and identifies opportunities and challenges for implementing the 2030 Agenda in the current global context. The report then analyses the transformative potential of reforms and innovations in six key areas with relevance across multiple SDGs, and where UNRISD has a rich evidence base to draw upon from its research in recent years: social policy, care policies, social and solidarity economy, climate change and sustainability, domestic resource mobilization, and governance and politics (figure O.3). Chapter 8 brings together the main findings from the six key areas to outline pathways toward transformative change for sustainable development.

Note: Icons for Lack of technology, Migration, and Health epidemics were designed by Iconoci, Gerald Wildmoser and Rohit Arun Rao respectively, and are licensed under Creative Commons via The Noun Project. Icons for Climate change and Lack of decent work and social protection are public domain.

Box O.1. **Innovations for transformative change**

Policy innovation: Policy innovation is particularly apparent in several regions in the Global South. Over the last two decades, many developing countries have adopted policies that extend the coverage of social services or social protection schemes to formerly excluded groups, and implemented innovative financing policies through progressive tax reforms or more effective capture of mineral rents. At the global level, in the wake of the 2008 financial crisis new policies have been conceptualized to promote employment creation and social protection floors, and the Rio+20 and COP21 processes have triggered policy innovation in the area of sustainable development.

Institutional innovation: Policy innovation at national, regional and international levels has been coupled with institutional innovation. This includes new normative, regulatory and judicial instruments; changes in governance arrangements associated with participatory democracy, public-private partnership and multistakeholder standard-setting where new stakeholders or combinations of actors engage in service delivery, financing and decision-making processes; "multiscalar" governance, where such processes and institutions are articulated at local, subnational, national, regional and international levels; and institutional complementarities that reconfigure institutional arrangements (for example, state and market) and policies (such as economic and social) at the macro level.[a] Transformative institutional innovations help to overcome inequalities and structural disadvantages, and to empower weaker actors.

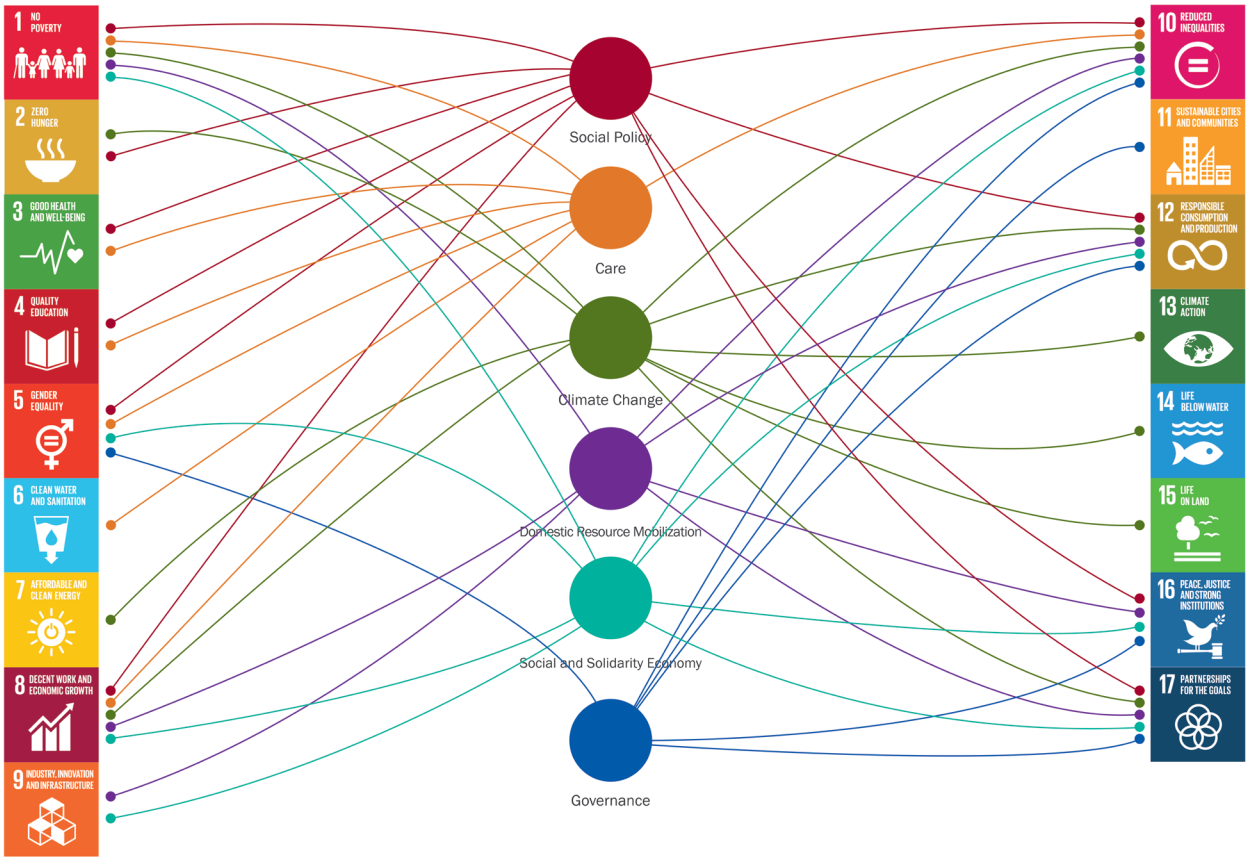
Social innovation: Non-state actors, in particular non-governmental organizations (NGOs) but also the private sector, are increasingly associated with social innovation. This is said to occur when organizations and networks adopt new ideas, strategies and practices that aim to better meet social needs and build relationships conducive to social and environmental improvements. Social innovation frequently occurs at the local level, where community organizations and social enterprises, often enabled by civil society networks and decentralization, organize to greater effect in order to mobilize resources and to defend their rights.[b] It is also apparent in social movement activism, or "glocal" networking, that connects local actors with change agents across scales, as well as across North and South, such as women's movements aiming to change gender-based stereotypes and discrimination entrenched in social norms and practices.[c]

Technological innovation: From the perspective of development and empowerment, important synergies can arise when social and technological innovation combine. This is seen, for example, in the case of networking (including transnational migrant activism) that is facilitated by information and communication technologies;[d] when farmer cooperatives move up the value chain by adding processing and quality control to their business activities;[e] or when decentralized renewable energy supply reduces the drudgery of unpaid work by women.

Conceptual innovation: Changes in institutions, policies and the way organizations behave are often informed by conceptual and discursive innovation. Particularly important in recent years have been those associated with governance and organizational theory, conceptual approaches toward alternative development pathways such as Buen Vivir or social and solidarity economy, and new social policy concepts such as the care policy approach.

Notes: [a] Jozan, Raphaël, Sanjivi Sundar and Tancrède Voituriez. 2013. "Reducing Inequalities: A Sustainable Development Challenge." In Reducing Inequalities: A Sustainable Development Challenge, edited by Rémi Genevey, Rajendra K. Pachauri and Laurence Tubiana, 7–15. New Delhi: TERI. [b] Laville, Jean-Louis. 2015. "Social and Solidarity Economy in Historical Perspective." In Social and Solidarity Economy: Beyond the Fringe, edited by Peter Utting, 41–56. London: Zed Books/UNRISD. [c] UNRISD (United Nations Research Institute for Social Development). 2013. When and Why Do States Respond to Women's Claims? Understanding Gender-Egalitarian Policy Change in Asia. Project Brief No. 5. Geneva: UNRISD. www.unrisd.org/pb5e. Accessed in May 2016. [d] O'Neill, Kelly. 2012. "Power Check: Protecting the Digital Commons." UNRISD Think Piece, 26 June. Geneva: UNRISD. http://www.unrisd.org/news/oneill. Accessed in May 2016. [e] Muradian, Roldan. 2015. "The Potential and Limits of Farmers' Marketing Groups as Catalysts for Rural Development." In Social and Solidarity Economy: Beyond the Fringe, edited by Peter Utting, 116–129. London: Zed Books/UNRISD.

Figure O.3. **Mapping policy areas for transformative change:** The UNRISD Flagship Report and the SDGs



Note: This infographic shows the most direct links with the greatest transformative potential between the topics covered in the UNRISD Flagship Report, on the one hand, and the SDGs, on the other. There are also many indirect links; these have been omitted from the infographic for clarity.

Box O.2. **Sustainable Development Goals**

GOAL 1. End poverty in all its forms everywhere
GOAL 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
GOAL 3. Ensure healthy lives and promote well-being for all at all ages
GOAL 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
GOAL 5. Achieve gender equality and empower all women and girls
GOAL 6. Ensure availability and sustainable management of water and sanitation for all
GOAL 7. Ensure access to affordable, reliable, sustainable and modern energy for all
GOAL 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
GOAL 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
GOAL 10. Reduce inequality within and among countries
GOAL 11. Make cities and human settlements inclusive, safe, resilient and sustainable
GOAL 12. Ensure sustainable consumption and production patterns
GOAL 13. Take urgent action to combat climate change and its impacts
GOAL 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
GOAL 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
GOAL 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
GOAL 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

New Trends and Innovations in Social Policy

An elderly woman counts her money in China.

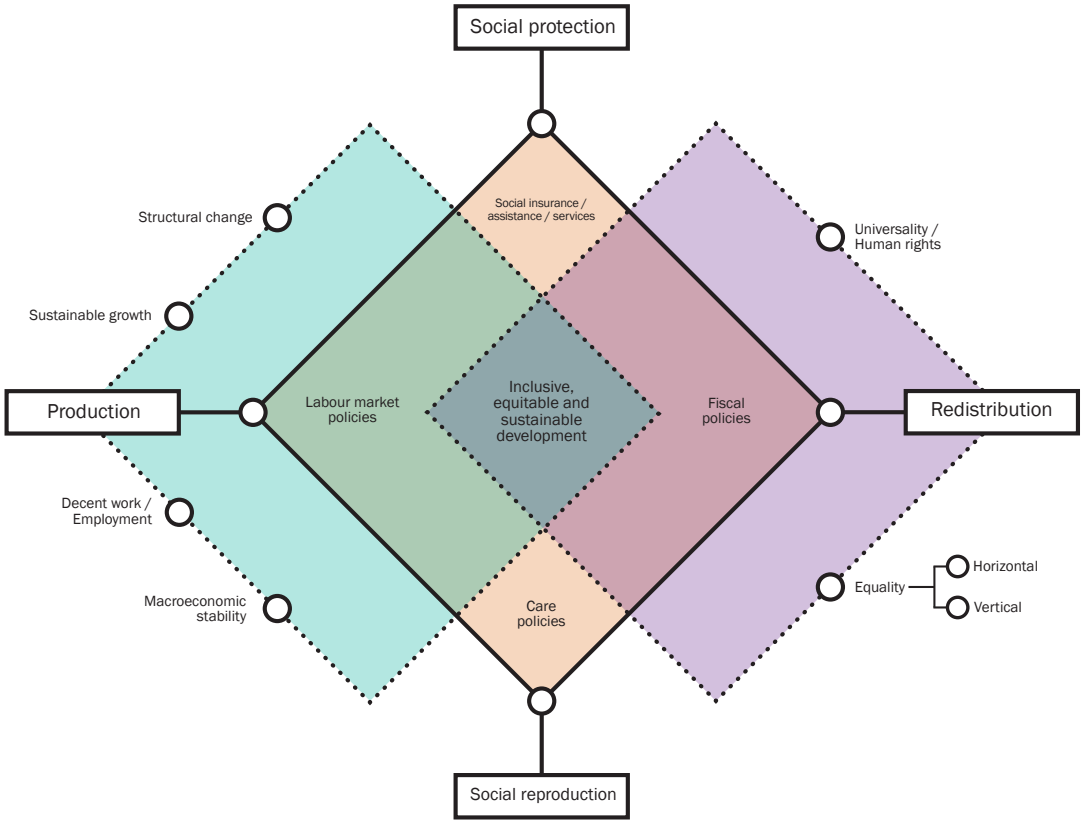
Since the 1990s, the "social turn"—a combination of shifts in ideas and policies that reasserted social issues in development agendas—has brought about various changes and reforms in a wide range of social policy institutions and instruments. Innovations in social policy that bode well for transformative change include the increasing trend toward universalization (leaving no one behind); better integration of policy instruments (or policy coherence) across the social, economic and environmental dimensions of development; more inclusive forms of participation in policy design and implementation; new forms of partnership; and new directions in global and regional social policy. While currently facing strong headwinds, the social turn needs to be sustained, reinvigorated and, ultimately, broadened into an eco-social turn.

Chapter 2 addresses implementation of SDGs

Social policy needs to be at the core of efforts to implement the SDGs over the coming 15 years. There is not a single goal in which social policy—defined here as collective intervention, in particular state intervention, that directly affects social welfare, social institutions and social relations—does not have an important role to play. The intersecting nature of social policy, contributing not only to protection but also to production, reproduction and redistribution, is more visible in the SDGs than it was in the MDGs, and makes it a key instrument for transformative change, a role that UNRISD has highlighted with its concept of *transformative social policy* (figure O.4).[5]

The remit of social policy has broadened in recent times, in particular since the early 2000s when the social turn was reinvigorated in several countries, including middle and low-income countries, with an expansion in the coverage of social services and social protection programmes to hitherto excluded groups. This mainly took the form of non-contributory pensions (figure O.5), child grants or cash transfers for families living in poverty, public works programmes and reforms in health service provision. Expansion sometimes involved the creation of more inclusive social and political institutions, and it continued even in the aftermath of the 2008 crisis. It demonstrates that a number of developing countries had, to a certain extent, institutionalized social policies in a way that allowed them to use the policies as counter-cyclical instruments in times of crisis, and to resist the quick

Figure O.4. **Transformative social policy**



Box O.3. **Eco-social policies: Examples from Brazil and India**

Eco-social policies take an integrated approach to the achievement of social and environmental goals.

Bolsa Verde, a cash transfer programme in Brazil established in 2011, provides incentives for the sustainable management and conservation of ecosystems; improves living conditions and income levels; promotes education and social, environmental and professional training; and encourages active citizenship.[a] It particularly helps families that make a living from collecting forest products or farming in protected or other designated areas, in return for commitments to adopt more sustainable use of natural resources to reduce deforestation. Around 213,000 families are potentially eligible to participate in the programme, and in December 2015, 74,522 households received benefits of 300 reais per month.[b]

Much of the work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), established in 2005 in India and guaranteeing at least 100 days of paid employment each year to every rural household, is devoted to environmental conservation, natural resource management (including the creation of durable assets), improved water security, soil conservation and higher land productivity. Since its inception, MGNREGA has offered employment to 20–55 million households per year, or around 30 percent of all rural households.[c]

Realizing the eco-social potential of such programmes, however, is no easy task. All have been affected by serious challenges, for example, difficulty in monitoring performance and conflicts between the rights of indigenous peoples to access resources and the designation of environmentally sensitive areas in the case of Bolsa Verde; and rent-seeking by government officials through informal systems of patronage and inadequate attention to skill development of beneficiaries in the case of the MGNREGA scheme.[d]

Notes: [a] Cook, Sarah, Kiah Smith and Peter Utting. 2012. Green Economy or Green Society? Contestation and Policies for a Fair Transition. Social Dimensions of Green Economy and Sustainable Development, Occasional Paper No. 10. Geneva: UNRISD. http://www.unrisd.org/op-cook-et-al. Accessed in May 2016. [b] OECD (Organization for Economic Co-Operation and Development). 2015. OECD Environmental Performance Reviews: Brazil 2015. Paris: OECD Publishing. doi: 10.1787/9789264240094-en. Ministério do Meio Ambiente. 2016. "Bolsa Verde". http://www.mma.gov.br/mma-em-numeros/bolsa-verde. Accessed 10 June 2016. [c] Ehmke, Ellen and Khayaat Fakier. Forthcoming. Civil Society Engagement in Public Employment Schemes: Insights from India and South Africa. UNRISD Research Note. Geneva: UNRISD. [d] Access Development Services. 2014. State of India's Livelihood Report 2013. New Delhi: Sage India/Access Development Services.

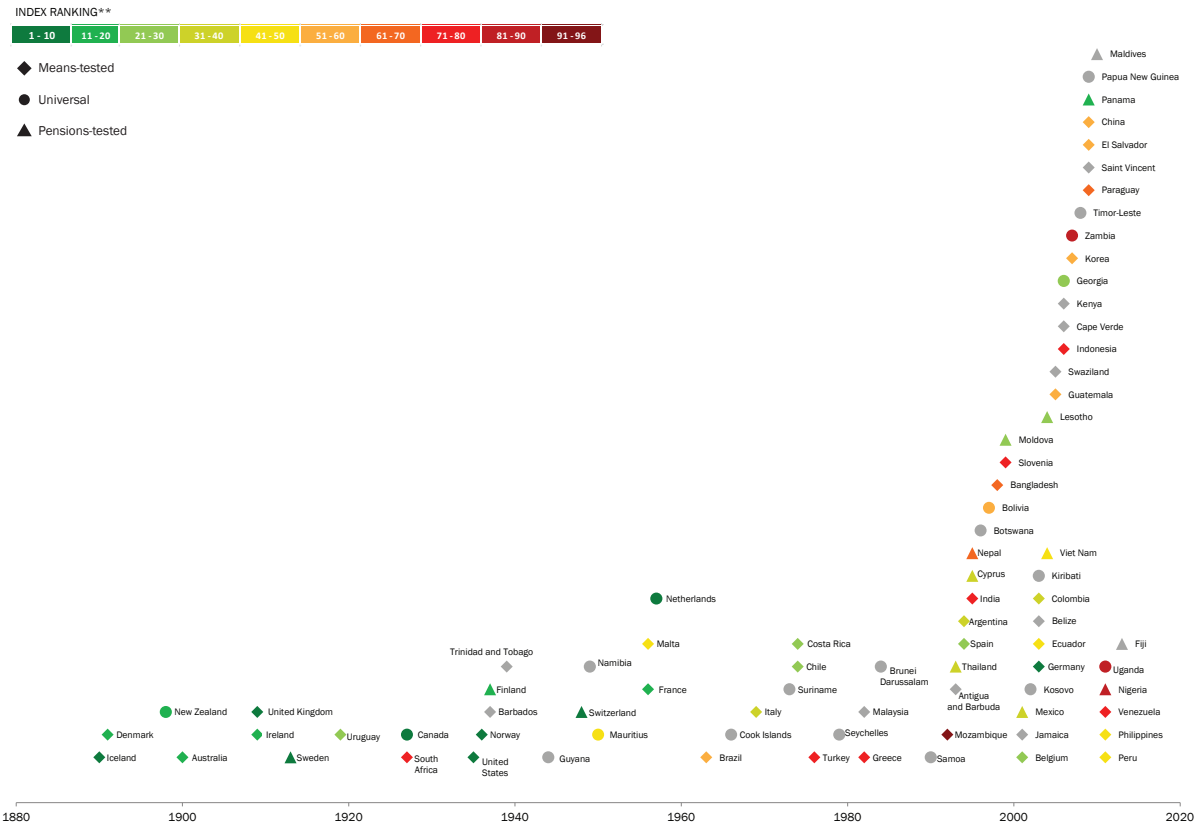
dismantling of programmes in times of fiscal pressure or donor retrenchment. Yet, given the prolonged context of austerity policies and fiscal consolidation, and setbacks in progressive policy agendas following changes in government in several countries that had spearheaded the social turn, by the time the 2030 Agenda was adopted, prospects for deepening the social turn in a progressive way had deteriorated.[6]

Indeed, the social turn per se does not guarantee transformative change for inclusive, equitable and sustainable development. Instead, its transformative nature depends on the specific design of social policies, and the way in which they take account of structural, institutional and political dynamics. Social policies that contribute to transformative change are those that expand rights, increase equality and reduce power asymmetries, and support sustainable and equitable structural change of the economy. Innovative eco-social policies exemplify this kind of approach (box O.3).

Analysis of recent innovations and trends in social policy around the world identifies transformative outcomes in countries where:

- innovative policies, such as eco-social ones, have been implemented, integrating ecological concerns with economic and social policy;
- the type of incorporation of informal economy workers and previously excluded groups into social provision is supported by social policies, legal frameworks and labour market formalization, with sustainable financing of both contributory and non-contributory social protection programmes;
- reforms expand the possibility of claiming rights and enforcing entitlements instead of receiving hand-outs;
- partnerships are crafted to include communities and empower weaker actors in the partnership; and
- national political systems are able to benefit from discursive, legal or financial support from regional and global organizations or actors.

Figure O.5. **Establishment of social pension and assistance schemes for older persons (up to 2015)**



Note: Colours refer to an index ranking developed by Global AgeWatch that comprises different measures of social and economic well-being of older people, including pension coverage. Grey indicates insufficient data for the country. Sources: Adapted from Mark Dorfman. 2015. *Pension Patterns in Sub-Saharan Africa. Social Protection and Labour Discussion Paper No. 1503. Washington DC: World Bank.* http://hdl.handle.net/10986/22339. Accessed 17 May 2016. Based on HelpAGE International, Social Pensions Database 2015, and Global AgeWatch 2015.

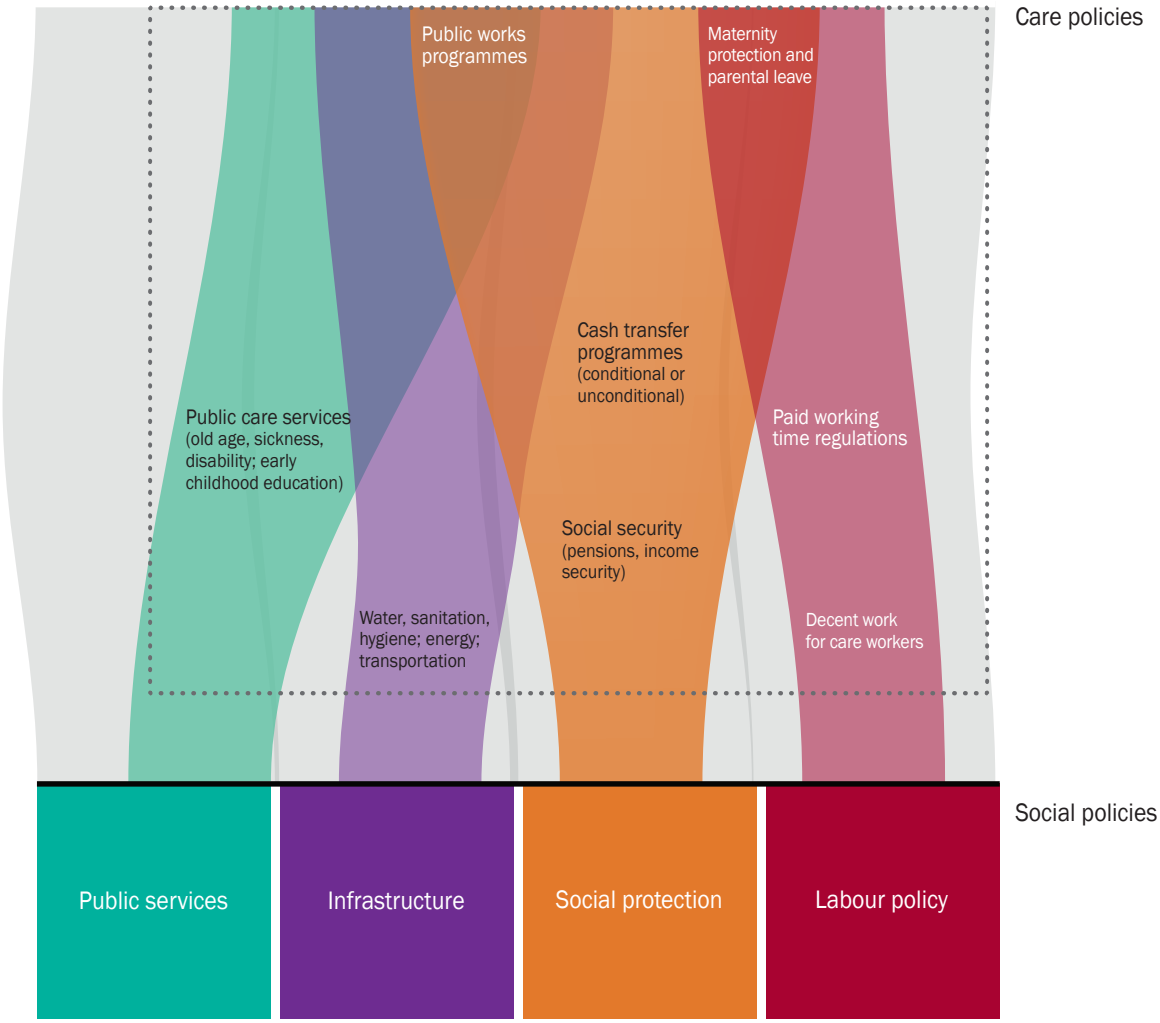
Care Policies: Realizing their Transformative Potential

Children in the village of Dumbravita, Moldova benefit from a kindergarden heated by biomass.

Framing public care services, basic infrastructure, labour and social protection policies under the umbrella of care policies is a game changer. It promotes gender equality, allows for policy complementarity and coordination, improves the situation of care workers and has visible positive macroeconomic impacts. Transformative care policies emerge if a human rights–based approach to care policies is adopted, when broad political alliances are formed, and when evidence is used in an innovative way to inform policy design and monitoring.

Chapter 3 addresses implementation of SDGs

Figure O.6. **Care policies bridge sectoral divides**



The process that led to the adoption of the 2030 Agenda is an example of how research, advocacy and more inclusive negotiations can result in conceptual innovations and discursive shifts, which are key initial steps in the design of policies and institutions that promote transformative change. One of the new policy areas that has been integrated into the SDGs, as a result of both strong research evidence and advocacy by women's groups,[7] is unpaid care and domestic work, understood broadly as domestic activities and care of children, older, disabled or sick persons outside of market relations. While immensely important for social reproduction, economic development and the well-being of all members of society—and therefore a key feature of sustainable development—unpaid care and domestic work was largely off policy makers' radar until relatively recently. The burden of unpaid care and domestic work, mainly borne by women and girls, is exacerbated by lack of infrastructure, climate change and natural resource depletion. UNRISD research on the political and social economy of care helped build the evidence that contributed, first, to higher visibility of the issue, and then to the adoption of the care-related targets and goals in the SDGs.[8]

Unpaid care and domestic work, though not measured in monetary terms or remunerated, is not free of costs and has implications for caregivers, most significantly when it acts as a driver of poverty and inequality, in particular gender inequality. The inclusion of an explicit target on care (5.4) that points to a range of care policies (public services, infrastructure and social protection; see figure O.6) is in itself an important milestone. This helps push care policies up governments' agendas, and creates an opportunity for women's movements to support, shape and hold governments accountable for their implementation.

Box O.4. **Uruguay's National Care System**

The Uruguayan National Care System (Sistema Nacional Integrado de Cuidado / SNIC) was created in November 2015. It includes both existing policies on health, education and social security, and new policies for priority populations, in particular adults with specific care needs, persons with disabilities and young children. The SNIC is human rights–based, solidaristic in its financing and universal both in coverage and minimum quality standards. Other principles include the autonomy of care receivers and the co-responsibility of the state, the community, the market and the family, as well as between women and men, in the provision of care. Changing the sexual division of labour within households and supporting paid care workers are among the SNIC's stated objectives.

The SNIC was the result of political mobilization and broad alliances forged between women's and social movements, women parliamentarians and academics.[a] Together they provided evidence, including through time-use surveys, and positioned care on the public agenda. But it was engagement with the ruling party, Frente Amplio, and the inclusion of the SNIC in the 2010–2015 electoral campaign programme, that proved crucial.[b] Care thus became a political, and not only a technical, public policy issue. An intergovernmental working group, in turn, made possible the institutional development of the SNIC, providing a platform for state actors to develop ownership. Building consensus around the system spanned seven years and three progressive presidencies. Ultimately, delays in the creation of the SNIC were blamed on budgetary problems. When those were solved, and funding was allocated to fulfil coverage and quality targets, the SNIC law was passed without opposition.

Notes: [a] Aguirre, Rosario, and Fernanda Ferrari. 2014. La Construcción del Sistema de Cuidados en el Uruguay: En Busca de Consensos para una Protección Social más Igualitaria. Santiago de Chile: UN ECLAC. http://www.cepal.org/es/publicaciones/36721-la-construccion-del-sistema-de-cuidados-en-el-uruguay-en-busca-de-consensos-para. Accessed 24 February 2016. [b] Fassler, Clara (ed.). 2009. Hacia un Sistema Nacional Integrado de Cuidados. Serie Políticas Públicas. Montevideo: Ediciones Trilce.

Transformative care policies are defined as those policies that simultaneously guarantee the human rights, agency and well-being of caregivers and care receivers. Policies need to be assessed with regard to their differentiated impacts on caregivers and care receivers, while avoiding potential trade-offs and bridging divergent interests. This perspective rebalances previous approaches that tended to focus mainly on care receivers' well-being, driven by the fact that the costs incurred by caregivers were often justified by traditional gender norms. But transformative care policies cannot be achieved without tackling the social and economic drivers of multiple inequalities, including those based on gender.

Different country experiences show that viewing social policies through a care lens strengthens them in terms of gender equality, policy complementarity and sectoral coordination. It also improves the situation of care workers and contributes positively to the macroeconomy. While in many cases it is highly effective, however, the care lens is not automatically associated with transformative change. Elements that have been decisive in making care policies transformative are progressive political framings, broad political alliances and innovative use of evidence. These are further supported by contextual factors such as dynamic labour markets and increasing female labour demand, as well as availability of funding for care policies. Transformative care policies are more likely to emerge when:

- channels for social dialogue are established with women's and social movements, trade unions and organizations of persons with specific care needs, in order to set priorities and inform policy design;
- institutional coordination effectively bridges sectoral divides such as health, education, infrastructure and social protection;
- a strong gender perspective is built into the design and implementation of care policies, and decent working conditions are offered to paid care workers; and
- care policies are framed within a universal, human rights–based approach to social protection.

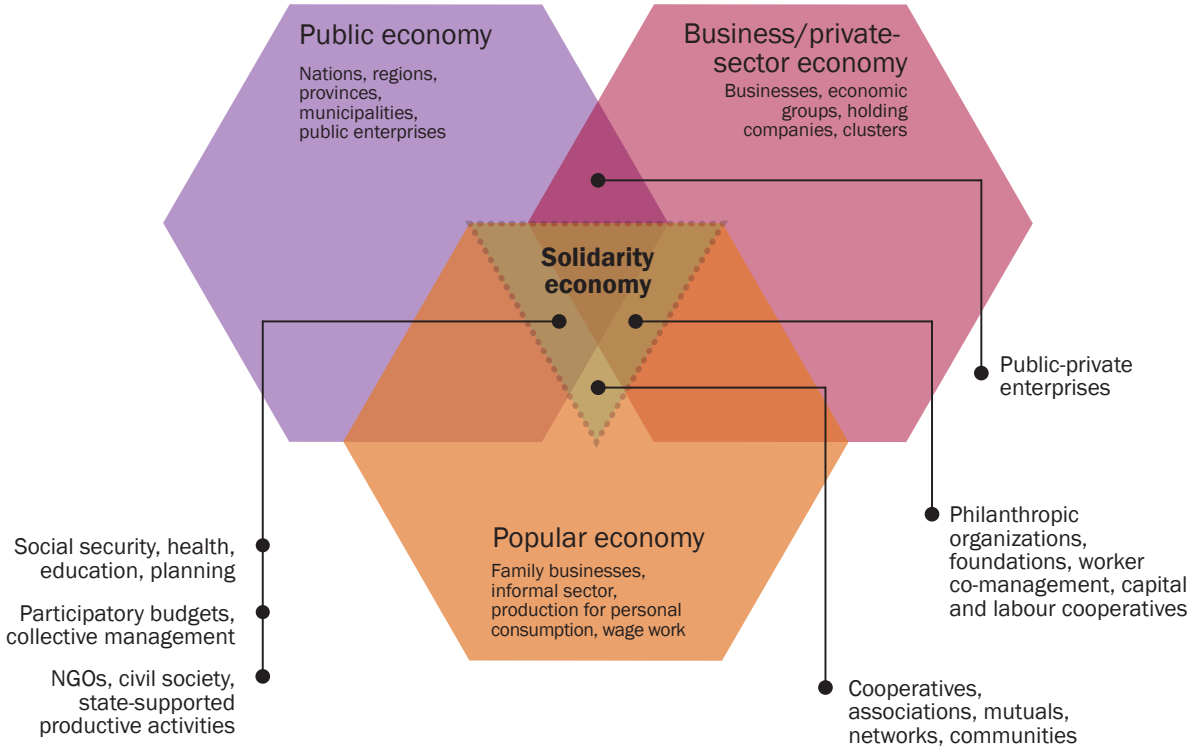
With 21,500 members, Cooperative Café Timor produces organic certified coffee and is Timor Leste's largest employer during the coffee season.

Promoting Social and Solidarity Economy through Public Policy

Social and solidarity economy (SSE) has a potentially important role to play in reorienting economies and societies toward greater social and ecological sustainability. Its principles and practices aim to reintroduce values of equity and justice, humanize the economy and contribute innovative solutions that are grounded in people's agency. As such it is crucial that it be factored into discussions on the means of implementation of the 2030 Agenda and the SDGs. Scaling up SSE and realizing its transformative potential require a range of supportive public policies at different levels, effective participation, innovative forms of financing, as well as learning from—and adjusting—implementation experiences on the basis of research, monitoring and evaluation.

Chapter 4 addresses implementation of SDGs

Figure O.7. **Situating SSE in the broader economy**



Note: The term solidarity economy, used in this figure, is often used in Latin America and is synonymous with social and solidarity economy. Source: Coraggio, José Luis. 2015. "Institutionalizing the Social and Solidarity Economy in Latin America." In Social and Solidarity Economy: Beyond the Fringe, edited by Peter Utting, 130–149. London: Zed Books/UNRISD.

The term SSE covers a diverse range of organizations and enterprises that prioritize social and often environmental considerations over private economic interests and profit orientation; involve forms of management or governance which are more horizontal and democratic; and are often linked to forms of collective action and active citizenship (figure O.7). An increasing number of governments are recognizing the importance of SSE to help generate employment and combat poverty, and are consequently supporting this diverse set of actors and organizations through public policies.[9] Indeed, SSE can be an instrument for implementing the SDGs; it corresponds to their integrated nature and transformative ambition.

More research is needed to get a better sense of the characteristics, size, functions and needs of SSE. Existing evidence suggests that SSE can be enabled by enacting laws, promoting development programmes and building institutions that make its organizations and enterprises more resilient and stable over time. Governments also need to identify and address aspects of policy incoherence where policies associated, for example, with trade and finance constrain rather than facilitate SSE. Effective participation of SSE actors in designing the policies and institutions that concern them can counter tendencies associated with bureaucratization, lack of transparency and accountability, co-optation by state actors and the diversion of key principles of SSE. Different SSE organizations may require tailored policy approaches to respond to their specific needs.

SSE can help shift production and consumption patterns associated with the current unsustainable development model. SSE organizations are often examples of how to reassert social control, democratic practices and the place of ethics in the economy; they demonstrate why it is necessary to recognize the importance of collective action for both economic and political empowerment; they expand the notion of participation to include not only stakeholder consultation but also contestation, advocacy, bargaining and negotiation, and diverse forms of "active citizenship"; they broaden the concept

Box 0.5. **Public policies for SSE: Women's economic empowerment in Nicaragua**

The Nicaraguan government is actively supporting SSE and has prioritized two programmes that involve some 300,000 women, the equivalent of 20 percent of the economically active female population. Women are organized in small groups in order to facilitate programme implementation.

The Productive Food Programme, known popularly as Zero Hunger (Hambre Cero), provides a package primarily of livestock (a combination of chickens, a pregnant sow and a cow) and building materials to women in rural or peri-urban areas with the aim of boosting both household nutrition and cash income. This initiative transitioned from being an NGO project that organized some 3,000 women in the early 2000s to a national programme involving nearly 150,000 women in 2015. Participants are organized in pre-cooperative groups of approximately 50 women for training.

In urban areas, women who are independent workers or run micro-enterprises can access microfinance through the Zero Usury (Usura Cero) programme on terms that are far more favourable than those of traditional microfinance institutions. The programme aims to reduce barriers to formal credit. Borrowers become members of a neighbourhood "solidarity group" that oversees implementation at the local level—identifying potential members, acting as guarantor of the loans of other members of the group, discussing family and community problems, and making suggestions to improve the programme. Within six years (2007–2013), the programme expanded to include 159,286 women organized in 68,272 solidarity groups. Average annual loans amounted to approximately USD 15 million.

Independent evaluations have found that these programmes fare reasonably well in achieving basic objectives related to improvements in family economy, nutrition, and women's self-esteem and control of household resources. Ongoing concerns relate to weak state support through training and technical assistance; clientelism in the allocation of resources; the malfunctioning of pre-cooperative or solidarity groups; and lack of attention to other dimensions of gender inequality.[a]

Notes: [a] Grupo Cívico Ética y Transparencia. 2014. Informe Final "Medición de Eficiencia y Transparencia en Programas Estatales". Managua: Grupo Ética y Transparencia / Transparency International. Grupo Venancia. 2015. "Hambre Cero: Cómo les Va a las Mujeres?" Envio, No. 396, March.
Box source: Amalia Chamorro and Peter Utting. 2016. Políticas Públicas y la Economía Social y Solidaria: Hacia un Entorno Favorable. El Caso de Nicaragua. Geneva/Turin: ILO/ILO-ITC.

of public-private partnership for development to include SSE and related community and civil society organizations; and they have the potential to break down the structures of inequality that underpin social exclusion, vulnerability and unsustainable development.[10]

In order to develop the transformative potential of this set of organizations further, in particular as a means of implementation of the SDGs, it is important to consider the following.

- Monitoring and evaluation are essential to ensure that government support helps scale up SSE without diluting its transformative potential.
- Forums that facilitate and institutionalize participation need to be created and strengthened to ensure that policy design and implementation foster transformative outcomes in SSE.
- Innovative sources of financing can play an important role in enabling SSE—as seen in the case of the regional funds of ALBA,[11] national development banks, solidarity finance schemes, and earmarking a percentage of taxes or other revenues for SSE development.[12]
- Crafting an enabling policy environment for SSE requires interventions at international, national, subnational and local levels.
- Attention to policy coherence should not be limited to issues of better coordination, and should also take into account the possible disabling effects on SSE of macroeconomic, investment, trade and fiscal policies.

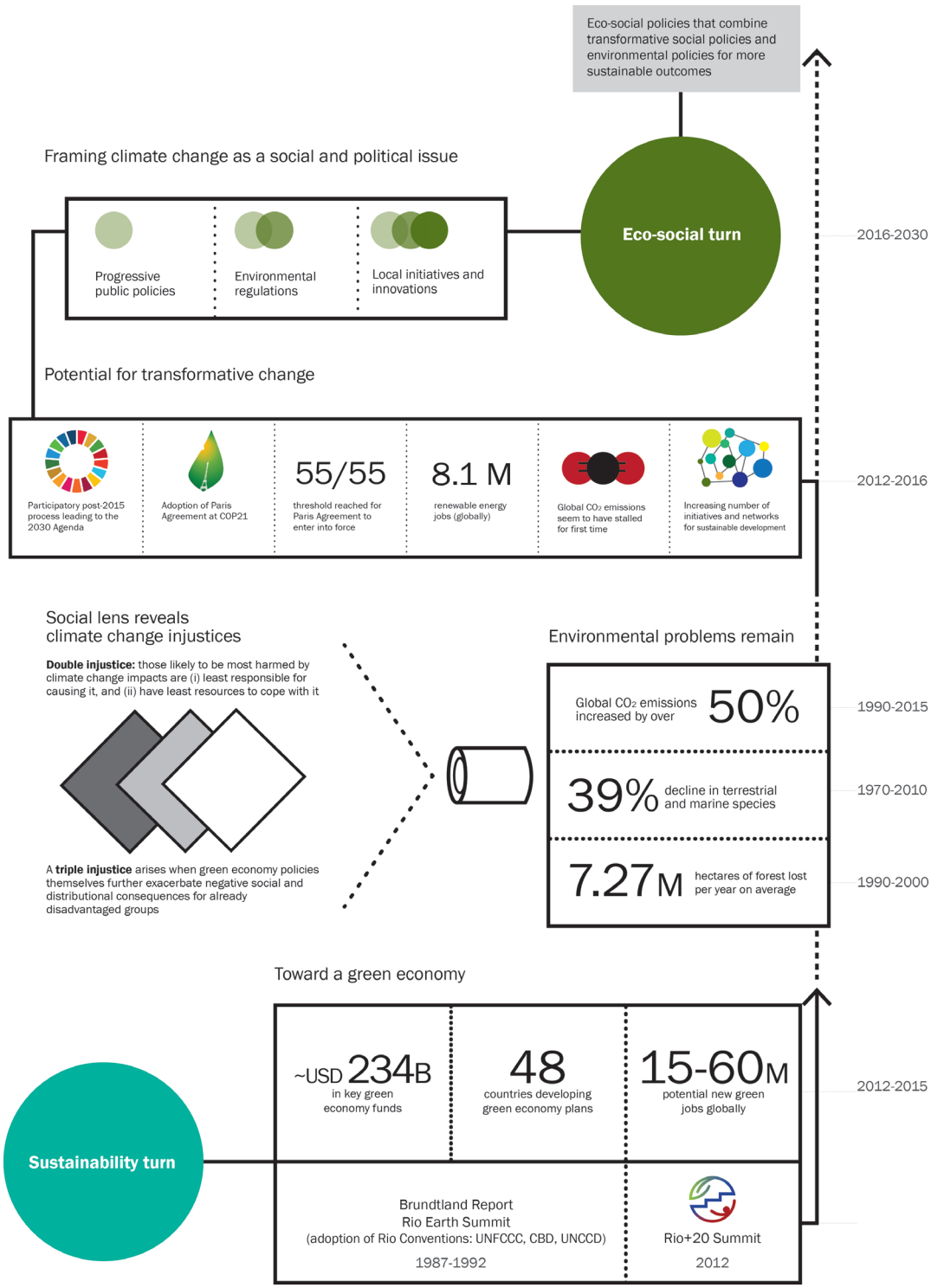
Sustainable Development in Times of Climate Change

A Haitian student takes part in a massive tree-planting campaign to reforest areas depleted for charcoal production and farm land.

Transforming our world toward sustainability requires understanding environmental destruction and climate change as social and political issues. Adopting an eco-social lens in policy design and implementation can facilitate not only green but also fair, integrated approaches that will be required to achieve the SDGs. It would help minimize the risk of injustice associated with green economy policies, and redress the distributional impacts of environmental and climate change policies in favour of vulnerable groups. An eco-social policy mix brings together participatory governance and decision making, progressive social policies and environmental regulation with local initiatives and innovations to promote equitable and sustainable outcomes.

Chapter 5 addresses implementation of SDGs

Figure 0.8. **From sustainable development to a transformative eco-social turn**



Notes: Data sources: FAO (Food and Agriculture Organization of the United Nations). 2015. *Global Forest Resources Assessment 2015. How are the World's Forests Changing?* Rome: FAO. www.uncclearn.org/sites/default/files/inventory/a-i4793e.pdf. Accessed 29 January 2016. ILO (International Labour Office). 2012. *Working towards Sustainable Development: Opportunities for Decent Work and Social Inclusion in a Green Economy*. Geneva: ILO. http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_181836.pdf. Accessed 29 January 2016. IRENA (International Renewable Energy Agency). 2016. *Renewable Energy and Jobs. Annual Review 2016*. Masdar City: IRENA. http://www.irena.org/DocumentDownloads/Publications/IRENA_RE_Jobs_Annual_Review_2016.pdf. Accessed 6 June 2016. UN (United Nations). 2015. *The Millennium Development Goals Report*. New York: United Nations. http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2015/English2015.pdf. Accessed 20 May 2016. UN-DESA (United Nations Department of Economic and Social Affairs). 2013. *A Guidebook to the Green Economy. Issue 4: A Guide to International Green Economy Initiatives*. https://sustainabledevelopment.un.org/content/documents/916guidebook4.pdf. Accessed 29 January 2016. UNEP (United Nations Environment Programme). 2015. *Uncovering Pathways towards an Inclusive Green Economy. A Summary for Leaders*. Nairobi. http://www.unep.org/greeneconomy/Portals/88/documents/GEI%20Highlights/IGE_NARRATIVE_SUMMARY.pdf. Accessed 29 January 2016. WWF (World Wide Fund for Nature) 2014. *Living Planet Report 2014. Species and Spaces, People and Places*. Gland: Switzerland. https://www.wwf.or.jp/activities/lib/lpr/WWF_LPR_2014.pdf. Accessed 29 January 2016.

Based on carbon-fuelled growth, the global economy in its current form is incompatible with environmental sustainability. Combating climate change and environmental destruction caused by unsustainable patterns of consumption and production will require multiple innovations at the conceptual, policy, institutional, social and technological levels. The sustainable development model, which integrates economic, environmental and social objectives, needs to fully replace current growth-led models where the social and ecological dimensions are mere add-ons.

In parallel with the social turn, the 1980s were characterized by a "sustainability turn", and the publication of the Brundtland report in 1987 brought the concept of sustainable development to the centre of global development discourses. This discursive shift was facilitated by voluntary initiatives and market-based instruments for environmental protection. It has fostered technological innovations, such as renewable energy and cleaner industrial and agro-technologies that reduce the environmental impacts of economic activities. Such green economy approaches have, however, not succeeded in incorporating social dimensions into sustainable development, despite their stated objectives of combining low carbon growth, resource efficiency and conservation with social inclusivity and poverty reduction.[13]

Climate change is as much a social and political issue as it is an environmental and economic one. Focusing narrowly on economic solutions, such as the creation of carbon markets or incentives for investment in and use of clean technologies, does not do justice to the integrative and universal nature of the 2030 Agenda. The changes in production and consumption patterns required to implement truly sustainable development models challenge the dominant approaches that have been taken in Northern industrialized countries and guided catching-up processes in the Global South. Changing these patterns that are grounded in a logic of growth, profit and consumption maximization will require shifts in thinking and behaviour, and will eventually trigger structural change in line with sustainable development. However, structural change produces winners and losers. Rich countries are more likely than poor countries to have resources to invest in the necessary transformations and to compensate those that are negatively affected.

Policies to combat global warming and other environmental problems need to address the double injustice associated with climate change (figure O.8): that those who have contributed most to the current problems are least affected by their direct adverse impacts (such as flooding, droughts and so on), are most likely to have the resources to cope with them and to be able to pay the higher prices for products and services that reflect not only economic but also environmental costs. At the same time, they are often better placed to reap the benefits of new economic opportunities that emerge from mitigation and adaptation policies. Costs and benefits will not only accrue differently according to the country context, but also depending on whether a person belongs to a privileged or less privileged or excluded group in his or her respective society.[14]

UNRISD research suggests that policies and institutional reforms that promote an eco-social turn need urgently to be expanded and scaled up for implementation of the 2030 Agenda. In this process, eco-social policy integration (see box O.3), as well as alternative production and consumption models such as SSE, can help to overcome tensions among different SDGs and actors. The following implications for policy at national and global levels emerge from the research:

- climate change needs to be framed as a social and political issue; it should be addressed through eco-social policies in line with a reversed normative hierarchy that positions social and environmental priorities above economic ones;
- adopting an eco-social approach can promote transformative change by addressing distributional consequences of climate change policies (such as price adjustments, economic restructuring and employment changes);
- policies that engage affected populations actively in planning and implementation should be preferred, because evidence shows that they yield better results;
- getting energy provision right—through renewable energy technologies and innovative policies that simultaneously promote gender equality and social entrepreneurship, for example—will be essential for the transition to sustainability; and
- policy makers need to promote and provide an enabling environment for social innovation (including behavioural change), currently happening mostly at the local level, which aims to integrate protection of the environment with sustainable livelihood strategies (for example, through SSE or by introducing a care lens).

Demonstrating in Macedonia against a proposed increase in taxes for freelance and part-time workers.

Mobilizing Domestic Resources for Sustainable Development

Domestic resource mobilization (DRM) will be crucial not only to meet the sheer scale of investment needed to implement the 2030 Agenda and the SDGs, but also because it holds its own broader promise for transformative change. If undertaken successfully, DRM can generate substantial benefits for state-citizen relations, economic stability and growth, and redistribution. Coalitions for progressive reforms, through which the rich pay relatively more than the poor, are a precondition for creating transformative eco-social and fiscal contracts. This is easier in contexts with greater state capacity, where resource bargains are more transparent and inclusive, and where national bargains are supported by global bargains, the latter providing resources and regulation.

Chapter 6 addresses implementation of SDGs

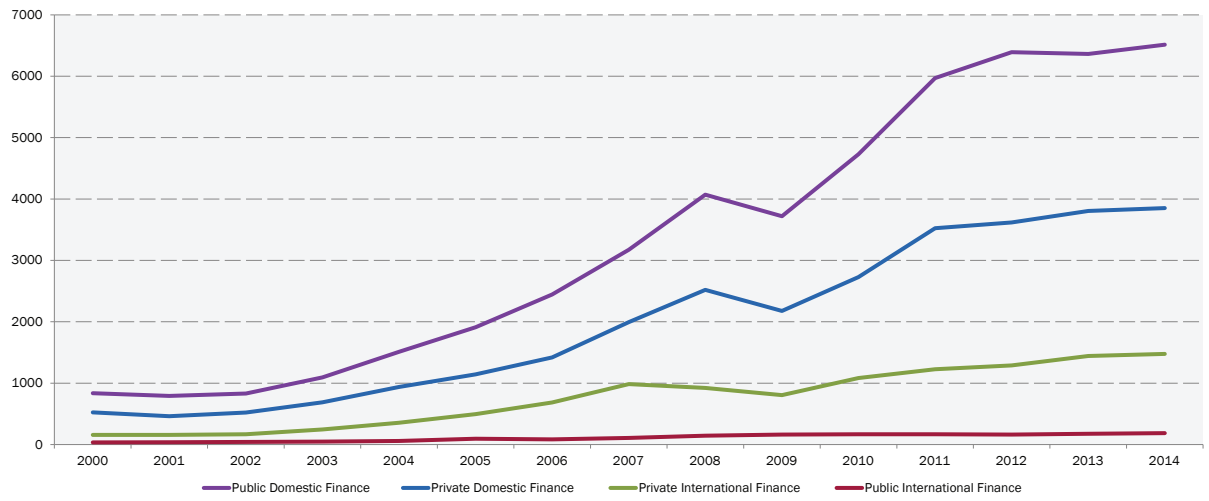
Much of the 2030 Agenda could be implemented with a real commitment to transformative policy reform. But enhanced financial investment is also needed. SDG 17 together with the Addis Ababa Action Agenda[15] suggest a range of instruments for financing sustainable development over the coming 15 years, with a clear focus on domestic resources, complemented by international aid, foreign loans and access to international credit markets, foreign direct investment (FDI) and trade. Domestic resources, in particular public domestic resources, are already the most important source of development finance (figure O.9) across country income groups, and government revenues funded around three-quarters of MDG spending in a large number of developing countries.[16] But the economic, social and ecological transition toward sustainable development requires efforts to be scaled up considerably to change not just the quantity but also the quality of financial resources.

Domestic resource mobilization is a political process that involves contestation and bargaining, rather than a technical fix.[17] DRM can contribute to transformative change if it redistributes resources and power in ways that lead to greater equality; promotes structural change of the economy conducive to sustainable development; strengthens citizen-state relations, social cohesion and a sense of fairness and social justice; and if resources are allocated in ways that support an eco-social turn, which will be essential for successful implementation of the 2030 Agenda.

Many countries have managed to increase their domestic resources in recent years, and have made financing systems more equitable and spending more effective and transformative. Overcoming obstacles to revenue mobilization has involved policies and reforms that improved the economic environment by stimulating labour-intensive growth and building administrative capacity, sometimes supported by technological innovations. Key drivers of success were political leadership, broad alliances and strategic use of evidence and information, as well as linking revenue mobilization with social policies by extending citizenship and social rights.

While many middle-income countries are increasing their tax take, low-income countries still face greater

Figure O.9. **Financing trends in developing countries, 2000–2014 (billion USD, 2013 prices)**



Note: *Public Domestic Finance* is defined here as total government revenue. Gross-Fixed Capital Formation by the private sector was used as indicator for *Private Domestic Finance*. *Private International Finance* is the sum of FDI, portfolio equity and bonds, commercial banking and other lending, and personal remittances. *Public International Finance* refers to total official flows (Official Development Assistance and other official flows). Sources: Graph adaptation based on ODI (Overseas Development Institute), DIE (German Development Institute/Deutsches Institut für Entwicklungspolitik), ECDPM (European Centre for Development Policy Management), University of Athens (Department of Economics, Division of International Economics and Development), and Southern Voice Network. 2015. European Report on Development 2015: Combining Finance and Policies to Implement a Transformative Post-2015 Development Agenda. May. Brussels: ODI, DIE, ECDPM, University of Athens and Southern Voice Network, page 32. Sources: World Bank. 2016. Database: World Development Indicators. http://www.databank.worldbank.org/data/. Accessed 16 March 2016. OECD (Organization for Economic Cooperation and Development). 2016. OECD.Stat: Geobook: Geographical Flows to Developing Countries. http://www.stats.oecd.org. Accessed 11 March 2016. OECD (Organization for Economic Cooperation and Development). 2016. "OECD.Stat: Geobook: Deflators". http://www.stats.oecd.org. Accessed 9 June 2016. IMF (International Monetary Fund). 2016. "Database: International Financial Statistics. http://data.imf.org/. Accessed 11 March 2016. ICTD (International Centre for Tax and Development)/UNU-WIDER (United Nations University–World Institute for Development Economics Research). 2016. Government Revenue Dataset, January 2016. https://www.wider.unu.edu/project/grd-government-revenue-dataset. Accessed 11 March 2016.

Box O.6. **DRM and mineral rents in Bolivia**

Social mobilization and contestation around DRM has markedly altered relations between the Bolivian state, citizens, investors and donors.[a] After a failed attempt to increase public revenues through the introduction of an income tax on salaried employees in 2003, indigenous leader Evo Morales nationalized the hydrocarbon sector in 2006, paving the way for greater state capture of oil and gas rents in a context of booming energy prices. Mounting fiscal surpluses allowed the expansion of social expenditures, in particular universal cash transfers such as the social pension, Renta Dignidad, and support for families with children.[b]

The new social contract forged between the left-wing government and the Bolivian population was further institutionalized through the 2009 constitution, which created a space for direct citizen participation and incorporated the right to public services and income transfers. Less dependence on external financial flows, including aid, led to a change in relations between the Bolivian state and donors. This is reflected in the share of public investment from domestic resources, which increased from 37.2 to 66.5 percent in the period from 2005 to 2010.

While positive developments—like enhanced policy space and less reliance on volatile external sources—are associated with this shift in financing, several risks have also emerged: reliance on an economic model that is grounded in fossil fuels responsible for climate change; high fiscal dependence on international gas and oil prices (which have, more recently, declined significantly); conflicts about rent distribution; and sluggish development of other competitive sectors of the Bolivian economy, a typical problem for mineral-dependent countries.[c]

Notes: [a] UNRISD (United Nations Research Institute for Social Development). 2013. Contestation and Social Change: The Politics of Domestic Resource Mobilization in Bolivia. Project Brief No. 7. Geneva: UNRISD. http://www.unrisd.org/pb7. Accessed in May 2016. [b] Daroca Oller, Santiago. 2016. Protesta Social y Movilización de Recursos para el Desarrollo Social en Bolivia. Working Paper 2016-3-S. Geneva: UNRISD. www.unrisd.org/daroca-pdrm. Accessed in May 2016. [c] Hujo, Katja (ed.). 2012. Mineral Rents and the Financing of Social Policy: Opportunities and Challenges. Basingstoke: Palgrave Macmillan/UNRISD.

obstacles in extending their tax net.[18] Yet bringing more citizens into progressive taxation systems could reduce these countries' high reliance on corporate tax revenues and aid. This would, in turn, reduce their vulnerability to global crises and shifts in donor or investor behaviour; at the same time, building a social contract based on progressive taxation of citizens could improve state-citizen relations and state capacity. Some countries that rely on natural resource rents, in particular minerals and fuels, have used their fiscal space to promote universal social policies, but progressive outcomes are challenged by revenue volatility and the negative impacts of extractive industries on the environment and structural change (box O.6).

Financing SDG implementation through more transformative domestic revenue policies can be supported through the following measures.

- Actual and potential taxpayers and other relevant stakeholders need to be involved in transparent and inclusive tax bargains that establish links with social policy. They need to hold governments to account for the agreed distribution and allocation of resources.
- The financing mix at the national level should be diversified and move away from instruments that do not support the transformative change envisioned in the 2030 Agenda. Instead, financing policies, need to support policies and activities that facilitate an eco-social turn.
- An enabling environment for resource mobilization needs to be built, based on macroeconomic policies that foster labour-intensive and sustainable growth and structural change, as well as administrative capacity and technological innovations that facilitate tax enforcement and promote efficiency.
- Domestic resource bargains need to be supported by global bargains, providing resources (capacity building and finance) and regulation (for example, to prevent illicit financial flows, tax evasion and environmental damage caused by productive activities).
- Global governance regimes need to be reformed, in particular the international financial architecture, to be more coherent with sustainable development and the SDG vision of partnerships.

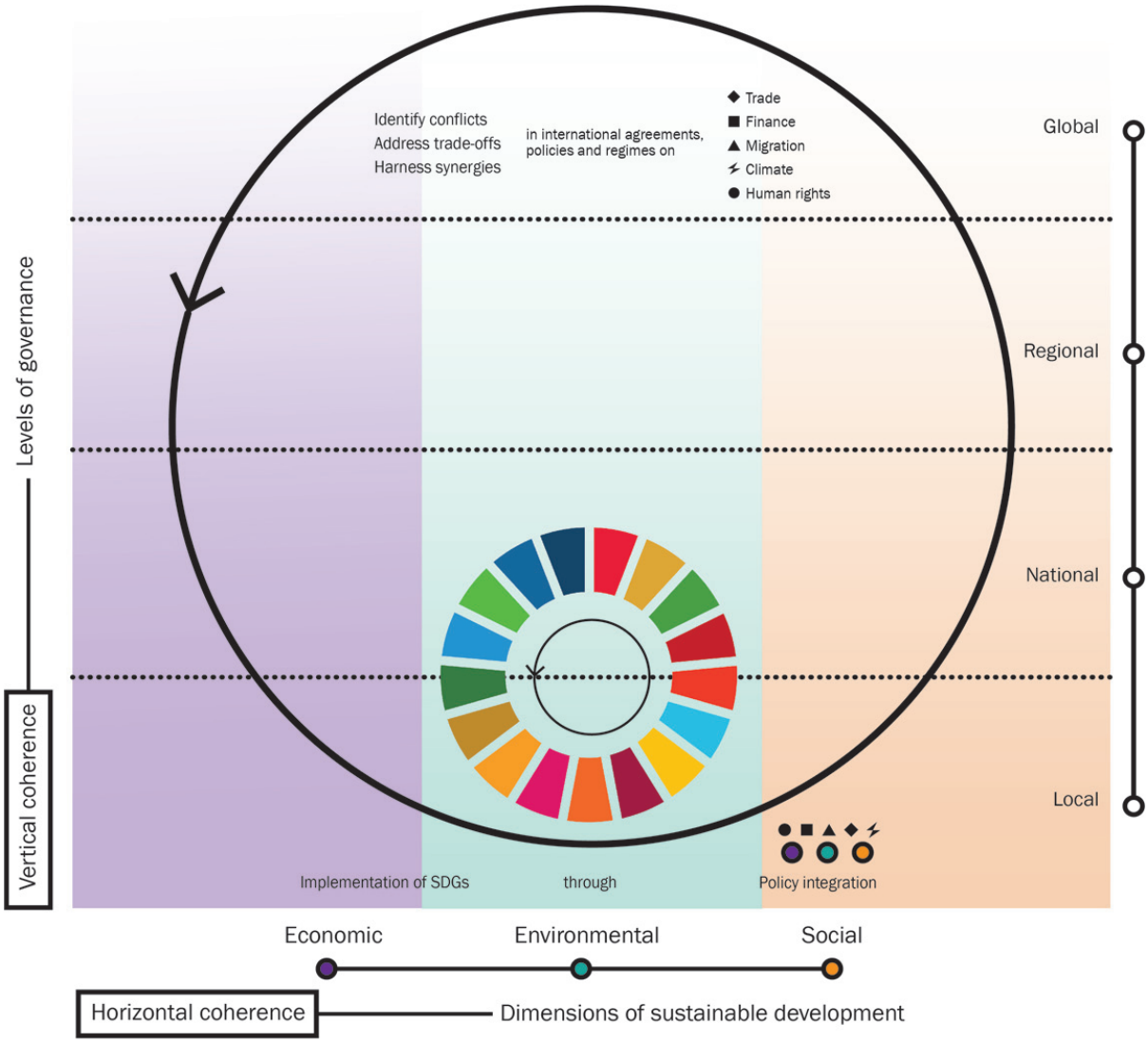
Driving the Eco-social Turn: Governance and Politics

May Day demonstration in Hamburg, Germany in favour of social rights for all and an inclusive, solidarity-based city.

Transformative change at the national level must be complemented by similar change processes at the regional and global levels. But major imbalances—or policy incoherence—are evident in global governance regimes. These tend to facilitate trade, finance and private investment, and subordinate or challenge goals related to social and environmental protection and decent work. Achieving greater policy coherence in global governance is not simply about improved coordination: it is fundamentally a political process. Within that process the voice and influence of less powerful stakeholders, vulnerable groups and poorer developing countries need to be enhanced. Responses to the call in the 2030 Agenda for a global partnership must go beyond current approaches to public-private partnerships and participation. Social innovations that allow civil society organizations and groups to organize, mobilize and participate to greater effect are important in this regard.

Chapter 7 addresses implementation of SDGs

Figure O.10. **Achieving policy coherence in the 2030 Agenda**



The extent to which the 2030 Agenda will lead to transformative change depends on its successful implementation at the national, regional and global levels. Implementation, while often associated with technical or administrative tasks, is first and foremost a political process that requires negotiation among different actors of concrete reforms, as differing options distribute costs and benefits differently among and within countries. Only when decisions have been made about how to integrate the 2030 Agenda into national development plans, and which positions to defend regarding cross-border or global concerns, does administrative capacity become more relevant. Nevertheless, implementing reforms successfully requires the continuous mobilization of resources and political support, meaningful participation of stakeholders and citizens, and transparent and inclusive processes if tensions and trade-offs emerge.

Tensions and trade-offs can be anticipated by looking carefully at the coherence of the 2030 Agenda at different levels: horizontal coherence across the economic, the social and the environmental pillars; and vertical coherence between the national level and global governance regimes in areas such as finance, trade, climate change, migration or human rights (figure O.10). While horizontal coherence at the national level is complex, it can be supported through policy integration and improved sectoral coordination. Vertical coherence is an even more complex undertaking, involving a larger group of actors and reform of global institutions. A careful look at existing global trade, finance, climate, human rights and migration regimes reveals not only considerable fragmentation, gaps and enforcement challenges, but also the reproduction and reinforcement of existing power asymmetries between North and South, and between rich and poor.

While international development institutions and frameworks now generally acknowledge the need for participation, in practice it is often reduced to mere consultation with selected stakeholders whose worldviews and proposals for change are considered "reasonable". If the less powerful are to gain voice and influence, they must have recourse to a broad portfolio of actions. This includes diverse forms of contestation and claims making such as protest, advocacy, lobbying, monitoring activities, naming and shaming, critical research, bargaining and negotiation.[19] Moreover, gaining power involves reconnecting the policy process not only with selected civil society experts and NGOs, but also with social and global justice movements at national and transnational levels.[20] Civil society actors can increase their policy impact through various forms of social innovation: framing issues in ways that resonate with larger constituencies; networking and building coalitions and alliances; adopting a broad portfolio of actions involving both "insider" and "outsider" tactics; crafting strategic entry points into the policy process; and developing the technical competencies needed to engage policy and other decision makers.[21]

Civil society actors and networks have played a key role in shaping a major new terrain of transnational regulatory reform related to standard-setting that aims to promote corporate social (and environmental) responsibility, as well as the aspects of corporate governance associated with transparency, accountability and anti-corruption.[22] NGOs have often taken a lead or participated in the governance structures of multistakeholder initiatives such as the United Nations Global Compact, the Extractive Industries Transparency Initiative, the Forest Stewardship Council and other commodity roundtables. While such initiatives have helped to fill governance gaps that have arisen under globalization, their regulatory outcomes are often quite weak, especially when first established. But the synergistic combination of both insider and outsider pressures has meant that the standards and procedures they promote tend to be ratcheted up through time.

Implementation of the 2030 Agenda will benefit from improved national and international governance and inclusive political processes. Policy makers are encouraged to:

- identify and address trade-offs and imbalances in development objectives and regulatory regimes to improve the horizontal and vertical coherence of the 2030 Agenda;
- adjust the normative hierarchy in international governance from one where an economic rationale dominates, to one that prioritizes social and ecological objectives;
- design and implement eco-social policies, including sustainable economic policies that are conducive to employment creation and decent work; investment incentives that reward environmentally and socially sustainable activities; social policies that combine social and environmental goals; and environmental norms that rectify social and climate injustices;
- elaborate national and international regulatory regimes that hold transnational corporations and financial institutions accountable so that they respect human rights, obey national tax laws and avoid environmental harm;
- develop strong institutional capacity to manage and evaluate public-private partnerships, and create partnerships with communities and civil society; and
- facilitate the political empowerment and activism of civil society at the national level and transnationally, and provide real options for participation beyond "having a seat at the table".

We will need to see beyond disciplinary and policy silos to achieve the integrated 2030 Agenda.

Pathways toward Transformative Change: An Agenda for Action

The research in this report points to one overarching conclusion: the 2030 Agenda for Sustainable Development can only be realized if the implementation process leads to transformative change addressing the root causes of inequitable and unsustainable outcomes. Transformative change therefore requires fundamental changes in social relations and institutions to make them more inclusive and equitable, as well as the redistribution of power and economic resources.

Much can be learned from the institutional, policy, social, technological and conceptual innovations that have emerged in the social policy, care policy, social and solidarity economy, climate change, domestic resource mobilization, and governance spheres in recent years, and which are explored in this report. Many notable innovations have been crafted in developing countries, and informed by changes in global development discourse and policy. While progress has been made, however, it is also apparent that not all innovations realize their transformative potential. They may be bolted onto macroeconomic or other policies that reproduce business as usual, or their implementation may be undermined by resource constraints or bureaucratic inertia. Or they may fail to garner the political support, or to reach a level of institutionalization, necessary for sustainability over time.

The social turn that started in the 1990s and, in practice, focused attention largely on poverty reduction did not result in the necessary transformations toward sustainable development, because social policy was frequently conceived as an add-on to conventional neoliberal economic policies. It was designed to alleviate negative social outcomes, while power asymmetries and inequalities remained largely untouched. In cases where ambitious efforts were made to change citizenship regimes and development approaches, there have indeed been visible changes in economic, social and political structures. The major challenge for the future is to sustain and reinvigorate the social turn and broaden it into an eco-social turn. This requires reversing the dominant normative hierarchy in current policy making, such that social and ecological justice become the overriding concerns in all policy making and genuine transformation for sustainable development can be realized.

This report shows that the innovations that have driven transformative change toward sustainable development are those that: are grounded in universal and rights-based policy approaches; reverse normative hierarchies within integrated policy frameworks; re-embed economic policies and activities in social and environmental norms; and foster truly participatory decision-making approaches.

Table O.1 summarizes policy implications from the six policy areas explored in this report, and which can have powerful impacts for the successful achievement of the 2030 Agenda and the SDGs. They are starting points for a longer process of understanding and designing further policies and reforms that will be needed to catalyse the eco-social turn. They will need to be adjusted to specific contexts, and translated into local, national, regional and global development strategies through inclusive and transparent public debates that allow for meaningful participation, contestation and bargaining, and through inclusive decision-making processes to manage potential tensions and trade-offs. Once implemented, policies and reforms will need to be evaluated and assessed for their transformative potential: whether they attack the root causes of poverty, inequality and unsustainable practices, and lead to more inclusive, just and sustainable societies. Responsive, independent, interdisciplinary, locally relevant research will be needed across all these areas, in order to ensure that evidence, knowledge and innovative ideas inform the processes of transformative change that will drive progress toward the achievement of the SDGs and the 2030 Agenda.

Table O.1 **Making policies for transformative change**

Social Policy	Care Policy	Social and Solidarity Economy (SSE)
Foster policy innovation that brings together social justice and environmental protection, and prioritizes them over economic growth	Promote social dialogue between social movements and civil society organizations	Monitor and evaluate government support of SSE to safeguard and expand its transformative potential
Use social policy, legal frameworks, formalization, participatory approaches and sustainable financing to promote universalization	Strengthen institutional coordination between health, education, infrastructure and social protection around care	Create forums that facilitate and institutionalize the participation of SSE actors in decision making
Promote a human rights–based approach to social policy design and implementation	Build a strong gender perspective into the design and implementation of care policies	Support innovative sources of finance for SSE entities
Build empowering and innovative public-private partnerships	Promote decent work for paid care workers	Craft an enabling policy environment for SSE at all levels
Support national social policy through regional and global social policy	Frame care policies in a universal, human rights–based approach to social protection	Expand the understanding of policy coherence to include the (potentially disabling) effects on SSE of macroeconomic, investment, trade and fiscal policies
Design and deliver progressive eco-social policies		

Climate Change	Domestic Resource Mobilization	Governance
Frame climate change as a social and a political issue	Promote transparent, inclusive and accountable resource bargains with strong links to social policy	Improve the horizontal and vertical coherence of the 2030 Agenda
Design integrated policy frameworks that prioritize social and ecological sustainability over economic growth, and promote eco-social policies	Diversify the financing mix for policy measures and prefer instruments that promote the eco-social turn	Reverse the normative hierarchy of international governance to put social and ecological objectives at the top
Redress inequitable distributional impacts related to climate change and the green economy	Build an enabling economic environment and state capacity for resource mobilization	Promote eco-social policies and sustainable economic policies, and rectify climate injustices
Engage affected populations in participatory decision-making processes	Support national bargains with global bargains through better regulation (of illicit financial flows, tax evasion, harmful investments), governance and access to resources (finance, capacity building and information)	Create new and strengthen existing regulatory regimes for multinational corporations and financial institutions
Consider decentralized forms of energy provision centred on renewables, as well as other ways to "get energy provision right"		Develop the institutional capacity to manage and monitor public-private partnerships
Foster an enabling environment for social innovation that integrates ecological and socioeconomic strategies		Create spaces for the meaningful participation of civil society in decision-making processes

Six broad guiding principles can be distilled from the policy implications shown in table O.1. This report suggests the following guidelines for action (figure O.11) by national and international policy makers if transformative change is to occur.

Figure O.11. **Guidelines for action toward transformative change**

Re-embed

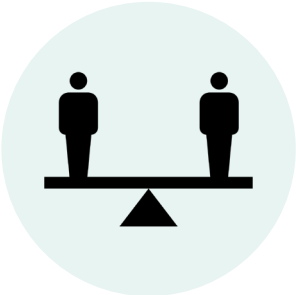
markets in social and ecological norms by making policies and building institutions that make the economy work for society and respect planetary boundaries.

Reverse

the existing **normative hierarchy to position social and environmental priorities above economic ones**; design integrated social, environmental and economic policies to maximize synergies and coherence.

Promote

and enable **meaningful political participation and empowerment** through inclusive and transparent political processes, access to information and assets, and governance reforms at the national and international levels.



Design

policies and institutional frameworks according to principles of **universalism, human rights and social justice**.

Use

an **eco-social lens** to design measures that reduce resource use, halt environmental destruction and combat climate change.

Invest

in **research** on innovative ways to design, implement and evaluate transformative policies for sustainable development.

Note: Attribution for icons in this section is due to Joris Millot, factor[e] design initiative, icon 54, David García, Hayley Warren, Iconathon.

But policy makers and governments, while bearing a key responsibility to drive transformative change, cannot do it alone. The 2030 Agenda is an agenda of, by and for all people explicitly targeted at multiple actors, including the private sector, civil society organizations, social movements and international organizations. These actors need to influence, monitor, evaluate and complement actions taken by policy makers at the national, regional and global levels through:

- incorporating an eco-social rationale in their own decisions and actions;
- holding to account employers, multinational corporations, financial institutions and governments;
- developing their own agency and creative potential to continuously innovate for sustainable development;
- advocating for equal distribution of voice and resources within partnerships; guarding against the skewed distribution of risks, costs and benefits in ways that favour private interests; and actively seeking new and innovative partnership opportunities, many of which may involve communities and citizens; and
- ensuring that vulnerable groups and agents of transformative change can effectively influence decision-making processes.

Working toward the 2030 Agenda is an opportunity for the international community, but also a challenge. Choices about alternative pathways toward transformative change need to be grounded in both solid evidence and the normative values of social and climate justice, equity and inclusion. All participating actors have to walk their talk in terms of the commitments they have made, and translate visions into visible and measurable changes. This will require redressing power asymmetries and inequalities; promoting political participation and agency; altering international power relations and global governance institutions; empowering small enterprises, rural producers, informal workers and, notably, SSE entities; and reversing the hierarchies of norms and values that subordinate social and environmental goals to economic objectives.

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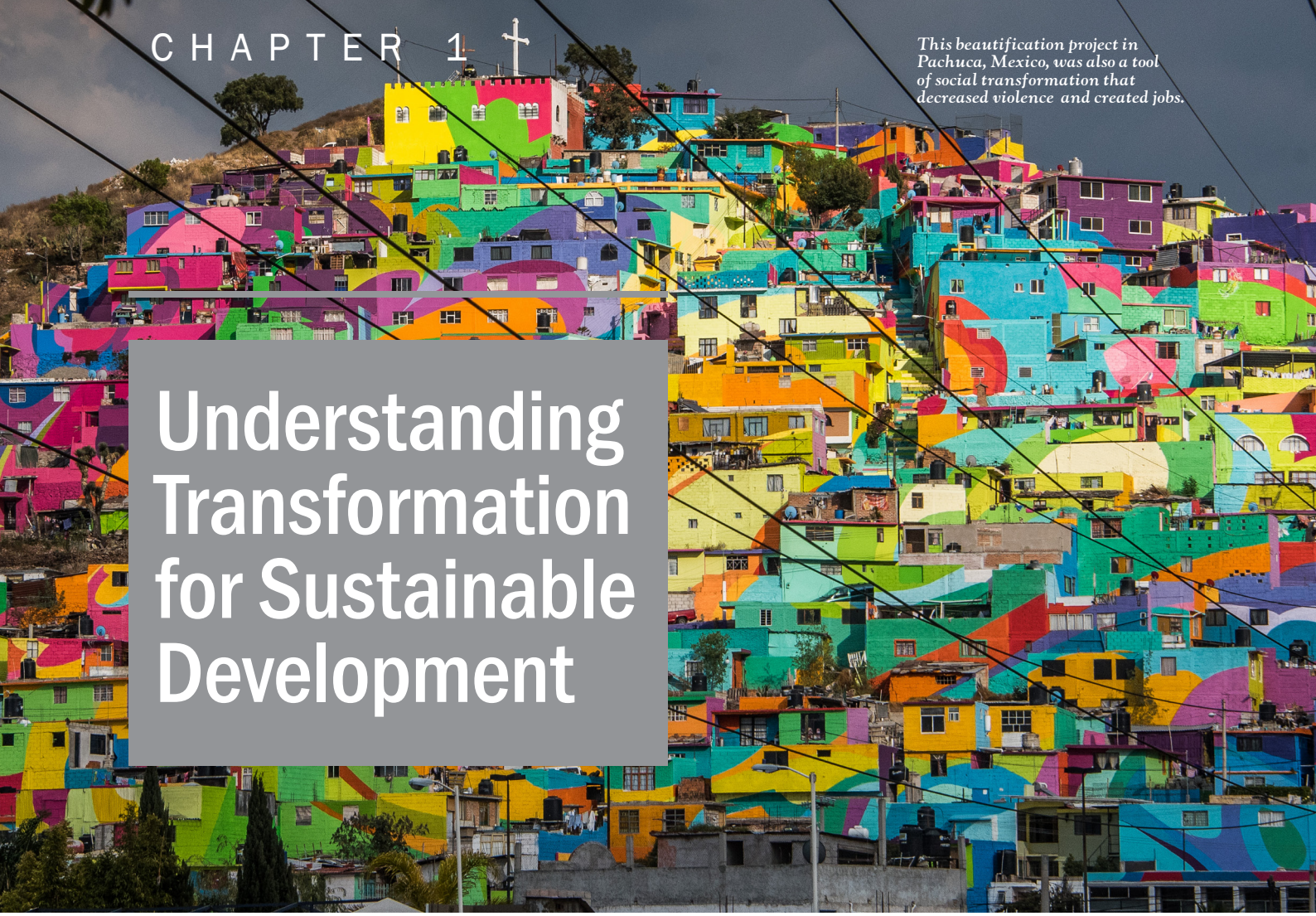
CHAPTER 1



This beautification project in Pachuca, Mexico, was also a tool of social transformation that decreased violence and created jobs.

Understanding Transformation for Sustainable Development

This chapter lays out the objectives, background and conceptual framing of the report. It first introduces the discursive and policy changes or innovations that characterize the contemporary "social turn", a shift in ideas and policies that has reasserted social dimensions in development agendas since the World Summit for Social Development in Copenhagen in 1995, but often failed to support more transformative social change that addresses root causes of poverty, inequality and unsustainable practices. Section 2 presents the conceptual framework used in the report and identifies types of innovations that are potential drivers of change processes, and potential pitfalls in these processes. Section 3 sets the scene for the analysis in the subsequent chapters by shedding light on the contextual factors that will shape policy space for the implementation of the Sustainable Development Goals (SDGs) in the coming years. The last section presents the policy areas discussed in the report: those with cross-cutting impacts and multiplier effects for the achievement of all SDGs.

1. Introduction

In September 2015, the international community agreed on the 2030 Agenda for Sustainable Development that will guide development policy and practice at national, regional and global levels for the coming 15 years. The Sustainable Development Goals (SDGs) follow the Millennium Development Goals (MDGs), which successfully mobilized efforts around poverty reduction and social development, but also had shortcomings and gaps.[1] Overcoming these by forging a universal agenda that will "leave no one behind" is the ambition of the 2015 agreement and the SDGs. The more inclusive process of formulating and negotiating the goals not only resulted in a more comprehensive development vision, but also laid the foundation for more inclusive implementation and monitoring processes.

"Transforming our world", as the 2030 Agenda is titled, is a far more challenging task than business as usual and goes well beyond the narrower focus of the MDGs. Transformation requires attacking the root causes that generate and reproduce economic, social, political and environmental problems and inequities, not merely their symptoms.

Transformation requires attacking the root causes that generate and reproduce economic, social, political and environmental problems and inequities, not merely their symptoms

The transformative 2030 Agenda is to be welcomed. Instead of segregated policies in separate domains, it could lead to policy integration and usher in an "eco-social" turn—a normative and policy shift toward greater consideration of ecological and social objectives in development strategies—that delivers genuinely transformative results in terms of human well-being and rights-based, inclusive development.[2] Indeed, it is the vision of doing things differently to achieve radically different outcomes, rather than doing more of the same, that inspires hope for breaking the vicious circle of poverty, inequality and environmental destruction confronting people and the planet.

So what needs to happen now to enable the 2030 Agenda to deliver on its transformative promise? Which policies would lead to social, economic and ecological justice? In this report, UNRISD contributes answers to these questions by:

- unpacking the concept of "transformation" to which governments have committed themselves, using the term *transformative change* to designate the qualitative changes in different policy domains that are necessary to achieve the SDGs; and

- presenting integrated policy and institutional reforms and innovations, as well as the conditions for their implementation, with the potential to foster transformative change leading to sustainable development.

Both issues are integral to the new agenda and part of its normative framework but they now need to be filled with substance: in the case of transformation, it is necessary to identify pathways to transformative change that are desirable, in the sense that they are (i) progressive (in a normative sense of social justice), (ii) systemic (addressing various factors simultaneously and in an interrelated way), and (iii) long term (cannot be easily reversed in the short term).[3]

The integrated vision of the 2030 Agenda means it is necessary to move beyond previous approaches and to rebalance poverty reduction and social goals with economic and environmental objectives, avoiding the typical side-lining of "softer" goals in the social and ecological spheres which often escape the inherent logics of profit and power in current policy making. It also means that traditional boundaries for classifying countries as developing or developed have to be rethought: when a sustainability lens is applied, all countries are "developing".[4] The new focus of the SDGs on multiple objectives situated in the economic, social and environmental sphere relates well with UNRISD's social development approach (box 1.1): a holistic approach that emphasizes the integration of economic and social policy while enhancing human rights, gender equality and environmental sustainability.

The SDGs reinstate the notion of sustainable development as the overarching framework for policy making and governance into the future. The concept of sustainable development is not new: it goes back to the 1972 Only One Earth Summit in Stockholm, the 1992 Earth Summit in Rio de Janeiro and was reaffirmed in the Rio+20 conference in 2012.

Box 1.1.

How UNRISD defines social development

Social development is a process of change that leads to improvements in *human well-being* and *social relations* that are equitable and compatible with principles of democratic governance and justice. It includes material achievements, such as good health and education; sustainable access to the resources, goods and services necessary for decent living in a viable environment; social and cultural attributes, such as a sense of dignity, security and the ability to be recognized as part of a community; and political achievements related to agency, participation and representation.

Transformative social development must involve changes in *social structures, institutions and relations*, including patterns of stratification related to class, gender, ethnicity, religion or location that may lock people (whether current or future generations) into positions of disadvantage or constrain their choices and agency. Transformative social development must also support the transition to sustainable production and consumption, and be accompanied by change in economic structures and relations—to enhance productivity in an environmentally sound manner, and ensure equitable distribution of its benefits.

The achievement of desirable development *outcomes* through just and participatory *processes* is ultimately a political project at the core of which lie *power configurations* at the household, local, national, regional and global levels. Social change inevitably involves contestation of ideas and interests between different groups, and requires the redistribution of resources and entitlements, and improvements in the institutions of governance that manage collective concerns at different levels.

Source: UNRISD 2015a.

However, it requires a new understanding beyond the current equation with market-led approaches such as carbon pricing or the promotion of clean technologies (chapter 5). Sustainable development is necessarily both people-centred and planet-sensitive, guided by values of equal rights and social justice, enabled by proactive states and well-functioning institutions, and shaped through the participation of empowered populations. To be *socially* sustainable, development must be based on material well-being, including good health, education, and access to the income, goods and services necessary for decent living; and social, cultural and political achievements, such as a sense of security, dignity, and the ability to be part of a community through recognition and representation. All of these are inseparable from humanity's relationship with nature, and the environmental resources necessary to sustain life, health and well-being.[5]

Twenty years after the decade of UN summits—the Social Summit in Copenhagen, the Women Summit in Beijing, the Earth Summit in Rio, and the International Conference on Population and Development in Cairo—which set a vision for the future concerning social development, women's empowerment and ecological sustainability, and in a context where a new global development agenda will be translated into national policy making, governments seek concrete evidence of which policies and actions contribute to greater equity, inclusion and sustainability—"the future we want".[6] This report assesses innovations and impacts of global and national policies and initiatives, both in the social field as well as those that link social, economic and environmental dimensions and may thus deliver co-benefits across multiple objectives. In particular, it draws lessons from policies and initiatives in the South, examines the evidence of what is working for transformative change and why in specific contexts, and identifies challenges and contradictions. The report scrutinizes policy synergies and policy coherence and identifies policy constellations that are likely to contribute positively to the multiple goals of the 2030 Agenda for Sustainable Development, including fostering democratic and participatory policy processes and institutions.

2. The Social Turn, Innovations and Transformative Change

Bringing the social back into development policy means moving beyond residual approaches

Concerns about increasing risks and vulnerability in contexts of globalization and liberalization have caused governments and international organizations to pay more attention to social development and, in particular, to social dimensions of development policies and the role of social policy in promoting inclusive and sustainable patterns of development.

Underpinning this "social turn"—a combination of shifts in ideas and policies that has reasserted social issues in development agendas in the post-Copenhagen era (since the World Summit for Social Development in Copenhagen in 1995)—is a critique of the trickle-down assumptions that link liberalization to a virtuous circle of growth, employment generation and poverty reduction, and of the notion that the key social function of governments should be restricted to the provision of safety nets. Since the turn of the millennium in particular, there is growing recognition of the need for a more proactive approach to eradicate poverty, reduce inequality and protect people against the vagaries of market economies, and social risks associated with the lifecycle from childhood to old age, including sickness and disability.

In practice, bringing the social more prominently into development in the last two decades has, however, frequently meant continuing with variations of residual approaches, while the integration of social perspectives into mainstream development strategies has often been an after-thought (figure 1.1). Palliative, patchwork and ad hoc interventions to mitigate social costs of economic policy have done little against the drivers of social exclusion and economic stagnation: far from being transformative, they have reproduced the problems they were meant to address. Early manifestations of this approach that would not openly question orthodox economic recipes and unequal power relations were the Poverty Reduction Strategy Papers (PRSP) promoted by the World Bank, and the implementation in numerous developing countries of conditional cash transfer programmes (CCTs) or public works programmes and public-private partnerships in the social sectors.

Box 1.2. **Sustainable Development Goals**

GOAL 1. End poverty in all its forms everywhere
GOAL 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
GOAL 3. Ensure healthy lives and promote well-being for all at all ages
GOAL 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
GOAL 5. Achieve gender equality and empower all women and girls
GOAL 6. Ensure availability and sustainable management of water and sanitation for all
GOAL 7. Ensure access to affordable, reliable, sustainable and modern energy for all
GOAL 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
GOAL 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
GOAL 10. Reduce inequality within and among countries
GOAL 11. Make cities and human settlements inclusive, safe, resilient and sustainable
GOAL 12. Ensure sustainable consumption and production patterns
GOAL 13. Take urgent action to combat climate change and its impacts
GOAL 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
GOAL 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
GOAL 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
GOAL 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

The PRSPs tended to lock social policy into a macroeconomic straitjacket, undermining growth and employment creation.[7] CCTs, while having the potential to be transformative if designed and implemented at a larger scale and for the long term, often narrowly targeted specific populations or provided benefits for a limited time period without providing a long-term solution to chronic poverty and to the absence of comprehensive social protection systems.[8] And public-private partnerships, which are still prominent as a means of implementation of the 2030 Agenda, have often tended to be more expensive than public procurement while failing to meet expectations in terms of service delivery and development outcomes.[9]

The "social turn" is a combination of shifts in ideas and policies that has reasserted social issues in development agendas in the post-Copenhagen era

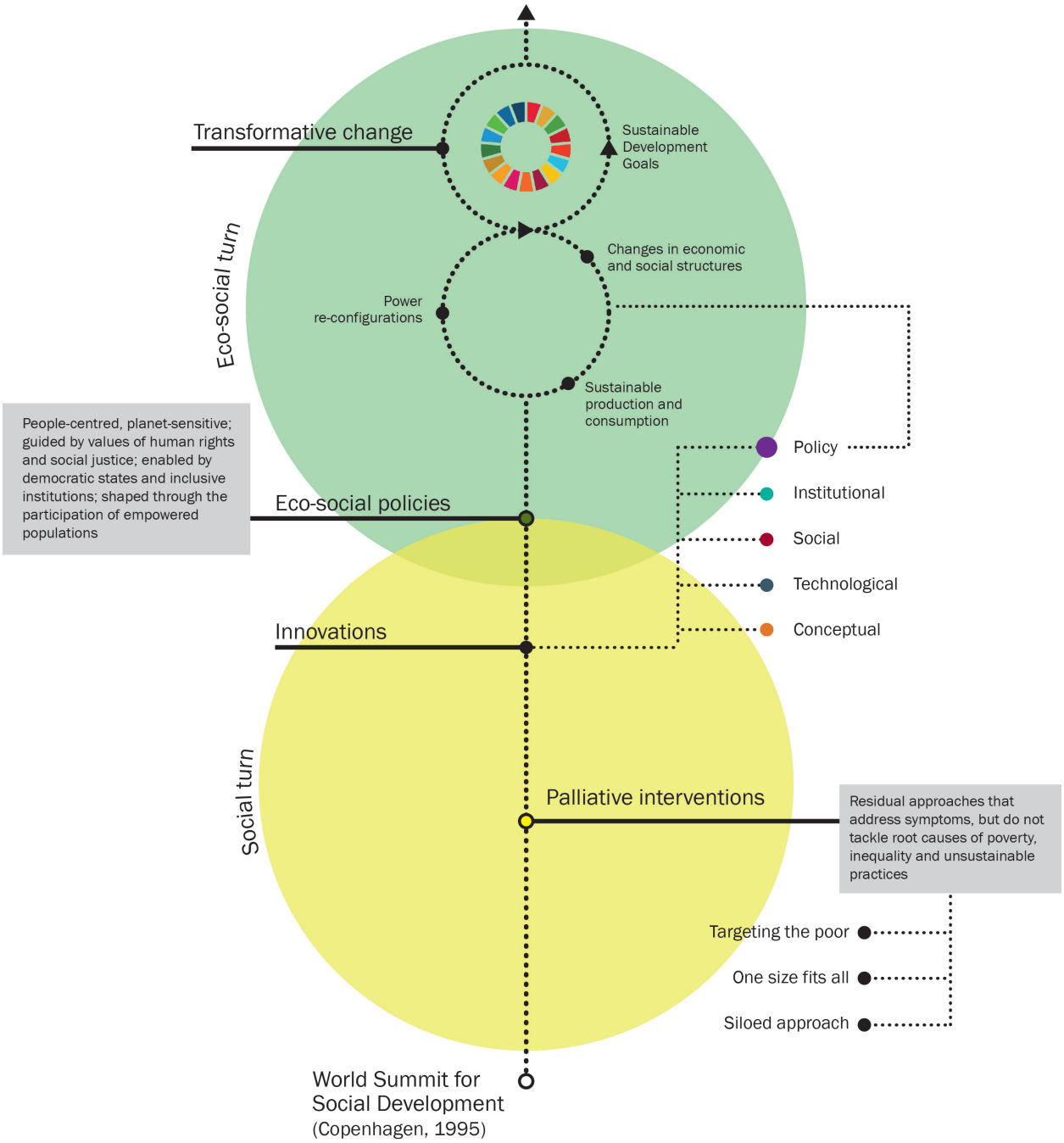
But several countries have also followed more ambitious visions of social development in recent years. Two cycles of international economic and financial crisis, the Asian crisis of 1997 (with ramifications in Latin America and the Russian Federation) and the global crisis of 2008, were important catalysts of alternative policy ideas, in particular in the Global South.[10] While the economic and fiscal fallout from the last crisis caused some advanced industrialized countries to adjust downward, shrinking their welfare states, social policy in many developing countries expanded initially, although more recently fiscal consolidation has gained ground. Similarly, alternatives and innovations can be seen in global social policy, such as the International Labour Organization (ILO)–United Nations (UN) Social Protection Floor Initiative (ILO Recommendation No. 202), as well as initiatives on Health for All, and Education for All (chapter 2).[11] Intersectoral approaches such as care systems have been institutionalized in some countries to begin to reduce, recognize and redistribute unpaid care work, mainly done by women, and its impoverishing effects on households in a context of declining income and job insecurity (chapter 3). Some countries have tried to address social, economic and environmental concerns in tandem through, for example, supporting grassroots and third sector approaches such as social and solidarity economy (SSE). And last but not least, demands were intensified to reform and democratize the international financial architecture and mechanisms to manage sovereign debt crises, combat illicit flows and make tax systems more transparent and fair (chapter 6).

To some extent, this reflects the ongoing reconfiguration of ideational forces that began when the United Nations reclaimed the terrain of social policy from the international financial institutions during the latter half of 1990s.[12] At that time, an alternative vision of the role of social policy was emerging from a critique of residual and market-driven approaches, formulated in a powerful way at the Social Summit in Copenhagen in 1995.[13] During the summit, a more integrated approach linking poverty reduction with social inclusion and employment creation was suggested as an alternative to neoliberal stabilization and adjustment programmes. Likewise, the Earth Summit in Rio de Janeiro in 1992 and the World Conference on Women in Beijing in 1995 can be considered milestones in putting forth a vision of development featuring equal rights for women and global cooperation for achieving sustainable development (Agenda 21).

From this perspective, the MDGs are generally considered to have been another milestone, in particular in terms of raising the visibility of poverty and social development as global political concerns,[14] directing international and national funds toward the social sectors. However, the MDGs were marked by significant gaps related to measures to address inequality, in particular with regard to gender equality, economic development and productivity, and employment issues, and they lacked a clear approach to tackle the root causes of unsustainable development.[15] Progress in and between countries was uneven and poverty and other development challenges persisted.

One of the key questions this report asks is which direction the contemporary social turn can and should take over the coming 15 years, and how it can be transformed into an eco-social turn. This refers to how social and environmental issues can be fully integrated in all development policies, and to the directions social and economic policy will take. Indeed, development policy is at a crossroads, in between palliative interventions targeted at the

Figure 1.1. **Understanding transformative change**



most vulnerable, and bolder transformative policies with the potential to change socioeconomic and political structures. The latter more ambitious approach speaks to the transformative vision of the SDGs. It will require deepening of reforms for some goals, and nothing less than a change in direction for others, in order to embark on a pathway toward structural transformation.

Social policy is at crossroads, in between palliative interventions targeted at the most vulnerable, and bolder transformative policies

Implementing transformative change requires innovative approaches: in conceptualizing and defining problems and potential solutions, designing policy and institutional reforms, changing social structures and norms, and using new technologies that are affordable, socially acceptable and effective.

Innovations have the potential to improve policies and institutions

Advancing sustainable development does not require reinventing the wheel in every instance. Innovations in this report refer to both new inventions or constellations such as new technologies, policies or processes, as well as new applications and adaptations of existing ones in new settings and contexts. The international community can rely on a well-established and widely accepted set of norms, principles and policy approaches that have demonstrably advanced human development. Families, communities and countries often show remarkable resilience and capacity for adaptation. But conditions are not equal across time and space, and the world is rapidly changing. In addition, differences in power, status and interests among countries, groups, sectors and individuals are reflected in diverging priorities in terms of problem identification, analysis and solutions, which even new approaches such as the much-lauded partnership model struggle to overcome (chapter 7). Innovative approaches are therefore urgently needed, including recommendations on how to implement a "traditional" social policy instrument such as contributory social insurance in a "non-traditional" context, such as the informal economy. This will often require designing social policy "by other means",[16] or creating better economic and political conditions in tandem with social investments. And most importantly, it will require designing integrated development approaches that embody an eco-social rationale that builds social capabilities and respects environmental boundaries.

Five broad types of innovation are referred to in this report: policy, institutional, social, technological and conceptual.

Policy innovation is particularly apparent in several regions in the Global South. Over the last two decades, many developing countries have adopted social policies that extend the coverage of social services, such as health and education; social assistance programmes for vulnerable groups; and social security for unemployed, older and infirm people; as well as policies generating employment for the disadvantaged and promoting the empowerment of women and smallholders.[17] Other policy innovations have occurred with regard to revenue mobilization policies, such as tax reforms; or regarding public policies supporting SSE or eco-social objectives. At the global level, the Rio+20 process re-energized the quest for sustainable development policies, focusing attention on the need to better balance its economic, social and environmental dimensions. The Rio+20 process also signalled the need to bring human rights more centrally into the framing of the poverty reduction and sustainability policy agendas, and the formulation of a more comprehensive set of development goals to succeed the MDGs. Global social policy has been revitalized in response to the 2008 crisis, with regard to humanitarian crises and human mobility, but also employment creation and social protection floors.

Policy innovation at national, regional and international levels has been coupled with *institutional innovation*. This includes new normative, regulatory and judicial instruments; changes in governance arrangements associated with participatory democracy, public-private partnership and multistakeholder standard-setting where new stakeholders or combinations of actors engage in service delivery, financing and decision-making processes; "multiscalar" governance, where such processes and institutions are articulated at local, subnational, national, regional and international levels; and institutional complementarities that reconfigure institutional arrangements (for example, state and market) and policies (such as economic and social) at the macro level.[18] Transformative institutional innovations help to overcome inequalities and structural disadvantages, and to empower weaker actors.

Non-state actors, in particular NGOs but also the private sector, are increasingly associated with *social innovation*. This is said to occur when organizations and networks adopt new ideas, strategies and practices that aim to better meet social needs and build relationships conducive to social and environmental improvements. Social innovation frequently occurs at the local level, where community organizations and social enterprises, often enabled by civil society

networks and decentralization, organize to greater effect in order to mobilize resources and to defend their rights.[19] It is also apparent in social movement activism, or "glocal" networking, that connects local actors with change agents across scales, as well as across the Global North and Global South, such as women's movements aiming to change gender-based stereotypes and discrimination entrenched in social norms and practices.[20]

From the perspective of development and empowerment, important synergies can arise when social and *technological innovation* combine. This is seen, for example, in the case of networking (including transnational migrant activism) that is facilitated by information and communication technologies;[21] when farmer cooperatives move up the value chain by adding processing and quality control to their business activities; or when decentralized renewable energy supply reduces the drudgery of unpaid work by women.[22]

New technologies have provided new tools and solutions to improve livelihoods, in particular through increasing agricultural productivity[23] or providing basic services such as electricity to formerly excluded populations; governance, through improvements in service delivery[24] (for example of delivering CCTs),[25] and innovations in the health or educational sector (new and cheaper vaccines, distance and e-learning systems), with significant positive impacts on people's livelihoods and opportunities.[26] They are also strong drivers of structural change.[27] Combinations of social and technological innovations are necessary to address some of the limitations of development strategies that centre on technological fixes that often disregard the social contexts where diffusion occurs.[28]

Changes in institutions, policy and the way organizations behave are often informed by *conceptual and discursive innovation.* Particularly important in recent years have been those associated with governance and organizational theory, which recognize that heightened complexity and risk, and effective regulation, require "poly-centricity"[29] or multiscalar and multistakeholder interventions and collaborations.[30] This may include new forms of public-private partnership that go beyond a conventional "state versus market" dichotomy, and recognize power differences outside and within partnerships.[31] New analytical perspectives have also refocused attention on inequality as a major impediment not only to social inclusion and cohesion, but also growth. Diverse analytical and philosophical currents associated, for example, with (Polanyian) "plural economy", the Andean indigenous notion of Buen Vivir and Via Campesina's popularization of "food sovereignty" have recently come together to highlight the potential and viability of alternative development pathways. Greater attention to social policy and gender equality has brought issues such as unpaid care and domestic work onto political agendas, supported by innovative research methods.[32] Climate change and environmental degradation have led to a re-conceptualization of sustainable development. Moreover, there appears to be greater recognition that heightened complexity and risk require new analytical and methodological approaches involving inter-, multi- and trans-disciplinarity, and systems theory.[33]

Transformative change addresses social and economic structures and relations that drive unsustainable practices

From the perspective of development and social justice, the key question is how to catalyse processes of change that result in transformation. While the terms transformative, transformational or transformation are now being used widely in development discourse, their meaning is often vague, referring to desirable outcomes such as inclusion and sustainability. In contrast, this report is specific about the processes of change needed in society and the economy to achieve greater equality, sustainability and empowerment.

The notion of transformative change is concerned with both processes and outcomes.[34] As a normative concept, it goes beyond an understanding of change as something becoming different without an assessment of what this difference entails. Change that is considered transformative restructures "the underlying generative framework" of social injustice, as opposed to "affirmative remedies…aimed at correcting inequitable outcomes of social arrangements without disturbing the underlying framework that generates them"[35]. Such an understanding is in line with the vision of the 2030 Agenda.

Transformative change involves changes in social structures and relations, including overcoming patterns of stratification related to class, gender, ethnicity, religion or location that can lock people (including future generations) into disadvantage and constrain their choices and agency. It also means changing norms and institutions, both formal and informal, that shape the behaviour of people and organizations in the social, economic, environmental and political spheres (box 1.1).

The achievement of desirable development outcomes through just, participatory and democratic processes is ultimately a political project at the core of which lie power configurations at household, local, national, regional and global levels, which inevitably involve a contestation of ideas and interests between different groups and actors. Policy discourse that highlights the goal of transformation often ignores the deep-seated changes that are required in regulation, and in economic, social and power relations.

Policy discourse that highlights the goal of transformation often ignores the deep-seated changes that are required in regulation, and in economic, social and power relations

A third important feature of transformation is related to the productive sphere. Social and economic policies are needed that have the potential to foster change in economic structures and to promote employment-intensive growth patterns. Many countries strive for structural change that would help boost economic sectors that promise higher value addition, profitability and incomes.[36] Growth, while not a panacea for all problems, makes poverty reduction and redistribution policies more acceptable to economic and political elites (chapter 6). However, the current dominant growth paradigm is associated with instability, inequality and exclusion, and is grounded in unsustainable resource-intensive and fossil fuel–based modes of production (chapter 5). In order to make economic change also sustainable in environmental terms, profound changes toward more sustainable production and consumption patterns (SDG 12) are required, through legislation, regulation and public policies that empower actors engaging with sustainable production, consumption and trading systems (for example, by supporting social and solidarity economy, chapter 4).[37]

More than a decade ago UNRISD research began demonstrating the role of *transformative social policy* in catalysing change in both social and economic structures (figure 2.1, chapter 2).[38] In contrast to policy approaches that either conceive of social policy as an add-on to economic policy or reduce its role to safety nets, transformative social policy is premised on its integrated nature and multiple functions.[39] These include social protection (universal coverage of protection systems against a variety of risks, and adequacy of benefits), redistribution (tackling vertical and horizontal inequalities), production (promoting growth, structural change and employment) and social reproduction (enhancing gender equality and redistributing the burden of care), all of which are key in fostering inclusive and equitable development. In this broad definition, a variety of instruments and programmes, including social insurance (for example, pensions or health insurance), social assistance (such as cash transfers and income guarantees), social services (health, education, water and sanitation and so on), labour market policies (for example, minimum wage policies) as well as policies promoting livelihoods (for example, land reform)[40] and social integration are considered social policy. A social policy that is deemed transformative needs, furthermore, to be grounded in democratic principles and human rights and to support social and economic patterns and behaviour in line with environmental sustainability. Social policies that do not lead to positive changes in these four domains are less progressive, or less transformative, while those that produce positive outcomes in all four domains are not only progressive but also have a systemic impact, with potentially reinforcing and cumulatively positive effects. Finally, social policies that are transformative need to have long-term impacts. This is a necessary condition to tackle the root causes of social and economic problems and to change social relations and social institutions for the better.[41]

Transformative change understood in this way is therefore a long-term process, requiring both individual agency and collective action by societies. Its means and results would include:

- visible and measurable economic and political empowerment of disadvantaged and vulnerable groups;
- greater gender equality in all spheres;
- more equal redistribution of income and wealth;
- active citizenship with greater agency of civil society organizations and social movements;

- changes in North-South power relations and global governance institutions;
- empowerment of small enterprises, rural producers and informal workers; and
- a reversal of the hierarchies of norms and values that subordinate social and environmental goals to economic objectives.

Finally, transformative change involves multiple actors, and transparent and democratic political processes involving all those actors are also part of the "transformation we want".

Transformative change encounters obstacles

The transformative potential of reforms and innovations is, however, often not realized. The sooner obstacles are identified and addressed, the more likely are transformative processes and outcomes. Transformative change can be undermined or hindered when:

- innovations in one sphere, for example, introduction or expansion of social protection programmes, is realized without the corresponding changes in power relations and without expanding economic opportunities in harmony with environmental sustainability;
- changes in policy rhetoric or intentions are not applied in practice, or are translated into cosmetic reform;
- policy "incoherence" prevails—that is, policy initiatives in one field are contradicted by those in another (for example, the social or environmental effects of macroeconomic or other policies, or lack of progressive funding structures underpinning a new social contract);
- progressive ideas and institutional reforms are captured by special interests or bolted on to business as usual;
- calls for new partnerships forgo opportunities to be truly synergistic and transformative and instead reproduce and reinforce asymmetric power;
- conservative gender norms are pervasive, preventing the positive effects of innovations associated with women's well-being and gender equity; and
- social or governance innovations are not sustained.

The contemporary social turn is furthermore seriously constrained not only by the legacy of weakened state capacity (including fiscal capacity) from the era of structural adjustment and new public management,[42] but also by the recent proliferation of fragile states, violent conflict and terrorism, and health epidemics, as well as rising inequality and macroeconomic policies associated with austerity, as outlined in section 3 of this chapter.

Changes in policy rhetoric or intentions may not be applied in practice or may translate into cosmetic reform

Overcoming obstacles to transformative change and embarking on more sustainable development pathways will require identifying innovations and reforms in different domains as well as political strategies to see them through. Based on the diverse experiences of different countries, the report presents selected examples of real world innovations and reforms, and aims to identify the conditions necessary for their implementation and for harnessing their potential.

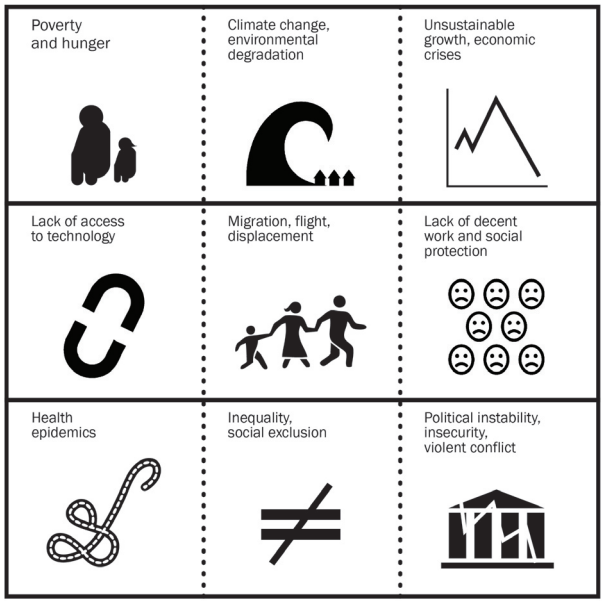
3. Crises and Opportunities: The Context for Implementation

The multiple objectives to be fulfilled through the 2030 Agenda speak directly to the global challenges of our time: poverty and hunger; climate change; unsustainable growth and economic crises; migration, flight and displacement; health epidemics; inequality; social exclusion; lack of decent work and social protection; as well as political instability, insecurity and violent conflicts (figure 1.2).

There are also opportunities emerging in the current context that could impact positively on transformative change. One is to seize the momentum of the 2030 Agenda to raise awareness and forge the alliances that will be needed to drive implementation at the national, regional and global levels. Others arise from the wider range of global initiatives and partnerships that aim to support

progressive change at the national level, from the recommendation on National Social Protection Floors to the Paris Agreement on climate change. And finally, there are the manifold opportunities arising at the local and grassroots levels, which have the potential to support a change in the direction of the global development model toward promoting more cohesive and sustainable societies.

Figure 1.2. **Global challenges of our time**

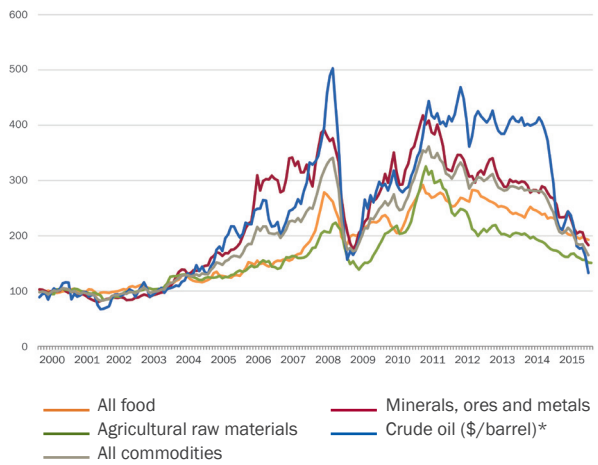


Note: Icons for Lack of technology, Migration, and Health epidemics were designed by Iconoci, Gerald Wildmoser and Rohit Arun Rao respectively, and are licensed under Creative Commons via The Noun Project. Icons for Climate change and Lack of decent work and social protection are public domain. The rest were drawn by Sergio Sandoval.

Prospects for achieving the SDGs might be jeopardized if countries continue to adjust downward

An economic system that produces huge profits for the few and precarious livelihoods for the many is not sustainable. Growth in recent decades has not been sufficiently inclusive to lift all people out of poverty and allow a life in dignity based on stable material conditions. Expansionary periods are getting shorter, and crises and recession periods more frequent and protracted, now also affecting the richer and more developed countries. The current economic context is still marked by the effects of the global financial crisis which in 2008 brought to a sudden stop a period of high growth and economic expansion that had allowed many countries in the Global South to reduce poverty, expand investments and exports, and improve their macroeconomic housekeeping. This relatively stable position allowed many developing countries to respond, initially, with anti-cyclical policies to the spill-over effects of the crisis, avoiding immediate recessionary effects on domestic economies and keeping global demand apace. However, this policy stance did not last long, and the majority of countries switched to austerity measures after 2010.[43] Economic pressures have since become even more severe, triggered by sinking commodity prices (figure 1.3) and a dramatic slowdown in the previous growth engines Brazil, China, India and the Russian Federation.

Figure 1.3. **Monthly commodity price indices by commodity group**, January 2000–December 2015 (price indices 2000 = 100)



Data source: UNCTADStat 2016. *Crude petroleum, Dubai, medium, Fateh API 32°, spot price, FOB Dubai ($/barrel)

As a consequence, many countries are today confronting less favourable growth prospects, and higher macroeconomic vulnerability.[44] Among the numerous negative impacts there is the restricted capacity to mobilize funding sources to implement the SDGs (chapter 6).

Equality and social inclusion are the big challenges of the future

Inequality is at unacceptably high levels in many countries, and the upward trend is worrying. More than 75 percent of the population in developing countries lives in a society where income is more unequally distributed than in the 1990s, while the richest 1 percent held 48 percent of global wealth in 2014, with a clear upward trend in the

Inequality is not only a moral or ethical problem, it is increasingly seen as a key obstacle to sustainable development

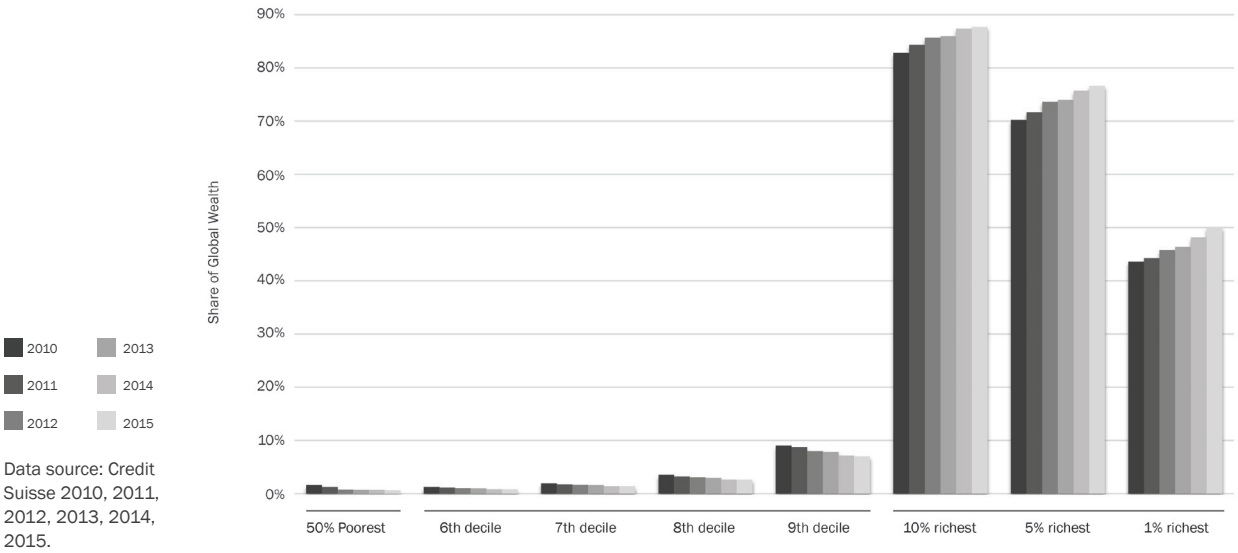
period 2010–2014 (figure 1.4).[45] Awareness of inequality as a social, political and development issue has risen dramatically in the past decade.[46] Concepts of inclusive growth, shared prosperity and multidimensional inequalities have gained prominence, and the SDGs explicitly aim to "leave no one behind", dedicating a stand-alone goal to the reduction of inequality in and between countries (goal 10). A truly transformative approach will shift the focus from those at the bottom of the income pyramid and social hierarchy to the drivers of inequality and tackling the structures that reproduce it. These include the concentration of wealth and power, and the complex role of economic and political elites—now popularly referred to as "the 1%"—at one end of the spectrum,[47] and intersecting forms of disadvantage and exclusion along lines such as class, gender, ethnicity, location or migrant status at the other.[48]

Inequality is not only a moral or ethical problem; it is increasingly seen as a key obstacle to sustainable development and poverty eradication. It not only affects people's enjoyment of human rights,[49] and undermines social cohesion, social stability and well-being,[50] but also has a clear negative impact on economic development, for example on macroeconomic stability and growth.[51]

Vertical (income) and horizontal (group-based) inequalities tend to reinforce each other, for example, in the case of poor women belonging to a marginalized ethnic group.[52] In the 2030 Agenda, *gender equality* and empowerment of all women and girls (SDG 5) feature prominently, recognizing some of the previously neglected issues such as unpaid care and domestic work and violence against women (chapter 3). Indeed, despite progress, there are persistent and protracted gaps in making women's rights a reality and realizing tangible progress on the ground.[53] These concern, in particular, employment opportunities and decent work for women (figure 1.5), gender-responsive social policies, rights-based macroeconomic policies, and spaces to mobilize and make claims for women's rights.[54] As figure 1.5 shows, labour force participation rates by gender and region vary significantly, with rates for women as low as 20 percent in Northern Africa and Arab States, and for the global average at around 50 percent, compared to 80 percent for men.

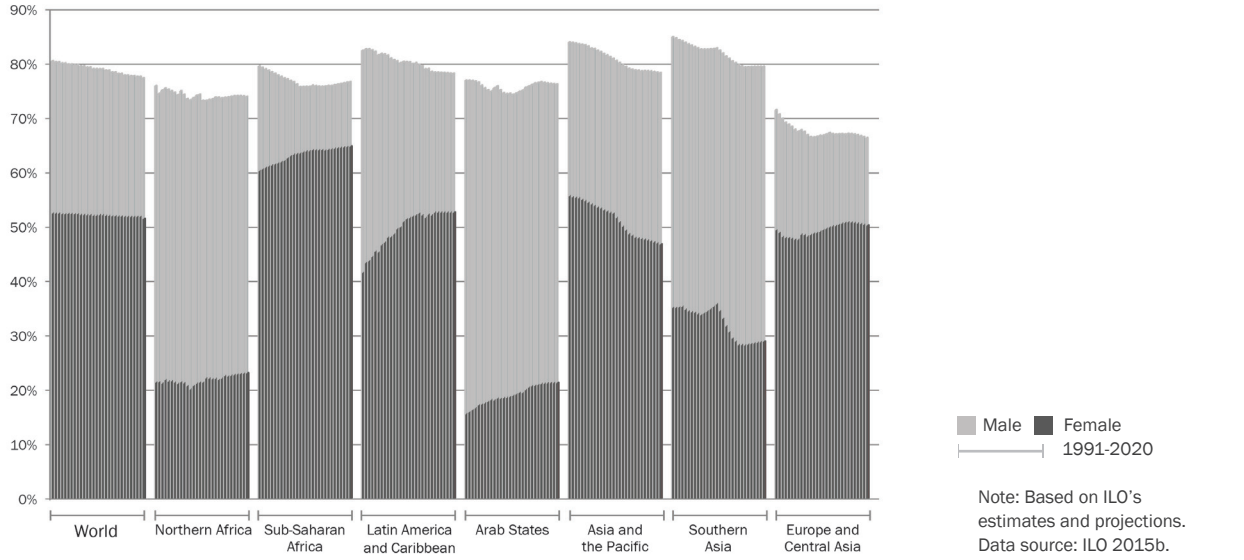
Closely related to inequality is *poverty*, one of the key challenges and "unfinished business" the SDGs will address over the coming 15 years (goal 1). Poverty reduction in relative terms (especially if measured with the international poverty line of USD 1.25 purchasing power parity/PPP, now raised to USD 1.90) has been impressive, as has been the reduction in undernourished persons in many countries since the 1990s.[55] But there is also consensus that progress has been uneven and that global poverty numbers have been strongly influenced by China's performance (figure 1.6). On the contrary, absolute

Figure 1.4. **Distribution of global wealth**, 2010–2015



Data source: Credit Suisse 2010, 2011, 2012, 2013, 2014, 2015.

Figure 1.5. **Labour force participation rate by sex and region**, 1991–2020

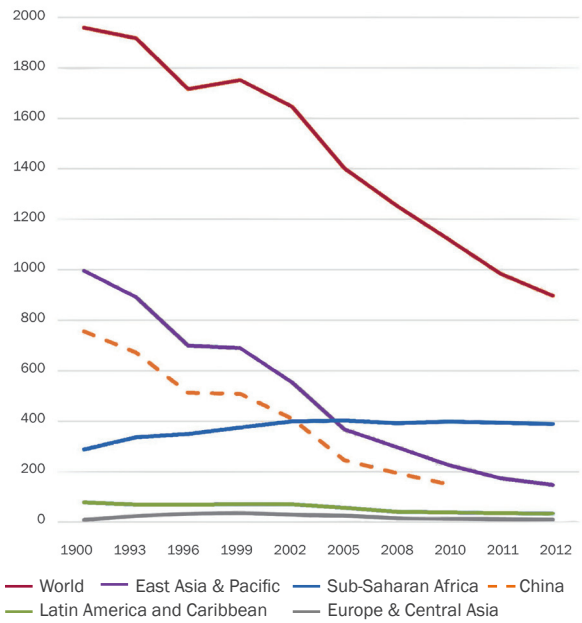


Note: Based on ILO's estimates and projections. Data source: ILO 2015b.

numbers of people living in poverty have increased in the poorest regions, and many of those lifted out of extreme poverty remain highly vulnerable and basically continue to be poor with regard to their multiple deprivations and marginalized status in society.[56] And while the majority of poor people live in middle-income countries, poverty is by no means a problem of developing countries alone. Increasing stratification and social exclusion in richer countries are topics of public debate, as future generations are specifically concerned (poverty levels are highest among children and youth), and many social ills such as criminality and health status are associated with feelings of shame and the lack of perspectives related to poverty.[57]

Poverty is often driven by a lack of *decent work and productive employment*. Many of the root causes of this problem can be found in the way the global economy operates, for example, when deflationary macroeconomic policies and financialization depress productive investment and constrain structural change.[58] Or when the insertion of developing countries into world markets based on capital-intensive commodity sectors and largely informal agricultural and service sectors constrains employment creation.[59] The persistent existence of informal employment as well as precarious or vulnerable forms of employment (table 1.1) result in increasing numbers of working poor and people excluded from living wages, social protection and basic labour rights. Worldwide, almost half of all employment is considered vulnerable (46.1 percent in 2015), with higher rates in Asia and the Pacific and sub-Saharan Africa. Some countries have made progress in reducing informality and unemployment (for example, Brazil and Uruguay), while in others we observe stagnation at a high level (for example, in India where the share of workers in the informal economy exceeds 80 percent) or increases, for example in the post-socialist countries of the Commonwealth of Independent States (CIS) and European Union (EU) countries affected most by the 2008 crisis (for example, Greece and Portugal).[60]

Figure 1.6. **Poverty headcount in selected regions and in China** (in millions), 1990–2012



Note: Poverty headcount defined as number of poor at USD 1.90 a day, 2011 PPP. Data source: World Bank 2015a.

Table 1.1. **Vulnerable employment and working poor**, 2012, 2015 and 2018

	Vulnerable employment (% total employment)			Working poor (% of total employment)		
	2012	**2015**	**2018**	**2012**	**2015**	**2018**
World	47.1	46.1	45.9	–	–	–
Developing world	–	–	–	13.8	12.0	10.6
Europe and Central Asia	15.1	14.9	14.8	1.9	1.5	1.3
Asia and the Pacific	56.9	55.4	54.6	12.7	10.4	8.9
Latin America and the Caribbean	31.7	31.0	31.1	3.7	3.5	3.3
Northern America	6.6	6.5	6.2	–	–	–
Arab states	17.4	18.0	17.8	4.1	4.6	3.8
Northern Africa	32.5	34.0	33.4	5.4	5.2	5.2
Sub-Saharan Africa	70.9	69.9	69.5	37.9	34.3	30.3

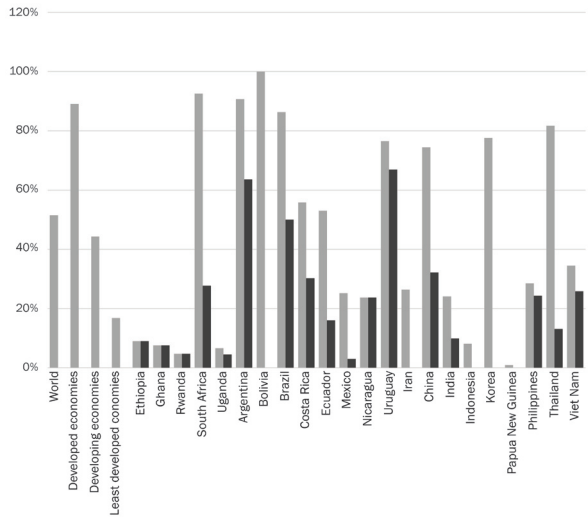
Notes: Based on ILO estimates and projections. Working poor are defined as the extremely poor (less than USD1.90/day). Data source: ILO 2015b.

A specific challenge is widespread youth unemployment in various regions of the world (for example, southern Europe and the Middle East and North Africa/MENA region), which is considered to be particularly problematic in terms of social stability and future economic growth prospects. And finally, the quantity of green jobs and sustainable work, while increasing, is still insufficient, [61] and this is clearly a challenge for richer countries as well (chapter 5).

Having few opportunities for decent work is a driver of exclusion and explains why the majority of the world's people are unable to move out of poverty or vulnerability and participate in growth. It also leads to challenges for expanding and funding social protection and social services, as informal workers rarely have the means or the option to contribute to insurance schemes, relying instead on tax- or aid-funded social assistance or informal arrangements (chapters 2 and 6). Most developing countries have segmented labour markets and dual social protection systems, those for formal sector workers and informal or social assistance types, the latter displaying a lack of risk-pooling and lower benefit amounts.[62]

Indeed, while spending on *social protection* and social services has increased in some countries in parallel with higher aid allocations to social sectors,[63] coverage is still far from universal: only 27 percent of the global population enjoys access to comprehensive social security systems, while 73 percent is covered partially or not at all.[64] The share of the global population above the pensionable age that does not receive a pension reaches 48.5 percent, and the share of older persons who are not entitled to receive a contributory pension, which tend to provide more adequate benefits, is even higher, as can be seen in figure 1.7.[65] The figure also shows the progress achieved in expanding coverage through non-contributory or social pensions (chapter 2), for example, in countries such as Bolivia, Brazil, Ecuador, South Africa and Thailand.[66] However, in order to be transformative in the long term, these investments need to be sustained and scaled up.[67] The transformative vision of the SDGs related to social protection will therefore require reversals of expenditure cuts that were introduced in response to the global crisis,[68] if it is to be realized.

Figure 1.7. **Old-age effective coverage:**
Proportions of population above statutory pensionable age receiving an old-age pension in selected countries, latest available years

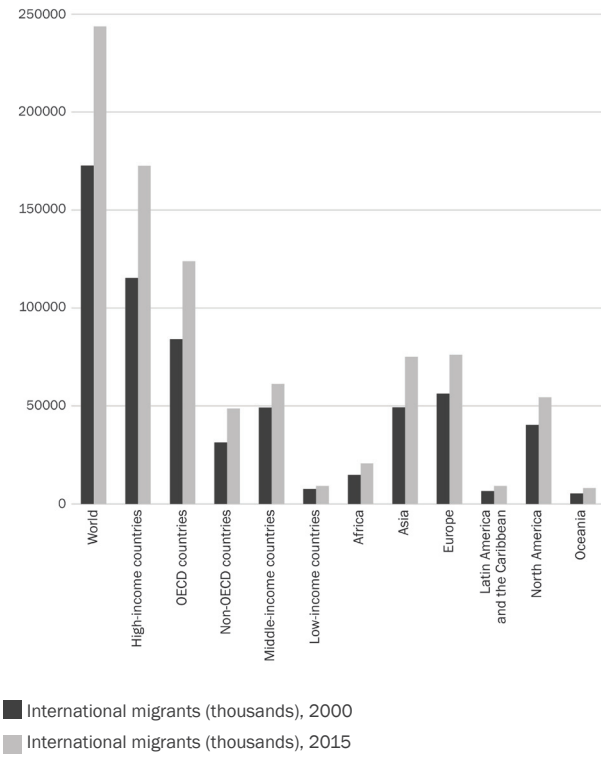


Share of the population covered in pensionable age (in %)
.... of which are contributory pensions

Notes: Latest available years. Ethiopia: 2006; Ghana: 2011; Rwanda: 2004; South Africa: 2012; Uganda: 2012; Argentina: 2010; Bolivia: 2013; Brazil: 2009; Costa Rica: 2010; Argentina: 2010; Bolivia 2013; Brazil: 2009; Costa Rica: 2010; Ecuador: 2011; Mexico: 2009; Nicaragua: 2011; Uruguay: 2011; Iran: 2010; China: 2011; India: 2011; Indonesia: 2010; Korea: 2010; Papua New Guinea: 2010; Philippines: 2011; Thailand: 2010; Viet Nam: 2010. Data source: ILO 2014:273–278.

When states fail to provide opportunities for people to live decent lives, they tend to move where these opportunities seem to exist. Increased *migration* is one of the key challenges the global community is facing in current times, driven in large parts by humanitarian crises caused by the wars in Syria, Afghanistan, Iraq and several African countries. In 2015, there were 244 million migrants worldwide, or 3.3 percent of the world's population, up from 173 million in 2000 (figure 1.8). In addition to war and humanitarian emergencies, the lack of well-paid jobs and social protection and services, and a climate of inequality and injustice, drives many people to seek to better their condition, either in their country, for example, in big cities, or abroad. Female migration rates are increasing, and migrant women are often particularly vulnerable as they work as domestic or care workers in the private sphere of households (chapter 3). Natural disasters and climate change are also push factors for emigration, and are expected to further fuel migration in the future.[69]

Figure 1.8. **International migrants** (in thousands), 2000 and 2015 in comparison



Notes: Midyear (1 July) estimate of the number of people living in a country or area other than that in which they were born. Where the number of foreign-born people was not available, the estimate refers to the number of people living in a country other than that of their citizenship. Data source: UN DESA 2016.

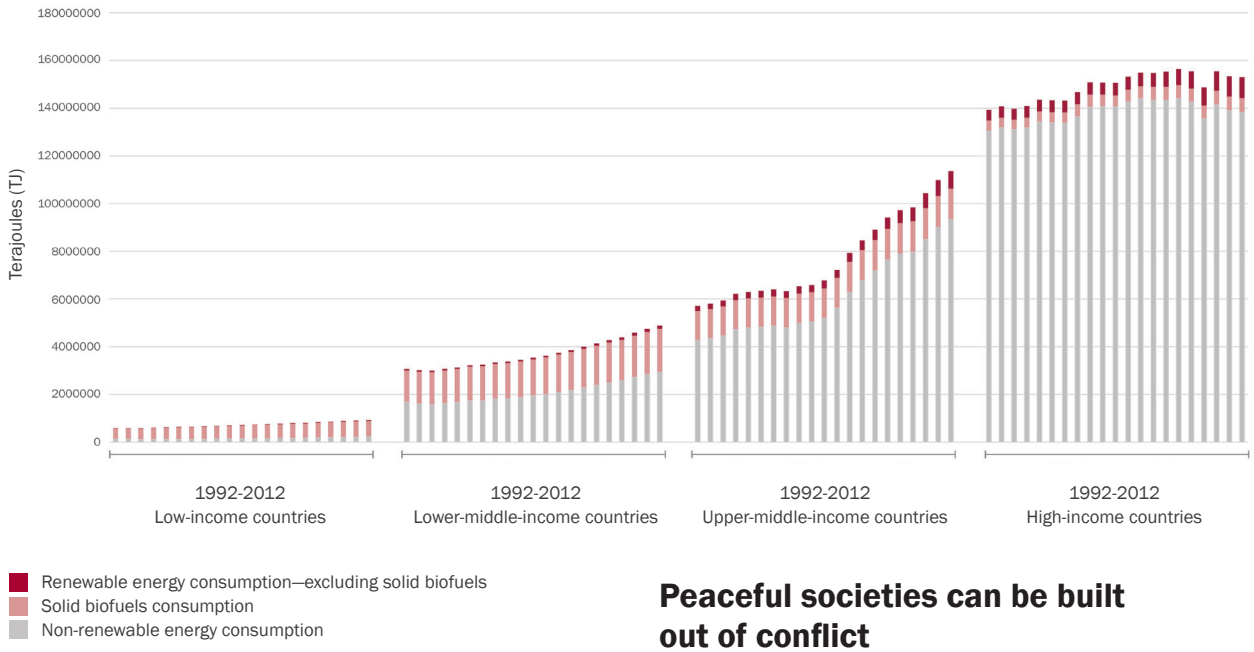
Overcoming unsustainable practices and inequitable outcomes requires multiple changes in how our societies and economies work

Ecological and climate challenges have called into question social and economic systems, and related production and consumption patterns, that depend on the unsustainable exploitation of natural resources. These unsustainable practices have major economic and social repercussions, often reinforcing or exacerbating inequalities, and are therefore an important part of the 2030 Agenda (SDGs 12, 13 and 14). Global warming and related extreme weather events such as droughts, cyclones and flooding are increasing, affecting more and more people, in particular in Asia, where 48 percent of disasters occurred in 2014.[70] Exposure to air pollution is another environmental hazard, killing around 7 million people in 2012.[71]

While *technology* and resource efficiency are likely to be crucial elements of any solution to current climate and environmental challenges (see also the role of technology in SDG 17), alone they will be insufficient. They may even be counter-productive without profound changes in a number of other areas: the organization of production; consumption and lifestyle behaviours; the distribution, use and control of resources; and systems of governance and enforceable accountability mechanisms for actions that cause lasting harm. The question is therefore whether the development, diffusion and use of new technologies in the coming years can be made more inclusive, equitable and sustainable, including through opportunities for poorer countries to develop appropriate local technologies or to afford technologies produced by richer countries, without slipping into new dependencies or unsustainable development paths (for example, by purchasing

Having few opportunities for decent work is a driver of exclusion and explains why the majority of the world's people are unable to move out of poverty or vulnerability and participate in growth

Figure 1.9. **Total energy consumption levels for country income groups**, 1992–2012



Notes: Renewable sources are: hydro, solid biofuels, wind, solar, liquid biofuels, biogas, geothermal, marine and waste. Solid biofuels for both traditional and modern uses are accounted for in the figure. Solid biofuels for traditional uses are defined as those consumed in the residential sector of non-OECD countries. Solid biofuels for modern uses are defined as all solid biofuels that are not consumed in the residential sector of non-OECD countries. Both categories include the following types of fuel: primary solid biofuels, charcoal and non-specified primary biofuels and waste. Data source: World Bank 2015b.

cheaper, outdated technologies with environmental and social costs,[72] which in the worst case can crowd out investment in the adaptation and adoption of new technologies that can be more locally sustainable).

The rapid pace of technological innovation—whether in information and communication technology (ICT), renewable energy (figure 1.9), health or transportation, to name some fields—bears challenges and opportunities for many aspects of human development, affecting most or all aspects of our lives. Figure 1.9 on energy consumption levels shows the disproportionate share of non-renewable energy consumption of the high-income countries, as well as the growth in consumption among upper-middle-income countries. It is a question of climate justice to distribute these shares more equally across country groups, while lowering aggregate levels and shifting toward renewable resources. There is a risk, however, that the poor and disadvantaged benefit relatively less from new opportunities, as experiences with the digital revolution or climate-friendly technologies have shown (chapter 5).[73]

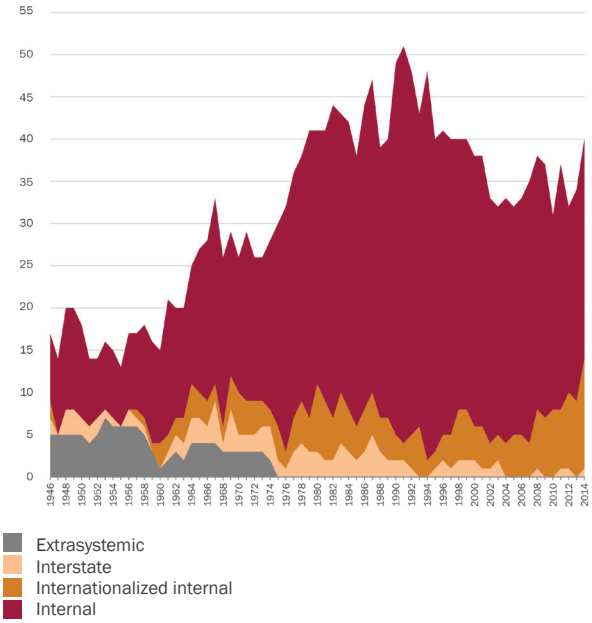
Peaceful societies can be built out of conflict

Few of the SDGs can be met if societies are war-torn or conflict-ridden. The 2030 Agenda includes several explicit goals and targets for the promotion of inclusive and peaceful societies.[74] This requires inclusive and accountable institutions at all levels, fostering social inclusion, state legitimacy and social stability. Many features of the current reality work against these objectives.

Rising inequalities and fragmented societies fuel social tensions and, at the extreme, generate *violent conflict*. The early twenty-first century is witness to highly visible forms of violence along a spectrum from everyday insecurity caused by crime and vulnerability to civil, interstate and transnational conflict (figure 1.10). Poverty and rapid urbanization contribute to everyday forms of violence and insecurity, while escalating transnational conflicts are forcing people to flee their homes in numbers not seen since the Second World War. Other manifestations include crime, gangs and gun use; gender-based violence and high murder rates of women; trafficking and exploitation of women, children and migrants; unprecedented numbers of refugees and internally displaced persons; ethnic and religious tensions; criminalization of poverty and militarization of police as well as state-sponsored persecution, torture and murder of activists, journalists or opposition leaders by authoritarian governments.[75]

Conflicts not only cause unbearable hardship, pain and undermine the dignity and very survival of those directly affected; they also erode states' legitimacy and capacity to govern, posing obvious challenges for meeting development goals.

Figure 1.10. **Number of armed conflicts by type, 1946–2014**



Note: "Extra-systemic armed conflict occurs between a state and a non-state group outside its own territory. Interstate armed conflict occurs between two or more states. Internal armed conflict occurs between the government of a state and one or more internal opposition group(s) without intervention from other states. Internationalized internal armed conflict occurs between the government of a state and one or more internal opposition group(s) with intervention from other states (secondary parties) on one or both sides" (UCPD/PRIO 2015b:9). Data sources: UCPD/PRIO 2015a; Petterson and Wallensteen 2015:539.

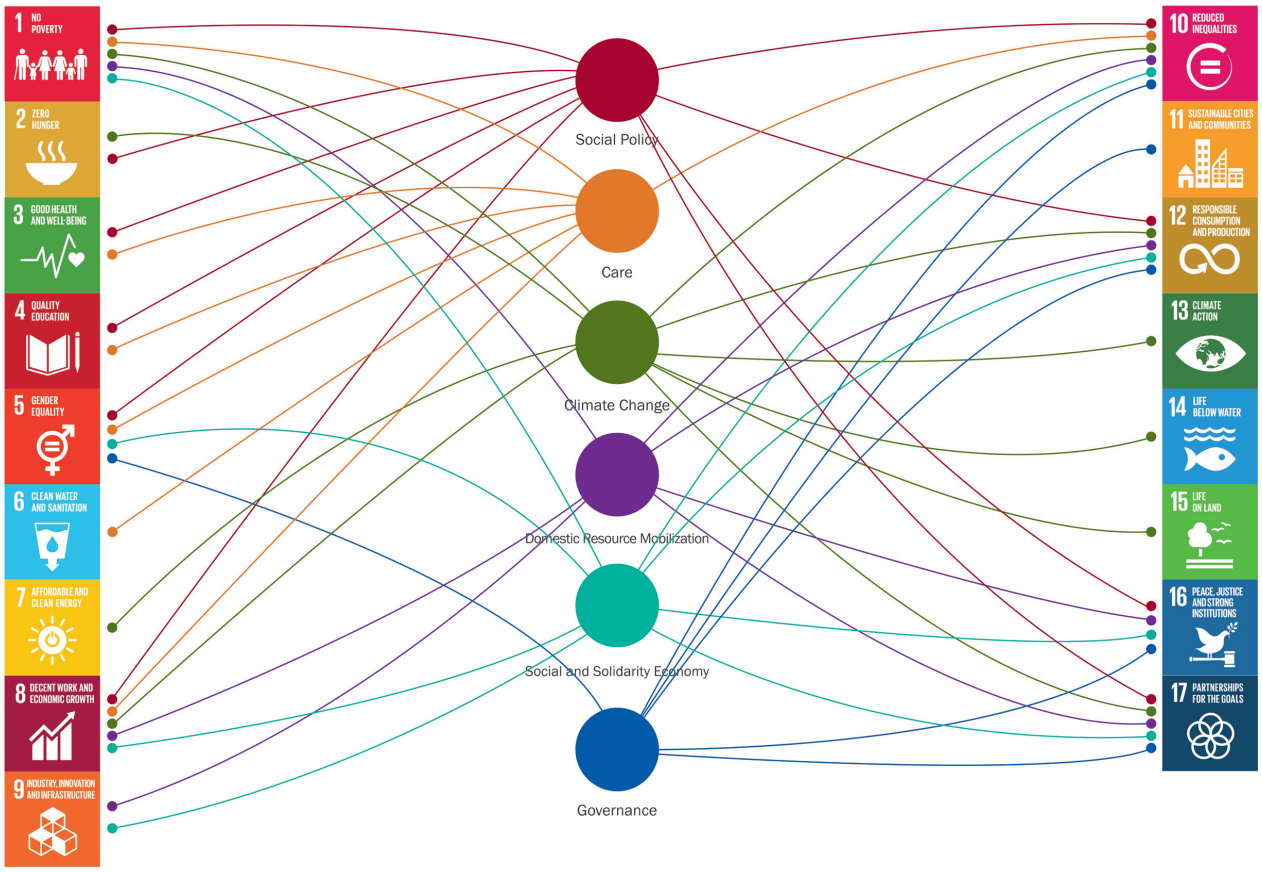
4. Transformative Change and the 2030 Agenda in a Shifting Global Context: From Innovation to Implementation

To realize the transformative promise of the 2030 Agenda and the SDGs in a challenging global context, it is not enough to integrate the 169 development indicators into national strategies and periodically report on progress, as daunting as this task itself might appear. Addressing the root causes of poverty, hunger, inequality, climate change and unsustainable practices will require different types of *innovations* in conceptual approaches, policies, institutions and social relations, overcoming policy silos by working at the *intersections* between the three pillars of the agenda by integrating the economic, the social and the environmental objectives in a rebalanced way. It will also require moving from declarations of intent toward *implementation* by designing appropriate policies and institutions, leveraging the political will and consensus as well as the financial and administrative means to implement them. It will require multiple actions from the top down and the bottom up, involving all members of society. At each step, from innovating to integrating and implementing, the nature of the political process in terms of inclusiveness, transparency and accountability will be crucial. As much as the outcomes, the processes related to the implementation of the SDGs will be the litmus test of the very principles of universalism and human rights inherent in the 2030 Agenda. In this sense, the agenda cannot reach its full potential without transformative change as defined in this report.

The processes related to the implementation of the SDGs will be the litmus test of the very principles of universalism and human rights inherent in the 2030 Agenda. The agenda cannot reach its full potential without transformative change

This report offers ideas for policy, practice and process change, drawing on a range of innovative approaches in different country contexts and assessing the transformative potential of these in six key areas: social policy, care policy, social and solidarity economy, environmental and climate change policy, domestic resource mobilization, and governance and politics. While not covering the entire 2030 Agenda, these policy areas are highly relevant for socially and ecologically sustainable development outcomes, with direct and indirect impacts on almost all goals and targets, and multiplier effects that make them essential elements of the strategies that governments will need to design and implement (figure 1.11).[76] This section introduces these policy fields and the related questions addressed in the report.

Figure 1.11. **Mapping policy areas for transformative change:** The UNRISD Flagship Report and the SDGs



Note: This infographic shows the most direct links with the greatest transformative potential between the topics covered in this report, on the one hand, and the SDGs, on the other. There are also many indirect links; these have been omitted from the infographic for clarity.

New trends and innovations in social policy

Social policy has been a terrain of innovation and contestation since the beginning of welfare state discussions and the post-colonial project. While in high-income countries recent reforms have generally marked a shift to market-oriented mechanisms, reinforced labour market flexibility and reduced job security, many low- and middle-income countries have expanded coverage of social services and social protection, albeit with varying degrees of quality and scope. Innovations have also happened with regard to reforms that aim to better integrate policy areas, partnership models in the delivery of services, and governance of social policy at different levels, such as regional and global levels. Many of these innovations can be said to be transformative in the sense of simultaneously meeting essential needs, empowering disadvantaged groups, and correcting power and resource asymmetries that reproduce inequality and poverty. Are developing countries themselves now more firmly in the driving seat of contemporary social policy innovation and reform? And how can the social turn be deepened and expanded into an eco-social turn?

Care policies: Realizing their transformative potential

An important aspect of the social turn that has elevated the role of social policy in government and political agendas is the increasing recognition of the need for care policies. For too long, care provision has remained off the radar of policy makers, on the assumption that unpaid care and domestic work would be provided by women in the private sphere of the home or in the community.

Care policies figure prominently in the SDGs ("Achieve gender equality and empower all women and girls", goal 5) because the unequal distribution of unpaid care and domestic work is a powerful driver of gender inequality in the economic and social realms. As care policies mould the ways in which care is provided, funded, for whom and by whom, they can contribute to gender equality and mitigate other dimensions of inequality like class, caste or ethnicity—or exacerbate them. They can contribute to the fulfilment of women's human rights and the rights of persons with care needs related to disability, sickness or age, particularly those of the poorest, or be detrimental to them. Transformative care policies are thus defined as those that simultaneously guarantee care receivers' and caregivers' well-being, and advance their rights. The explicit inclusion of unpaid care and domestic work in the 2030 Agenda brings with it the potential to move care policies up governments' agendas, and represents an opportunity for women's movements and other social actors to support, shape and hold governments accountable for their implementation. Which policies and innovations are conducive to this end? And which political strategies have succeeded in integrating a care lens into public policy?

Promoting social and solidarity economy through public policy

A vibrant arena of innovation for social protection and transformative change is found in social and solidarity economy. Myriad organizations, enterprises and people in their roles as producers, workers, consumers, citizens and residents are engaging in forms of production and exchange of goods and services with the primary objective of meeting social, cultural and environmental needs. While not explicitly mentioned in the SDGs, an increasing number of governments are recognizing the importance of SSE and supporting it through policy, laws, development programmes and institutional reforms. A key concern is the scope for scaling up SSE as a means of implementation of the SDGs, or more ambitiously, as an alternative development pathway. What are the challenges that need to be addressed if SSE is to grow out of its alternative niche into a more important sector? And how can the transformative potential of these activities be enhanced?

Sustainable development in times of climate change

Climate change is one of the most pressing manifestations of the unsustainable practices of our time. It challenges the very foundations of the global economic system, based on carbon-fuelled exponential growth, which is incompatible with environmental sustainability. The risks associated with environmental and climate change are very unevenly distributed and closely linked to structural inequalities which leave disadvantaged communities more exposed and vulnerable to climate impacts.[77] Climate change is fraught with a double injustice that leaves those least responsible for global warming the most exposed and vulnerable to its impacts.[78] Yet its social dimensions, including the politics of transformation toward sustainability and climate change resilience, are often neglected.

Transformative change with regard to sustainable development, defined in progressive terms as leading to the changes in consumption and production patterns that minimize environmental destruction while promoting development and the well-being of present and future generations, is probably the biggest challenge of the new agenda. However, the international sustainability discourse has changed significantly since the first Earth Summit was convened in Stockholm in 1972, shifting from conflicting to synergistic linkages between environment and growth, toward promotion of market-based instruments and from a political to a technocratic discourse.[79] Will the recourse to private property and commodification and financialization of nature in much of the current operationalization of sustainable development be sufficient in a context of increasing inequality and wealth concentration? What needs to be done to catalyse an eco-social turn in the coming 15 years?

Mobilizing domestic resources for sustainable development

To make the eco-social turn materialize it needs to be sustainably financed. Sustainable development does not only require funds to be scaled up at all levels, but also reforms of the logic and incidence of taxation and other revenue systems, making them more conducive to environmental sustainability, progressive redistribution and equitable economic

development while strengthening societal links between different population groups and between citizens and governments. In the particular financing mix countries dispose of for their development policies, public domestic resources are the most important funding source, in average terms, for all country groups. These are also the only reliable form of long-term financing and hence particularly important for transformative social policy. A so-far neglected aspect in finance for development debates, including in the Addis Ababa Action Agenda, is the political economy of resource mobilization. Understanding the transformative potential of financing systems requires moving beyond technical perspectives toward a fiscal contract approach. What are the political and institutional processes associated with tax reform and rent distribution from extractive industries? What innovations in DRM could lead to transformative change? What is the future role of different funding sources in a challenging global environment?

Driving the eco-social turn: Governance and politics

The extent to which the 2030 Agenda will lead to transformative change depends on its successful implementation at the national, regional and global levels. Implementation, while often associated with technical or administrative tasks, is in the first place a political process that requires negotiation among different actors, as differing options and alternatives distribute costs and benefits differently across the population. Implementing reforms successfully requires continuous mobilization of resources and political support, meaningful participation of civil society and stakeholders, and transparent and inclusive decision-making processes if tensions and trade-offs emerge.

Potential tensions and trade-offs can be anticipated by looking carefully at the coherence of the 2030 Agenda at different levels: first, horizontal coherence across the economic, the social and the environmental pillars as well as within each pillar; and second, vertical coherence between the national level and global governance regimes in areas such as finance, trade, climate change, migration and human rights. While horizontal coherence can be improved at the national level through policy integration, vertical coherence is an even more complex undertaking involving a larger group of actors and reform of global institutions.

At the national and global levels, it is crucial to allow for broad-based participation of civil society actors and to empower weaker stakeholder groups, as these are often the ones advocating for social and environmental objectives, which are at the heart of the 2030 Agenda. How can the overall coherence and effectiveness of the new global agenda be strengthened? Are the means of implementation suggested in SDG 17 in line with the transformative vision of the agenda? Which innovations and political processes have supported better policy integration at the national level and how can global governance facilitate the systemic changes needed? How can civil society actors and social movements increase their policy impact?

Pathways to transformative change for sustainable development

The 2030 Agenda has moved beyond the traditional aid sectors to encompass the entire tool box of policy makers to make poverty history, to combat inequality and exclusion, and to align production and consumption patterns with the carrying capacity of our planet. The discussion in this report of different policy areas includes both positive examples of numerous innovations and reforms, as well as obstacles and limitations.

In the end progress toward sustainable development will not be the summary of isolated and siloed interventions, but the outcome of systemic changes and holistic approaches based on a new normative framework of transformation. Which innovations drive transformative change? What are the key lessons and policy implications emerging from the analysis presented in this report?

Endnotes

[1] Koehler 2016; Fukuda-Parr 2014.

[2] UNRISD 2010a, 2015b.

[3] van Griethuysen 2016.

[4] This report uses the conventional notions of "developed" and "developing" (as well as the terms Global North and Global South) to designate the huge prevailing income and wealth inequalities between countries, while recognizing that the conceptual shift implied in the 2030 Agenda should lead to more progressive and universal terminology in the future.

[5] UNRISD 2014.

[6] UN 2012.

[7] Gottschalk 2015.

[8] UNRISD 2010a; Cook and Hujo 2013; for more recent analysis, see Molyneux et al. 2016.

[9] Jomo et al. 2016.

[10] Utting et al. 2012; UN 2009.

[11] MacGregor forthcoming.

[12] UNRISD 2000.

[13] UNRISD 1995, 2000.

[14] Koehler 2016.

[15] Fukuda-Parr 2014; Cimadamore et al. 2016.

[16] Mishra 2004; Mkandawire 2016.

[17] Utting et al. 2012.

[18] Jozan et al. 2013.

[19] Laville 2015; UNRISD 2013b.

[20] UNRISD 2013b.

[21] O'Neill 2012.

[22] Muradian 2015.

[23] FAO 2003.

[24] See Scott 2016.

[25] Gelb and Decker 2011; HelpAge International 2012.

[26] World Bank 2008.

[27] Frugal innovation entailing low-cost alternative products and services supplied by mainly big business for poor consumers, is frequently based on technological innovation and local adaptation (for example, mobile money services). For an overview of the polarized views about this top-down approach to innovation and its potential for inclusive development, see Knorringa et al. 2016.

[28] Ghosh 2015.

[29] Ostrom 2010.

[30] Utting and Clapp 2008.

[31] Faul 2016.

[32] Razavi and Staab 2012; Razavi 2012; Budlender 2010.

[33] Utting 2015; Faul 2016.

[34] Utting et al. 2012:16.

[35] Fraser 1995:82.

[36] UNRISD 2010a; ECLAC 2016.

[37] Utting et al. 2014; Cook et al. 2012.

[38] Box 1.1; UNRISD 2006, 2010a.

[39] UNRISD 2006; Mkandawire 2004.

[40] Land reform is a good example of integrated policy reform and social policy by other means, as it serves economic and social objectives. For an early overview see Barraclough 1991; on the issue of agricultural policies and poverty reduction, see Sheingate 2015; and on women's claims making for land rights in China and India, Kelkar 2016.

[41] van Griethuysen 2016.

[42] Bangura 2006.

[43] Ortiz et al. 2015.

[44] UNCTAD 2015a; UNDP 2014; UNCTAD 2015b; UN DESA 2015; ECA and OECD 2015; ECLAC 2016.

[45] UNDP 2015.

[46] UNRISD 2010a; CEPAL 2010; Piketty 2014; Atkinson 2015; Stiglitz 2012.

[47] Oxfam 2016.

[48] UNRISD 2015a.

[49] HRC 2016; UN General Assembly 2015.

[50] Wilkinson and Pickett 2009.

[51] Stockhammer 2012; Cingano 2014; Ostry et al. 2014.

[52] UNRISD 2010c, 2010d.

[53] UN Women 2015:10.

[54] UN Women 2015; UNRISD 2013b.

[55] FAO 2015.

[56] See also Cimadamore et al. 2016; Jomo 2016.

[57] Wilkinson and Pickett 2009.

[58] Heintz 2015; UNCTAD 2015a; UNRISD 2013a.

[59] See also UNRISD 2010a.

[60] ILO 2014.

[61] Sustainable work is defined by the HDR as work, including unpaid care and domestic work, that advances human development and reduces negative side effects. UNDP 2015.

[62] UNRISD 2010a; ILO 2014.

[63] Aid allocation to social sectors between 2005 and 2014 increased by 45 percent; however, this was outpaced by increases in economic infrastructure and services of 109 percent (calculation based on OECD 2016).

[64] ILO 2014.

[65] ILO 2014: Table B.9.

[66] Many other countries have successfully introduced or expanded social pensions to protect the older population against poverty. For a more detailed discussion, see chapter 2.

[67] This is especially important as population ageing requires adjustments in pension and health systems, including long-term care systems, as well as reforms in the labour market. Currently, Europe has the greatest percentage of its population aged 60 or over (24 percent), but rapid ageing will occur in other parts of the world as well, so that, by 2050, all major areas of the world except Africa will have nearly a quarter or more of their populations aged 60 or over (UNDESA 2015b).

[68] ILO 2015a; OECD 2014; Adema et al. 2014.

[69] IOM 2009.

[70] OCHA 2015.

[71] WHO 2014; see also chapter 5.

[72] World Bank 2008; Tanner and Horn-Phathanothai 2014:63.

[73] World Bank 2016; Gough 2011.

[74] SDGs 4, 8, 9, 11, 16.

[75] UNRISD 2015a.

[76] These policy areas were also the focus of UNRISD research under the Institute's 2010–2015 research agenda.

[77] IPCC 2014, 2012.

[78] Gough 2011.

[79] Gomez-Baggethun and Naredo 2015.

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CHAPTER 2

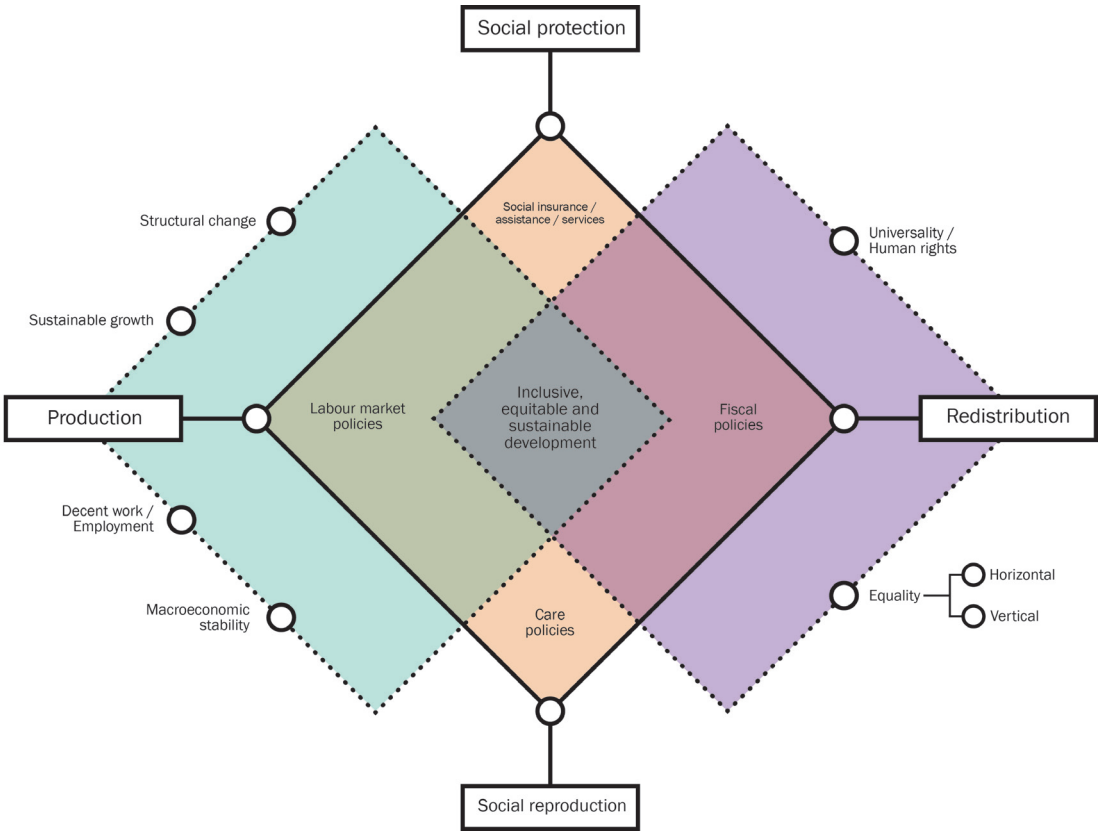
New Trends and Innovations in Social Policy

An elderly woman counts her money in China.

Since the 1990s, the "social turn"—a combination of shifts in ideas and policies that reasserted social issues in development agendas—has brought about various changes and reforms in a wide range of social policy institutions and instruments. Innovations in social policy that bode well for transformative change include the increasing trend toward universalization (leaving no one behind); better integration of policy instruments (or policy coherence) between the social, economic and environmental dimensions of development; more inclusive forms of participation in policy design and implementation; new forms of partnership; and new directions in global and regional social policy. While currently facing strong headwinds, the social turn needs to be sustained, reinvigorated and, ultimately, broadened into an eco-social turn.

Chapter 2 addresses implementation of SDGs

Figure 2.1. **Transformative social policy**



1. Introduction

Social policy faces a fundamental challenge, in the form of the ambitious, universal 2030 Agenda for Sustainable Development, combined with the effects of the global financial crisis of 2008. No longer can it remain a marginal field of policy intervention as has so often occurred in the past. Moreover, social policy needs to break out of the confines of narrowly targeted or fragmented forms of social protection that characterized the poverty reduction strategies of many developing countries around the turn of the millennium.

As this chapter shows, many developing countries are bucking these trends by elevating the importance of social policy in their policy portfolios. New approaches and innovations suggest that the subordination of social policy to economic growth is breaking down. Trends associated with universal coverage are apparent not only in emerging market economies such as Brazil, China and Thailand, but also in several poorer developing countries. Bolivia's universal social pension is a case in point.

New approaches and innovations suggest that the traditional subordination of social policy to economic growth is breaking down

It is also apparent that social policy models and conditionality associated with donor governments and international financial institutions are not informing policy design in the global South to the extent that they have in the past.

The scope of social policy in many developing countries has broadened in a way that recognizes and leverages its multiple functions (figure 2.1)—not only protecting vulnerable groups of people, but also redistributing income and wealth; facilitating social reproduction, including care provision; enhancing production through investment in individual and collective productive capacity and demand-led growth; and strengthening social cohesion.[1]

There are also signs that countries are pursuing different pathways to social development. These more comprehensive, differentiated approaches

contrast sharply with the standardized one-size-fits-all prescriptions that characterized social policy during the experience of structural adjustment in the 1980s and subsequent poverty reduction strategies.

This chapter reviews and assesses these developments. Through the lens of specific social policies, it identifies key trends and innovations, examines the drivers of policy change, and assesses the implications of social policy reform for sustainable and inclusive development. It pays particular attention to their transformative implications, that is, whether such reforms can contribute to realizing human rights and crafting new patterns of resource allocation, production and consumption that are conducive to meeting multiple human needs on a sustainable basis, empowering those in need both economically and politically, and rebalancing power asymmetries in society.

The evidence presented in this chapter points to three main findings.

- In parallel with reinforced labour market flexibility and reduced job security, social protection has expanded, extending coverage to hitherto excluded sectors. Although there are wide variations in coverage and quality across countries, some programmes being designed and implemented in developing countries are tending toward universalism and aim to leave no one behind. The establishment and consolidation of inclusive social and political institutions that transmit the demands of people to the government is central to the expansion and universalization of social protection.
- People's organized participation in policy design and implementation, integration of social policies with other policies such as economic and environmental policies, and multistakeholder partnerships for the design and implementation of social policy are increasingly taking hold in developing countries. Crucial to maximizing the transformative potential of these reforms are effective mechanisms for meaningful participation, holding the government accountable and rebalancing power asymmetries among stakeholders involved in policy design and implementation.
- In contrast to structural adjustment reforms of the past and more recent approaches to "targeting the poor", new forms of global social policy can play a more constructive role in expanding social protection in developing countries. Supranational regional policy and institutions, despite their current limitations, can potentially strengthen the role of social policy in development and act as a conduit for ensuring that progressive global standards resonate at the national level.

Section 2 of this chapter briefly examines the origins of the "social turn" (chapter 1), the inherent tension between market imperatives and democratic forces that shapes social policy responses, and the fact that this interplay can account for significant variations in the nature of the social turn in different countries. Section 3 then identifies and assesses nine important areas of social policy reform—including health, pensions, cash transfers and labour market policies[2]—and the institutions and processes involved. Section 4 summarizes what is new or distinctive about contemporary social policy reform, distils key messages related to the transformative potential of these innovations, and reflects on certain political economy drivers that need to be in place if that potential is to be realized.

2. The Social Turn since the 1990s

Concerns about poverty gave rise to the social turn

By the turn of the millennium, concerns about poverty had assumed a far more prominent place on the international development agenda (chapter 1). What was referred to as the "post-Washington consensus",[3] the "quiet revolution"[4] and the "social turn"[5] emphasized the need to pay more attention to the social consequences of market fundamentalism and bring back policies and institutions that addressed the social dimensions of development. Although privatization, liberalization and deregulation remained the order of the day, these core neoliberal policies were now undertaken in tandem with measures that addressed poverty, corruption and transparency. Ideas and practices that recognized the diversity of cultural, economic and political contexts gained traction, gradually

replacing the inclinations of major donors to take a one-size-fits-all approach to the application of neoliberal policies at local, national, regional and global levels.

In developing countries, particularly in low-income countries, social protection for people who are poor or at risk of becoming poor has become a major policy approach to combat widespread poverty and vulnerability over the last two decades.[6] The period from the 1990s to the global financial crisis of 2008 witnessed an expansion of social protection coverage in both low- and middle-income countries, albeit with significant variations across countries. Emerging economies such as Brazil, China and India appeared to epitomize the social turn.

The social turn created policy tensions

Efforts to craft institutions and policies to address the social consequences of neoliberalism created policy tensions between two seemingly contradictory dynamics. On the one hand, social policy programmes were designed to adjust to market imperatives and the pressures of fiscal discipline, privatization, austerity and retrenchment. On the other hand, democratization, active citizenship and growing recognition of the human costs of economic liberalization have given rise to pressures for expanding welfare provisions, and to a rights-based approach in the policy orientation of numerous emerging and developing countries.

So the social turn per se does not imply transformative change for inclusive, equitable and sustainable development. Indeed, the type of targeted social assistance programmes adopted in many developing countries generally performed disappointingly, with high inclusion and exclusion errors in terms of reaching the poor.[7] Furthermore, market imperatives have reasserted themselves in some countries. Since 2008, austerity measures and fiscal consolidation have been mainstreamed in the policy responses of several developing as well as developed countries.[8]

Whether the social turn leads to genuinely transformative change in social policy is significantly influenced by structural and institutional factors

As discussed in the following sections, whether the social turn leads to genuinely transformative change in social policy is significantly influenced by structural and institutional factors; political dynamics over the provision of specific social goods and services; and interactions between different types of social policies, as well as between social, economic and environmental policies and institutions.

3. New Directions and Innovations

Social policy regimes around the world are undergoing significant change in response to contemporary risks and opportunities associated with economic and political liberalization, as well as socioeconomic and demographic trends such as ageing, migration and informalization (chapter 1). New trends are emerging along with various innovations to change the character of social policy in both developed and developing countries.

The policy choices, particularly of emerging economies (including Brazil, Russia, India, China and South Africa, known as the BRICS) but also of some low-income countries, demonstrate a range of strategies designed to meet the economic and social development challenges of the contemporary globalized world. Some of the social policy and programme innovations in countries of the Global South demonstrate more (potentially) transformative features in terms of equity, inclusion and sustainability than those seen in many high-income countries.

This section explains the contexts, drivers and nature of various innovations in social insurance, social assistance and social services. While the main focus is on social policy innovation in developing countries, a number of developments in Europe are also noted as a means of highlighting variations in contemporary reforms. This contrast suggests not only that developing countries have adopted a different policy response in the aftermath of the global financial crisis, but also that they are pursuing an approach to social protection that differs from the conventional European welfare state model, which pre-supposed a large formal economy.

Inclusive and democratic institutions are key enabling factors for universalization

Inclusive and democratic political institutions and practices, preferably combined with competent bureaucracies, are essential elements of an enabling institutional environment for the expansion of social services and income protection. Since the late 1980s, democratic transitions in many developing countries have established legal frameworks and normative aspirations for guaranteeing human rights relating to an adequate standard of living (including the right to adequate food, housing, water and sanitation), education and standards of health, social security and gender equality. In the case of social protection, these frameworks create a political space where proponents of universal social policy can confront those promoting residual and targeted approaches and can exert pressure for change.[9]

Democratic political institutions, including electoral competition, often obliged political parties to initiate and continue social protection reforms involving extended coverage. In Thailand, for example, constitutional and political reforms in the late 1990s significantly reduced the power and influence of business interests at the provincial level, which had been an obstacle to establishing a national political agenda for universal health care. When the rules of the electoral game changed in favour of political parties with a national pro-poor agenda, social movements and progressive bureaucrats in the health sector became part of a broad-based alliance that established and implemented a more inclusive social policy agenda that included the 30 baht universal health care reform.[10]

In Thailand, constitutional and political reforms in the late 1990s significantly reduced the power and influence of business interests at the provincial level, which had been an obstacle to establishing a national political agenda for universal health care

Health councils in Brazil are an institutionalized participatory mechanism for citizen engagement that have played a significant role in making the country's universal, publicly funded, rights-based health system more effective, responsive and accountable.[11] Established by the Brazilian "Citizens' Constitution" of 1988, councils are responsible for service oversight at federal, state and municipal levels. Membership is divided equally between service users, on the one hand, and on the other, health professionals and managers, including private sector institutions delivering contracted-out services. The councils have a statutory mandate to audit health plans, budgets and expenditure. Transfers from federal health budgets depend on the councils' approval of accounts and spending plans. Over 5,000 health councils exist across the country, engaging citizens acting on behalf of a multitude of social actors, from neighbourhood associations to social movements. Activists in public health movements actively participate in these councils as civil society representatives.[12]

Strong regulatory institutions make private providers conducive to universalizing health care

Since the 1980s, increased international competition and market integration, along with trade and investment opportunities, have significantly affected the nature and forms of social policy, and shaped patterns of commercialization.[13] In response to the negative impacts of health care commercialization, governments in several developing countries are rebuilding public sector capacity and strengthening regulatory frameworks. Most of these reforms have been undertaken to improve equity and quality of care, to expand coverage and to contain costs.

With these reforms, some low- and middle-income countries have significantly expanded health care schemes and moved toward universal coverage in terms of legal coverage and/or access to health care (see table 2.1). As of 2014, 72 countries achieved more than 90 percent health care coverage. Among them are 19 upper middle-income, eight lower middle-income and two low-income countries.[14]

A key element of the more successful attempts to expand coverage and enhance quality has been

Health councils in Brazil are an institutionalized participatory mechanism for citizen engagement that have played a significant role in making the country's universal, publicly funded, rights-based health system more effective, responsive and accountable

an increase in government funding based on progressive principles. In countries such as Brazil, China and Thailand, the principle of "from each according to their ability to pay and to each according to their health needs" has been applied to the universalization of health care. The measure to expand coverage particularly targets those not covered by formal contributory health insurance.

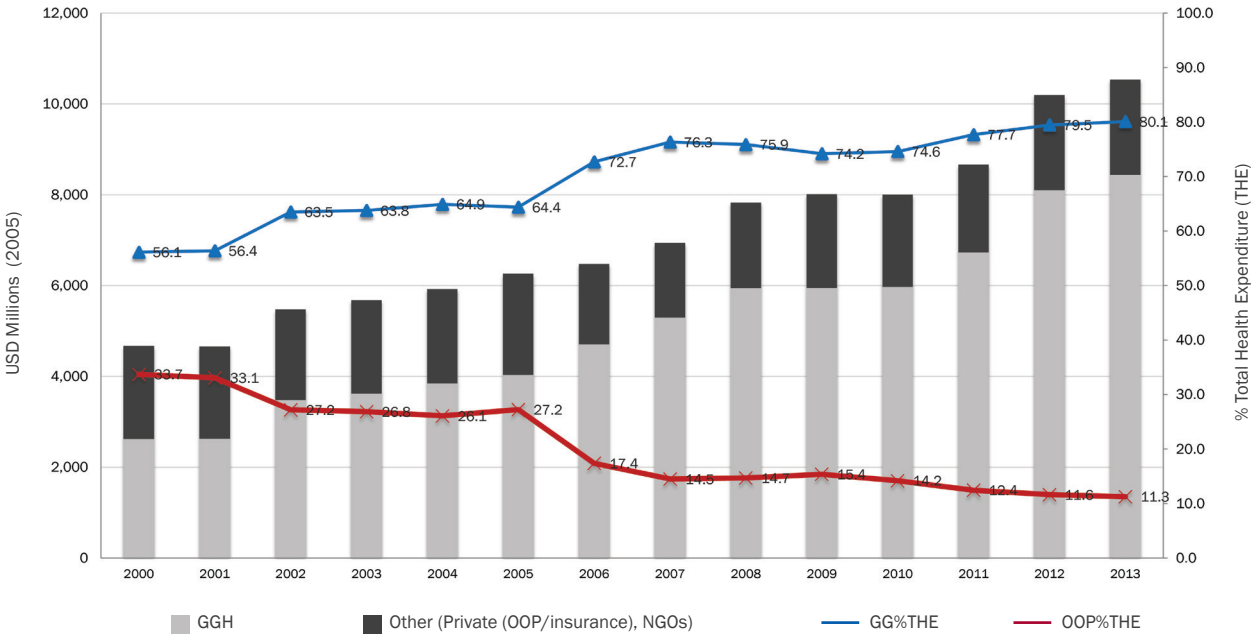
Schemes generally incorporate both public and private sector entities as service providers within a regulatory framework for reimbursement or compensation designed to reduce costs. Although

Table 2.1. **Low- and middle-income countries with more than 90 percent of health coverage**

Income group	Country	Estimate of legal health coverage (% of total population)	Year	% Live births attended by skilled health staff	Maternal mortality rate (modelled estimate, per 10,000 live births)
Upper middle income	Argentina	96.8	2008	99.4	7.7
	Belarus	100.0	2010	99.9	0.4
	Brazil	100.0	2009	98.9	5.6
	China	96.9	2010	99.6	3.7
	Costa Rica	100.0	2009	95.3	4.0
	Cuba	100.0	2011	99.9	7.3
	Fiji	100.0	2010	99.7	2.6
	Hungary	100.0	2010	99.1	2.1
	Iran, Islamic Republic	90.0	2005	99.0	2.1
	Libyan Arab Jamahiriya	100.0	2004	98.3	5.8
	Macedonia	94.9	2006	99.7	1.0
	Malaysia	100.0	2010	98.6	2.9
	Mauritius	100.0	2010	99.5	6.0
	Montenegro	95.0	2004	99.5	0.8
	Romania	94.3	2009	98.5	2.7
	Serbia	92.1	2009	99.7	1.2
	Seychelles	90.0	2011	99.0	–
	South Africa	100.0	2010	91.0	30.0
	Thailand	98.0	2007	99.4	4.8
	Venezuela, Bolivarian Republic	100.0	2010	98.1	9.2
Lower middle income	Armenia	100.0	2009	99.5	3.0
	Bhutan	90.0	2009	58.2	18.0
	Sri Lanka	100.0	2010	98.6	3.5
	Syrian Arab Republic	90.0	2008	96.2	7.0
	Ukraine	100.0	2011	98.7	3.2
	Uzbekistan	100.0	2010	99.6	2.8
	Vanuatu	100.0	2010	74.0	11.0
Low income	Gambia	99.9	2011	56.1	36.0
	Rwanda	91.0	2010	69.0	34.0

Source: World Bank 2014: ILO 2014.

Figure 2.2. **General government expenditure on health and total health expenditure in Thailand**



Notes: GGH: general government expenditure on health. OOP: out-of-pocket spending. THE: total health expenditure. NGOs: non-governmental organizations. OOP as % of THE growth rate (2000-2013) -9.9%. GGH and Other are shown in 2005 constant United States dollars. Annualized growth rates calculated using the least squares growth rate method. Source: Tivayanond Mongkhonvanit and Hanvoravongchai 2014.

economic growth and increased revenues obviously facilitate the significant extension of social service coverage, some countries have achieved universal coverage even under severe economic constraints. Thailand, for example, introduced major social policy reforms which significantly extended health care coverage in the early 2000s when the negative effects of the Asian financial crisis were still apparent (figure 2.2).

In countries such as China, Brazil and Thailand the principle of "from each according to their ability to pay and to each according to their health needs" has been applied to the universalization of health care

Improvements, then, in health system financing for the universalization of health care in low- and middle-income countries are crucially important. Although still significantly below the global average, that is 5.3 and 6 percent in 1995 and 2014, public expenditure on health as a percentage of GDP in low-income countries increased from 1.5 percent of GDP in 1995 to more than 2.4 percent in 2014. Out-of-pocket spending as a percentage of total health spending in low-income countries decreased from more than 50 percent to about 38 percent in the same period. In contrast, for the same period, the global average slightly increased from 17.4 to 18.2 percent.[15]

The effectiveness of universal health coverage in developing countries, however, still falls far short of the standard of universal health coverage suggested by Sustainable Development Goal (SDG) target 3.8, which includes at least three dimensions: population coverage, service coverage and financial protection. And among the low and lower middle-income countries with substantial health coverage, there is still a big question mark concerning the quality of services. In Bhutan, the Gambia, the Philippines, Rwanda and Vanuatu, for example, this is reflected in very basic health care indicators, such as the maternal mortality rate, which currently far exceeds SDG target 3.1 of 7 per 10,000 live births, despite substantial coverage in terms of free access to health care provided by the government (see table 2.1). In addition, stringent eligibility criteria, low awareness among potential beneficiaries, and difficult documentation requirements continue to restrict access to these schemes.[16]

Changes in state-society relations play a critical role in health care policy development

In China, a slightly different set of factors and dynamics have driven the re-universalization of health care services. The policy drive toward economic growth in the post-Mao era had marginalized public health issues and dismantled the public health care system. As of 1999, only 7 percent of the 900 million rural Chinese had any publicly provided health care coverage.[17] The SARS (Severe Acute Respiratory Syndrome) crisis in the early 2000s revealed the serious weaknesses of the Chinese system of governance characterized by administrative fragmentation, lack of coordination of different levels of government, and information asymmetry, particularly in the health sector.[18]

Evolving state-society relations have played a critical role in improving the health sector in China.[19] Chinese citizens empowered during the process of economic growth and globalization actively responded to initial official denials and subsequent cover-ups related to SARS by sending and sharing a torrent of messages through mobile phones and emails. Public anger and distrust toward the health care system often fuelled public protests, especially in less affluent rural areas.[20]

Chinese political leaders have long believed that social stability is the prerequisite for economic growth and development. After the SARS crisis, senior political leaders became more concerned about cooperation across ministries and different levels of government.[21] They also recognized the importance of information-sharing among national health policy stakeholders, as well as between national and international health institutions. Such communication failures had been one of main causes of the SARS crisis.

Reform of the health system has opened a space for participatory and deliberative practices. Various stakeholders, including academics, domestic and foreign interest groups, such as Hong Kong–based civil society organizations (CSOs), Chinese community organizations in Europe, international organizations and foreign advisors, participated in the policy-making process to identify problems and design policy options. This took place through a variety of forums, including Internet.[22] While not particularly strong, the influence of these various stakeholders on policy was effective enough to enhance the government's awareness of the poor state of the health system, the potential threat to social stability and the need to respond to popular demand for wider, more inclusive coverage of health care. Fiscal space created by economic growth has certainly played a crucial role in expanding the health service.

The standard of universal health coverage suggested by SDG target 3.8 includes at least three dimensions: population coverage, service coverage and financial protection

In a major reform in 2008, the government set the goal of providing affordable basic health care to all Chinese by 2020, mainly through a government-subsidized insurance system covering 95 percent of the population.[23] As of 2015, 96 percent of China's 1.38 billion population was covered by some form of health insurance, up from 45 percent in 2006.

But some clouds remain on the horizon. Migrant workers, covered by health insurance provided by their hometowns, receive lower reimbursement if they seek medical service in another province. They need insurance in the province where they move for work. Yet unstable employment leads to low insurance coverage: around 18 percent of total migrant workers in 2014. This gap can mainly be attributed to an exclusive policy-making process where migrants are not represented.[24] In order to overcome this challenge, policy-making processes regarding the health sector in China need to become more inclusive, pluralistic and accessible through creating policy networks that include the most marginalized, such as migrant workers. They accounted for 36 percent of the total workforce of around 770 million in 2015.[25]

Community-based partnerships have the potential to extend health service

Partnership between community-based organizations, government agencies and private sector actors has become a major means of extending social protection and access to social services such as health to informal

workers, in particular women in rural areas, in many developing countries (box 2.1). A trend leader is community-based health insurance (CBHI) or Mutuelle de Santé schemes. Since the 1990s, the number of these insurance schemes has increased, reducing out-of-pocket payments by the rural poor, particularly in sub-Saharan Africa. CBHI schemes generally share a number of common characteristics:[26]

- organized by and for individuals who share common characteristics (including geographical, occupational, ethnic, religious and gender);
- inclusive risk sharing within a given community and membership premiums independent of individual health risks;
- participatory decision making and management;
- non-profit character; and
- voluntary affiliation.

However, the results of assessments and evaluations are mixed. For instance, a systematic review of research published before the end of 2011 reveals strong evidence that African CBHI schemes improve service utilization and resource mobilization, and protect members financially by reducing out-of-pocket payments.[27] Other research suggests that coverage of most CBHI schemes in sub-Saharan Africa is very low (between 1 and 10 percent), financial protection is limited and the cost of collection can be high when it involves door-to-door visits by hired agents.[28]

The case of CBHI in Rwanda offers useful lessons for addressing these weaknesses. The country has made substantial progress in economic and social development, particularly in the health sector, since the 1994 genocide. From 1999, the Rwandan government promoted CBHI schemes as a part of nation-rebuilding efforts that drew on the long tradition of faith-based and community-run schemes.[29] This effort actively engaged community members and non-governmental organizations (NGOs) as well as foreign donors and global health funds. Schemes were linked to public and faith-based health centres, subsidies were provided for the poor and contributions were low. After a pilot phase, the government established a specific legal framework in 2008, making affiliation mandatory for nationals and residents alike.[30] In parallel, the government integrated and deployed donor funds in alignment with the Health Sector Strategic Plan of which the CBHI is one of the main pillars.[31] Enrolment increased from 7 percent in 2003 to 91 percent in 2010.[32] In 2015, the government transferred management of the CBHI scheme to the Rwanda Social Security Board in an effort to further scale up its reach, expand the benefit package to the level of social insurance for formal workers, and address financial instability of individual CBHI schemes due to an accumulation of debts to health providers.[33] The Rwandan case demonstrates that technical and financial assistance from or through the government and linkages with strong public systems of health care which reduce financial cost and standardize service quality are crucial to ensure that CBHI schemes contribute to the universalization of health care.

Several obstacles still remain in the path of universal insurance coverage in Rwanda. They include exclusion of the poorest of the poor that have difficulty in paying premiums, often women and children in rural areas;[34] the small benefit package compared to other insurance schemes; limitations in accessing for-profit-health providers; and poor service quality. The major challenge to the sustainability of the CBHI relates to the political economy of Rwanda, in particular authoritarian tendencies which systematically exclude opposition political forces, and heavy dependence on foreign aid, which still accounts for 30 to 50 percent of the budget.[35]

Pension reforms are turning the tide of privatization

Pension systems have been and continue to be one of the most dynamic areas of social policy reform and innovation.[36] Although the timing, extent, motives and drivers of reforms vary, many developed and developing countries have carried out pension reform, ranging from a wholesale overhaul involving privatization and renationalization to "parametric" reforms, that is, those related to eligibility, contribution rates and benefit formulas.

Privatization may have yielded improvements in terms of actuarial fairness and efficiency in some cases; however, it has invariably been associated with negative individual, social and budgetary consequences. They include high costs of fiscal transition (when moving from pay-as-you-go to funded systems) and administration of decentralized

Box 2.1. **Partnership in social policy:** A key means of SDG implementation

Interest in public-private partnerships (PPPs) has proliferated, particularly since world leaders hailed their potential at the United Nations World Summit for Sustainable Development in 2002.[a] Such interest was further reinforced following the 2008 global financial crisis. In policy and practice, many claim that it is critical to tap the expertise and resources of the private sector.[b] Yet evidence shows that resources can also flow from public to private actors in the partnership.[c] On which terms can PPPs become an effective instrument for development?

Using PPPs in the provision of social services is neither completely new nor innovative. Many institutions with a public-private component and a mixed organizational identity can be identified in the history of social development and service provision, as in the case of water supply, waste collection and public transportation.[d] The significant role of the private sector in the delivery of health and education services in East Asia, including in the Republic of Korea, Japan and Taiwan, Province of China, is also exemplary of PPPs broadly defined. In all these cases, strong governmental regulatory mechanisms and administrative capacity maximized the effectiveness of PPPs in achieving equitable and universal health and education systems.[e]

In more recent social policy debates and practice PPPs have been closely associated with neoliberal policy reforms. Such reforms often ignored important aspects of regulation, participation and coverage. As a result, policies and institutions for PPPs have often lacked in-built mechanisms for correcting power asymmetry among partners. They have often promoted and delegated authority and responsibility to powerful and influential actors and thereby undermined the capacity of partnerships to meet social needs.[f] Transformative innovations in relation to PPPs in social service provision, therefore, should be about changes in the nature of partnerships in terms of the actors involved, their roles and functions, and power relations among them, rather than the public-private partnership per se.

Much research has failed to account for the heterogeneity beneath the surface of the categories "public" and "private", much less the diverse roles and functions they might play within a partnership, or how the power relations among them need to be addressed.[g] Improved analysis and understanding of the empirical evidence on PPPs demonstrates the need for a variety of supportive institutions if PPPs are to deliver as a key means of implementation for the SDGs, as stated in goal 17. They include:

- policies, mechanisms and government capacity to ensure transparency and accountability;
- competition for both inputs and outputs; compliance of private sector providers with standards for high quality and cost-effective services to consumers and the government;
- commitment to public goods by private sector actors to meet the public interest; clear demarcation of responsibilities and objectives; and
- sharing of appropriately calculated costs, benefits and risks.

Supportive institutions should be designed to correct existing power asymmetries of the partners to maximize mutuality and organizational identity in ways conducive to meeting the public interest.[h]

Notes: [a] Lund-Thomsen 2007. [b] Cuttaree and Mandri-Perrott 2011. [c] Jomo et al. 2016. [d] Perez and March 2006; Benzacon 2004; PPIAF 2009. [e] Yi 2015. [f] Béland 2007. [g] Faul 2016. [h] Brinkerhoff 2002; Jomo et al. 2016; Faul 2015.

and profit-oriented systems; considerable market risks; and adverse effects on coverage rates, risk-pooling, gender equity, redistributive fairness and social cohesion.[37] Fiscal savings, if any, have come at the cost of a substantial decline in the adequacy of public pensions, which jeopardized the right to income security in old age.

The most radical measure to address these problems has been to strengthen the public pillar in these schemes, or to renationalize private pension schemes, as occurred in Argentina, Bolivia, Bulgaria, Hungary, Poland, Portugal and the Russian Federation. The imperative of social protection and macroeconomic considerations are the joint leitmotifs of these measures. What constitutes the major driver, however, as well as the nature of political configurations underpinning reform, varies by country. For instance, short-term fiscal concerns such as reducing the public pension deficit and short-term debt financing by using part of the released capital from private pension funds explain the type of reforms and their timing in the

The case of CBHI in Rwanda illustrates the importance of long-term strategic planning by the state, cooperation between public and non-state sectors, member-based organizations, local communities and cooperatives

cases of Hungary (2010) and Argentina (2008).[38] In Bolivia, renationalization of the contributory pension scheme, which had been privatized in 1996, did not imply a change in the financing method (as capitalization was maintained), but shifted administration of pension funds to the state and introduced a strong redistributive element and a minimum pension guarantee. The reform was mainly driven by social concerns and was made possible because of a political alliance of socially progressive forces involving the government, major trade unions and organized groups of pensioners.[39]

Renationalization was often accompanied by complementary social policy measures for older people, mainly non-contributory basic pension schemes. With strong political support from peasants and indigenous peoples, Evo Morales's government in Bolivia established Renta Dignidad in 2008. This programme scaled up the previous programme, Bonosol, in terms of coverage, benefits and eligibility. A year later, the government renationalized the two existing pension funds, making the two programmes, the social and the contributory scheme, complementary for the income security of older people.[40]

Table 2.2 illustrates that in Bolivia, these reforms have had a positive impact on the share of non-labour income across all income groups of older people. It also indicates that transfers have been particularly pro-poor. Women, who tend to have less access to contributory pension insurance due to their higher participation in the informal economy and in unpaid care work, benefited most from social pensions.[41]

Fiscal savings have come at the cost of a substantial decline in the adequacy of public pensions, which jeopardized the right to income security in old age

In Chile, pressure for pension reform more than 25 years after privatization emanated from both rising discontent among older people with insufficient coverage and adequacy of pension benefits, and concerns about future increases in old age poverty from the government and international expert community. About 45 percent of members of private pension funds were estimated to have a pension below the minimum guaranteed after 20 years of contributions.[42] Mounting criticism of the private pension system enriching the financial industry also pushed reform. The percentage of people contributing to individual accounts decreased from about 75 percent in the early 1980s to slightly over 50 percent in the mid-2000s.[43]

Following a broad-based consultation, an advisory council comprising representatives of diverse sectors of society submitted a report proposing changes to correct flaws of the private pension system.[44] The Bachelet government undertook a moderate reform in 2008 without changing the basic structure of the privatized system. Taking advantage of the fiscal space provided by the commodity boom and gradually decreased transition costs, the government established a new basic pension pillar (*pensión básica solidaria)* in 2008. This pillar currently covers the poorest 60 percent of the population, identified

Table 2.2. **Effects of Renta Dignidad** (monthly household income per capita in real bolivianos)

		2001		2006		2013		
Household	Percentile	Labour income	Non-labour income	Labour income	Non-labour income	Labour income	Non- labour income	Non-labour income: Renta Dignidad (% of total income)
All population	P25	66	11	102	20	234	26	3.8
	P50	166	14	239	13	434	31	2.2
	P75	323	41	459	38	699	86	1.2
Households with at least one member aged 60+ years	P25	66	11	84	37	183	77	24.4
	P50	156	23	177	66	329	136	15.4
	P75	303	51	329	150	416	370	9.2

Source: Vargas and Garriaga 2015 (from INE Bolivia, IMF staff calculations).

through the application of a means test. A solidarity retirement contribution *(aporte previsional solidario)* was also introduced, consisting of a payment to supplement the lowest pensions. Furthermore, the reform included a state subsidy to young low-income workers during the first two years of their employment. The reform also had positive implications, albeit limited, from the perspective of gender equity and women's empowerment. It raised women's benefit level in the private pension system by providing a bonus for every child *(bono por hijo)*, and introduced equal treatment of men and women by allowing them to split accumulated savings by up to 50 percent in case of divorce and treating them equally in the case of the death of a partner.[45]

Comparative research on Argentina, Bolivia, Chile and Hungary demonstrates that reversing pension privatization (or reforming private schemes substantially, as in the Chilean case) did away with or at least helped resolve some structural flaws of privatized schemes, such as the lack of social dialogue and social participation, low coverage, unequal treatment under different schemes, low social solidarity, gender inequality, benefit insufficiency, high administrative costs and weak state supervision. Argentina and Hungary introduced the most radical re-reform by incorporating the private funds into their public pay-as-you-go programmes. However, these reforms were not based on a participatory process involving broad-based consultations and debates, and there are major concerns about fiscal sustainability.[46]

Specific challenges remain to be addressed in these countries. Renationalization and re-reform have left untouched separate schemes with superior benefits and fiscal subsidies, such as those for the armed forces, the police and civil servants in Argentina, Chile and Bolivia. In Chile, where the private scheme was reformed but not eliminated, workers' contributory burden is still excessive compared to employers'. This results in low contributions, and the retirement and benefit calculation rules are unfavourable to women.[47] In Bolivia, the share of contributors in the economically actively population has not been significantly improved, remaining at around 11 percent. In Hungary, where reform was driven by short-term fiscal concerns, benefits were tightened, early retirement in the public pillar was abolished, the minimum pension reduced, a 13th month pension eliminated and the age of retirement gradually increased by four years.[48]

Social pensions have gradually gained traction in developing countries

Social pensions have gradually gained traction as a policy innovation to expand coverage in countries with dual labour markets and high rates of informality. Social pensions are non-contributory benefits which are usually tax-financed and paid to either the entire older population, or to a sub-group of older persons living in poverty (means-tested) or those who do not receive any pension benefit (pensions-tested). Social pensions can contribute to transformative change if they are universal and rights-based, granting income security to the entire older population, and if benefit levels are sufficient to allow pensioners to live a decent life. Complementary services such as health insurance and other allowances, as well as participation of older people in the governance of pension systems, increase positive social outcomes. Several factors have driven the expansion of social pensions in recent times.[49] They include:

- a series of economic crises and a context of demographic change creating political pressure on governments to establish and scale up social protection programmes, particularly for older people;
- normative and discursive changes that triggered the social turn, emphasizing the importance of social protection for equitable and sustainable growth and poverty reduction;
- the need for ongoing pension system reform in contexts of demographic change and persistent labour market challenges;
- increased availability of robust analysis of the problems of existing pension systems and affordability/feasibility studies of reform options;
- growing awareness of international human rights law and the idea of a rights-based approach to development;
- broad-based coalitions pushing for reforms, including international organizations and NGOs, leadership at the highest level, and specific reform strategies such as reform bundling (joint reforms of contributory and non-contributory pension programmes);
- capacity to mobilize resources; and
- positive reform contexts such as high rates of economic growth.

Out of 100 countries with non-contributory social pensions in the world, 12 low- and middle-income countries currently have a universal pension for

Social pensions have gradually gained traction as a policy option to expand coverage in countries with dual labour markets and high rates of informality

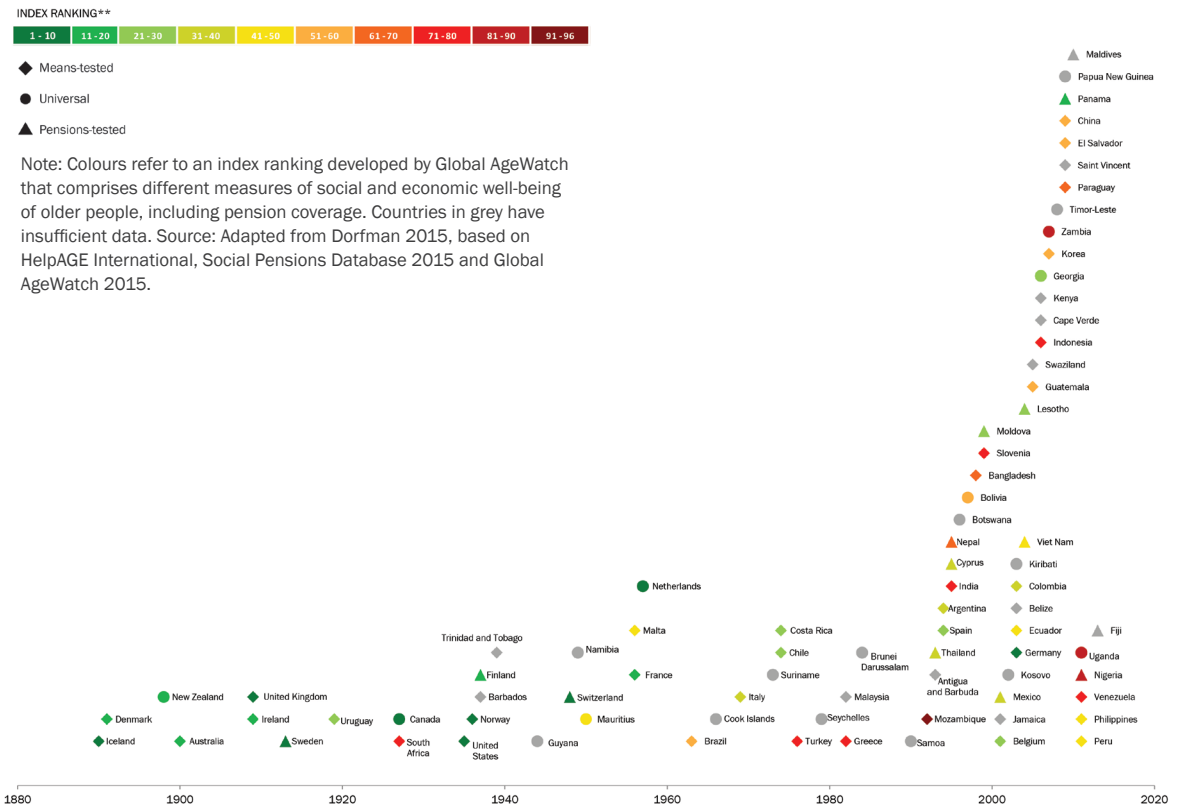
which eligibility is based solely on the age of the individual and a history of citizenship or residency. In addition, 19 middle- and low-income countries have achieved universal pension coverage by reaching those who do not have a formal pension (figure 2.3).[50]

However, there are also major challenges to adopting or expanding social pensions in developing countries. These include increasing numbers of low-paid and informal urban workers, the scale of migrant and rural populations, policy priorities favouring the economically active youth population over the older population and persons with disabilities, and fiscal constraints that shape the preferences of policy makers. Robust and clear political and policy strategies for comprehensive and integrated systems of social protection, in which contributory pension insurance is combined with universal social pensions, are therefore urgently needed.[51] They would go a long way toward building comprehensive social protection systems, called for in ILO recommendation No. 202 on National Social Protection Floors, and toward achieving the SDGs, in particular goals 1 and 5.

Second-generation cash transfer programmes have innovative features

Cash transfer programmes gained traction from the late 1990s, particularly in Latin America and the Caribbean, partly due to their strong promotion by international financial institutions as a policy tool to address poverty. Widely copied since then, in different contexts, not all cash transfer programmes are promoting transformative change, as too often they remain residual programmes with low coverage and benefit levels and insufficient domestic funding, or because conditionalities have adverse consequences for recipient households.[52] Moreover, when they are designed within organizational silos, cash transfer programmes run the risk of being fragmented and duplicated, which increases administrative costs and exclusion- and inclusion errors.[53]

Figure 2.3. **Establishment of social pension and assistance schemes for older persons** (up to 2015)



Cash transfer programmes, particularly targeted ones, require a variety of supportive institutions, policies and coordination mechanisms to produce successful short- and long-term outcomes. They can have positive impacts on poverty reduction and human capital accumulation if supported by appropriate contexts where other enabling conditions, such as quality services and employment opportunities, are accessible to the population. Some recent innovations bode well in this regard.

Integrative cash transfer programmes are examples for eco-social policy

Some countries have adopted innovations that aim to empower and meet the multiple needs of the poorest and the most vulnerable people by combining different policy tools with a wide range of economic, social and environmental objectives. Particularly notable are integrated approaches such as social and environmental cash transfers, and the use of cash transfers for those living in areas affected by complex humanitarian needs, as in conflict-torn countries.

Integrated approaches for achieving social and environmental sustainability goals, particularly poverty eradication (associated with SDG target 1.1) and environmental conservation (associated with SDG target 15.1), are an attempt to address the flaws of fragmented social and environmental policy instruments such as conditional cash transfers (CCTs) for poverty reduction and Payments for Environmental Services (PES) for environmental protection.[54] Examples of such integrated eco-social policies include the following.

- Bolsa Verde, a cash transfer programme in Brazil established in 2011, provides cash benefits and vocational training to families that make a living from collecting forest products or farming in protected or other designated areas, in return for commitments to adopt more sustainable use of natural resources to reduce deforestation.[55] It is mandatory for participants to be beneficiaries of Bolsa Familia, the biggest CCT programme in the country, and registered in the single registry. Around 213,000 families are potentially eligible for participation in the programme, and in December 2015, 74,522 households received benefits of 300 reais per month.[56]
- Much of the work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), established in 2005 in India and guaranteeing up to 100 days of paid employment to poor people in rural areas, is devoted to environmental conservation, natural resource management (including the creation of durable assets), improved water security, soil conservation and higher land productivity. MGNREGA has offered employment to 20–55 million households per year or around 30 percent of all rural households.[57]
- Cash transfers can play a significant role in mitigating the negative impacts of fossil fuel subsidy reform. Various countries, such as Ethiopia, Ghana, Indonesia and Iran, that have adopted measures to reduce fuel subsidies are also allocating fiscal savings to cash transfer programmes.[58]

Creating compensatory mechanisms for fossil fuel subsidy reduction is particularly important, considering its direct impact on livelihoods and potential social unrest. Coupling fuel subsidy reform with the expansion of cash transfer programmes aims to convert such reform into a "triple win" initiative that simultaneously achieves macroeconomic, environmental and social goals. It requires well-integrated supportive policies and institutions such as energy sector reform policy and social protection measures. The reduction of fossil fuel subsidies needs to be part of a comprehensive national development strategy. Particular attention needs to be paid in cases where previously universal subsidies are replaced by targeted cash transfers, which are likely to lead to exclusion errors and stigmatization. Ethiopia, a predominantly agricultural country, has integrated the fuel subsidy reform (2008) with its strategy for transition to a green economy. The Climate-Resilient Green Economy Strategy (2011) focuses on improving crop and livestock production practices; protecting and re-establishing forests; expanding electricity generation from renewable energy; and leapfrogging to modern and energy-efficient technology.[59]

Setting energy prices on the basis of criteria that take into account the impact of price rises on inflation, growth and livelihoods is crucial to an integrated approach. Many developing countries have different criteria for price setting but have established mechanisms that take into consideration the world price and other costs.

Engaging people in the policy-making process is key to the success of these initiatives. Recent nationwide public information campaigns in Indonesia, Jordan and the Philippines have facilitated the implementation of fuel subsidy reforms.[60]

Realizing the potential of integrated approaches to cash transfers programmes is no easy task. Problems of exclusion error, high administrative costs and stigmatization are likely to occur if an integrated approach is based on targeted programmes. A variety of serious challenges have been encountered, including:

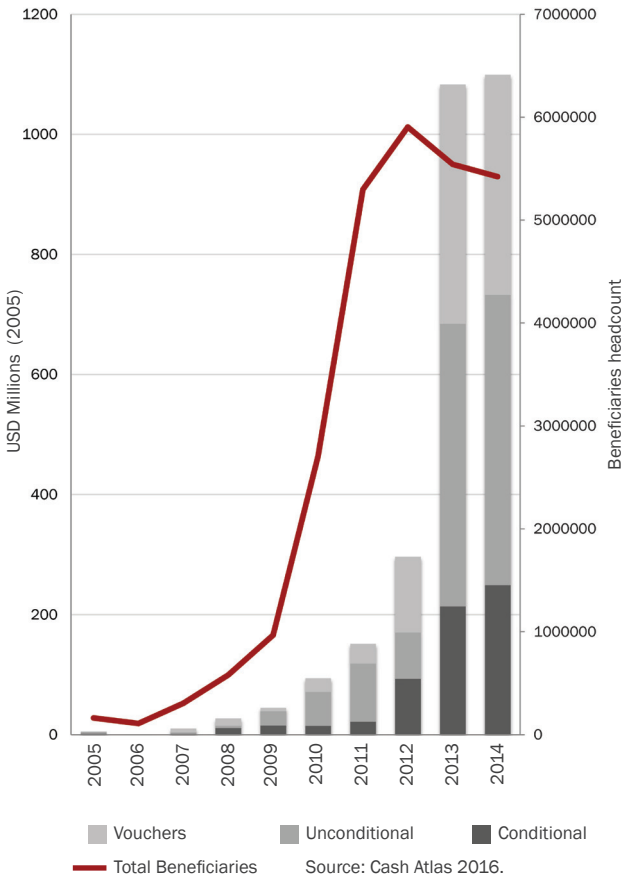
- difficulty in monitoring performance and conflicts arising between rights of indigenous peoples to access resources and the designation of environmentally sensitive areas in the case of Bolsa Verde;
- rent-seeking by government officials through informal systems of patronage and low attention to skill development of beneficiaries in the case of the MGNREGA scheme;[61] and
- lack of broad-based political commitment in the case of fuel subsidy reforms which resulted in nation-wide demonstrations and riots in Indonesia in the early 2000s.

Cash transfer programmes are powerful as an emergency response

SDG 1, "End poverty in all its forms everywhere", is particularly challenging in contexts of humanitarian crisis associated with conflict-torn societies and countries affected by natural disasters where systems of governance and socioeconomic institutions are particularly weak. A notable innovation in social policy in such contexts is the implementation of cash transfer programmes as an emergency response (figure 2.4).[62]

Humanitarian agencies implementing cash transfers in affected areas are particularly active in Afghanistan, the Democratic Republic of the Congo (DRC), Mozambique, Nepal and Somalia. Some have successfully alleviated immediate hardship (for example, Afghanistan and Somalia 2002–2003). Other initiatives, such as Mozambique's Gabinete de Apoio à População Vulnerável (GAPVU/ Cash Payments to War-Displaced Urban Destitute Households Programme), have eventually been suspended. In the case of GAPVU, suspension was due to weak administrative, monitoring and supervision systems, which became a source of fraud and corruption.[63]

Figure 2.4. **Humanitarian cash transfers budget by type and total beneficiaries** (2005–2014)



Emergency response programmes are temporary by nature. Transforming them into more stable and institutionalized systems of social protection would ensure durable reconstruction. Building a functioning, effective and legitimate political order and governance structure for social policy in fragile contexts generally takes a long time. The development of a stable system requires, at least in the initial stages, special attention to existing functional and stable institutions—often rooted at the local level. Security policies and conflict management need to engage a diverse range of intermediaries and rival groups.[64] Formalization and integration of customary institutions through the Tribal Liaison Office in Afghanistan, and councils of elders in Somaliland and Bougainville, are notable examples in this regard, although careful attention has to be paid to avoid strengthening traditional institutions which might reproduce or reinforce undesirable social outcomes such as gender inequality.[65]

Cash transfer programmes, particularly targeted ones, require a variety of supportive institutions and policies to produce successful short- and long-term outcomes

Drawing on functioning traditional structures and converting foreign resources and expertise into indigenous capacity, are central to state building.[66] In the same vein, actively utilizing existing institutions and policies with the potential to strengthen social cohesion is an effective rebuilding strategy. It fosters a sense of community ownership and facilitates the design and implementation by local people and institutions of appropriate and workable solutions to the concerns and problems of beneficiaries themselves. Policies to correct mechanisms of discrimination against minorities and vulnerable people, particularly women, are essential in this process.

In Somalia, for example, humanitarian agencies have been implementing unconditional cash transfer programmes (UCTs) and food vouchers for purchasing a fixed quantity of food since 2011. For cash transfers, they used Hawala, a private trust-based system for money transfers which is present in much of Africa and South Asia under different names. The agents contacted by humanitarian agencies ask local agents of the their trust network in designated and often remote areas to deliver money to beneficiaries and settle the debt at a later stage. Hawala has played a key role in implementing cash transfers in Somalia. By December 2011, it was estimated that the cash and vouchers reached over 20 percent of the households in "crisis" according to the Integrated Food Security Phase Classification system.[67] Considering that net overseas development aid (ODA) to Somalia in 2012 was about USD 1 billion, managing an estimated range of USD 1 billion to USD 2 billion per year between 2012 and 2013 and reaching an estimated share of 40 to 80 percent of the Somali population, the Hawala system played a significant role in improving the living conditions of beneficiaries and the population at large.[68] Hawala contributed to reducing various difficulties associated with security risk, administration and monitoring. The presence of a functioning market is an important contextual condition for such schemes to have a positive impact.[69] Recognizing the importance of local institutions, particularly in highly fragile settings, is particularly important for achieving SDG 16 related to institution building to achieve peace and justice.

An interesting case of social policy as an emergency response in countries affected by natural disasters is the use of existing government-funded social policy programmes for the delivery of humanitarian aid. For instance, in Nepal, after two earthquakes severely affected 124 districts and put 2.8 million people in need of humanitarian assistance, the government implemented a top-up payment for beneficiaries of cash transfer programmes. While timely delivery of cash was achieved, typical problems of cash transfer programmes have arisen, such as inclusion and exclusion errors and short-term policy horizons. A geographically targeted cash transfer for all, rather than only for the beneficiaries of existing targeted cash transfer programmes, could have proved more helpful to those in dire need and simultaneously contributed to institution-building for social policy.[70]

It is also notable that refugee agencies are testing the viability of various poverty reduction strategies, such as the graduation approach, in several refugee settings. By providing a regular and time-bound cash transfer, technical and entrepreneurial skills, and close mentorship, the approach aims to help recipients better plan their livelihood strategies and accumulate productive assets and savings. This should eventually help poor refugees to become self-reliant. Such programmes pay particular attention to the synergistic linkages between social protection, employment and financial inclusion.[71]

Social policy is the core of an integrated strategy toward full and productive employment

Loss of employment is a key factor pushing households into poverty and to demand social assistance. Unemployment insurance programmes are designed to cater for this risk, to take advantage of risk-pooling and redistribution mechanisms, while avoiding the recourse to tax financing and decline in living standards associated with social assistance. Neoliberal adjustment has redesigned unemployment insurance systems in many high-income countries to enforce flexible labour relations and promote job mobility. Many countries have lowered the benefit levels of contribution-based

insurance schemes, weakened the extent to which benefits are related to earnings or decoupled the level and duration of benefits from an individual's contribution record. These policies have been accompanied by an expansion of social assistance benefits for the working-age population, with a strong emphasis on labour market integration. They have often been complemented by active labour market policies redesigned to emphasize provision of temporary and low-paid employment rather than stable employment with decent wages. Chronic insecurity in relation to youth employment is one of the damaging outcomes of such policies in developed countries.

Generating decent jobs, particularly for youth, is one of the top policy priorities for both developed and developing countries. It is reflected in SDG targets such as a substantial increase of the number of youth and adults who have relevant skills for employment and entrepreneurship (4.4), substantial reduction of the youth unemployment rate (8.6) and the implementation of a global strategy for youth employment (8.b).

Recent research finds that the majority of policies and legislation for youth employment focus on skills development and, to a lesser degree, on labour market policies.[72] These active labour market policies targeting job-seeking youth include training programmes for unemployed young people, apprenticeships and other work-experience programmes; job-search assistance and employment services; as well as incentives for employers to recruit vulnerable young people (for example, through wage subsidies or social security exemptions for a limited period) or measures to support young people who want to establish their own economic activity.[73]

Evidence shows that these policies have clear positive returns for longer years of schooling for young people in high-income countries, with respect to employment rates and employment-to-population ratios. Their impacts are multiplied when they are combined with passive labour market policies: that is, social policies that provide income replacement and consequently allow young people, particularly those from poorer households, to stay longer in education or training schemes.

In contrast, many low- and middle-income countries, particularly many Arab countries, show a reverse relationship, that is, longer average years of schooling tend to go hand in hand with higher youth unemployment rates.[74] This pattern reflects structural issues such as the limited absorptive capacity of the formal manufacturing and service sectors, on the one hand, and institutional problems of skill mismatch or quality of education and vocational training, on the other.

Both observations point to the crucial role of social policy in an integrated approach to full and productive employment. Social policy, particularly sufficient and universal benefits to the unemployed, allow individuals to come up with more flexible and creative ways of combining different types of work, leisure and capability development. A key example of this integrative approach can be found in Sweden up until 2006. The country attempted to generate decent and productive employment through the extensive use of active labour market measures combined with relatively generous unemployment insurance. This can be called the "high road" to full and productive employment, in contrast to the "low road" grounded on the neoliberal principle of the right of an employer to hire and fire individuals, and characterized by short-term and temporary contracts, and low levels of benefits.[75]

A basic income grant designed as "the base of a social protection system that could be supplemented by insurance benefits and collaboratively occupational benefits",[76] is another option to consider. It would provide resources to maintain an adequate standard of living and eliminate the "coercive" aspect of having to work ("coerced" work being less productive). This type of income replacement might be a step toward formalizing informal employment which is widespread in developing countries.

A productive economy with a sustainable capacity to absorb labour requires robust social provisions. Health, education and care services, affordable housing and transport infrastructure supplement unpaid social provisioning by families and households. If high-quality social services are delivered through a publicly regulated system, they can also generate decent employment opportunities and address (in part) skill mismatch. The Chinese government's active promotion of community-based social service delivery is a case in point. In 1986 when social work was officially recognized as a university discipline, only four universities offered social work programmes. As the government has increased investment in social service provision,

significantly expanding some services such as health care, the number of universities offering the training and the actual number of social workers has also increased.[77] In 2015, more than 300 universities ran a social work programme while the number of certified social workers reached 208,000. With the estimate that China needs 1 million more social workers by 2020 to respond to increasing demand, particularly care for older persons, the government is using a wide range of policies, including the active promotion of community-based services in which 4,686 private social work institutions are currently providing services.[78]

Global and regional innovations hold lessons for national social policy

Global social policies and related governance mechanisms that impact national policy discourse and practice have changed significantly since the turn of the millennium. Global social policy, defined as international policy approaches or models as well as global institutions providing funds, regulation and rights, is particularly apparent in relation to the Millennium Development Goals (MDGs), SDGs and the Social Protection Floor Initiative.[79]

Global governance has become more pluralistic, broadening beyond the intergovernmental system to encompass a diverse array of actors and institutions involved in contestation and compromise over development values, norms and strategies (chapter 7).[80] Pluralistic global governance has created new supranational spaces for struggles over the right to shape the content of policies on a variety of development issues: democracy, human rights, peace, climate change, environment, inequality, social protection, migration and trade.

Social policy, particularly generous and universal benefits to the unemployed, allow individuals to come up with more flexible and creative ways of combining different types of work, leisure and capability development

The 2030 Agenda can itself contribute to the creation of a supranational governance space with its attention to the role of diverse actors, institutions and processes. Almost all goals include targets related to the establishment of sound policy frameworks at the national level and sometimes regional and international levels, as well as partnerships between diverse stakeholders. In particular, global partnerships are emphasized to facilitate "an intensive global engagement in support of implementation of all the goals and targets bringing together governments, civil society, the private sector, the United Nations system and other actors and mobilizing available resources".[81]

Understanding partnership within the framework of the 2030 Agenda is particularly important, considering current partnership debates in the trade sector such as the Trans-Pacific Partnership, the proposed Transatlantic Trade and Investment Partnership and the projected Trade in Services Agreement (chapter 7). By empowering corporations to litigate against governments whose policies are deemed to undermine profits, and by facilitating the privatization of public social services, these trade deals contrast starkly with the spirit of SDG target 17.15: "Respect each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development".[82]

CSOs and social movements have become important players in supranational spaces.[83] They often kick-start processes of debate on conflicting interests, which may eventually contribute to new rules and institutions for poor and vulnerable people.[84]

Developing countries themselves have also become more proactive in both global and regional initiatives to address transnational or cross-border social problems. As a result, spaces for South-South policy cooperation and learning have widened.

Considering social security coordination systems as "key lynchpins in a more pluralistic, flexible and fairer system of global governance", developing countries have constituted regional bodies and started to undertake collective interventions in a wide range of areas directly and indirectly related to social policy.[85] They include regional mechanisms for the regulation and provision of social services, promoting the notion of social rights, technical cooperation, capacity building and development funds (see also chapters 4 and 6).[86]

Major activities associated with social services usually comprise provision and exchange of knowledge and information, technical assistance, and monitoring and production of statistics. As can be seen in the case of Mercado Común del Sur (MERCOSUR/ Southern Common Market), regional organizations also have the potential to develop mechanisms that have a real impact on service provision. In 2015, for example, health ministers of MERCOSUR completed initial negotiations with a number of pharmaceutical companies around the joint procurement of high-cost medicines at significantly lower prices than those previously available in some or all of the member countries.[87] While further negotiations continue, the coordinated initiative demonstrates how a regional organization can address information asymmetry in the regional market, develop a common regulatory framework and muster sufficient bargaining power to negotiate with multinational corporations.

Despite increasing importance of supranational spaces and global and regional social policy, the tendency to see problems as located within countries requiring national solutions, also called "methodological nationalism", is still predominant in social policy discourse and policy practice. The result is a high barrier to creating social protection mechanisms that transcend national boundaries, for example, for international migrants or combatting global health epidemics.

4. Conclusions and Policy Implications

The social turn has brought about various reforms in a wide range of social policy institutions and instruments. The above discussion has highlighted five key sets of emergent trends and innovations. They include:

- the trend toward universalization;
- more inclusive forms of participation in policy design and implementation;
- new forms of partnership;
- better integration of policy instruments or policy coherence; and
- new directions in global and regional social policy.

But what should we make of these innovations and reforms from the perspective of inclusive development and transformative change? In some instances they amount to incremental improvements designed to correct for the social costs of so-called neoliberal policies. This is apparent in the case of certain conditional cash transfer programmes, enhanced regulation of healthcare privatization and commercialization, and the expansion of social pension components in private pension schemes.

Pluralistic global governance has created new supranational spaces for struggles over the right to shape policy and the content of policy

Other innovations suggest a more profound shift in orientation that bodes well from the perspective of transformative change. The new look of global social policy, informed as it is by a strong normative commitment to social protection, equality and human rights, stands in sharp contrast to the one-size-fits-all prescriptions associated with structural adjustment programmes in the past or the more recent emphasis on safety nets for the poor. Universalization represents a potentially fundamental shift in approach, not only in terms of its normative and strategic underpinnings, but also in terms of how it is being achieved. Particularly significant in developing countries is the shift in focus toward social protection for informal economy workers and their families, as well as those engaged in unpaid care and domestic work (chapter 3). This involves a combination of contribution-based schemes for a relatively small number of formal workers and tax-financed or subsidized contribution-based schemes for the large majority of poor and vulnerable people.[88] Tax-financed or subsidized contribution-based schemes pose a serious fiscal challenge because of revenue constraints (chapter 6) and increasing numbers of informal employment. The challenge for policy makers moving forward, therefore, is how to extend the scope and amount of non-contributory benefits without undermining incentives for contribution.[89]

Another significant message of the chapter relates to the politics of social policy reform. Innovations and adjustments in policies and institutions are not just technocratically value-neutral changes to increase efficiency and performance. They also involve a change in the normative hierarchy determining policy priorities that affect the nature of social welfare, as well as social and power relations (chapter 7).[90] The

above discussion has highlighted the variety of actors, institutions and processes that shape the nature of social policy reforms and innovations. Beyond the importance of universalization, the following policy implications seem particularly relevant from the perspective of transformative change.

An integrated approach to social policy requires relating it more closely with environmental policies, humanitarian aid, as well as trade and labour market policies

First, there is an urgent need for an integrated approach to maximize the synergies between social and other policies related to the environment, humanitarian aid, trade and labour markets. Such an approach should be guided by principles of efficiency and human rights. There is an important role for institutions and policies that correct imbalances in power relations. Enhanced integration will usually involve some mix of existing institutions and newly supportive ones. In war-torn or other fragile contexts, governance requires special attention to existing stable institutions, often rooted in local settings, where power and governance structures are composed of a diverse range of local intermediaries and rival actors to provide core functions of public security, justice and conflict management. Drawing on what exists and works is also important in developing countries where functional equivalents to social policy exist that reflect local specificity.

Public-private partnerships that enhance community organizations, combined with a strong regulatory framework and monitoring by citizens, are superior to the traditional PPP model

Second, beyond the often flawed traditional PPP model that has relied on business partners to provide finance, goods and services associated with social protection and development projects, there is considerable scope for a modified variant of PPP that enhances the role of community institutions and organizations in social policy. The case of community-based health care, examined above, demonstrates that the partnership model can be better aligned with public policy goals. Key challenges relate to the undersupply or uneven distribution of social service infrastructure by governments, the exclusion of the poorest people in the community, as well as co-optation and elite capture of both governance and benefits. A strong regulatory framework, proactive citizenship at the community level to hold public institutions accountable and responsive, and adequate supply-side investment are key if partnerships for social policy are to achieve sustainable and equitable outcomes.

A more integrated approach to development issues has been notable at the regional level

Participation and inclusion of marginalized groups is crucial to enhance equality and universality

Third, newly emerging social institutions and policies with a potential to enhance equality and universality have invariably been associated with a high degree of mobilization and political representation of marginalized groups. The establishment of inclusive and democratic political and social institutions is crucial in this regard. Political and institutional reforms that facilitate participation play a key role in placing universal social protection on the political agenda and overcoming obstacles and resistance. The challenges to universalization, however, are considerable, not least because of fiscal constraints which often limit both social spending and investment (chapter 6). At best, politics through contestation, advocacy, dialogue and bargaining should foster institutional complementarity between social policy and other policies related to industrial development and macroeconomic and fiscal aspects. Such complementarity can be conducive to raising revenues, foreign-exchange reserves and productivity. Without this policy coherence, the universal dimension of social protection is likely to be put at risk.

Global social policy and governance suggests a reconfiguration of power relations among international development institutions

Fourth, as seen in the case of the G20, the BRICS and Alianza Bolivariana para los Pueblos de Nuestra América (ALBA/Bolivarian Alliance for the Peoples of our America), political transformation is apparent at regional and global levels as developing countries increase their voice and capacity to mobilize resources for inclusive development. The analysis of global social policy and governance also suggests a reconfiguration of power relations among international development institutions. As in the case of the MDGs, SDGs and Social Protection Floors, certain United Nations entities and processes have reasserted their role in shaping international development policy.

The above developments, then, suggest that developing countries are crafting a distinctive pathway to social policy that diverges to some extent from two previous pathways. These are the traditional European welfare state regime, with its strong emphasis on formal sector workplace related benefits, and the narrow "targeting the poor" approach associated more recently with poverty reduction strategies. Various terms have been employed to describe what is essentially a new hybrid arrangement where models and conditions reflecting donor countries' own development experience and preferences play a less decisive role in shaping social policy. Such terms include "developmental welfare state", that is, states that have social policy as an essential instrument for development.[91] Another is the "Southern consensus", which, in stark contrast to the Washington consensus, brings together elements of the East Asian experience and contemporary Latin American strategies for economic and social development.[92] While the challenges are many, the emergent trends and innovations identified in this chapter provide a glimmer of hope that the core objectives of the SDGs related to poverty eradication, social protection and greater equality are within our grasp.

Endnotes

[1] Mkandawire 2004.

[2] Other key sectors of social policy such as education, water, sanitation and nutrition are discussed in UNRISD 2010 (chapter 6).

[3] Stiglitz 2009.

[4] Barrientos and Hulme 2009.

[5] UNRISD 2010, 2015.

[6] Cook and Kabeer 2009; Cook and Hujo 2014.

[7] Devereux et al. 2015; Mkandawire 2005.

[8] Ortiz et al. 2015.

[9] Donnelly 1986; Costa 2008; Sepúlveda and Nyst 2012.

[10] Kuhonta forthcoming; Selway 2015.

[11] Viana et al. 2015.

[12] Cornwall et al. 2008.

[13] Mackintosh and Koivusalo 2005; Standing 2011a.

[14] ILO 2014.

[15] World Bank 2016b; WHO 2016.

[16] Sen and Rajasekhar 2012.

[17] Hsiao et al. 2016.

[18] Thornton 2009.

[19] Huang 2013.

[20] Blumenthal and Hsiao 2005.

[21] Huang 2013.

[22] Kornreich et al. 2012; Korolev 2014; Hsiao et al. 2016.

[23] Hsiao et al. 2016 ; Chen 2012.

[24] Zhu et al. 2014.

[25] National Bureau of Statistics, People's Republic of China 2016.

[26] Soors et al. 2010.

[27] Spaan et al. 2012.

[28] Chuma et al. 2013.

[29] Soors et al. 2010.

[30] Soors et al. 2010 ; Nyandekwe et al. 2014.

[31] Logie et al. 2008.

[32] Nyandekwe et al. 2014.

[33] Hakizimana 2015.

[34] UN Women 2015.

[35] World Bank 2016a; Reyntjen 2013.

[36] Hujo 2014; UNRISD 2010.

[37] Hujo 2014.

[38] Datz and Dancsi 2013

[39] Lloyd-Sherlock and Artaraz 2014.

[40] Lloyd-Sherlock and Artaraz 2014.

[41] Arza 2015.

[42] Kritzer 2008.

[43] Kritzer 2008.

[44] Hujo and Rulli 2014; Mesa Lago 2014.

[45] Hujo and Rulli 2014.

[46] Mesa Lago 2014; Hujo and Rulli 2014; Datz and Dancsi 2013.

[47] Bertranou 2016.

[48] Mesa Lago 2014.

[49] Hujo and Cook 2012, 2013; Koehler 2011; Deshpande and Nurse 2012; World Bank 2010.

[50] Pension Watch 2015.

[51] Hujo and Cook 2012.

[52] For a critical analysis of cash transfer and conditional cash transfer programmes, see Molyneux 2007; Kidd 2015; Standing 2011b; Mkandawire 2005.

[53] Bangladesh's New Social Security Strategy established in 2015 is a good example of an innovative approach to overcome the problems of fragmentation and duplication through applying a life-course approach. See Alam 2016.

[54] Rodriguez et al. 2011; Hall 2012.

[55] Coudel et al. 2015; Daviet and Landsberg 2015.

[56] OECD 2015; Ministério do Meio Ambiente 2016.

[57] Access Development Services 2014.

[58] Lindebjerg et al. 2015; UNEP 2015.

[59] Federal Democratic Republic of Ethiopia 2011.

[60] UNEP 2015.

[61] Access Development Services 2014.

[62] Harvey and Holms 2007.

[63] Harvey and Holms 2007; Samson et al. 2006.

[64] Menkhaus 2007.

[65] Boege et al. 2008; Schmeidl 2009; UNRISD 2005.

[66] Ringen et al. 2011.

[67] Dunn et al. 2013.

[68] Canada: Immigration and Refugee Board of Canada 2016; Miwita 2015.

[69] Dunn et al. 2013.

[70] Rabi et al. 2015.

[71] UNHCR 2014; UNHCR n.d.

[72] Divald 2015; ILO 2015.

[73] ILO 2015.

[74] Matsumoto et al. 2012; UN ESCWA 2014.

[75] Mkandawire 2013.

[76] Standing 2009.

[77] Bai 2014.

[78] State Council, People's Republic of China 2016; State Council, People's Republic of China 2015.

[79] Deacon 2007, 2016.

[80] O'Brien, Goetz et al. 2000; Deacon 2007.

[81] United Nations 2015, paragraph 39.

[82] Deacon 2016.

[83] On transnational migrant activism in Asia, see Chavez 2015.

[84] Wieviorka 2013

[85] Deacon 2007:163; Berrón et al. 2013.

[86] Deacon et al. 2007.

[87] PAHO 2015; an agreement was already reached with one company, extending the lowest price for a hepatitis C treatment granted to Brazil to other countries.

[88] Mkandawire 2005; Hujo and Cook 2013; Gough et al. 2004.

[89] Barrientos 2012.

[90] Freeden 2006.

[91] Draibe and Riesco 2007.

[92] Gore 2010.

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CHAPTER 3

Care Policies: Realizing their Transformative Potential

Children in the village of Dumbravita, Moldova benefit from a kindergarden heated by biomass.

Framing public care services, basic infrastructure and social protection policies under the umbrella of care policies is a game changer. It promotes gender equality, allows for policy complementarity and coordination, improves the situation of care workers and has visible positive macroeconomic impacts. Transformative care policies emerge if a human rights–based approach to care policies is adopted, when broad political alliances are formed, and when evidence is used in an innovative way to inform policy design and monitoring.

Chapter 3 addresses implementation of SDGs

1. Introduction

An important aspect of the "social turn" that has elevated the role of social policy in government and political agendas is the growing recognition of the need for care policies. For too long, care provision has remained off the radar of policy makers, under the assumption that unpaid care and domestic work (box 3.1) would be provided by women in the private sphere of the home or the community. While most developed welfare states have adopted policies that support care provision, the same cannot be said of the majority of governments around the world. Care is required by all, but when public care provision is absent, it is only the better-off who can resort to private care services.

Care policies are public policies that allocate resources in the form of money (including income), services or time to caregivers or people who need care. They include direct provision of care services or subsidies to access them, payments to hire care workers, regulations, and complementary service provision such as transportation, water and sanitation, and energy. They also include labour regulations, such as maternity protection, and parental leave, and the regulation of paid working time.[1] Care policies therefore encompass policies developed for different sectors, such as health and education, as well as labour and social protection policies.

Care policies are starting to feature more prominently in international development discourse, triggered by increasing recognition that the unequal distribution of unpaid care and domestic work between women and men (figure 3.1) is a powerful driver of gender inequality in the economic and social realms. Care policies serve a range of different objectives, including poverty reduction, enhanced women's labour force participation, employment creation and the expansion of future generations' human capabilities. Because care policies mould the ways in which care is provided and funded, and can determine who provides and receives care, they have the potential to contribute to gender equality and mitigate other dimensions of inequality such as class, caste, ethnicity or sexual orientation. They can contribute to the fulfilment of women's human rights, particularly the rights of women living in poverty.[2] But if poorly designed and implemented, they can also reinforce inequalities and undermine the rights of women, children, older persons and persons with disabilities.

Care policies are public policies that allocate resources in the form of money (including income), services or time to caregivers and to people who need care

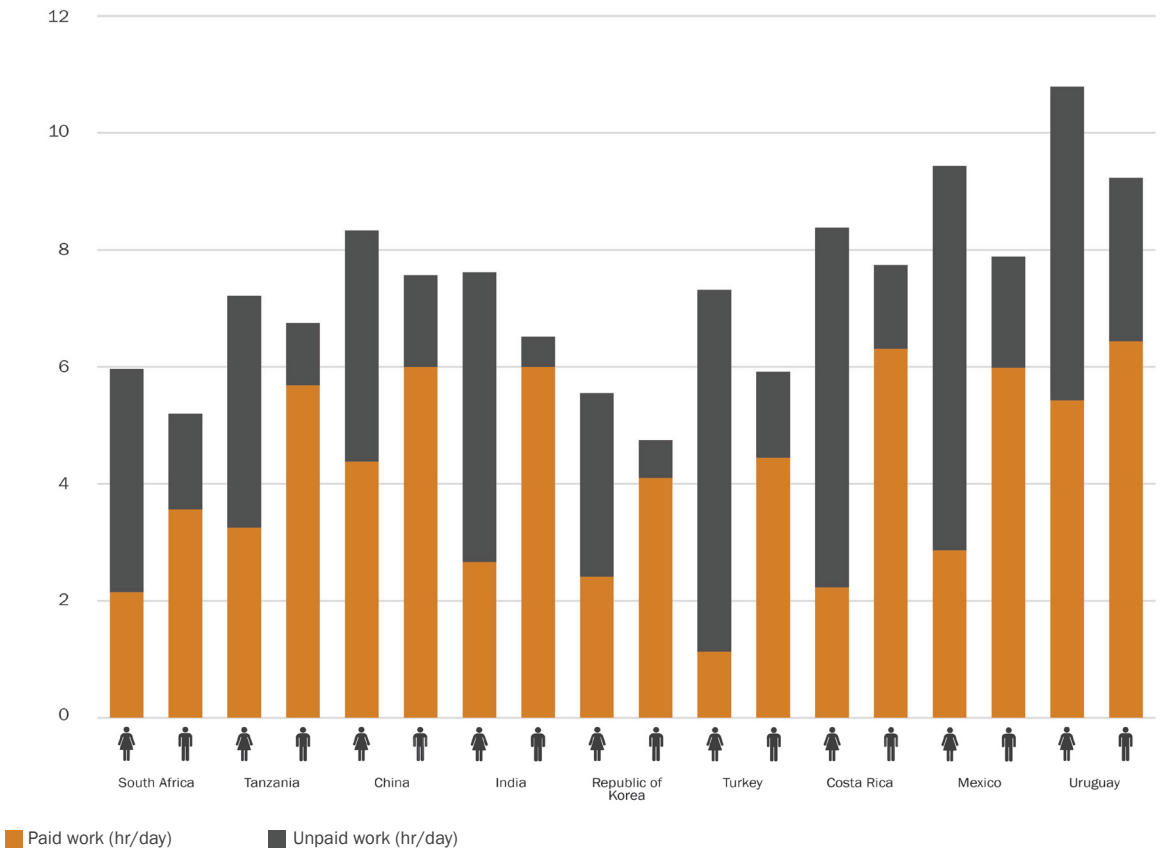
Years of conceptual work, developing normative frameworks and building political momentum are behind the inclusion of unpaid care and domestic work in Sustainable Development Goal (SDG) 5, "Achieve gender equality and empower all women and girls". Target 5.4 not only recognizes and values unpaid care and domestic work[3] but also indicates the ways in which this recognition should take place, namely: "through the provision of public services, infrastructure and social protection policies".[4] Unpaid care and domestic work, therefore, must be recognized, reduced and redistributed by means of care policies (see also box 3.3).

The explicit inclusion of unpaid care and domestic work in the 2030 Agenda for Sustainable Development brings with it the potential to elevate transformative care policies within national policy agendas, and represents an opportunity for women's movements and other social actors to support, shape and hold governments accountable with regard to policy implementation. From a social justice perspective, transformative care policies simultaneously guarantee the rights of care receivers and caregivers, as well as their agency, autonomy and, ultimately, well-being.[5]

The rights, agency, autonomy and well-being of caregivers and receivers are frequently presented as being in opposition to each other. For example, care services are particularly labour intensive, and care workers' wages and working conditions can impact on service affordability, and therefore access.[6] On

Unpaid care and domestic work must be recognized, reduced and redistributed by means of care policies

Figure 3.1. **Paid work and unpaid care and domestic work**, by sex



Note: Year of data: South Africa (2010), Tanzania (2014), China (2008), India (1999), Republic of Korea (2009), Turkey (2006), Mexico (2009), Ecuador (2012), Uruguay (2013). Sources: Charmes 2015; for Uruguay, INE 2014; for Costa Rica, Esquivel 2011.

the other hand, the wages and working conditions of care workers are positively associated with the quality of care services.[7] Care policies aimed at persons with disabilities can guarantee that they exercise their legal capacity and right to make their own decisions[8] or, on the contrary, position carers as substitute decision makers. Providing for the care needs of children frequently makes women—the main unpaid care providers—both income and time poor,[9] and can carry long-term labour market penalties if they interrupt their employment careers in order to provide care (box 3.1). Moreover, caregivers and care receivers are not fixed, immutable roles, as illustrated by the childcare provided by parents with disabilities or the fact that children can become care providers of their parents living with HIV/AIDS or of their younger siblings.[10]

From a social justice perspective, transformative care policies simultaneously guarantee care receivers' and caregivers' rights, agency, autonomy and well-being

How do care policies manage to solve these and other trade-offs without reinforcing inequalities? What are the innovations that can arise when a "care lens" informs social policies? And what political conditions have supported the advancement of a *transformative care agenda?*

This chapter explores both whether and how care policies bring about transformative outcomes, and the conditions that get them onto political agendas and support their implementation. The evidence provided in this chapter points to three main conclusions.

- Care policies encompass policies developed for different sectors such as health or education, serve a range of different objectives and have a variety of impacts, including at the macro level. In the framework of the 2030 Agenda, transformative care policies complement each other, bridge sectoral divides and allow

for cross-sectoral coordination mechanisms, have a strong gender focus, and bring in the perspectives of caregivers and care receivers.

- Transformative care agendas have gained notable international policy attention, even if priorities differ according to regions. However, care agendas are still weak at the national level.

- Transformative care policies emerge out of political processes. The concerted efforts of women's movements, as well as other social and labour movements, have proved to be crucial for the advancement of transformative care agendas and their implementation. The smart use of evidence has helped to make the case for care policies. Progressive framings, including a rights-based approach to care policies, have proved powerful in building consensus.

Section 2 below defines care policies and situates them in the context of developing countries, briefly showing their coverage and design. Section 3 reviews the policy innovations and transformative outcomes that can arise when a care lens is applied, including policy complementarity, cross-sectoral coordination and a strong gender perspective. Section 4 identifies key elements that have supported transformative care policies, and situates these in the context of the 2030 Agenda. Section 5 summarizes the main policy implications.

2. Care Policies

Care policies lie at the intersection of the social, the economic and even the environmental dimensions of sustainable development (figure 3.2). They include:

- early childhood education and care (ECEC) services, and care services for sick, disabled and older persons—policies that redistribute some of the caregivers' workload from the private to the public sphere;

- the provision of infrastructure that reduces women's and children's workloads, such as communal wells and piped water;

- an array of income security and social protection policies, including cash transfer programmes, public works, pensions and income security for children and their families; and

- labour market policies, including maternity benefits and parental leave.

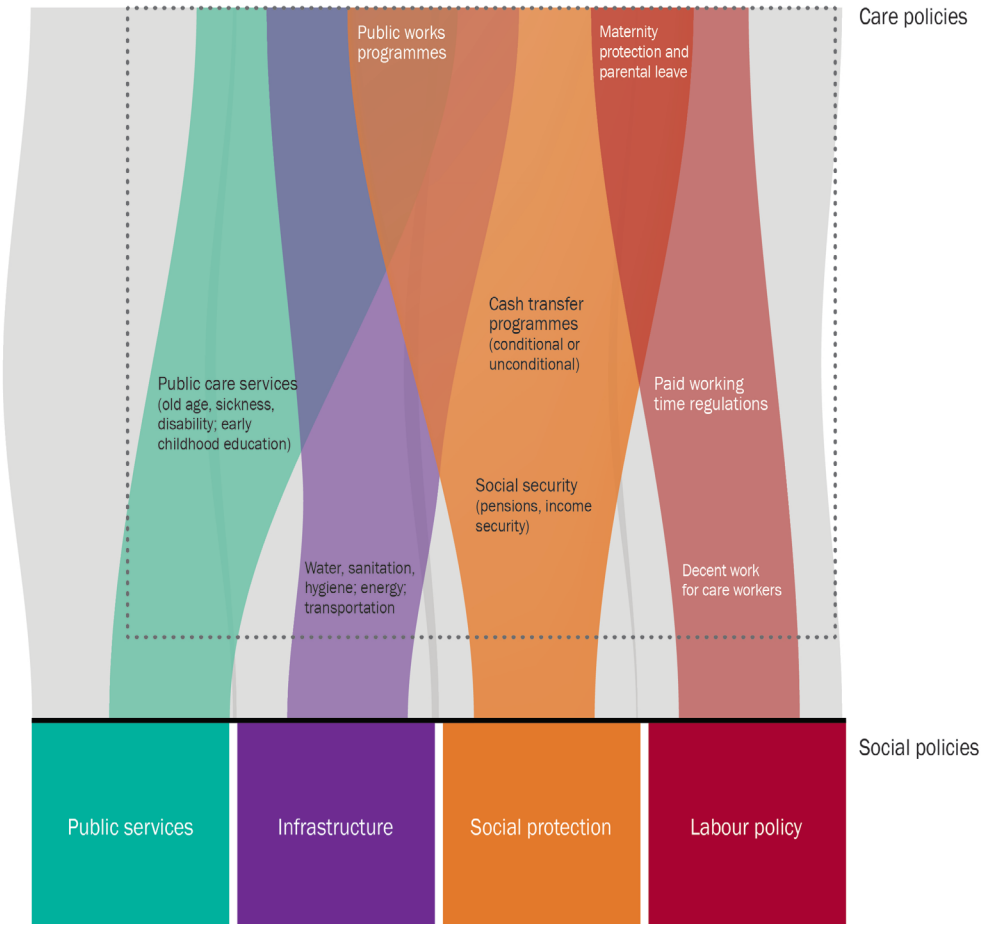
Box 3.1. **Unpaid care and domestic work**

Unpaid care and domestic work comprise household activities, such as cooking, fetching wood and water, and cleaning, as well as direct care of family and community members performed outside market relations.[a] Care is crucial for well-being—we all need to be cared for throughout our lives in order to survive and thrive. At the macro level, it is an essential part of social reproduction, sustaining the current labour force and reproducing human capacities.[b]

But the provision of care is unequally distributed not only between women and men and girls and boys, but also between rich and poor, between those living in urban and rural areas, within different family arrangements, or belonging to different castes and ethnicities, and between households, the state, the community and the private sector.[c] Women all over the world disproportionally bear the costs of care. These include forgone opportunities in education, employment and earnings, in the enjoyment of labour, social and political rights, and regarding the time available for other activities, not least leisure.[d] Furthermore, the labour market often penalizes mothers for having taken time out of employment or relegates them to the most vulnerable segments of the labour market if paid work and care are to be "reconciled".[e] It should not, however, be up to individual women and families to reconcile this situation. Government and other institutions have a key role to play in solving the tensions between the productive and reproductive spheres.

Notes: [a] Razavi 2007; Folbre 2014; Esquivel 2013. Fetching firewood and water are activities included in GDP calculations (UN 2008). The 19th International Conference of Labour Statisticians resolution concerning statistics of work, employment and labour underutilization (ILO 2013b) includes unpaid care and domestic work in the definition of "own-use production work"—therefore confirming it as a form of work. [b] There are several definitions of social reproduction, most of them associated with the material conditions of reproducing the labour force (Elson 2000; Picchio 2003). It is a concept sometimes used interchangeably with the "care economy", although the latter also brings in paid care workers (Esquivel 2014). The material reproduction of the labour force includes the expansion of human capacities (Braunstein 2015; Picchio 2003). [c] That is to say, the "care diamond" (Razavi 2007). [d] Antonopoulos et al. 2012. [e] ILO 2016.

Figure 3.2. **Care policies bridge sectoral divides**

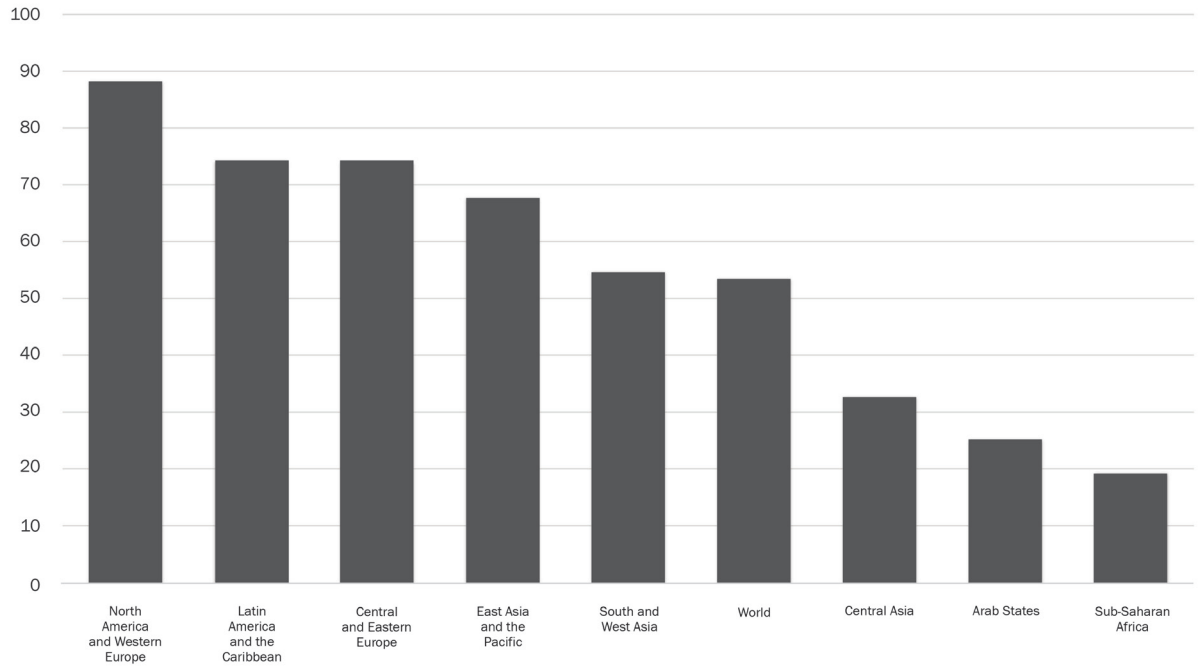


Care services cater for persons with specific care needs

Care services are those devoted to persons with specific care needs, such as pre-school age children, older persons and persons with disabilities. ECEC services cater for children up to 5 or 6 years of age—that is, day care and pre-primary education (figure 3.3). Enrolment is increasing in all regions of the world but still varies widely between and within regions. In Central and Eastern Europe, and Latin America and the Caribbean, enrolment is high due to a historically strong public education sector. In Central Asia, the Arab States and sub-Saharan Africa, enrolment rates are very low, although there are some intra-regional variations. Even in regions with better coverage, the inclusion of marginalized populations is still a challenge. Access to services and their quality vary strongly within countries, as ECEC programmes are often concentrated in urban areas, and rural populations are under-serviced.[11] Average coverage figures usually hide major variations between rich and poor households, depending on the level of fees, subsidies or the existence of public provision.[12] The private sector, including non-governmental organizations (NGOs), for-profit services, churches and individuals, is a significant provider in regions with low coverage of public care services. In the Arab States, private providers cover almost half of all enrolment and in Africa around 60 percent. In contrast, in Latin America public provision reaches 75 percent while in Central and Eastern Europe and Central Asia the private sector is virtually absent as a provider.[13]

Care services are those devoted to persons with specific care needs, such as pre-school age children, older persons and persons with disabilities

Figure 3.3. **Global pre-primary enrolment rates** (percentage)



Note: Pre-primary education coverage based on countries' own definition of the number of years of pre-primary schooling, usually ranging from 1 to 3 years and covering ages from 3 to 7. Source: UNESCO 2015:25, based on data from 2012.

SDG target 5.4 makes clear the importance of *public* care services, as only states are able to ensure universal access to services and guarantee quality standards.[14] Yet public provision faces several challenges. In Kenya, for example, the government programmes target children aged 4 to 5 years, even though the policy framework identifies children within the 0 to 5 age range as intended beneficiaries. The insufficient number of centres and trained teachers, poor remuneration and weak enforcement of standards are among the challenges acknowledged by education authorities.[15] Alternatively, some countries arrange for family-based day-care facilities, as occurs in the Colombian Community Mothers programme. In such cases, service quality may be compromised by poor training and wages.[16] To solve similar problems, a programme in Ecuador is planning to recruit childcare professionals and implement training for childcare workers.[17] Along similar lines, beneficiaries of social transfer programmes in Mexico and Brazil receive subsidized childcare services.[18] Other states prefer to subsidize demand by partially covering the cost of private childcare services, as in the case of the Republic of Korea's Child Care Subsidy programme, which in 2013 became universal.[19]

Care services for older persons, in the form of long-term care institutions, are extremely scarce worldwide. The exception is found in rich countries,[20] but even they are moving away from institutionalized care toward home-based services.[21] Care services increasingly work with older persons to improve their capabilities, as in the case of the Chilean Day Centres.[22] In Africa, however, the lack of services leaves the majority of older people, who live in rural areas, to be cared for by their families, in particular by female household members.[23]

Attention to care policies for older persons in developing regions mirrors demographic trends. Latin America and the Caribbean will experience an increase of more than 70 percent, and Africa and Asia over 60 percent, in the number of older persons by 2030. An already older population puts this figure at 23 percent in Europe.[24] In contrast, the demographic transition is at an early stage in most sub-Saharan African countries, so the share of the population over 60 years of age is still, and will continue to be, small.

Health care services are also crucial for persons with disabilities, but they have less access to them[25] and are over 50 percent more likely than people without disabilities to cite cost as a reason for not accessing needed health care.[26] Social care and formal care support, including transfers that allow persons with disabilities to hire the care they need, are therefore key. Finally, the HIV/AIDS epidemic led to a range of

policies to stop the spread and address the health-related consequences of the disease.[27] Though it is widely recognized that women's and girls' unpaid care and domestic work increases with the presence in the household of persons living with HIV/AIDS, and that the time to care for them requires women to take time off paid work and girls to stay out of school, there are few policies designed to alleviate and redistribute this increased burden. In South Africa, for example, state-supported home-based care services have been scaled up, but they are insufficient to cover all-day care needs.[28]

Infrastructure supports care provision

Infrastructure deficits in water, sanitation, electricity, roads and transportation increase women's and children's unpaid care and domestic workloads and make it harder for caregivers and care receivers to access care services.

Water, sanitation and health are closely interrelated, as inadequate water, sanitation and hygiene negatively impact health, in particular of children under 5.[29] Moreover, the presence of persons living with HIV/AIDS can double the amount of water needed for adequate care.[30] Today, about 663 million people use unimproved water sources; nearly half of them live in sub-Saharan Africa, and one-fifth in southern Asia.[31] In southern Asia, almost half of the population has access to improved sanitation facilities, but in sub-Saharan Africa coverage is only 30 percent.[32]

Lack of water and sanitation infrastructure in rural areas creates heavy workloads in fetching water, which is a time-consuming activity typically done by women and girls. Therefore, expanding safe water and basic sanitation infrastructure saves women's time[33] and reduces water-related illnesses.[34] In Tanzania, for example, the hours spent fetching water amount to the equivalent of over 640,000 fulltime jobs for women and 120,000 jobs for men.[35] Yet higher costs associated with providing necessary infrastructure in rural areas mean they remain underserved, and investment in water and sanitation tends to be concentrated in urban areas.[36]

Similarly, lack of access to electrical power and modern fuel for cooking across sub-Saharan African countries means women and girls spend long hours each day collecting firewood and other biomass, and laboriously processing food. Initiatives to expand electricity supply to rural areas and improve stoves reduce drudgery and have a potential environmental payoff too, when they replace polluting and deforesting wood-fuelled cooking with cleaner, greener options (chapter 5).[37] Transportation improvements reduce the time women spend marketing goods, and they also improve women's access to health and care services.[38]

Infrastructure deficits in water, sanitation, electricity, roads and transportation increase women's unpaid care and domestic workloads and make it harder for caregivers and care receivers to access care services

Social protection policies have the potential to recognize and redistribute care

SDG 5 includes the call to recognize unpaid care and domestic work through social protection policies (chapter 2), that is, in cash transfer programmes, social security and social protection floors.

Social protection floors include universal health care systems, which not only improve health outcomes but also reduce the amount of time women and girls care for other household members. They also include basic income security throughout the lifecycle, including for persons with disabilities. Basic income for children, in particular, should facilitate access to education and care.[39] Child and family benefit programmes are available in 108 countries, but 75 countries have no programmes at all. On average, governments spend 0.4 percent of their GDP on such programmes. The amount varies greatly: Western Europe allocates 2.2 percent, but the proportion is as low as 0.2 percent in Africa, Asia and the Pacific.[40] In contrast, little is known in developing countries about whether persons with disabilities are being adequately included in existing social protection programmes or about the impacts of these programmes on persons with disabilities.[41]

Cash transfer programmes, whether conditional (CCTs) or unconditional (UCTs), contribute to family budgets and lessen the depth of income poverty, though they do not necessarily enable families to get out of poverty or diminish women's poverty rates relative to men.[42] UCTs, CCTs and public works programmes (PWPs) currently cover 718 million people.[43] PWPs are now implemented in 94 countries, many of which are in Africa.[44] CCTs have expanded considerably in Latin America and the Caribbean, where they cover about 133 million people.[45] In turn, Africa saw a strong increase in the number of cash transfer programmes after the year 2000, and in particular between 2010 and 2014, when the number of sub-Saharan African countries that have UCT programmes doubled to 40 (chapter 2).[46]

Unconditional cash transfer, conditional cash transfer and public works programmes currently cover 718 million people in the world

Cash transfers have improved women's and children's nutrition,[47] facilitated girls' access to education and can leverage women's bargaining power within households.[48] Cash transfer programmes, however, generally take for granted that women will fulfil the care duties implicit in conditionalities,[49] failing to recognize women's unpaid care and domestic work. Time spent in complying with programme obligations can jeopardize women's ability to participate in paid work or skill development.[50] Evidence on the effect of conditionalities is mixed. "Hard" conditionalities have had positive effects on children's school enrolment in some contexts,[51] but in others the results of conditional transfers for children are often no better than unconditional ones[52] or are associated with the existence and quality of public services.[53] Moreover, women's time and efforts to meet conditionalities bring no additional social benefits.[54] The loss in women's well-being imposed by conditionalities can be greater than the cash benefit, as evidenced in the case of Guatemala.[55] This provides support for the removal of conditionalities.

Lack of recognition of women's unpaid care and domestic responsibilities frequently leaves women out of the reach of PWPs. For this reason, the Indian Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), which provides rural households with the right to 100 days per year of unskilled employment, establishes that childcare has to be provided at worksites and organized by women workers. In practice, however, this requirement has been difficult to implement.[56] Programmes in other countries, such as the South African Expanded Public Works Programme (EPWP), have incorporated the social sector, and within it home- and community-based care, and early childhood development, as a way of providing job opportunities to women.[57]

Around the world, only 52 percent of all people over pensionable age receive a pension (figure 1.7 in chapter 1). Where sex-disaggregated data exist, statistics show that coverage for women is lower. This is particularly the case in countries with contributory pension systems, as women's low and intermittent formal employment patterns make them less able than men to make payroll contributions.[58] In contributory pension systems, a way of recognizing unpaid care and domestic work is through credits. In Chile, for example, a child credit was introduced in 2008 to improve women's pension benefits. The credit consists of a contribution of 10 percent of the minimum wage for 18 months per child (plus interest), financed by the state, which is deposited in women's accounts.[59] Nonetheless, credits may be insufficient to counterbalance all the above-mentioned negative effects. Non-contributory pensions are more effective in lifting older women out of poverty.[60]

Care policies are increasingly becoming part of broader social protection systems beyond national protection floors. For example, the Uruguayan National Integrated Care System (Sistema Nacional de Cuidados/SNIC, see below) was created in 2015 to implement and coordinate care policies for adults with specific care needs, including persons with disabilities, and for small children. The SNIC aims to be the fourth pillar of Uruguay's social protection system, along with health, education and social security.[61]

Care policies are becoming part of social protection systems beyond national social protection floors

Care policies are also labour policies

Care policies have direct impacts on employment creation, and can potentially improve the working conditions of care workers, most of whom are women

Women's unpaid care and domestic work responsibilities explain their relatively low labour force participation compared to men and their weaker attachment to the labour market (figure 1.5 chapter 1). The "motherhood penalty"—the time women take off from employment to care for their children—partly explains women's lower wages over working years.[62] In formal labour markets, maternity protection and parental leave allow parents to devote time to care. And the more similar (and generous) they are for mothers and fathers, the more they contribute to redistributing care within households. However, across the globe only about 40 percent of women in employment are covered by maternity protection (57 percent if voluntary coverage is included, for example, for self-employed women).[63] The percentages are lower in Asia and the Pacific, Latin America and Africa. Of all member states of the International Labour Organization (ILO), only 55 percent provide at least 14 weeks of maternity leave.[64] About 830 million women are without adequate maternity protection and other social protection, such as maternal and child health care, and the overwhelming majority of them are found in countries in Africa and Asia.[65] To reach these women, the Indian 2013 National Food Security Act, for example, established a maternity benefit over six months to support maternal and child nutrition and well-being. Yet the amount paid is less than the minimum wage, and far less than the average amount received by formally employed women.[66]

Care policies also have direct impacts on employment creation,[67] and can potentially improve the working conditions of care workers, most of whom are women.[68] The ILO Domestic Workers Convention, 2011 (No. 189) shows that a progressive regulatory framework can contribute to improving the working conditions of a significant share of the care labour force that works for households. Frequently they are migrants in "global care chains" who take care jobs but leave behind family members with care needs, whose care provision they financially support while delegating it to other women such as grandmothers, aunts or elder daughters.[69]

3. Policy Innovations and Transformative Outcomes: Seeing Better Options with a "Care Lens"

Framing public care services, basic infrastructure and social protection policies under the umbrella of care policies is a game changer—it brings in a strong gender perspective; it allows for complementarity and coordination in social policy, improving outcomes for caregivers and care receivers; it caters for care workers; and it brings to the fore drivers and impacts that sometimes go unnoticed in sector-based policy debates, design and implementation.

The gender perspective is central to care policies

ECEC services are perhaps the most widespread policy area that can redistribute some of women's care workloads and allow them to engage more fully in the labour market. At the same time, however, their design and implementation has focused very little on women's and families' needs. There are several reasons for this, including the different agendas and expertise of sectoral practitioners,[70] the stated objectives of ECEC services—whether day-care facilities to support mothers' employment, or educational services to build children's capacities, which usually provide shorter hours—and even a view of mothers as conduits for their children's education and care, with little attention to mothers' own rights and needs.[71]

Framing public care services, basic infrastructure and social protection policies under the umbrella of care policies is a game changer

Yet, it is possible to sidestep this (artificial) children/women divide and cater to the needs of both caregivers and care receivers. This has occurred, for example, in the case of the Costa Rican Care Network (Red de Cuido).[72] Launched in 2014, the programme is universal in ambition, rights-based, aims to guarantee access to childcare services to all children up to 6 years of age, and includes different providers and alternatives.[73] Among the stated programme objectives is that of ensuring that the provision of childcare services will allow both fathers and mothers to work for pay or engage in education.[74] This strong gender perspective is reflected in the Costa Rican Beijing+20 report, where the Care Network is positioned as a strategic component of the National Gender Equality and Equity Plan.[75]

The fact that fetching water is generally women's and children's work makes improvements in water and sanitation essential (SDG 6) because they enhance children's health and lower care requirements as a result.[76] When women are involved in the design, implementation and monitoring of water sources, this can result in time savings and better water resource management (box 3.2). This has been documented in El Salvador, Nigeria, Pakistan and Togo.[77] Yet when women are not allowed to participate, these gains fail to materialize. Barriers in the form of social norms may make women's participation "unpopular"[78] or meetings may be set according to men's time schedules.[79] In the case of Tanzania,[80] feminist pressure groups have advocated for women's representation in Water Committees, and in Rwanda,[81] for the establishment of women's quotas in decision-making bodies, to help remove the obstacles to women's participation.

In turn, the recognition of the role of women as caregivers in cash transfer programmes is a double-edged sword. Women receive and administer the cash, and comply with conditionalities—all of which reaffirms social expectations about their role as caregivers, without necessarily contributing to the redistribution of care.[82] As discussed earlier, this lends support to unconditional cash transfers, as is the case of the South African child-support grants.[83] Most beneficiaries are women, because they are usually the primary caregivers, but the absence of conditionalities means they do not have extra care loads as a result of the programme.[84]

Care policies complement each other

Care policies do not exist in isolation, and the impacts of any care policy depend on whether other care policies are in place.[85] Complementarity in policy design and implementation is a common challenge for countries advancing care agendas. In the case of India, for example, the old-standing Integrated Child Development Services (ICDS), the Anganwadi Centres (AWCs), cater for children under 6 years of age and their mothers in rural areas. Run by the Ministry of Women and Child Development, AWCs serve multiple purposes, including overseeing nutrition and children's and mothers' health, but also as crèches that allow women and girls to work or attend school.[86] The AWCs are more effective when placed close to schools, and for this reason, the Ministry of Education's ECEC programmes should be implemented in conjunction with the ICDS centres of the Ministry of Women and Child Development.[87] The ICDS registries have also served as platforms to implement a CCT programme to cater for pregnant and lactating women.

The case of the South African EPWP shows the challenges of integrating the social sector—and care in particular—in public works programmes. The EPWP Early Childhood Development component is basically a skills development and training initiative that supports ECEC workers while they are being trained, but after they get their qualifications it provides no support, either in the form of jobs or help with placement in ECEC centres. Publicly funded ECEC centres have not expanded sufficiently, nor have the subsidies to support demand for private providers, which are crucial to their functioning. At the same time, user fees mean that most poor children are excluded. The wages paid by these centres are below the EPWP stipend, which acts as an incentive to continue training. Because EPWP training extends beyond the 0-4 year age category, more highly trained workers end up serving older age groups, where the pay is better. As a result, the initial policy intent of increasing the skills of ECEC workers is only partially fulfilled. Crucially, these problems will not be solved without cooperation between ECEC policy and EPWP, and the opportunity to provide ECEC and work opportunities for women in areas where most poor children reside will be missed.[88]

In the case of Brazil, time spent complying with conditionalities seems to be behind a reduction of the paid working time by Bolsa Familia's women beneficiaries, an effect not noticeable among men.[89] Acknowledging this effect, both Bolsa Familia and Mexico's Prospera have started to offer complementary crèche schemes to beneficiaries.[90]

These cases demonstrate the need for an integrated approach to care policies, even if investments are prioritized according to most pressing needs. They also point to the fact that budget restrictions are not the only (or even the main) reason limiting policy complementarity, as lack of coordination and planning, competition between programmes and institutional path-dependency also play a role.

Decent work for care workers opens up the "high road" to care

In the cases of India and South Africa discussed above, care workers are underpaid and their working conditions unsatisfactory. In India, Anganwadi workers receive an "honorarium"—not a wage—and its level is below the minimum wage. The work is regarded as voluntary, and working conditions are casual.[91] In the case of South Africa, the pay levels of ECEC workers do not allow them to move out of poverty. Sometimes ECEC workers enrol in training, topping up their incomes with the EPWP stipend. However, when the training ends, they have higher skills but the same remuneration as before.[92] Poor worker remuneration is also common in ECEC programmes in other African countries, like those reviewed in Kenya[93] and Nigeria. In the case of Nigeria, the limited implementation of the Integrated Early Childhood Development policy means that the early childhood education sector is dominated by private practitioners who, without proper supervision and regulation, neither guarantee minimum standards of quality in provision, nor employ trained staff or pay decent wages.[94]

Other care workers are in similar or even worse positions. Although they form only a small proportion of India's women workers, domestic workers are even less protected than Anganwadi workers.[95] In contrast, in South Africa, as in most of Latin America, domestic workers make up a sizable proportion of all women workers (between 8 and 17 percent).[96] They frequently come from marginalized backgrounds, are mostly engaged in informal work and tend to earn less than the minimum wage. Improvements in national legislation in South Africa and Uruguay, and the ratification of the ILO's Domestic Workers Convention (No. 189, 2011) in many other countries, are slowly ameliorating their working conditions. But the very fact that they work for households limits enforcement. When domestic workers are migrant workers, mobilization and better labour protection are even harder to achieve.[97] Migrant nurses and other care professionals who are part of the "global care chain" face the situation of having to provide care work in receiving countries without necessarily having solved their own care responsibilities—although the fact that their skills are recognized and they provide care in structured sectors tends to improve their situation vis-à-vis other care workers.[98]

Care workers are underpaid and overworked across the world,[99] and their undervaluation stems in part from the social undervaluation of care. The examples above illustrate other drivers, in particular the role of the state in providing care services and in regulating market or community provision. ECEC in developing countries shows that private provision does not by itself produce positive outcomes. As in the case of rich countries, lack of state regulation drives fees up and care workers' wages down, thereby excluding the poor. Sometimes, the appearance of intermediaries, like employment agencies for domestic workers, also drives prices up without improving working conditions.[100] A "high road" [101] to care provision is one that does not exploit care workers in order to keep care services going, and provides quality care—two sides of the same coin. In line with SDG target 5.4, this requires state involvement in providing care services, funding them and/or subsidizing demand, as in the cases of Costa Rica, Ecuador or the Republic of Korea mentioned above.

Seeing social policies through a "care lens" makes cross-sectoral coordination possible

Many countries in Latin America, like Chile, Ecuador, El Salvador and Mexico, have implemented care policy coordination mechanisms, whereby officials responsible for the implementation of policies focusing on children, women and persons with

disabilities, and representatives from the education, health and social security sectors, sit at the same table. Conceptualizing sectoral social policies as care policies brings about the possibility of building strong institutional coordination mechanisms.[102]

The Uruguayan Integrated National Care System (SNIC), created in 2015, illustrates this point. The SNIC includes both existing policies on health, education and social security and new policies for priority populations, in particular adults with specific care needs, including persons with disabilities, and young children. The National Care Secretariat within the Ministry of Social Development is the interministerial coordination body. Incumbent ministries and secretaries form the SNIC "board", which establishes broad policies and priorities. An advisory group made up of civil society, academia, private providers and care workers interacts with the board and the secretariat.[103] The National Care Secretariat was first envisioned purely as a coordinating secretariat, but to give it political room for manoeuvre, it was allocated a new budget to expand childcare services.[104] Over time, the care services provided by other ministries and state agencies are to be moved under the SNIC budget allocation. The design stage focused more on the establishment of coordination mechanisms than on the detail of policy design. At the implementation stage, which started in 2016, these coordination mechanisms, and in particular strengthening the position of the National Women's Institute within the SNIC board, will be crucial in maintaining a strong gender perspective.[105]

Care policies have macro drivers and positive macroeconomic impacts

Demographics, and their impact on the labour market, have historically been among the main elements behind the emergence of care agendas in the public domain in the Global North.[106] Such drivers are starting to prompt reforms in several developing countries. A tight labour market might encourage governments to facilitate women's labour force participation by providing childcare services or state subsidies for childcare, even if this clashes with more traditional family values, as was the case with the Republic of Korea's Child Care Subsidy.[107] China's recent reversal of its one-child policy seems to be a response to a shrinking labour force, and the fact that postponing retirement age is not an option in China, given the significant share of the working population undertaking manual work.[108] Yet the policy might be ineffective if it is not complemented with support for childcare, as only well-off families can afford private services.[109] The case of Uruguay is also illustrative: underpinning efforts to guarantee care provision for both the older population and young children is an ageing population (the oldest in Latin America) and a tight labour market.[110]

The impacts of care policies on the labour market, however, extend beyond women's increased labour force participation. Care policies can also have positive demand-side labour market impacts. They can generate employment, in particular women's employment, and have the potential to create decent jobs at a higher rate than other public expenditures. Turkey is a case in point.[111] The supply of childcare services shows problems of accessibility and location, high prices and low quality, caused by lack of public provision or subsidies to cover the existing demand.[112] For the country's offer of public childcare services to match OECD average pre-school enrolment, Turkey would have to invest 1.36 percent of its GDP annually. Such an investment in early childhood education would create (directly and indirectly) two and a half times the number of jobs (mostly women's) that a similar demand injection would create if it were channelled (for example) to the construction sector. Almost 80 percent of expenditure would be recovered through increased government revenues, debunking the view that care policies (and social policies in general) only add to the expenditures side of the government budget. Labelling public expenditure in care as investment and not as public consumption would strengthen the case for mobilizing funds for care service provision.[113]

Care policies can impact long-run economic growth by raising economy-wide productivity, as is the case of public investment in physical and social infrastructure,[114] and by building human capabilities. The latter channel is more than a linear impact on human capital that automatically feeds into greater future growth. Women's participation in labour markets can occur at the expense of their unpaid care and domestic work, which can lower the production of human capabilities that ultimately impact growth—an effect that is frequently overlooked when women's employment rises. The effect on growth will depend on whether women's

Box 3.2.
Care and environmental sustainability:
Making the connections

Women's unpaid care and domestic work continues to be neglected in economic thinking, including that associated with green economy innovations and approaches, which are generally structured according to market transactions and paid work (chapter 5). Such approaches have been criticized for being gender-blind and taking for granted the unpaid care work and natural resources that are essential to the dominant economic system. Feminist scholars emphasize the need for structural change toward the more integrative and distributional approaches of sustainable development. They point, in particular, to the need for a sustainable and caring economy, where care is recognized and valued, and the burden is redistributed equally.[a] This is essential, in particular for women in the global South who spend vast amounts of their time fetching firewood, fuel and water, and carry out other activities related to unpaid care and domestic work and smallholder farming (figure 3.1).

Effects of climate change and environmental degradation add to the care burden of women. Climate change, coupled with resource-constrained environments and inadequate and unequal access to infrastructure and services, reduce women's choices even further.[b] In sub-Saharan Africa for example, many women are key actors in sustaining their families through smallholder farming, and hence are more vulnerable to the effects of climate change due to their reliance on natural resources, limited control of access to resources, limited participation in decision-making processes, and restrictive social and cultural norms.[c] Due to gender inequality, women are often negatively impacted by water resource management and other natural resource provisioning systems and are often excluded from decision making.[d] Myriad case studies highlight the positive impacts of women's participation on the outcome of projects securing sustainable safe drinking water and sanitation.[e]

The complex topics of care and sustainability have yet to be bridged successfully.[f] The interdependency between care and the environment, and care for the environment, have been given short shrift in both academia and public policy. Building a caring and sustainable economy requires a fundamental change of perspective and policy priorities.[g]

Notes: [a] Schildberg 2014. [b] UNDP 2015. [c] Kanengoni 2015. [d] Wallace and Porter 2010. [e] UN DESA 2006. [f] Schildberg 2014. [g] Gottschlich 2012.

employment contributes to expanding domestic demand or, on the contrary, squeezes profits and investment.[115] The estimated virtuous impacts of an expansion of ECEC in Turkey are an example of the former. The lack of childcare service provision in China is an example of the latter, where a profit-led model of growth—and the other side of the coin, low wages—leaves women workers to shoulder care responsibilities by themselves, resulting in their withdrawal from the labour force when they are not able to pay for care services or find replacement for their care during paid working hours.

4. Building Transformative Care Agendas

This review of care policy innovations makes clear that they can be a double-edged sword in terms of women's and care receivers' rights, agency and well-being. Care policies play out in a contested terrain, within particular institutional and political settings. The question is how to build transformative care agendas. This is fundamentally a political issue, as it involves caregivers' and care receivers' potentially conflicting rights as well as disputes over resources, both public and private. [116]

Care agendas are multiple and come from different normative and political frameworks

Care has become a political issue only recently.[117] Very different normative positions underpin care agendas. Such positions define who should provide care, for whom it should be provided, who should bear which costs, and what institutions, economic structures, gender norms and public policies should intervene in their design and implementation.[118] Actors adopting a *social justice* perspective take a rights-based approach to care provision. They emphasize gender, class and race inequalities in care provision *and* in who benefits from care. They point out that these inequalities hinder women's enjoyment of their human rights[119] and deepen already existing inequalities among care receivers. Such analyses call for the redistribution of care responsibilities and the universalization of access to good quality care,

in particular through active state interventions.[120] Actors adopting a *social investment* perspective, in turn, view care both as an input to care receivers' human capital formation and as an impediment for caregivers to engage in employment which, in turn, is a driver of poverty.[121] These diagnoses focus on children (but not on other persons with care needs, or on adults in general), and on the efficiency gains of women's participation in the labour market when care services are publicly provided or subsidized. From this perspective, preferred interventions are those that focus on targeting "poor dependent groups".

The "Triple R" framework (box 3.3) has begun to galvanize progressive normative *positions around care*. This framework has become a diagnostic and advocacy tool in development circles,[122] and has prompted a language change in UN reports, which up until very recently used only the Beijing Platform for Action formulation.[123] The final wording of SDG target 5.4, which avoids mentioning reducing or redistributing unpaid care and domestic work—even if the agreed indicator for this target will effectively monitor these trends[124]—shows that the language of international agreements takes longer to change.[125] Indeed, a final proviso in target 5.4, "the promotion of shared responsibility within the household and the family as nationally appropriate" positions care as a cultural issue and can, potentially, jeopardize the advancement of the care agenda.

How care is framed varies considerably

Increasingly progressive perspectives on care have entered mainstream international development discourse in recent years. UN agency flagship reports now regularly profile the issue of unpaid care and domestic work.[126] Such recognition is far less apparent, however, at national and local levels. Very few social protection and childcare policies in low- and middle-income countries explicitly acknowledge unpaid care and domestic work in policy objectives, and even fewer incorporate it as a dimension of outcome evaluations.[127]

Country, regional and shadow reports that have evaluated progress and challenges since the Beijing Platform for Action offer the same bleak view, albeit with some regional differences.[128] In contrast to Africa and Asia, unpaid care and domestic work figures prominently in Latin American country reports as a central dimension of gender inequality. Designing and implementing care policies that redistribute the paid and unpaid work between women and men, families, states, not-for-profit sector and markets are identified among the main challenges for gender equality in the region.[129]

The apparent consensus on the importance of care for development within international development circles, coupled with the low priority of care agendas

Designing and implementing care policies that redistribute the paid and unpaid work between women and men, families, states, not-for-profit sector and markets are identified among the main challenges for gender equality in Latin America

Box 3.3. **The "Triple R" framework**

The Triple R framework, which calls for recognizing, reducing and redistributing unpaid care and domestic work[a] expands the Beijing Platform for Action's call for recognition and valuation,[b] typically interpreted as measurement, by adding a concrete economic justice dimension.

Recognizing unpaid care and domestic work means avoiding taking it for granted, challenging social norms and gender stereotypes that undervalue it and make it invisible in policy design and implementation. It therefore involves more than facilitating women's unpaid care and domestic work with measures that recast women as the main care providers.

Reducing unpaid care and domestic work means shortening the times devoted to it when it involves drudgery, primarily by improving infrastructure.

Redistributing unpaid care and domestic work means changing its distribution between women and men, but also between households and the society as a whole.

Notes: [a] A reinterpretation of Nancy Fraser's (1997; 2000) "Triple R" framework for identity politics: recognition, redistribution, representation, which was proposed by Elson (2008). See Esquivel (2011b) for an elaboration and Esquivel (2013) for practical applications to policy. [b] United Nations Fourth World Conference on Women 1995.

at the national level, allows a possible reading of the care agenda as "Northern" or "Western" by developing countries. The risk is that a developed/developing country divide may break any consensus and provide an escape route to governments that do not prioritize compliance with SDG target 5.4.[130]

Care ranks high in women's movements agendas, albeit with caveats

The diverse approaches to unpaid care and domestic work adopted by women's movements and organizations at international, regional and national levels mirror different care frameworks. Women's movements and feminist organizations that took part in the negotiations of the SDGs as part of the Women's Major Group (WMG) used the Triple R framework (box 3.3) to articulate policy claims around care, arguing forcefully from a rights-based perspective.[131] When the language of "reduction" and "redistribution" was removed from later drafts, the WMG voiced strong opposition, though with little success.[132] Women's movements at regional levels, such as the Asia Pacific Forum for Women and Law Development, also articulated claims around care using the Triple R framework, linking it with the decent work and social protection for all agendas.[133]

Yet the very concept of unpaid care and domestic work as used in international development discourse—including in SDG target 5.4—is not necessarily used by women's movements at the national level. In China, India and Indonesia, for example, the concept of unpaid care and domestic work is rarely found in advocacy and mobilization.[134] This is sometimes a "strategic" decision, to frame advocacy in other political agendas that might gain more traction, as in the case of children's rights. In other cases, pervasive norms that see women's caring responsibilities as "natural" explain the absence of claims around unpaid care work. In India, feminist activists felt mobilizing around care was difficult, given how deeply internalized and "private" the distribution of care responsibilities is.[135] The same was deemed true in Nepal.[136]

In contrast, in Latin America, demands for care policies, including care services and parental leave, are mostly articulated by urban academic feminists, officials in labour ministries, women members of parliament and women trade unionists, whose main strategy has been to exert claims on the state (including local governments) to achieve policy change.[137] Such a strategy ultimately rests on a belief in the role of the state in regulating public and private life and in its capacity for service delivery. Where the public sector is absent or unreliable and communities lack basic infrastructure, health care and education, women's movements are likely to find it hard to exert claims on the state for better infrastructure or childcare services.[138] In many cases, they engage in service delivery themselves with the help of international donors, as illustrated by the case of home-based workers caring for persons living with HIV/AIDS in several African countries.[139]

Care is moving up the agendas of labour and care receivers' rights movements

Beyond women's movements, there are several other actors at the local level who also articulate care claims from the perspective of paid care workers, including trade unions and care worker activists, or from the perspective of care receivers, such as organizations for persons with disabilities, persons living with HIV/AIDS and children's rights activists.[140] Progress related to domestic workers, for example, has been the result of strong mobilization at national and international levels.[141] Informal worker activists are demanding the inclusion of childcare services in social protection floors,[142] challenging the idea that childcare services are solely a demand of women working in the formal sector—a view that is supported by the ILO Recommendation on Transition from the Informal to the Formal Economy, 2015 (No. 204, para. 21). Child rights activists are also forcefully articulating demands for child care services.[143]

These groups, however, do not always share the same views or agendas around care. In the run-up to finalizing the design of the Uruguayan SNIC, the government opened "national dialogues" to raise awareness and incorporate local realities into the design. Yet the dialogues saw a departure from the women's movements' agenda that sparked the process. Considerable networking and mobilization were necessary to re-establish its feminist agenda.[144]

5. Pathways to Transformative Care Policies

What accounts, then, for the emergence of transformative care policies? These have generally emerged in contexts of progressive framings, broad political alliances and innovative uses of evidence.[145]

Transformative care policies have emerged as a result of broad alliances and consensus-building processes in which women's movements have actively engaged with state actors

Progressive framings advance transformative care agendas

Common understandings catalyse alliances and prevailing ideas on the role of women, and the political leaning of governments in power, matter for the advancement of transformative care policies. Some framings of care have proved more powerful than others in bringing progressive actors together. For example, claims framed around the recognition of care have made a dent in the discourse of national governments, particularly in African countries, but they do not automatically lead to policy change.[146]

In contrast, the rights-based approach to social protection as an umbrella for a rights-based approach to care policies has proved a much more fruitful background for advancing the care agenda. This is apparent in several Latin American countries, such as Uruguay and Costa Rica.[147] A rights-based approach to care recognizes both caregivers and care receivers as rights-holders, and positions the state as a duty-bearer.[148] It is a powerful framework that can be used to exert claims on the state—albeit less powerful if the state is absent or mistrusted.

Broad alliances and engagement with the state are also needed

Several actors, including civil society, academics, labour movements, practitioners and politicians, have an interest in, and the power to, influence care policies. It is in dialogue with these stakeholders that government officials design, implement and monitor transformative care policies.

Transformative care policies have emerged as a result of broad alliances and consensus-building processes in which women's movements have actively engaged with state actors. In Nepal, for example, a coalition of actors ranging from groups representing women lawyers and journalists, as well as other social movements, engaged with academics and other activists to target and lobby decision makers to recognize unpaid care work in public policy.[149] In Nigeria, the Unpaid Care Work Coalition engaged with government officials. After much resistance, a framework for mainstreaming unpaid care work in national economic policy[150] was designed—a fact that was reported in the Beijing+20 Nigerian national review.[151] However, less progress was made in advocating for the full implementation of ECEC policy, the other priority of the coalition.[152] In both cases, progress was slow due to resistance of government officials and the fact that there were no "femocrats" (feminist bureaucrats) in the government administration to provide support and exert pressure from within.[153]

The Uruguayan SNIC began with a broad alliance between women's and social movements, women parliamentarians and academics. Organized in the Red de Género y Familia, the first step was convening Care Dialogues, an advocacy strategy which aimed to raise the visibility of care on the public agenda.[154] But in contrast to the above-mentioned cases, it was the engagement with the ruling party, Frente Amplio, and the inclusion of the SNIC as part of the electoral campaign programme for 2010–2015 that proved crucial.[155] Care thus became a political, and not only a technical, public policy issue. Because the importance of unpaid care and domestic work had already been recognized, the discussion could centre on concrete policy design and implementation.

Broad alliances between women workers' organizations, social movements and (sometimes) labour unions have also supported efforts to engage with the state to change legislation and working conditions for domestic workers. However, there have been varying degrees of success depending on how claims are framed, and the degree of autonomy and representation conferred on women workers' associations.[156]

Evidence supports care policies from "behind the scenes"

Evidence-based research on care has been influential in the policy process—from focus groups with women informal workers, which have helped raise the visibility of care,[157] to the collection of time-use data by national statistical offices,[158] which are increasingly used to support women's claims on redistributing unpaid care and domestic work.

Since the 1995 Beijing Platform for Action and bottom-up pressure from women's movements, as many as 125 countries have conducted time-use surveys (TUS).[159] These, in turn, have generated comparative time-use data at the international level.[160] Time-use data are increasingly used as evidence to support women's care claims and monitor policy impact at the national and local levels. In India, for example, the findings of the 1998–1999 TUS confirmed the unequal distribution of paid and unpaid work in both rural and urban areas, and revealed care deficits, especially in poor households—a move that enhanced the demand both for maternity entitlements and for crèches at MGNREGA working sites.[161] In Uruguay, initial time-use data collected by academics for Montevideo provided evidence to position care on the public agenda.[162] In Tanzania, time-use data are used to monitor public expenditure on water and sanitation as part of gender-sensitive budgeting initiatives.[163] Time-use diaries are also part of donor agencies' advocacy strategies. They can also raise women's awareness about their time spent on unpaid care and domestic work and encourage mobilization around care claims.[164]

It is to be hoped that the recent change in the ILO's definition of work, which explicitly includes unpaid care and domestic work,[165] as well as SDG target 5.4, will reinvigorate time-use data collection[166] as countries will be required to conduct TUS at certain intervals to monitor progress toward reducing and redistributing unpaid care and domestic work.[167] Time-use data could also be used in innovative ways to inform future care policies. These data have yielded, for example, measurements of "time poverty"[168] and its relation with income poverty. In the cases of Argentina, Chile and Mexico, taking into account time poverty substantially increased the incidence of (time-adjusted) income poverty: from 6.2 percent to 11.1 percent in Buenos Aires (Argentina), from 10.9 percent to 17.8 percent in Gran Santiago (Chile), and from 41 percent to 50 percent in Mexico.[169] These measures have also been used to evaluate the impact of specific care policies, such as the universalization of the childcare voucher programme in the Republic of Korea. Results have shown that the programme slightly reduced the incidence of (time-adjusted) income poverty from 7.9 percent to 7.5 percent.[170]

6. Realizing the Transformative Potential of Care Policies

The analysis presented in this chapter points to the following main conclusions.

The gender perspective is central to care policies

Care policies serve multiple purposes. Central to them is the well-being of care receivers. Yet in their design and implementation, care policies can contribute to gender equality, or be detrimental to it. Recognition of women's unpaid care and domestic work can act as an entry point to bring a gender perspective into care policies, and help reduce and redistribute care as a result.

Care policies complement each other

SDG target 5.4 lists public care services, infrastructure and social protection policies as ways to recognize women's unpaid care and domestic work. These policy instruments need to be designed and implemented in ways that complement one another to realize their transformative potential.

Decent work for care workers opens up the "high road" to care

Care service quality is intrinsically associated with working conditions in care services, be they public, community- or market-based. A "high road" to care provision caters for care workers, including domestic workers and migrant care workers, who are usually women.

Seeing social policies through a "care lens" makes cross-sectoral coordination possible

The multiplicity of care policies means that they are formulated in several ministries and secretariats, have different political priorities, and sources of funding, and cater for different populations. They involve actors with various agendas and interests that may be in tension. Sector-oriented practitioners have little connection with each other, resulting in fragmentation, competition for policy space and slow progress of care agendas. Making care a cross-sectoral policy dimension has allowed the emergence of coordination mechanisms that avoid some of these drawbacks.

Care policies have macro drivers and positive macroeconomic impacts

Among other reasons, care policies emerge in response to structural challenges, such as ageing populations or tight labour markets. The impacts of care policies go beyond the well-being of care receivers and care providers to have macroeconomic consequences. Care policies can generate employment and impact long-term growth.

This chapter also shows that the emergence of a transformative care agenda is not a technocratic fix. Care policies are contested. Whether and how they are implemented, their design and institutional architecture, are politically determined.[171] Progress depends on the complex interplay between ideas, interests, norms and values, and power relations; national and international institutional settings; and structural factors conducive or detrimental to the realization of a transformative care agenda.

The 2030 Agenda provides a platform for the advancement of care policies at the national level. This means bringing a care lens to public services, infrastructure and social protection policies. While in many cases it is highly effective, however, the care lens is not automatically associated with transformative change. Elements that have been decisive in making care policies transformative are progressive political framings, broad political alliances and innovative use of evidence. These are further supported by contextual factors such as dynamic labour markets and increasing female labour demand, as well as availability of funding for care policies.

Transformative care policies are more likely to emerge when:

- channels for social dialogue are established with women's and social movements, trade unions and dependent persons' rights organizations, in order to set priorities and inform policy design;
- institutional coordination effectively bridges sectoral divides such as health, education, infrastructure and social protection;
- a strong gender perspective is built into the design and implementation of care policies, and decent working conditions are offered to paid care workers; and
- care policies are framed within a universalist, human rights–based approach to social protection.

Endnotes

[1] Other key rights at work that complement the right to maternity leave are non-discrimination and the right to breastfeed at work.

[2] Sepúlveda Carmona 2013.

[3] This is the wording of the Beijing Platform for Action, agreed at the UN Fourth World Conference on Women 1995, Strategic Objective H.3, point [f] (UN Women 1995).

[4] Other than in target 5.4, the 2030 Agenda explicitly refers to care policies in targets 3.7/3.8: universal health care, 4.2: care and pre-primary education for girls and boys, and in Goal 6: water and sanitation for all. Goal 8, on employment, does not mention parental leave or paid leave for caregivers, although they are arguably part of what the ILO calls "decent work".

[5] This understanding of autonomy and agency refers to the "capacity of self-determination rather than the expectation of individual self-sufficiency" (Williams 2014:102).

[6] Tronto 2013.

[7] Folbre 2006; Neumann et al. 2015.

[8] In line with the UN Convention on the Rights of Persons with Disabilities (UN 2007).

[9] Antonopoulos et al. 2012.

[10] Evans 2014.

[11] Neumann et al. 2015:9.

[12] Esquivel 2011:20.

[13] Esquivel 2011:27, 31.

[14] Staab and Gerhard 2010.

[15] Republic of Kenya 2012.

[16] República de Colombia 2016.

[17] Staab 2015.

[18] Fultz and Francis 2013; Molyneux et al. 2016.

[19] Peng 2012; Zacharias et al. 2014.

[20] Scheil-Adlung 2015.

[21] UNECE 2015.

[22] República de Chile 2016.

[23] UNFPA 2012. A recent Protocol to the African Charter on Human and Peoples' Rights on the Rights of Older Persons in Africa states in article 12 that countries should "Adopt policies and legislation that provide incentives to all stakeholders, including adult children, to support Older Persons in their communities, ensuring that they remain at home for as long as possible" (African Union 2014).

[24] UN DESA 2015:4.

[25] Between 35 and 50 percent of persons with disabilities in developed countries, and between 76 and 85 percent in developing countries received no treatment in the year prior to the study (WHO 2015b).

[26] Morgon Banks et al. 2016.

[27] UN Women 2015b.

[28] Makina 2009.

[29] WHO 2015a.

[30] Brown 2010:63.

[31] UNICEF and WHO 2015:7.

[32] UN DESA 2014.

[33] Brown 2015.

[34] UN Water 2012.

[35] Fontana and Natali 2008.

[36] Fontana and Elson 2014.

[37] African Development Bank Group 2015:13.

[38] Seguino and Were 2014:37.

[39] ILO 2012.

[40] ILO 2014:xxii.

[41] Morgon Banks et al. 2016:1.

[42] Fultz and Francis 2013:5.

[43] World Bank 2015.

[44] World Bank 2015:7.

[45] Estimate equivalent to 21.5 percent of the Latin American population for the year 2013 (Cecchini and Vargas 2014).

[46] Although they have low coverage (World Bank 2015).

[47] Save the Children 2012.

[48] Fultz and Francis 2013.

[49] Esquivel 2013; Sepúlveda Carmona 2014.

[50] Molyneux 2007; Fultz and Francis 2013.

[51] Baird et al. 2013 cited in World Bank 2015:9.

[52] Fultz and Francis 2013:34

[53] ECLAC 2016:76.

[54] Fultz and Francis 2013:34.

[55] Gammage 2010.

[56] Fultz and Francis 2013.

[57] Parenzee and Budlender 2015.

[58] ILO 2014:14.

[59] Arza 2012.

[60] Arza 2015.

[61] EUROsociAL 2015.

[62] ILO 2016.

[63] ILO 2014.

[64] ILO 2016:80.

[65] ILO 2014:xiv.

[66] Rao 2016.

[67] Antonopoulos et al. 2012.

[68] Budig and Misra 2010.

[69] ILO (2015), cited by ILO (2016:70), estimates that of the total of 150.3 million migrant workers today, 11.5 million—or 17.2 percent—were domestic workers. The majority of them (73.4 percent) were women. Regionally, southeast Asia and the Pacific host 24.0 percent of female migrant domestic workers, followed by northern, southern and western Europe (22.1 percent) and the Arab states (19.0 percent). For reviews on global care chains, see Kofman and Raghuram (2015) and Pérez Orozco (2010).

[70] Chopra 2014.

[71] A gender perspective on ECEC is usually translated into tackling gender discrimination in access to education, not women's needs as caregivers (Fontana and Elson 2014; UNECA 2015).

[72] Guzmán León 2014.

[73] IMAS 2016.

[74] IMAS 2016.

[75] INAMU 2014.

[76] Asian Development Bank 2015; Willetts et al. 2010.

[77] UN DESA 2006.

[78] Delgado and Zwarteveen 2007 cited by Kevany and Huisingh 2013.

[79] De Nys et al. 2014 (the example, though, is for urban areas in Water Users Management organizations, not in rural areas).

[80] Kytölä 2009 cited by Fontana and Elson 2014.

[81] UNEP et al. 2013.

[82] Molyneux 2007; Fultz and Francis 2013; Plagerson and Ulriksen 2015.

[83] South Africa has an array of programmes to support children and their primary caregivers: the Child Support Grant, the Foster Child Grant, which has a higher stipend than the former for children that do not live with their parents, and the Care Dependency Grant, for severely disabled children (Budlender and Woolard 2012; Plagerson and Ulriksen 2015).

[84] Plagerson and Ulriksen 2015.

[85] Daly 2015.

[86] Palriwala and Neetha 2010; UN Women 2012.

[87] Republic of India 2015.

[88] Parenzee and Budlender 2015.

[89] ECLAC and ILO 2014:19.

[90] Fultz and Francis 2013; Rossel et al. 2015.

[91] UN Women 2012.

[92] Parenzee and Budlender 2015.

[93] Republic of Kenya 2012.

[94] Obiwelouzor 2015.

[95] Palriwala and Neetha 2010. However, the exact figure of Indian domestic workers is contentious. See "India: 2.5 or 90 million domestic workers?" in ILO 2013a:14.

[96] ILO 2013c.

[97] Kofman and Raghuram 2015:183.

[98] Kofman and Raghuram 2015.

[99] Razavi and Staab 2010.

[100] As is the case of France (Devetter 2013) or the United Kingdom, where approximately 56 percent of care workers are on zero hour contracts (TUC 2014).

[101] Folbre 2006.

[102] ECLAC 2016.

[103] República Oriental del Uruguay 2016.

[104] See the SNIC budget at https://www.mef.gub.uy/innovaportal/file/16500/4/ix.sistema-de-cuidados.pdf, accessed 24 February 2016.

[105] Espino and Salvador 2014.

[106] Bergman 2004 cited in Alfers 2015.

[107] Peng 2012.

[108] Hopkins 2016.

[109] In 2013, 46.1 percent of kindergarten and pre-school students in China were enrolled in private kindergartens, and fees covered more than half of the operating costs of the programmes (Song 2014 cited in Cook and Dong 2015).

[110] PNUD 2014; Scagliola 2014.

[111] İlkkaracan et al. 2015.

[112] Muñoz-Boudet and Aran 2015.

[113] ITUC 2016; UN Women 2015a.

[114] Seguino and Were 2014.

[115] Braunstein 2015.

[116] Rao 2016; Daly 2015. Molyneux et al. (2016:9) make a similar point about cash transfer programmes.

[117] Esquivel 2015.

[118] Esquivel 2014:433.

[119] Sepúlveda Carmona 2013.

[120] UNRISD 2010; Esquivel 2013.

[121] Williams 2012.

[122] ActionAid 2013a; Kidder and Pionetti 2013.

[123] Esquivel 2011.

[124] ECOSOC 2016.

[125] In Latin America, where there has been greater progress in transformative care agendas, the preferred normative framework has been "social co-responsibility", which expands the more limited work-family reconciliation discourse. Similar in intent to redistribution, enacting social co-responsibility in care means a strong public sector to guarantee that not all care responsibilities fall onto families, and especially on women. However, it places a stronger emphasis on the private sector, seen as co-responsible for care provision, and positions interaction in the labour market at the centre of the debates (Martínez-Franzoni 2015).

[126] See, for example, UNRISD 2010; World Bank 2012; UN Women 2015a; UNDP 2015; ILO 2016.

[127] Chopra 2013.

[128] Esquivel and Kaufmann 2016.

[129] CEPAL 2015:25.

[130] Paraphrasing Eyben's (2012) "hegemony cracked".

[131] Post-2015 Women's Coalition 2015; see also Gabizon 2016.

[132] Women's Major Group 2014; see also Gabizon 2016. For an analysis of the SDGs from a feminist perspective, see Esquivel and Sweetman 2016.

[133] APWLD 2014.

[134] Rao 2016.

[135] Chigateri et al. 2016.

[136] Chopra et al. 2014.

[137] Rodríguez Gustá and Madera 2015.

[138] ActionAid 2013a:27.

[139] Evans and Atim 2015.

[140] Williams 2012.

[141] Kabeer 2016; Mather 2014; WIEGO n.d., 2016.

[142] Budlender 2015.

[143] Samman et al. 2016.

[144] Aguirre and Ferrari 2014:37.

[145] These factors bear some resemblance with those proposed by Eyben (2012:18) "naming, framing, claiming and programming" to get care onto development agendas.

[146] African Shadow Report on Beijing +20 national reviews cited in Esquivel and Kaufmann 2016.

[147] Cecchini et al. 2015.

[148] Sepúlveda Carmona and Donald 2014.

[149] Chopra et al. 2014.

[150] Recognition in national economic policy seems more ambitious, but also vaguer and harder to articulate than recognition in social protection and infrastructure policies.

[151] Republic of Nigeria 2014:22.

[152] ActionAid 2013b.

[153] A factor that has proved positive in other contexts, like Indonesia and Bangladesh (Nesbitt-Ahmed and Chopra 2015).

[154] Fassler 2009.

[155] Aguirre and Ferrari 2014.

[156] Kabeer 2016; WIEGO n.d.; Goldsmith 2013.

[157] Alfers 2016.

[158] Budlender 2010.

[159] Hirway 2016.

[160] UNDP 2015; Samman et al. 2016; Charmes 2015.

[161] Rao 2016.

[162] Aguirre 2013.

[163] Kytölä 2009 cited in Fontana and Elson 2014.

[164] ActionAid 2013a:5; Kidder and Pionetti 2013; Chopra et al. 2014. The need to produce sound (representative) evidence made Oxfam conduct a time-use survey in rural communities in five countries to stablish a "base line" for its future work (Rost et al. 2015).

[165] ILO 2013b.

[166] ECOSOC 2016.

[167] The agreed monitoring indicator is "Percentage of time spent on unpaid domestic and care work, by sex, age group and location" (ECOSOC 2016) which in practice measures reductions in women's unpaid care and domestic work or redistribution relative to men only.

[168] See, for example, Antonopoulos et al. (2012) for a definition of time poverty that takes as a starting point the unpaid care and domestic work required to live with incomes at poverty level; Bardasi and Wodon (2009), who combine paid and unpaid work hours for the income poor; Goodin et al. (2008) who base their calculations on the "socially required work time".

[169] Data for circa the mid-2000s. See Antonopoulos et al. 2012.

[170] Zacharias et al. 2014.

[171] Daly 2015:23; Chopra 2013.

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CHAPTER 4

With 21,500 members, Cooperative Café Timor produces organic certified coffee and is Timor Leste's largest employer during the coffee season.

Promoting Social and Solidarity Economy through Public Policy

Social and solidarity economy (SSE) has a potentially important role to play in reorienting economies and societies toward greater social and ecological sustainability. Its principles and practices aim to reintroduce values of justice, humanize the economy and contribute innovative solutions that are grounded in people's agency. As such, it is crucial that it is factored into discussions on the means of implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs). Scaling up SSE and realizing its transformative potential requires a range of supportive public policies at different levels, effective participation, innovative forms of financing, as well as learning from—and adjusting—implementation experiences on the basis of research, monitoring and evaluation.

Chapter 4 addresses implementation of SDGs

1. Introduction

Key aspects of the economy and wealth creation seem no longer to serve humanity. This is reflected in the spread of terms like casino capitalism, corporate greed, financialization, tax havens, land grabs, jobless growth and "the 1%" targeted by the Occupy Wall Street movement. Over several decades, markets and business corporations have been given freer rein. With economic liberalization, they have tended to become detached from their social moorings and responsibilities—"disembedded" in academic parlance.[1] Furthermore, the rise of market forces can displace or stretch the limits of other institutions, such as the state, community or household, that play an important role in social protection.[2]

From the perspective of poverty eradication, equality and sustainable development, humanizing the economy is perhaps the greatest challenge facing the international development community.[3] The mainstream response has tended to centre on innovations and practices related to public-private partnerships, philanthropy, corporate social responsibility, social impact investment, the promotion of small- and medium-sized enterprises, and integrating small producers in the supply chains of global corporations. But such approaches often result in piecemeal or incremental reforms that do not fundamentally improve well-being, empower vulnerable groups or challenge the drivers of social exclusion and insecurity.[4]

This chapter discusses another approach to re-embedding markets and promoting forms of production, exchange and consumption that protect both people and the planet. It involves economic activities and market relations whose objectives and practices contrast with those of the conventional for-profit firm, self-interested individuals and charity. This form of economy is increasingly being described as "social and solidarity economy" (SSE). It comprises organizations and enterprises with social and often environmental objectives, guided by principles and practices of cooperation, solidarity and democratic self-management. While SSE organizations and enterprises often have comparative advantages in particular activities, such as basic needs provisioning, broadening access to finance, management of common pool resources and the environmental retrofitting of economies, some are also active in more capital-intensive forms of manufacturing and processing.

These and other features of SSE organizations and enterprises are identified in box 4.1. SSE activity is often associated with localized circuits of production and exchange that are conducive not only to basic needs provisioning but also local economic development, as income and profits boost local demand and investment,[5] and organized SSE interests tend to lobby local governments for infrastructure and services.[6] Furthermore, localized circuits can have positive environmental implications[7] and facilitate women's economic empowerment.

Interest in SSE within academic, activist and policy-making fields has risen sharply in recent years, not least in the wake of the global financial crisis when the search for alternatives to business as usual escalated and as the connections between SSE and the Millennium Development Goals (MDGs) and employment generation became more apparent. The global agreement on the 2030 Agenda for Sustainable Development will likely increase attention to SSE because it speaks directly to a number of the core elements in the Sustainable Development Goals (SDGs). These include not only specific goals associated, for example, with poverty reduction (goal 1), food security (goal 2), healthy lives (goal 3), women's empowerment (goal 5), affordable and sustainable energy (goal 7), employment generation (goal 8), forest protection (goal 15) and sustainable cities and human settlements (goal 11). Also relevant is the way SSE relates to elements within the 2030 Agenda associated with integrated approaches, solidarity, participation, inclusiveness, mixed economy, and deep transformations in production and consumptions patterns (goal 12). More specifically, SSE is a key means of implementation for achieving many of the SDGs (goal 17).[8]

This chapter examines the rise of SSE and its implications for development and transformative change. While referring to certain experiences in high-income countries, the focus is on middle- and low-income countries. Particular attention is paid to the growing efforts on the part of governments in developing countries to enable SSE through public policies.

From the perspective of poverty eradication, equality and sustainable development, humanizing the economy is perhaps the greatest challenge facing the international development community

The analysis presented in this chapter points to three main conclusions.

- States can potentially play a key role in enabling SSE. This requires recourse to a broad portfolio of instruments ranging from laws, conventional economic and social policies, development plans, programmes targeting specific groups and sectors, and institutions tailor-made to support SSE.
- Realizing this potential, however, confronts numerous constraints including not only resource limitations but also (i) the marginalization of SSE within policy priorities; (ii) narrow conceptions of the role of SSE in economic and social development; and (iii) contradictions associated with macroeconomic, investment, trade and fiscal policy.
- While government support can play a role in scaling up SSE, it can also dilute its transformative potential. Monitoring and evaluation have a key role to play in identifying and correcting constraints and contradictions. Partnerships and participation—or processes of "co-construction"—where SSE actors and intermediary organizations actively engage in

Box 4.1. **Core characteristics of SSE organizations and enterprises**

While definitions of SSE vary, it generally refers to forms of economy where income- and wealth-generating activities and the provisioning of basic goods and services are carried out by organizations and enterprises that combine several of the following characteristics.

Ethical, social, environmental and cultural objectives: SSE puts ethics at the centre of economic activity.[a] Social and often environmental objectives guide the operations of many SSE organizations—for example, when social enterprises employ persons with disabilities or provide care and other local "proximity" services (such as health care and training for work integration); mutual associations facilitate the access of low-income groups to health services; women's self-help groups enhance food security; fair trade organizations and alternative food networks pay small producers a premium price for their produce and promote agro-ecology; and community forest groups manage common pool resources sustainably. Participating in SSE activities can also be related to the quest to reassert various forms of cultural identity or adopt lifestyle choices associated with the quest for a more caring society.

Equitable enterprises and value chains: The organizing principles of SSE organizations, enterprises and value chains contrast with those of investor- or state-owned enterprises, or corporate-led value chains. They (i) are either non-profit or "less-for-profit", rather than primarily for profit; (ii) involve governance arrangements within the workplace that are less hierarchical, more democratic and not structured by shareholder interests; and (iii) promote more equitable patterns of income or profit distribution within their structures. Such aspects are core features of many cooperatives, fair trade networks, self-help groups, and social and solidarity finance initiatives.

Collective action and economic empowerment: In contrast to the conventional entrepreneur, family enterprise or own-account worker, SSE generally comprises economic agents and citizens engaged in collective action. Various forms of cooperation and association allow workers and producers to further their economic interests. Organizing collectively in cooperatives may facilitate access to key resources such as credit and transport, as well as enhance bargaining power in the price system. Organizing in groups can also play a key role in women's economic empowerment.[b]

Active citizenship and political empowerment: SSE is about reinvigorating the role of communities and citizens in both the economy and polity.[c] SSE and related intermediary organizations and networks mobilize to contest public policy and corporate behaviour and advocate for change. They also engage proactively in policy dialogues. In this respect, SSE is not only focused on the economic empowerment of workers and producers but also their political empowerment. Associations of informal economy workers enable street vendors, domestic workers, waste pickers and others to lobby in defence of their interests.

Notes: [a] Gibson-Graham 2006; McMurtry 2015. [b] Agarwal 2015. [c] Dacheux and Goujon 2012; Laville 2015.

policy design and implementation are crucial for overcoming such constraints. Forums that facilitate and institutionalize co-construction need to be created and strengthened.

Section 2 examines the rise of SSE and its relevance for inclusive and sustainable development. Section 3 outlines the role of governments in supporting SSE, identifying key initiatives in relation to state policies, laws, programmes and reforms of institutions. Section 4 assesses the implications of SSE and related public policies for transformative change. It examines the potential of SSE for addressing some of the root causes of social exclusion and unsustainable development. It goes on to consider critically the scope for scaling up SSE as an alternative development pathway by focusing on four challenges related to state capacity, policy coherence, participation and institutionalization, and sustainability of government interventions. The chapter concludes by reflecting on the implications of the analysis for development strategy and the SDGs, and highlighting the need to raise the visibility of SSE within the sphere of politics through measurement, evaluation and participation.

2. The Rise of SSE and its Role in Development

Multiple conditions and contexts have coalesced to cause SSE to expand in numerous countries. People in their role as workers, producers, consumers and citizens are organizing and engaging in various forms of collective action to defend their livelihoods and realize their rights in contexts of heightened vulnerability associated with globalization, economic liberalization and shocks such as the 2007/2008 financial and food crises.

The contemporary rise of SSE also reflects changes in identity politics and cultural perspectives. They range from the reassertion of indigenous cultural values and practices to those associated with so-called post-industrial society and social and environmental justice movements. Terms like *buen vivir*, voluntary simplicity, degrowth and food sovereignty, which are gaining currency, encapsulate such changes. Both mainstream and activist politics have also played a role. In some parts of the world, notably Latin America, political parties with strong links to SSE actors and related social movements have formed governments since the turn of the millennium. International SSE networks and social movements, not least those associated with the World Social Forum, are calling for "another world" where SSE has pride of place.[9] And governments are recognizing that SSE organizations and enterprises can play a role in realizing key international development objectives such as poverty reduction, social service delivery and employment generation.[10]

The contemporary rise of SSE also reflects changes in identity politics and cultural perspectives

But the nature of SSE varies significantly in different countries and regions, reflecting variations in social, cultural, political and institutional settings. In Asia, as well as in Europe, various forms of enterprise and non-governmental organizations with social objectives are prevalent.[11] In Africa, community organizations and cooperatives have a strong presence. In several Latin American countries, SSE is connected with social movements and left-leaning political parties or governments that look to collective action and "associative economy" as an alternative to capitalist enterprise and relations.

Different forms of SSE expansion also occur. Scaling up has been apparent in three respects:[12] *horizontal*, involving the proliferation of SSE organizations and enterprises, such as rotating credit and saving associations in Africa or community forest management groups in South Asia; *vertical*, involving the significant growth of specific organizations, such as large-scale financial and production cooperatives, or cooperative federations and confederations; and *transversal*, where SSE values and practices infuse the broader local or provincial economy, as in Quebec (Canada), Emilia Romagna (Italy), the Basque region of Spain, Gujarat and Kerala (India) or Gangwon (the Republic of Korea).

Networking across borders characterizes Fairtrade[13] and the formation of national, regional and international associations such as StreetNet (representing street vendors), the Global Alliance of Waste Pickers, HomeNet (representing domestic workers), and La Via Campesina (representing small farmers, agricultural workers and others), as well as international and regional advocacy

organizations such as the Réseau Intercontinental de Promotion de l'Economie Sociale Solidaire (RIPESS/ Intercontinental Network for the Promotion of Social Solidarity Economy) and Rencontres du Mont-Blanc (RMB/Mont-Blanc Meetings). Technological innovations, in particular those associated with information and communication technologies (ICTs), have facilitated the growth of such social entrepreneurship and networking (chapter 1).

As it has expanded in recent years, the composition of SSE has also changed. Beyond the traditional forms of social economy centred on cooperatives, mutual associations, community organizations and foundations, are fair trade organizations that connect producers and consumers both nationally and internationally; alternative food networks that engage in collective provisioning; women's self-help groups supported by non-governmental organizations (NGOs) and donor agencies concerned with women's economic empowerment; and community forestry groups enabled by public policies and laws. "New generation cooperatives", such as Producer Companies in India, that are more autonomous of state and party institutions and better equipped legally to compete in the market place have emerged.[14] Informal economy workers are also organizing in associations and networks.

Whereas SSE expansion in developing countries is largely accounted for by workers and producers organizing in defence of their livelihood and social protection, in Europe and other countries of the Organisation for Economic Co-operation and Development (OECD), people are also turning to SSE in their roles as consumers, investors, entrepreneurs and citizens. There has been a significant rise in social enterprises.[15] These often assume hybrid forms in terms of their market and social orientation. Many are engaged in providing social and personal services associated with work integration, health and other forms of care, housing, training, culture and recreation.[16] Many NGOs are also transitioning from being grant-dependent organizations to sustaining themselves through income-generating activities. Other developments in the Global North related to SSE include the expansion of alternative food networks and urban community agriculture, complementary currency and ethical investment schemes, and so-called transition towns that promote alternative community-based systems for food, energy and social service provisioning (chapter 5).[17]

While the local orientation, micro scale and informal nature of many such organizations and their activities often renders SSE somewhat invisible at the macro level, their weight in economic activity as well as social and environmental protection can be significant (box 4.2).

Despite its potential, it is important not to romanticize SSE

SSE can potentially play a key role in transformative change. Realizing this potential, however, is no easy task. This is partly due to the internal dynamics within SSE organizations and enterprises. Their capacities, competencies and social capital may vary considerably. Low levels of literacy and education often undermine effective participation. Social capital, or trust, which is key for the functioning of SSE organizations and enterprises, may decline as they grow in size and social relations become more impersonal.[18] Working conditions may not meet decent work standards. As cooperatives grow and compete within the mainstream economy, they can assume features of capitalist enterprises in terms of managerial and administrative practices and labour relations. Democratic decision making may constrain managerial agility and innovation. Some of these features place SSE enterprises at a competitive disadvantage compared to conventional private sector firms, particularly publicly traded companies.[19]

While SSE yields more obvious benefits when viewed from the perspective of social development and employment generation, the same is less clear vis-à-vis certain metrics of economic development, such as growth and productivity. The "less-for-profit" and "less-for-growth" orientation of many SSE enterprises, as well as the absence of shareholders (other than members) often restricts access to finance and the expansion of productive activities.[20] But collective action associated with cooperative formation can serve to overcome market imperfections associated, for example, with limited access to information, transport and distribution facilities.[21] Overcoming such constraints can be conducive to growth and productivity. Cooperatives also facilitate adding value to primary products via processing. Both the employment-generating effects of SSE and increased incomes associated with the greater bargaining power of cooperative members

Box 4.2. **Selected facts on SSE and the measurement challenge**

Comprehensive or aggregated data on SSE is often hard to come by, in part due to the relative newness of this socioeconomic category in mainstream knowledge and policy circles, as well as issues of definition and data-gathering constraints, particularly in developing countries. While there is a longer history of data gathering related to cooperatives, the same cannot be said for other subsectors within SSE. Selected facts related to the scale of SSE, pertaining mainly to developing countries, are presented below.

- A 2014 study of cooperatives in 74 countries (with 79 percent of the world's population) estimates that the number of workers and producers associated with cooperatives as employees, worker-members or producer-members amounted to 250 million, more than twice the number of people employed directly by transnational corporations.[a] In the G20 countries this represented nearly 12 percent of total employment.[b]
- In Costa Rica, just two SSE sectors—the cooperative movement and the solidarista labour movement—account for nearly 60 percent of the national labour force and 40 percent of the adult population.[c]
- Community-level organizations associated with SSE have proliferated in many countries and regions. There are nearly 100 million users of community-based savings schemes in sub-Saharan Africa.[d] In Nepal there are over 18,000 community forest user groups comprising about 40 percent of the country's households.[e]
- Women make up a significant share of the SSE. In South Africa, 60 percent of cooperative members are women.[f] In India alone, some 30 million people, the vast majority women, are organized in self-help groups.[g] In Nicaragua, the equivalent of 20 percent of the female economically active population participates in two government programmes supporting women's organization and empowerment through SSE.[h]
- Large apex or intermediary organizations exist in many countries. Ghana's three apex organizations representing different types of cooperative organizations comprise some 600,000 individuals.[i] Nepal's largest civil society organization is the Federation of Community Forestry Users Nepal (FECOFUN).[j]
- Certified Fairtrade has grown into a USD 7 billion-plus market involving 1.65 million farmers and plantation workers.[k]
- Scale is apparent not only for particular subsectors of SSE but also for specific organizations and enterprises. India's largest food marketing corporation, the cooperative organization Amul, has annual revenues of over USD 3 billion and sources from over 600,000 member-producers.[l]

Notes: [a] Kim 2006. [b] Roelants et al. 2014. [c] Utting and Morales forthcoming. [d] UNTFSSE 2014. [e] FECOFUN Hariyo Ban Program. [f] COPAC 2015. [g] Agarwal 2015. [h] Chamorro and Utting 2015. [i] Borzaga and Galera 2014. [j] See Utting et al. 2014; UNTFSSE 2014; UNRISD 2015; Roelants et al. 2014. [k] Fairtrade International 2015, Fairtrade International and FLOCERT 2015. [l] Ghosh 2015.

and small producers, when organized, are conducive to demand-led growth. Financial cooperatives have proved to be resilient in contexts of financial crisis and can play a key role in democratizing access to credit in conjunction with other solidarity finance schemes.[22] Other economic benefits of SSE relate to human capital formation. This results from both the significant role of SSE organizations in education and training, and the enhanced opportunities for education and training, that are often available for SSE workers, producers and other stakeholders. But in the case of certain sectors such as agriculture, only some producers, according to their size and type, are able to realize significant advantages associated with cost reduction, economies of scale and productivity.[23] It is unrealistic to assume that SSE can be a significant economic force in all sectors of the economy, especially in capital-intensive sectors. Nevertheless, it has comparative advantages in others, for example, those associated with the provisioning of basic needs and the environmental retrofitting of economies.

Progress in relation to gender equality can be particularly difficult. A recent study identifies three major challenges within the cooperative sector: the pressure to maximize shareholder returns and prioritize market performance to the detriment of social goals; burnout and loss of faith within cooperatives that demand a lot of volunteer female labour; and skill shortages affecting women.[24] It also makes clear that social relations can affect the internal dynamics of SSE organizations and enterprises and cause them to deviate from norms and objectives typically associated with SSE. Patriarchal relations and cultural norms may prevent

Collective action associated with cooperative formation can serve to overcome market imperfections associated, for example, with limited access to information, transport and distribution facilities

women from being represented in management or leadership positions. While women's participation in leadership was found to be somewhat above average in Europe and sub-Saharan Africa, it was slightly below average in North America and the Middle East, and significantly below average in Asia and South and Central America.[25] Various forms of domination may exist within community and family structures that perpetuate forms of subordination and injustice related, for example, to gender and ethnic inequality.[26]

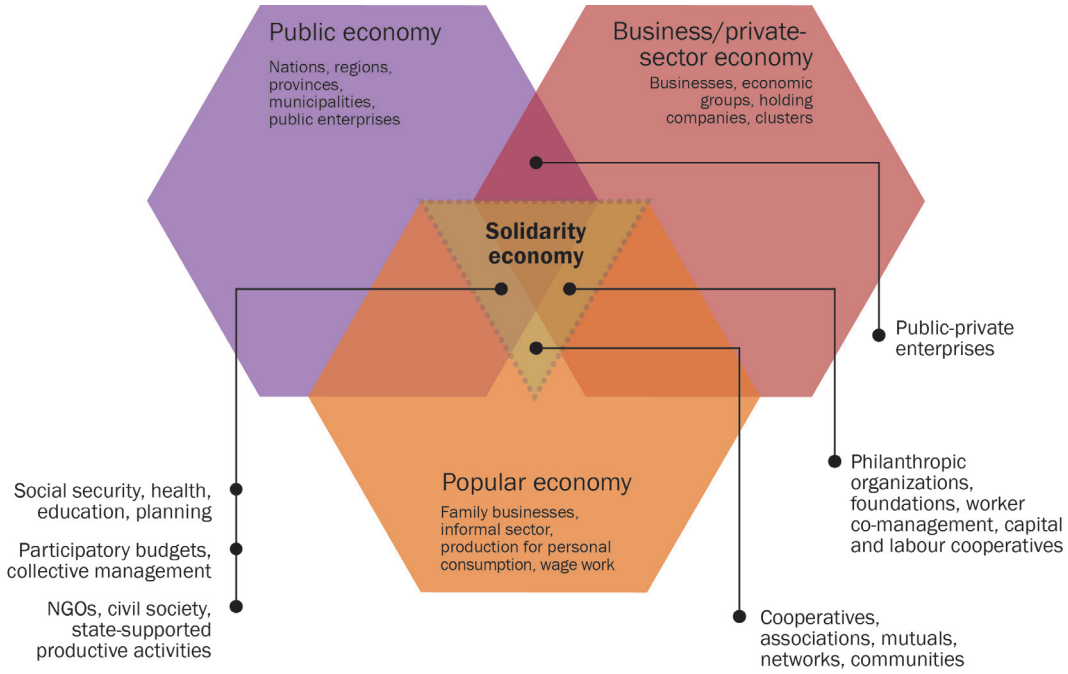
Realizing the potential of SSE depends crucially on the nature of its relations with other spheres of the economy. One representation of these relations is presented in figure 4.1. Developed for the Latin American context, it situates SSE at the intersection of three spheres—public, private and popular—that make up the broader economy.[27]

As SSE expands, it inevitably interacts more with both the state and the dominant corporate economy. Such interactions have complex effects on SSE—some enabling, others co-opting, debilitating or contradictory. There is widespread agreement among SSE practitioners and other stakeholders, however, that public policy has a role to play in crafting an enabling environment for SSE. If the potential of SSE is to be realized, it is important that governments and parliaments put in place laws, policies, programmes and institutions that formally recognize SSE organizations, support their creation and development, and level the playing field in which they operate. Such support can be essential for overcoming both capacity constraints and competitive disadvantages noted above, as well as empowering SSE actors politically.

If the potential of SSE is to be realized, it is important that governments and parliaments put in place laws, policies, programmes and institutions that formally recognize SSE organizations, support their creation and development, and level the playing field in which they operate

But state intervention can be a double-edged sword. Such interventions may foster the growth of SSE but do so in ways that cause it to deviate from its core principles.[28] Governance problems associated with clientelism, transparency, accountability, dependency, co-optation, instrumentalization, bureaucratization and hierarchical decision making may intervene.

Figure 4.1. **Situating SSE in the broader economy**



Note: The term "solidarity economy", used in this figure, is often used in Latin America and is synonymous with social and solidarity economy.
Source: Coraggio 2015.

Serious resource constraints and poorly coordinated or contradictory policies may mean that well-intended initiatives are poorly implemented. Furthermore, SSE policies may have a short shelf life as leaders and parties rotate in power.

The sections that follow identify and assess the policy innovations that governments, primarily in developing countries, have adopted with the purported objective of promoting SSE.

3. Public Policy for SSE

The term public policy used here encompasses a diverse range of state interventions. While these interventions occur at multiple scales—local, national and international—the focus is on the national level, with occasional references to interventions at subnational or local levels. It should be pointed out at the outset that the variations, noted above, in the nature of SSE within and between countries and regions, cautions against one-size-fits all approaches to promoting SSE. What this and the following section indicate, however, is that state action to effectively promote SSE needs to encompass a variety of interventions associated with conventional arenas of public policy, laws, development plans and programmes, as well as institutional innovations and reforms. Furthermore, such interventions involve not only resource mobilization and regulations directly related to SSE, but also actions that address the structural constraints impeding the development of SSE.

Government policies are key for upscaling, capacity building and facilitating co-construction

A variety of policies that target SSE organizations, enterprises and institutions can play an important role in fostering SSE development in terms of upscaling, capacity building and participation in governmental decision-making processes. Key policies for enabling SSE typically include credit, infrastructural investment, procurement, subsidies, taxation, trade promotion, facilitating statistical and market information, technical assistance, labour market policies associated with training, education and other social services, social assistance and social security. For vulnerable rural populations, agrarian reform policies are also important. While ad hoc and "silo" approaches often characterize policy design and implementation within and among ministries, evidence from several countries shows that it is possible to use a more comprehensive, integrated policy approach.

Beyond specific policies favouring SSE, a few countries have adopted overarching national plans that aim to strengthen SSE. In some cases, such as Uganda, this may be limited to one sector such as cooperatives.[29] Over several decades, Costa Rica has put in place a system of state support and legally mandated financial mechanisms for multiple sectors including not only cooperatives but also the Solidarista labour movement and communal development associations.[30] In others, the target is SSE as a whole. Mali, for example, now has a National Policy for the Promotion of Social and Solidarity Economy and a five-year Action Plan (2014–2018). The policy aims to strengthen (i) the institutional, legal and regulatory environment conducive to SSE; (ii) the capacities of SSE organizations and actors; (iii) information, training and research related to SSE; and (iv) administration, monitoring and evaluation of the National Policy. Similarly, during the past decade, the Ecuadorian government has actively promoted "the popular and social economy" via policies associated with financial support, technical assistance and state procurement, as well as others that foster fair trade and partnerships with private sector enterprises, such as supermarkets, to facilitate market access for small producers.[31]

A new approach that potentially addresses a number of public policy limitations is particularly apparent in several Latin American countries. This has been summed up as follows: (i) policies that transcend a narrow focus on social assistance; (ii) intersectoral policies that require the intervention of several administrative entities; (iii) transversal policies covering different (local, subnational and national) scales; (iv) policies that are less top-down and more participatory and negotiated; and (v) policies adapted to different territorial (local and regional) contexts rather than being uniform and predetermined.[32]

The state has a crucial role to play in relation to education and training. Lack of basic education—including illiteracy—and administrative, managerial

While ad hoc and "silo" approaches often characterize policy design and implementation within and among ministries, several countries use a more comprehensive, integrated policy approach

and negotiating skills are commonly found to be major constraints on SSE organizations and enterprises, whether for Mutual Health Organizations in Africa,[33] social enterprises[34] or cooperatives.[35] In Brazil, the Secretaria Nacional de Economia Solidária (SENAES/ National Secretariat for Solidarity Economy) has long emphasized technical and scientific knowledge, along with access to solidarity finance, as key for SSE development.[36] Even where the state is not directly involved in training, closer state-SSE relations for service delivery, for example, can serve to increase levels of professionalization, as was found in a study on Uruguay.[37]

Local governments are often the most active supporters of SSE organizations and enterprises. More than any other level of government, municipal authorities are likely to be aware of their contribution to local economic development, as well as their ability to lobby for support. In the Indian state of Kerala, local authorities work closely with women's groups.[38] In the cooperative stronghold of Gangwon, Republic of Korea, the provincial government has created the Gangwon Social Economy Support Centre to support the expanding range of SSE organizations in the province.[39] In cities such as Bogota, Cali and Medellin in Colombia, local governments are promoting fair trade systems linking urban consumers and rural or peri-urban producers.[40]

Laws can facilitate the promotion of SSE but need to be complemented by other institutional arrangements

Recent years have seen a marked increase in decrees and laws relating to SSE.[41] Legislation often underpins the rapid growth of particular forms of SSE organization. In 2006, the National People's Congress of China passed the Law on Farmer's Specialized Cooperatives (FSCs) which encouraged the association of agricultural producers and service providers producing similar goods and services. The law granted farmers' cooperatives legal status, allowing them to trade with other market entities. By 2013 approximately 730,000 FSCs, involving some 54 million rural households, had registered in China.[42] But sudden bursts of SSE formation in response to the promise of incentives or regulations often result in organizations that exist more on paper than in practice. In South Africa, there was a four-fold increase in the number of registered cooperatives following the passage of the Cooperative Act of 2005. As one study shows, unless laws and policies are accompanied by enablers such as financial resources, training and spaces for meaningful stakeholder dialogue, SSE will likely remain an extremely fragile form of economy.[43]

SSE has gained constitutional status in several countries. Constitutional clauses can lock in legal drivers to ensure that governments and parliaments of different persuasions take action related to SSE. The Ecuadorian Constitution of 2008 specifies the centrality of social and solidarity economy.[44] The 2009 Bolivian Constitution calls on the state "to protect and promote economic organizations of small farmers and associations of small producers and artisans as alternatives based on solidarity and reciprocity".[45]

Constitutional clauses, however, need to be regulated in law. As the case of Mexico illustrates, that process can be extremely protracted and can dilute the original spirit of the Constitution. The 1983 reform of the Constitution called for mechanisms to facilitate the organization and expansion of economic activity of the social sector. After 30 years, the version of the Social Economy Law that was finally approved contained clauses related to institutional reforms and co-construction that had been significantly watered down.[46]

In addition to mandating institutional reforms associated with new state entities, such as national institutes, secretariats or ministries, laws are particularly important for levelling the playing field for SSE organizations and enterprises, as well as mobilizing resources for SSE development. As in Europe, several Latin America countries have introduced framework laws promoting SSE. They include the 1998 Colombian Solidarity Economy Law, the 2012 Organic Law on Popular and Solidarity Economy and the Popular and Solidarity

Financial Sector in Ecuador, the 2015 Social and Solidarity Economy Law in Mexico, and the bill on Social Solidarity Economy currently making its way through the Costa Rican Legislative Assembly.[47] Such laws generally define SSE and its constituents, identify core principles and practices guiding SSE, and signal the government's intent to recognize SSE as a fundamental component of the broader mixed economy and to mobilize state support and regulatory capacity via a diverse range of new and existing state institutions.

In a context where SSE enterprises are integrating into the market, laws can facilitate competition vis-à-vis conventional business or allow collectivities to gain credibility in a market environment, not least for accessing credit.[48] In the Arab region, new forms of business ventures with explicit social objectives—for example, generating employment for unemployed, homeless or disabled persons—have often found their operations and expansion restricted by having to register as cooperatives or non-profits in the absence of tailor-made laws for these distinct types of social enterprises.[49] In India, legislation enacted in 2003 sought to enable a new generation of cooperatives known as Producer Companies.[50] Traditional cooperatives often had a tarnished reputation, not least due to co-optation by political parties. While lack of financial resources, fiscal incentives and administrative competencies have undermined the performance of Producer Companies in several states, this legal form aimed to allow collectivities to avoid the reputational baggage of "old cooperatives" and give them greater legitimacy and autonomy in business and financial circles.[51]

Many laws establish a legal framework to channel financial and other resources to specific SSE constituents. Costa Rica has a relatively long history of legal initiatives supporting particular sectors, but not SSE as a whole. Underpinning the rapid growth of social enterprise in the Republic of Korea is the Social Enterprise Promotion Act of 2007, which mandates a variety of support policies, including a wage subsidy, to newly established social enterprises.[52] Such laws can also be relevant at the subnational level. The Recycling Bonus Law, passed in the Brazilian state of Minas Gerais in 2011 provides a monetary incentive paid by the state government to waste pickers who belong to a cooperative or workers' association. The incentive aims to reduce the loss of reusable materials.[53]

States at the subnational level can also intervene via legislative reforms in the absence of national initiatives. While there is no law on SSE at the federal level in Brazil, by 2011, nine states out of 27 had their own laws to promote SSE. Similarly, several provincial governments in Argentina, including Buenos Aires, Entre Rios and Mendoza, have passed laws supporting SSE.[54]

Laws that mandate the establishment of intermediary organizations representing the interests of SSE actors are also important. In Nicaragua, the General Law on Cooperatives passed in 2007 mandated the establishment of the cooperative sector's apex association, CONACOOP. While remaining relatively inactive for several years, CONACOOP eventually became more proactive in advocacy and gained a formal seat at the policy table in areas related, for example, to agricultural policy.[55]

Programmes targeting SSE are key for resource mobilization

Governments are under pressure both internationally and domestically to take concrete actions to meet specific SDGs. The MDG era showed that it is common for development strategy to centre on a number of high-profile programmes. As the following examples illustrate, governments are increasingly connecting such plans and programmes with SSE actors.

Employment generation in Argentina: In 2003, the government of Argentina launched the National Plan for Local Development and Social Economy, Manos a la Obra (Let's Get to Work). Under this plan, several employment-generation and infrastructural programmes stimulated the growth of SSE organizations. This approach of using social policy to stimulate employment through SSE was reinforced in the wake of the global financial crisis. The programme Argentina Trabaja, launched in 2009, sought to generate jobs for the unemployed by facilitating the formation and work of thousands of cooperatives at the neighbourhood level. A specific component, the programme Ellas Hacen, was set up for women in 2013, targeting 100,000 female heads of household in vulnerable situations.[56] Largely because of these programmes, there was a five-fold increase in the formation of cooperatives during the

period 2003–2011, compared to the 1990s.[57] In 2014 approximately 255,000 members were registered in cooperatives associated with the programme.[58]

Youth employment in Kenya: To address the serious problem of youth unemployment, the Kenyan government has explored approaches that engage SSE organizations and enterprises. [59] The Youth Enterprise Development Fund (YEDF) was created in 2006 to provide financing to youth enterprises. Within five years, approximately USD 69.4 million was distributed to 158,000 youth enterprises, potentially creating jobs for about 9 percent of unemployed youth. SSE dimensions of the programme include encouraging youth groups to form group enterprises and forming youth savings and credit cooperatives (SACCOs) to channel YEDF funding.

Health care in Rwanda: Indigenous knowledge and community cooperation constitute elements of Rwandan social policy. The institution Ubudehe, which refers to collective work by the community to address general community challenges (for example, road repair and building classrooms) or to assist individual households in need (for example, labour at harvest time), has been reactivated and scaled up to inform, guide and operationalize several government programmes. It plays a role in mapping poverty and levels of well-being at the local level of nearly 15,000 villages or clusters of households, identifying local needs, project design and implementation, accountability, transparency, monitoring and evaluation. This institution has been instrumental in scaling up the government's Community Based Health Insurance Scheme (CBHI) discussed in chapter 2.[60]

Women's empowerment through SSE in India and Nicaragua: In the Indian state of Kerala, the Kudumbashree scheme aims to enhance local economic development and women's empowerment. The programme organizes women into a structure of groups or development societies at household, ward and village levels that work in tandem with a state-level government agency and local authorities. Kudumbashree has promoted a variety of income and employment schemes involving nearly 4 million women. The scheme's organized social structure also facilitated the implementation in Kerala of the Mahatma Gandhi National Employment Guarantee Scheme (chapter 2). Women's empowerment through Kudumbashree extends to the political sphere, where its members constitute some 60 percent of all women elected to village-level government.[61]

The Nicaraguan government has prioritized two programmes that involve approximately 300,000 women.[62] The Productive Food Programme, known popularly as Hambre Cero (Zero Hunger), provides a package of primarily livestock (including a combination of chickens, a pregnant sow and a cow) and building materials to women, organized in pre-cooperative groups, with the aim of boosting household food security and cash incomes. The Usura Cero (Zero Usury) programme enables urban-based women who are own-account workers or run micro-enterprises to access microcredit on favourable terms. Borrowers become members of a neighbourhood "solidarity group" that facilitates implementation at the local level.

New state institutions are emerging to support SSE

Recent years have seen the emergence of new state institutions or reforms of existing ones that aim to support SSE. The precise arrangements can vary significantly by country. Colombia, Mali, Morocco and Venezuela, for example, have ministries for SSE. Nicaragua recently merged multiple institutes and programmes into one "super ministry" of Family, Community, Cooperative and Associative Economy. Often it is the ministries of Social Development, as in Argentina, or Labour/Employment, as in Brazil, Costa Rica and the Republic of Korea, that assume responsibility for various aspects of SSE. Ecuador has put in place a variety of institutions for interinstitutional coordination, regulation, planning and financial and other support for SSE. They include the National Institute for Popular and Social Economy within the Ministry of Economic and Social Inclusion, the Superintendency for Popular and Social Economy, the Superintendency of the Control of Market Power, the National Corporation of Popular and Solidarity Finance and the Inter-Institutional Committee for Popular and Social Economy, among others.[63]

Many countries have national institutes, often with autonomous status, that both regulate and promote aspects of SSE. Some have broadened their remit. In

Box 4.3. **ALBA and SSE in Nicaragua**

Under the ALBA accord, Nicaragua received a quota of nearly 10 million barrels of Venezuelan oil a year.[a] While half was repaid at market rates within one to three months, the other half is to be paid back over periods that range from 17 to 25 years. When the market price was USD 100 a barrel, this would have meant the equivalent of USD 500 million a year on highly concessionary terms, nearly three times the level of official development assistance (ODA) to Nicaragua in 2013. Until recently, half of the revenues from the sale of petroleum products were channelled through Nicaragua's largest savings and credit cooperative, ALBA-CARUNA (Caja Rural Nacional). Of every USD 100 administered by CARUNA, 62 were provided as concessionary credit for housing, agricultural production, the electricity industry, micro-, small and medium enterprises, and programmes such as Zero Usury, discussed above. Another fund known as ALBA Solidaria distributed revenues destined for the construction of roads and houses. The remaining 38 percent was allocated to social programmes. Significant resources have been mobilized for programmes and policies associated with SSE, notably agricultural cooperatives and programmes supporting women's economic empowerment in urban and rural areas.

Such programmes and policies do not simply involve social handouts; they are initiatives that enhance productive capacities, gender equality and collective action, all of which are key elements in processes of transformative change.

Notes: [a] Carrión 2012. Source: Chamorro and Utting 2015; Martínez 2015.

Argentina, for example, the institute of associated cooperatives and mutual associations became the National Institute for Associative and Social Economy. In 2012, Mexico established the National Institute for the Social Economy (INAES) with the mandate to promote laws, policies and projects conducive to the development and consolidation of SSE "as one of the pillars of economic development in the country".[64]

When considering institutional innovations conducive to SSE, it is important to focus not only on administrative responsibilities within government but also institutional arrangements associated with innovative financing for SSE. This is key for overcoming what is often a major constraint—the limited access to credit and other forms of financing by SSE organizations and enterprises. Some countries have reactivated national development banks. In 2007 Bolivia created the Banco de Desarrollo Productivo, which allows small producers in cooperatives and associations (among others) to access credit at favourable rates and repayment periods.[65] In Costa Rica, leading sectors of SSE—including cooperatives, the communal development associations and workers in the Solidarista movement—are supported by significant funding from legally mandated contributions that earmark a certain percentage of the profits of cooperatives, income tax and employers' social security contributions respectively.

A particularly significant political and institutional innovation that has benefited SSE in several Latin American and Caribbean economies is the solidaristic South-South cooperation agreement, the Alianza Bolivariana para los Pueblos de Nuestra América (ALBA/Bolivarian Alliance for the Peoples of Our America). Under the ALBA accord, the 11 member countries receive oil from Venezuela on highly concessionary terms.[66] Conceptually, the ALBA project challenges the conventional model of North-South trade and power relations, as well as neoliberal development strategy. It emphasizes the key role of South-South cooperation, regional integration, a pluri-polar geopolitical world and solidarity among developing nations and peoples struggling for well-being and social justice.[67] How the ALBA initiative supports SSE is described in box 4.3. But as noted further below, the sustainability of this initiative is in question.

Institutional innovations conducive to SSE include both administrative responsibilities within government and arrangements associated with innovative financing for SSE

4. SSE and Transformative Change

Despite clear signs of progress, the question remains whether the innovations examined in this chapter achieve more than piecemeal or incremental improvements in well-being and livelihood security, given the power relations and dominant patterns of growth, production and consumption that reproduce social exclusion and unsustainable development. As discussed in chapter 1, transformative change refers to the processes by which patterns of development facilitate the attainment of the normative goals of social inclusion, equality, participation and sustainability. It was further argued that this requires not only establishing goals related to outcomes, as the MDG and SDG processes have done, but also addressing the root causes of exclusion, inequality, disempowerment and unsustainable development (box 4.4).

Box 4.4. **Transformation through structural change:** Why SSE matters

Given its social, environmental, democratic, productive and local orientation, SSE challenges five key structural and institutional impediments to transformative change:

- the growth of precarious employment in contexts of informalization and jobless growth;
- the externalization of social and environmental costs associated with the conventional enterprise model for purposes of profit maximization and competitive advantage;
- the commodification of life and nature, which not only reinforces forms of social exclusion but also weakens certain forms of state regulation and social power that can tame market behaviour and enhance social and environmental protection;
- processes of delocalization that undermine local (and rural) economic development by siphoning income, capital and human resources toward cities, tax havens and rich countries; and
- the dramatic expansion of the financial sphere in recent decades—financialization—which has occurred at the expense of productive investment, fuelled the rise of inequality, exacerbated economic crisis tendencies and, in such contexts, restricted lending.

While many governments are taking action to scale up SSE, the limitations and challenges are many

While the potential of SSE in terms of transformative change seems evident, whether or not that potential is realized depends on overcoming a complex set of resource, institutional and political constraints. Reviews of public policies related to SSE in very different countries and regions find a number of common concerns. In addition to what are very often serious budgetary and human resource constraints, governance and coordination issues also loom large. While the constraints and challenges that states encounter in supporting SSE can vary significantly by country, four broad sets of issues, discussed below, lie at the heart of the challenge related to public policy for SSE. These relate to questions of institutional capacity, policy coherence, participation in the policy process, and institutionalization or long-term sustainability of state interventions and initiatives.

Lack of financial, human and technical resources, as well as political will, often restrict the capacity of governments to act

A review of public policy for SSE in several countries noted: "it is striking to discover the commitment of many governments around the world to policy innovations without, in many cases, the necessary institutional or political capacity to act".[68] Various types of incapacity can explain the often wide gap between government discourse, objectives and policy design, on the one hand, and actual implementation and outcomes, on the other hand, or situations in which public policy distorts the character of SSE.

Most obviously in the context of developing countries, SSE policies and programmes are often significantly under-resourced. This may reflect their relatively weak positioning within state and donor priorities and/or contexts of austerity and

Many governments have adopted policy innovations but lack the motivation or capacity to act

economic liberalization that place a premium on fiscal discipline and streamlined bureaucracies. The generally positive intersectoral, transversal and participatory approach toward SSE development in Brazil, for example, has been undermined by significant budget limitations for the main institution promoting SSE.[69] In Nicaragua, ambitious SSE–related development programmes have been weakened by significant human resource constraints that limit technical assistance and training.

Whether or not policy effectively enables SSE depends partly on how governments understand SSE both conceptually and strategically.[70] Some may see it as an instrumental tool for poverty alleviation, job creation or social service delivery, rather than a fundamentally different mode of economy. This raises the difficult question of whether SSE is filling gaps in service provisioning, constructively positioning itself in new approaches to efficiency in public management whereby states increasingly contract out, rather than directly deliver, services; or whether it is part and parcel of a more worrisome trend associated with the rolling back of welfare states. As noted in the case of child care services in Uruguay (box 4.5; chapter 3), this is an ever-present tension that needs to be recognized, debated and managed.[71] Some governments may also focus on promoting a particular form of organization, for example, cooperatives or social enterprises, rather than the broader set of actors that make up SSE.

Box 4.5. **Pros and cons of SSE-state relations in childcare service provisioning in Uruguay**

Pros:

- Improved social protection for excluded groups
- Increased capacity and competencies in terms of financial and human resources for SSE organizations
- Greater influence of SSE organizations in the policy process

Cons:

- Tensions within the SSE sector due to increased competition among organizations, which affects coordination and networking
- Financial dependency on the state
- Tendency toward bureaucratization with this sector of SSE
- Stifling effects on critical thinking, advocacy and innovation

Source: Rossel 2015.

Growing attention on the part of governments to social enterprise has often emphasized a more "Anglo-American" approach that focuses on the commercial capacity of enterprises that serve social objectives, rather than a more "European approach" that accepts that social objectives exempt enterprises from having to achieve financial autonomy.[72] From this latter perspective, government financial support can be seen as an investment in a public good rather than a subsidy or cost. A broader perspective recognizes, for example, the role of SSE enterprises in regenerating local communities or local economic development. Yet another approach can be seen in several of the countries within ALBA (box 4.3). Here SSE is part of a more transformative agenda; one element in a broader restructuring of trade, aid and power relations. Significant variations in policy may flow from these different perceptions.

Policy coherence implies not only better coordination but also resolving the contradictions of economic policy

Public policy for SSE involves multiple sectors, whether understood in terms of diverse policy arenas (such as health, training, environment, labour standards, enterprise development, finance, tax, procurement and macroeconomic policy); conventional sectors of the economy (agriculture, manufacturing, services); rural/urban/peri-urban spaces; or different sectors within SSE (cooperatives, mutual associations, social enterprises, self-help groups). Furthermore, state institutions at local, regional and national levels need to work together. This raises major challenges for coordination.

In the Republic of Korea, for example, the potential of the Social Enterprise Promotion Act, implemented by the Ministry of Labour, has been limited by lack of wider support from the Ministry of Health and Social Welfare and some other ministries.[73] Here, as in many other countries, government responsibility for SSE rests primarily with an entity subsumed within a particular ministry. As such, it may lack the institutional and political weight necessary to coordinate effectively with other ministries.

But the issue of policy coherence extends beyond that of coordination. Certain policy areas that are essential for the development of SSE may be neglected. A review of public policy for SSE in Latin

America makes the point that aspects of social and labour market policy that are key for developing SSE need to receive far more attention.[74] The prevailing pattern of economic growth, trade and development being pursued in many countries often constitutes a contradictory macro environment for SSE. While promoting some aspects of SSE, many governments are simultaneously promoting investment and trade patterns associated with monocultures, extractive industries, high-input export agriculture, cheap food imports and corporate control of value chains that can undermine small-scale agriculture, food security and the environment. In such contexts, policies for SSE run the risk of being no more than a policy "add-on".[75]

The prevailing pattern of economic growth, trade and development being pursued in many countries often constitutes a contradictory macro environment for SSE

Effective policy design, implementation and review depends on "co-construction"

Effective policy design, implementation and review depends crucially on ongoing dialogue and the active participation of SSE actors in the policy process, or what is referred to as the co-construction of policy.[76] Governments and parliaments generally take action in favour of SSE in response to contestation and advocacy by SSE constituents themselves or intermediary organizations at local, national and international levels that speak on their behalf.

Forging alliances of SSE actors or "networks of networks" is crucial for overcoming the political limitations of fragmentation and consolidating voice and influence.[77] Examples range from incipient efforts in Costa Rica through the recently formed Red de Economía Social Solidaria (RedESS/Network of Social and Solidarity Economy) and the Cámara Nacional de la Economía Social Solidaria (National Chamber of Social and Solidarity Economy) to consolidated structures such as the Fórum Brasileiro de Economia Solidária (FBES/Brazilian Forum for Solidary Economy) (box 4.6) and the Chantier de l'économie sociale in Quebec (figure 4.2). Scholars and their academic and research networks are also important actors in the epistemic communities associated with the policy process.

Various forms of innovation related to co-construction are needed. They include policy spaces within government for dialogue, bargaining and the participation of multisectoral intermediary organizations and networks. Furthermore, such interaction with the state needs to take place both nationally and at subnational levels.[78]

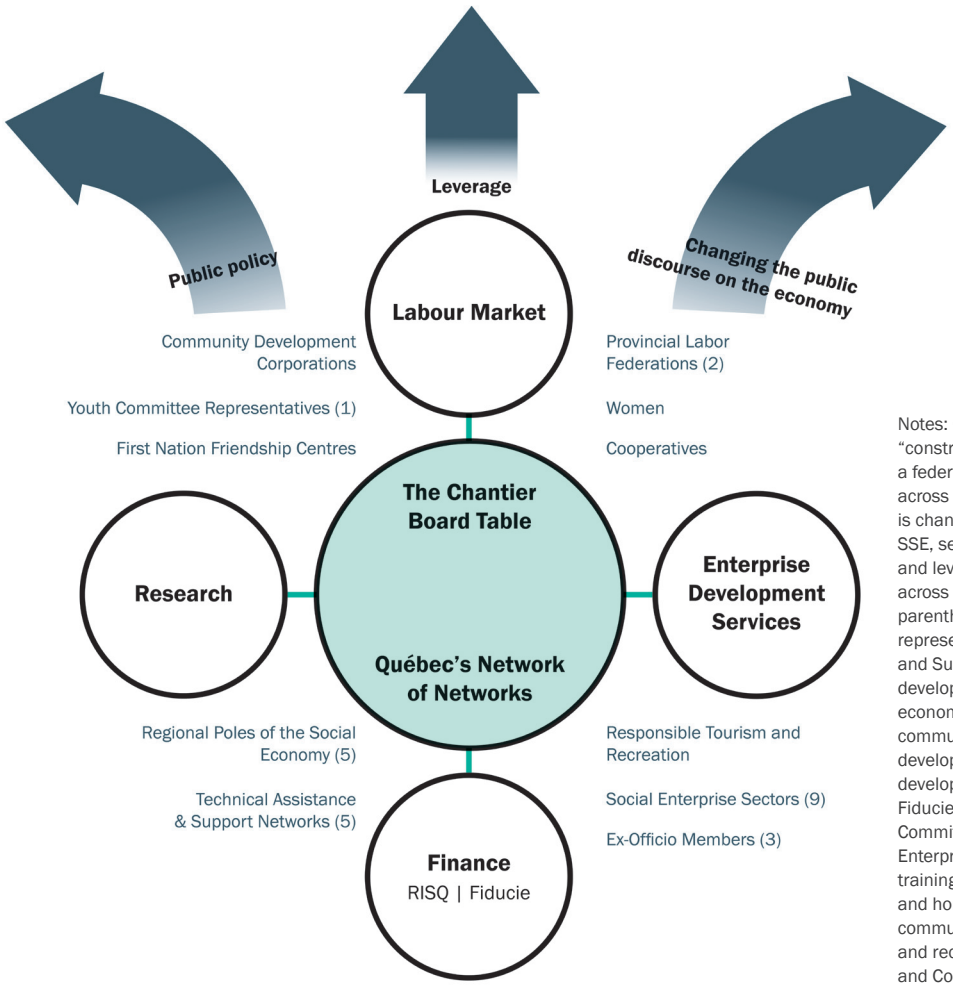
Effective participation is important for addressing several problems that often characterize the policy environment for SSE. The first relates to top-down interventions. As noted above in relation to Mexico, the Republic of Korea and Venezuela, or specific programmes like Manos a la Obra in Argentina, policy design, implementation and review tend to suffer when SSE actors are not actively involved in the policy process beyond their role as beneficiaries.[79] The presence of cohesive intermediary organizations that can effectively represent the SSE sector of the economy and engage government is important[80] (box 4.6). The Réseau national d'appui à la promotion de l'économie sociale et solidaire (RENAPESS/National Network for the Promotion of Social and Solidarity Economy) in Mali, for example, played a key role in designing the National Policy and Action Plan for SSE.

Box 4.6. **Participatory approaches and the co-construction of SSE policy in Brazil**

State efforts to promote SSE in Brazil and the creation of the Secretaria Nacional de Economia Solidária (SENAES) resulted from a dialogue with civil society organizations, mobilized in a social movement supporting a pre-existing solidarity economy and the Partido dos Trabalhadores (PT/Workers' Party) that won the general election in 2002. The head of SENAES had been proposed by the movement.[a] Both the multistakeholder forum for policy dialogue—the Fórum Brasileiro de Economia Solidária (FBES/Brazilian Forum for Social Economy)—and SENAES share a vision of decentralized decision making. Local-level representatives report to state-level forums, which then report to FBES at the national level. The forums are tripartite, comprising the three segments of SSE in Brazil: SSE initiatives; intermediary organizations supporting the development of SSE; and relevant public authorities.

Note: [a] Lemaître et al. 2011. Sources: Lemaître et al. 2011; Coraggio 2015.

Figure 4.2. **The Chantier de l'économie sociale,** Quebec



Notes: Chantier can be translated as "construction site". The Chantier, by using a federated network structure that cuts across key sectors and constituencies, is changing the public discourse on SSE, securing positive policy change and leveraging benefits for communities across the province. The numbers in parentheses refer to the number of representatives. Technical Assistance and Support Networks include local development corporations, community economic development corporations, community loan funds, cooperative development organizations and housing development. Ex-Officio Members include Fiducie, RISQ and the Labour Market Committee on the Social Economy. Social Enterprise Sectors include housing, training enterprises, childcare, perinatal and home care, sheltered workshops, community radio, community television and recycling. Source: Based on Lewis and Conaty 2012.

Another concern relates to clientelistic interventions. The fact that SSE policies are often associated with particular parties, rather than an institutionalized state policy, opens space where ruling parties and political leaders can use SSE programmes to either cultivate potential supporters or favour existing ones. Lack of transparency in the allocation of funds and other resources is another issue that has affected certain programmes reviewed above, including Argentina Trabaja and Hambre Cero in Nicaragua.[81] Broad-based social dialogue and oversight may serve to democratize resource allocation. Through social dialogue with SSE actors and other forms of participation, governments can also access information and lower the transaction costs of designing and implementing policy.[82] And co-construction can reduce the risks, noted above, of governments adopting narrow interpretations of SSE.

A particularly difficult issue in state–SSE relations is how SSE actors and related social movements can retain their autonomy when governments appear to be working in their favour. Such contexts, noted above in relation to Uruguay (box 4.5), can foster dependency, which may have the effect of stifling forms of contestation and claims making that are key for promoting policies conducive to SSE.

Forging alliances of SSE actors or "networks of networks" is crucial for overcoming the political limitations of fragmentation and consolidating voice and influence

An enabling policy environment needs to be sustained

Recent developments associated with the shift to the right in Argentina and Venezuela, political instability in Brazil and the collapse of oil revenues within the ALBA initiative raise the question of the sustainability of policy innovations for SSE in terms of their long-term continuity. Policies, laws and programmes supporting SSE are often driven by a particular political party or leaders. The question arises as to whether such initiatives can survive a rotation of power. The presidential power shift in Brazil, which occurred in 2016, prompted the departure of the country's leading proponent of SSE who had headed the National Secretariat for Solidarity Economy. Similarly, in Costa Rica, it is unclear whether the current policy momentum in favour of SSE will survive the next election in 2018.

Put another way, can the policies of a particular party, or faction thereof, become institutionalized state policy?[83] And can sufficient resources be mobilized on a long-term basis to sustain policy interventions conducive to the development of SSE?

As the connections between SSE and poverty reduction, employment generation, social service delivery and food security become more apparent, strengthening SSE may stand a better chance of gaining multiparty support

A comprehensive legal framework is important in this regard. Enshrining norms and objectives related to SSE and participation in law as in Latin American countries such as Bolivia, Ecuador, Mexico and Venezuela[84] can help institutionalize SSE policy. As the connections between SSE and basic development objectives—such as poverty reduction, employment generation, social service delivery and food security—become more apparent, the strengthening of SSE may stand a better chance of moving beyond being an objective of one particular political party toward gaining multiparty support. Furthermore, growing interest in social enterprise (beyond a focus on cooperatives) has broadened the ideological underpinnings of SSE. And if SSE has the backing of a cohesive movement or network of actors and intermediary organizations, this will also make it more difficult for another party or political leader to roll back policies supporting SSE.

Of course, much depends on whether financial resources for SSE can be mobilized over the long term. The resources mobilized for SSE in Nicaragua through ALBA (box 4.3), for example, have recently plunged given the sharp decline in international oil prices. Some state development banks have struggled to mobilize significant resources. Financial regulations that have followed in the wake of the global financial crisis have constrained lending for small SSE producers in Costa Rica and elsewhere.[85] Programmes supporting SSE have also been affected by shifts in the pattern of allocation of ODA over the past decade. Regulations that facilitate the access of SSE organizations to conventional bank finance run the risk of transforming the character of such organizations by drawing them into an arena that places a premium on profitability as a key criterion of financing.

These constraints suggest the need to craft an alternative financial and fiscal architecture (chapter 7), revisiting, for example, the question of domestic resource mobilization through the tax system, and a shift from regressive to progressive tax systems, as discussed in chapter 6; the use of revenues from a global financial transaction tax for development purposes; the promotion of various types of solidarity finance[86] and forms of ethical investment.

5. Moving Forward

This review of public policy and institutional initiatives suggests two sets of lessons regarding the ways and means of enabling SSE through state action. One relates to practical aspects of the SSE policy arena itself. A keyword here is diversity. A diverse portfolio of measures can yield complementarities and synergies that are important for guarding against the policy pitfalls examined above. Enacting laws and building institutions, for example, can lock in SSE policies and counter tendencies toward short-term interventions and policy and programmatic ruptures associated with changes in government. Engaging a diverse range of stakeholders in the policy process is also key. Effective participation can counter tendencies associated with bureaucratization and

lack of transparency and accountability. It can also guard against top-down policy design that can give rise to initiatives that are not grounded in SSE realities, undermine autonomy or lack buy-in from key stakeholders.

Diversity is also apparent in relation to the range of policy initiatives required to enable SSE. The policy portfolio (including laws) must address issues related to both the diversity of SSE organizations and enterprises and the multiple forms of regulation and support required, for example, in relation to finance, infrastructure, training, technological innovation, market access, competition, procurement, labour standards, social services and assistance.[87]

But policy support should be selective in the sense of supporting SSE involvement in particular sectors of economic activity where SSE has greater potential or comparative and competitive advantage vis-à-vis conventional business, such as agriculture, food and basic goods provisioning, tourism, road transport, microfinance, health, education and care. Perhaps the greatest opportunity for SSE in the future lies in efforts to reorient economies toward ecological sustainability. Given the structural constraints that prevent the corporate economy from internalizing environmental costs and decoupling growth and emissions in absolute terms, SSE provides a window of opportunity for crafting fair green economies that effectively transform production and consumption patterns.[88] The fact that SSE lends itself to the development of sectors of the economy that are so key for inclusive and sustainable development is why it needs to be brought far more centrally into the SDG agenda, notably with regard to the discussion on means of implementation (chapter 7).

Perhaps the greatest opportunity for SSE in the future lies in efforts to reorient economies toward ecological sustainability

The discussion in this chapter casts doubts on some of the standard assumptions about development strategy for inclusive and sustainable development. It points to five necessary strategic adjustments.

- The "social turn" in policy that reconfigured the role of the state in social protection needs to be complemented by one that recognizes the role of SSE in reasserting social control, democratic practice and the place of ethics in the economy.
- Beyond reforms within the market liberal paradigm that focus on the economic empowerment of individuals, there is a need to recognize the importance of collective action for both economic and political empowerment.
- In contrast to technocratic approaches to good governance, SSE expands the notion of participation to include not only stakeholder consultations but also contestation, advocacy, bargaining and negotiation, and diverse forms of active citizenship.
- The contemporary focus on public-private partnerships for development needs to be broadened to include SSE and related community and civil society organizations.
- Beyond incremental improvements in resource allocation and opportunities for disadvantaged groups, it is necessary to break down the structures of inequality that underpin social exclusion, vulnerability and unsustainable development.

While SSE, as both a concept and set of actors, lacked visibility in the process of designing the SDGs, it is clear that an increasing number of governments are now acknowledging its relevance for inclusive and sustainable development. In various international forums, SSE is being recognized as an important means of implementing the SDGs.

The international development community needs to learn from the experience of countries and territories where SSE is expanding, and of governments that are attempting to enable SSE. These experiences can yield important policy lessons about good practices, unintended consequences, trade-offs and contradictions.

A number of policy implications emerge from the discussion in this chapter.

- An enabling policy environment involves recourse to a broad portfolio of instruments ranging from laws, conventional economic and social policies, programmes targeting specific groups and sectors, and institutions tailor-made to support SSE.
- Often such instruments remain fairly blunt, given lack of political will and prioritization

in policy agendas, issues of policy incoherence and constraints on state capacity and resource mobilization.

- While government support can play a role in scaling up SSE, it can also dilute its transformative potential. Monitoring and evaluation have a key role to play in identifying and correcting constraints and contradictions.
- Partnerships and participation—or co-construction—are crucial for overcoming such constraints. Forums that facilitate and institutionalize co-construction need to be created and strengthened.
- A combination of measures, including laws, institution building and institutionalized co-construction are important for locking in SSE policies beyond the life of a particular party in power.
- Innovative sources of financing can play an important role in enabling SSE, as seen in the case of ALBA, the role of national development banks and myriad solidarity finance schemes, but their long-term viability needs to be assessed.
- Crafting an enabling policy environment for SSE is a multiscalar undertaking that requires interventions at international, national, subnational and local levels.
- Attention to policy coherence should not be limited to issues of better coordination but also to possible disabling effects on SSE of macroeconomic, investment, trade and fiscal policies.

Learning about how to enable SSE is in its early stages. Only recently have international agencies and local and national governments come together to engage in cross-fertilization and good practice learning. This is occurring, for example, through the recently formed United Nations Inter-Agency Task Force on SSE, the International Leading Group on SSE, initiated by the governments of France and Ecuador, and the Global Social Economy Forum (GSEF) initiated by the Seoul Metropolitan Government. Supranational or regional entities such as the European Union, MERCOSUR, Unasur and the OECD have also launched various initiatives. Here there is an important role for (i) research and analysis that can inform local, national and international dialogue and debate about policy options and tensions within different policy approaches; and (ii) institutional forums where government and SSE actors, as well as other stakeholders, can assess the implications of such analysis and ways forward.

The complexities and difficulties of policy implementation mean that periodic adjustments have to be made to the policies, programmes and institutions concerned. There is a need to move beyond "experimentalism" and pilot initiatives, and go to scale with policies and programmes that have worked. [89] Doing so, however, requires adjusting design through participatory mechanisms that can identify and analyse the lessons of implementation. This, in turn, requires considerably more attention to monitoring and evaluation.[90] As occurred with the field of social development in the 1950s and 1960s, lack of indicators and statistics reinforced the marginalization of this dimension of development within policy debates and processes. Indeed this was the raison d'être for the creation of UNRISD. The same can be said of SSE. Research, measurement and evaluation, as well as greater clarity and consensus in defining SSE,[91] are key for raising its visibility within institutional and policy arenas. They are also essential for realizing its potential as a means of implementation of the SDGs and the 2030 Agenda for Sustainable Development.

Endnotes

[1] Ruggie 2003.

[2] Polanyi 1944.

[3] Restakis 2010; Hart et al. 2010.

[4] Utting 2013.

[5] Wallimann 2014.

[6] UNTFSSE 2014.

[7] UNCTAD 2013.

[8] ILO-COOP and ICA 2015; UNTFSSE 2014.

[9] See, for example, Thematic Social Forum 2012; Santos 2007; Wright 2010.

[10] UNTFSSE 2014.

[11] British Council and Social Enterprise UK 2015; Jayasooria 2013.

[12] Reed 2015.

[13] The term Fairtrade refers to the production and sale of certified products, whereas "fair trade" refers to the broader movement promoting more equitable forms of trade.

[14] Singh and Singh 2013.

[15] Borzaga and Defourny 2001; Monzón and Chaves 2012; British Council and Social Enterprise UK 2015.

[16] Defourny and Nyssens 2008; OECD 2013, 2014.

[17] Agyeman 2013; Grasseni et al. 2015; Merritt and Stubbs 2011; see chapter 5.

[18] Gómez 2015.

[19] Millstone 2015.

[20] Millstone 2015.

[21] Heyer et al. 2002.

[22] Sanchez Bajo and Roelants 2011.

[23] Muradian 2015.

[24] Schincariol and McMurtry 2015.

[25] Schincariol and McMurtry 2015.

[26] Fraser 2012.

[27] Coraggio 2015.

[28] Utting 2015.

[29] Nannyongo 2015.

[30] Utting and Morales forthcoming.

[31] Communication received via the UNRISD 2016 Flagship Report online pre-publication consultation.

[32] Hintze 2014.

[33] Fonteneau 2015.

[34] OECD 2014.

[35] Esim 2013; Schincariol and McMurtry 2015.

[36] Singer 1996.

[37] Rossel 2015.

[38] Mukherjee-Reed 2015.

[39] Roelants et al. 2014.

[40] Bateman 2015.

[41] See Poirier 2016

[42] Xiaoshan 2013.

[43] Steinman and van Rooij 2011.

[44] Coraggio 2011.

[45] Article 334 of the Bolivian Constitution.

[46] Conde Bonfil 2015.

[47] See Poirier 2016 and Utting and Morales, forthcoming.

[48] Singh and Singh 2013.

[49] UNESCWA 2014.

[50] Singh and Singh 2013.

[51] Singh and Singh 2013.

[52] Mendell et al. 2010

[53] Budlender 2013.

[54] Poirier 2016.

[55] Chamorro and Utting 2015.

[56] See http://www.desarrollosocial.gob.ar/ellashacen. Accessed 16 June 2016.

[57] Vuotto 2011 cited in Danani and Hintze 2011.

[58] See Venerada 2014.

[59] Wanyama 2013.

[60] Ezeanya forthcoming.

[61] Mukherjee-Reed 2015.

[62] Chamorro and Utting 2015.

[63] See Superintendencia de Economía Popular y Solidaria. 2012.

[64] Ley de Economía Social y Solidaria, Cámara de Diputados de los Estados Unidos Mexicanos, 2012. http://www.diputados.gob.mx/LeyesBiblio/pdf/LESS.pdf.

[65] Velasco Olivares 2011.

[66] Carrión 2012; Martínez 2015.

[67] Chamorro and Utting 2015.

[68] Mendell 2014:5–6.

[69] SENAES 2012; Morais 2015.

[70] Coraggio 2015; Utting et al. 2014.

[71] Rossel 2015.

[72] Mendell et al. 2010:43.

[73] Mendell et al. 2010.

[74] Hintze 2014.

[75] Coraggio 2015; Saguier and Brent 2014:13.

[76] Mendell and Alain 2015.

[77] Lewis and Conaty 2012.

[78] Mendell and Alain 2015.

[79] Coraggio 2014.

[80] Mendell and Alain 2015.

[81] Guimenez and Hopp 2011; Chamorro and Utting 2015.

[82] Mendell 2014.

[83] Coraggio 2015.

[84] Coraggio 2014; Hintze 2014.

[85] Utting and Morales, forthcoming.

[86] Utting et al. 2014; Matheï 2015.

[87] Mendell 2014.

[88] Millstone 2015; Jackson 2009.

[89] Hintze 2014.

[90] Hintze 2014.

[91] Monzón and Chaves 2012

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CHAPTER 5

Sustainable Development in Times of Climate Change

A Haitian student takes part in a massive tree-planting campaign to reforest areas depleted for charcoal production and farm land.

Transforming our world toward sustainability requires understanding environmental degradation and climate change as social and political issues. Adopting an eco-social lens in policy design and implementation can facilitate not only green but also fair approaches that will be required to achieve the SDGs. It would help minimize the risk of injustice associated with green economy policies, and redress the distributional impacts of environmental and climate change policies in favour of vulnerable groups. An eco-social policy mix brings together participatory governance and decision making, progressive social policies and environmental regulation with local initiatives and innovations to promote equitable and sustainable outcomes.

Chapter 5 addresses implementation of SDGs

1. Introduction

Climate change is one of the greatest challenges facing development as we know it. Decades of progress risk being reversed, and existing efforts to eradicate poverty nullified, if countries cannot work together effectively to limit global warming and manage the consequences of climate change. Climate change challenges the very foundations of a global economic system that is based on carbon-fuelled growth, a system that is incompatible with environmental sustainability. It forces us to recognize the reciprocal interlinkages and feedbacks of complex social-ecological-economic systems which require innovative new thinking, science, policy and practice for sustainability.

While attention to both climate change and unsustainable development has risen in recent decades, the focus has been primarily on environmental and economic dimensions and technological fixes. This approach has not worked. As this chapter shows, climate change is fundamentally a social and political issue. Social dimensions, including the politics of transformative change, are crucial for understanding both the drivers of climate change and its impacts, as well as necessary responses to address the problem in an equitable way.

Climate change is a social and a political issue

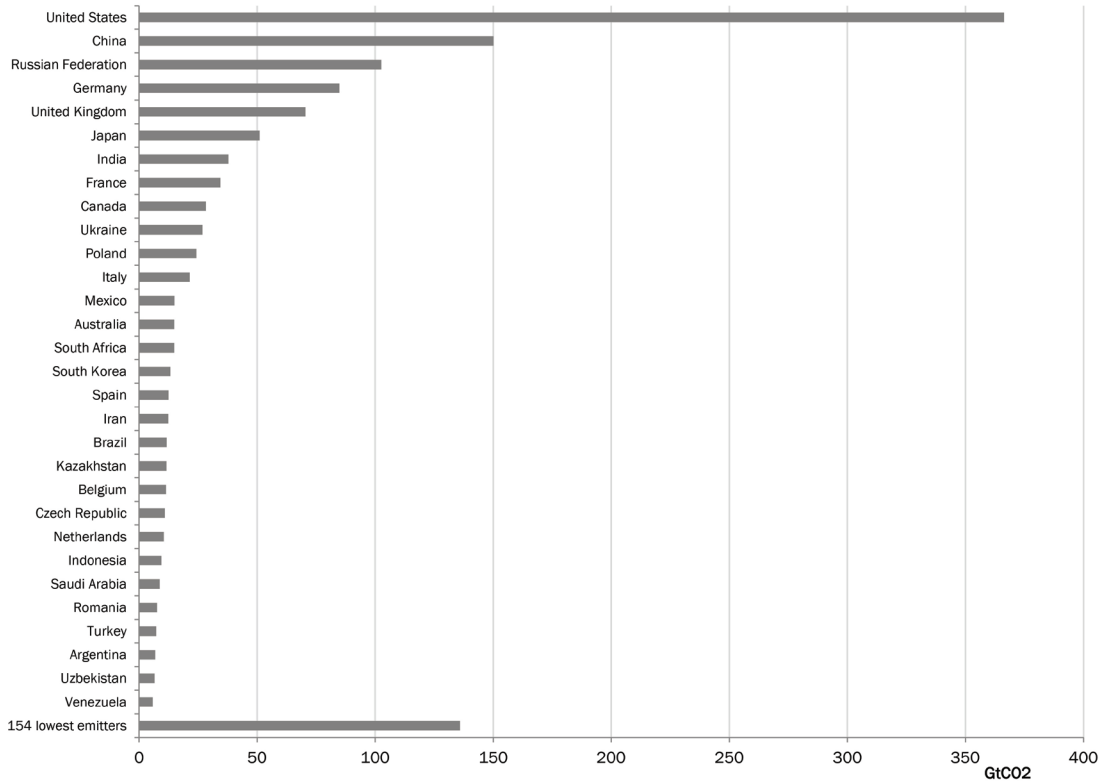
Climate change–related risks increase as a function of both the increasing number and intensity of environmental hazards and levels of socioeconomic vulnerability and exposure. Rapid urbanization processes, for example, lead to growing numbers of settlements in highly flood- and storm-exposed coastal zones and low-lying areas. A large number of these fast-growing settlements comprise precarious infrastructure and are often inhabited by people in vulnerable situations. The risks and social costs associated with environmental and climate change are very unevenly distributed and closely linked to structural inequalities which leave disadvantaged people and communities more exposed and vulnerable to climate impacts.[1] Women and children are often disproportionately affected. However, the responsibility for climate change is often attributed to those countries that are less affected or better prepared to cope with negative impacts, but have emitted the main share of carbon dioxide (CO_2) in the course of industrialization (figure 5.1).

Economic development and climate change are linked to the extent that per capita CO_2 emissions increase with GDP per capita (that is, rich countries emit more).[2] Climate change is thus fraught with a double injustice that leaves those least responsible for global warming incurring the highest social cost.[3] A similar situation applies to rich and poor countries or regions. Differences in disaster risk reduction capacities become evident when comparing the percentage distribution of weather-related loss events with the percentage distribution of their impacts. Asia, for example, experienced 30 percent of the events but suffered 69 percent of fatalities. In contrast, North America, with 25 percent of events, experienced 7 percent of fatalities.[4] Similarly, the solutions employed to address climate change, whether technology-based or not, have differing impacts for different groups of people.

This chapter calls for an eco-social turn in development thinking and policy responses. Social issues cannot be disassociated from their ecological context and environmental repercussions. The chapter thus explores the role and scope of eco-social policies in addressing climate change and other forms of large-scale environmental degradation in conjunction with social justice issues, drawing on different country and city examples from the Global North and the Global South. It assesses developments in international sustainability and climate change–related policies based on green economy examples. Looking at innovative measures that combine environmental and social objectives, it analyses the potential of eco-social approaches for promoting innovation and transformative change.

Comparing levels of human development (as measured by the Human Development Index/HDI on the basis of life expectancy, schooling and gross national income per capita) with per capita CO_2 emissions demonstrates the overall link between development and CO_2 emissions (figure 5.2). For sustainable development, this means that most industrialized countries need to drastically lower their emissions whereas most developing and other low-emitting countries need to accelerate development in a low-carbon way.[5] It also reveals that some countries have achieved high human

Figure 5.1. **Cumulative CO_2 emissions 1850–2012**, excluding land use change and forestry



Data source: World Resources Institute 2015.

development with relatively low per capita emissions (for example, Costa Rica). When carbon emissions are factored into the measurement of development levels, country ranking can change significantly. Indeed, compared to the HDI, several developing countries, such as Brazil, Colombia and Ecuador, advance considerably (by 16 or more places) up the "human sustainable development index" when carbon emissions are factored in.[6] Some richer countries, notably the United States and Canada, fall significantly.

Evidence discussed in this chapter supports the argument that an explicit eco-social turn can foster climate change resilience by simultaneously supporting environmentally sound and socially just activities. The success of the eco-social turn depends on whether a social and political perspective can be adopted in policy responses to environmental degradation and climate change.

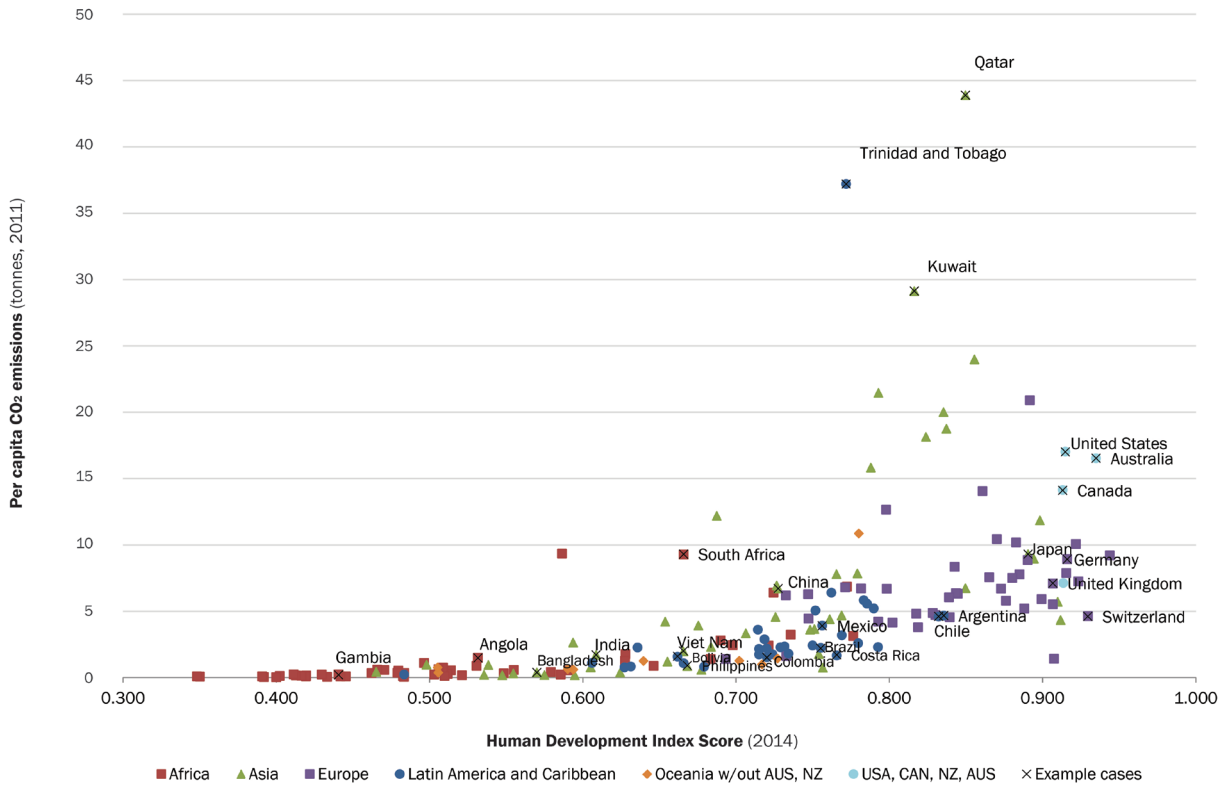
Climate change challenges the very foundations of the global economic system that is based on carbon-fuelled growth, revealing a system that is incompatible with environmental sustainability

Key findings from this chapter include the following.

- Climate change needs to be framed as a social and political issue.
- Policies that engage beneficiaries actively in planning and implementation yield better results.
- Using an eco-social lens in policy integration can overcome tensions between different goals and actors and promote equality, redistribution and empowerment as well as environmental protection.
- The transition to sustainability will depend to a large extent on getting energy provision right.
- Transformative change will require inclusive institutions and an enabling environment for social innovation.

Section 2 looks at why, despite all the policy attention to sustainable development since the 1992 Earth Summit, relatively little progress has been made. It

Figure 5.2. **CO_2 emissions per capita by HDI Score**



Data source: UNDP 2015, country classification according to http://unstats.un.org/unsd/methods/m49/m49regin.htm, accessed 27 June 2016.

The success of the eco-social turn depends on whether a social and political perspective can be adopted in responses to environmental degradation and climate change

goes on to highlight various innovative elements of the 2030 Agenda for Sustainable Development and the concept of resilience that has recently gained traction. Section 3 analyses the social dimensions of green economy approaches and highlights the need to adopt an eco-social lens in order to ensure that economies are not only green but also equitable and inclusive. Section 4 examines the role of innovative eco-social policies in promoting transformative change and climate change resilience. In conclusion, section 5 identifies the kinds of eco-social policies that can support the transformation to sustainability.

2. The Sustainability Turn

Increasing environmental pressures, combined with advocacy work by environmental and social movements and activists, have led to a stronger policy focus on environmental and climate-related issues. The interconnectedness of environmental sustainability and human well-being has been increasingly recognized since the term sustainable development was popularly defined in the 1987 Brundtland Report[7] and taken up at the 1992 Earth Summit. Subsequently, however, the focus on sustainable development meant a significant turn away from the more progressive approaches associated with "eco-development" that were promoted throughout the 1970s toward a much vaguer concept that entailed a rebalancing of environmental, social and economic goals and respecting the interests of future generations.

Indeed, sustainable development gained traction and international momentum in the 1980s and 1990s because it was often interpreted as compatible with market liberalism,[8] the dominant paradigm during that period, that circumscribed the role of the state and allowed market forces to develop with minimal external interference. As a result, environmental concerns were taken up by policy makers as well as the private sector. The extensive uptake and institutionalization of sustainability further moulded the concept, limiting the social dimension and fitting it into the neoliberal frame. It did not challenge the predominant economic paradigm that prioritized narrow interpretations of efficiency and growth, as well as returns to investors, over equity and environmental concerns.[9] For example, instead of creating stricter regulatory mechanisms and international policies, Agenda 21 and the three Rio Conventions[10] focused primarily on voluntary initiatives and market-based approaches, which were relatively well received by private and public actors but contested by many environmental and social activists and civil society organizations.[11] Many of these approaches have since been subsumed under "payments for ecosystem services" (PES) which are schemes that provide compensation to people who ensure the provision and/or maintenance of ecosystem services, for example, through reforestation (box 5.1).

Following the 2008 global financial crisis and in the run-up to the 2012 Rio+20 Conference, the United Nations Environment Programme (UNEP) promoted "green economy" as a concept that would result in "improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities" by means of reducing an economy's carbon intensity and investing in environmental protection.[12] This approach recognizes the twin challenge of achieving high human development while staying within the earth's limits and argues that "achieving sustainability rests almost entirely on getting the economy right".[13] Since then, it has become the predominant international approach to "clean" development and has helped to reduce fears that climate change mitigation would produce adverse economic effects. Rio+20 was also the starting point for the process of designing a set

Box 5.1. **Economic incentives and market-based approaches in environmental protection**

Payments for ecosystem services schemes are often criticized for creating new "green" markets that turn natural resources into business assets and commodify nature.[a] Such commodification refers to fundamental value transformations associated with assigning economic values and property rights to nature or public goods.[b] Many PES schemes, however, can be seen as economic instruments rather than market-based ones. It is possible to differentiate several degrees of commodification to distinguish between economic incentives for environmental protection (such as government-financed, subsidy-like PES) and market-based PES.[c] PES schemes with lower degrees of commodification often resemble regulatory policy interventions, for example, in the case of ecological compensation for developments in European Natura 2000 sites[d] or the Western Cape Biodiversity Offset programme in South Africa.[e] Market-based PES schemes comprise non-mandatory offsetting schemes and innovative financial instruments such as forest or other green bonds. Outcomes of PES schemes depend on the degree of commodification they imply as well as on the institutional and political framework in which they are implemented. True market-based approaches rest on the creation of exclusive property titles that can be used in trading, for example. They shift the responsibility for sustainable development away from states toward the private sector without significant regulatory intervention. Economic incentives, on the other hand, can be used to promote and reward environmental stewardship and behaviour that support the fulfilment of environmental regulation.

Market-based PES schemes are often associated with "green grabbing", which is a new form of appropriation of nature implying the transfer of ownership and control over land and resources for environmental ends.[f] This is often linked with injustice as it can shift resource use rights or ownership from poor people to the more powerful. Market-based approaches ignore issues of social justice and usually do not integrate environmental, social and economic goals in a balanced way. Instead they tend to perpetuate patterns of inequality and speak to a consumer culture that is part of the problem rather than the solution.[g] But, more striking even than their neglect of social dimensions is their limited success in terms of environmental outcomes: the absolute decoupling of environmental impacts and economic activities has only worked in cases of local, visible environmental effects such as river water quality.

Notes: [a] Fairhead et al. 2012. [b] See Fairhead et al. 2012. [c] Hahn et al. 2015; Muradian et al. 2013. [d] Natura 2000 is a network of protected areas in the European Union. The network comprises core breeding sites for rare species and includes strictly protected nature reserves, but most of the land remains privately owned (http://ec.europa.eu/environment/nature/natura2000/index_en.htm, accessed 24 June 2016). [e] Fletcher and Breitling 2012; Hahn et al. 2015. [f] Fairhead et al. 2012:238. [g] Jackson 2009:76.

of sustainable development goals to succeed the Millennium Development Goals (MDGs).

Yet despite these efforts, environmental degradation and greenhouse gas emissions have kept increasing. A shocking finding of the United Nations assessment of the MDGs was the fact that carbon emissions, instead of stabilizing or declining as proposed by the Kyoto Protocol, actually increased over 50 percent between 1990 and 2012.[14]

Furthermore, biodiversity has declined at a rapid pace, and species extinction rates have accelerated. In fact, some research contends that we are facing a mass extinction episode unparalleled since the disappearance of dinosaurs 65 million years ago.[15] The rapid warming, acidification and reduction of oxygen content of oceans associated with carbon perturbation will have huge impacts on marine ecosystems and could further contribute to mass extinction.[16] The majority of soils around the world are in fair, poor or very poor condition and are further degrading.[17] This impacts not only food production but also the climate as soils store more carbon than resides in the atmosphere and all plant life combined. Forest cover loss continues but slowed from an average of 7.27 million hectares per year in the period 1990–2000 to an annual average of 3.31 million hectares in the period of 2010–2015.[18]

But a series of global agreements are attempting to reverse these trends: namely the 2030 Agenda for Sustainable Development, the Paris Agreement on climate change, the Addis Ababa Action Agenda on Financing for Development and the Sendai Framework for Disaster Risk Reduction. Together, they are setting the scene for a shift toward more sustainable and climate-resilient development by reiterating the need for integrative and coherent solutions that can balance social, economic and environmental goals. The 2030 Agenda calls for nothing less than "transforming our world" and seeks to address the most pressing global challenges to sustainable development.

Some research contends that we are facing a mass extinction episode unparalleled since the disappearance of dinosaurs 65 million years ago

The 2030 Agenda is more inclusive and integrative than previous development agendas

As highlighted in other chapters of this report, the 2030 Agenda differs significantly from its predecessors in terms of both content and process: the 17 SDGs emerged from a multiyear participatory negotiation process and are much broader in scope than the MDGs (chapter 1). Whereas the MDGs focused primarily on the social agenda, the SDGs are more complex and holistic, addressing the interconnectedness of social, environmental and economic elements. There are now stand-alone goals on inequalities, cities and human settlements, energy, climate change, sustainable consumption and production, and the protection of marine and terrestrial ecosystems. This broad agenda reflects human rights principles and standards and recognizes the interlinkages between different areas of development and the importance of environmental and climate protection for poverty reduction and human well-being. Nevertheless, the agenda is fraught with tensions both between different goals and between its normative aspirations and the suggested means of implementation that largely rely on trade, private finance and public-private partnerships (chapter 7). These tensions have to be addressed and minimized in the implementation process, and will inevitably entail negotiation of priorities and compromise among different actors, sectors and dimensions of sustainable development.

The Paris Agreement[19] faces similar challenges as there remains a significant gap between the emission reduction pledges that countries have communicated to the United Nations Framework Convention on Climate Change (UNFCCC)[20] and the emission reductions required at global level in order to avoid major ecosystem losses and catastrophic social and economic impacts.[21] On the current development path, it is unlikely that either the 1.5°C or the 2°C goal will be met, although it is still feasible (box 5.2).[22] There are, however, a number of positive developments: the Paris Agreement enters into force early, on 4 November 2016; global CO_2 emissions seem to have stalled for the first time in 2015;[23] and, as discussed in this report, numerous innovations and initiatives are being adopted around the world that bode well for transformative change and sustainability. In rural areas, solar power can be

used for domestic energy access or to power drip irrigation systems that save up to 80 percent water, for example. Farmland used for organic agriculture has expanded rapidly, from 11 million hectares in 1999 to 43.7 million hectares in 2014.[24] In cities, policies for more sustainable transport include those that:

- prioritize walking and cycling and expanding public transport systems;
- promote green roofs and vertical gardens to improve air quality, reduce the urban heat island effect and mitigate runoff from heavy precipitation; and
- integrate projects aiming to re-localize food and energy production while reducing waste and emissions, for example, through urban agriculture and waste-to-energy approaches that can be found in many Asian cities, including Cebu, Dhaka and New Delhi.

Achieving the SDGs based on the principles set out in the 2030 Agenda will depend on the ways the agenda is interpreted and implemented. Indeed, very different interpretations are possible. An eco-social approach to sustainability, for example, would look at economic activities as a means to reach equity and environmental sustainability. In contrast, the dominant market-liberal rationality sees human and natural resources as production factors to achieve economic growth as the main pathway toward welfare. As noted above, such an approach has been associated with adverse social and environmental impacts.[25] Does the 2030 Agenda hold the potential for a profound transformation toward a more progressive and rights-based eco-social approach that would shift the normative hierarchy for decision making, as discussed in chapter 7? This would require a significant shift in perspective: from seeing social and environmental issues as the consequences of economic policy choices, to conditioning economic choices on sustainable and just social and ecological outcomes (figure 5.3).[26]

An eco-social approach to sustainability would look at economic activities as a means to reach equity and environmental sustainability

Box 5.2. **Decision making and new alliances for climate change resilience**

In the context of global climate change, resilience means preventing the earth's climate from crossing a threshold into a different and less desirable state from the perspective of human development and the natural environment. Scientists and policy makers have placed such a threshold at a 2°C temperature increase above pre-industrial levels. Beyond this point, impacts would be intolerable and severely affect development outcomes.

There has been significant debate and criticism with regard to the 2°C goal, however, as the focus on annual global mean temperatures neglects regional variations of climate change effects and impacts. Many lower and middle income countries object to the 2°C goal, especially low-lying small island states that stress the significant risks and impacts they already face at lower levels of global warming. Critical scholars further emphasize that global power asymmetries have influenced and are mirrored in the debate on "safe" levels of global warming, with richer countries in temperate latitudes willing to accept the 2°C goal and poorer countries that face more severe impacts arguing for more ambitious climate action.[a]

In 2015, a small group of "progressives" (Angola, Chile, Colombia, Gambia, Germany, Grenada, Marshall Islands, Mexico, Peru, Santa Lucia, Switzerland and the United Kingdom) formed an alliance several months before the 21st Conference of the Parties to the UNFCCC in order to work toward an ambitious climate agreement. Over a series of informal meetings, the group grew to more than 100 states: 79 African, Caribbean and Pacific countries and the European Union (EU). The group eventually persuaded Brazil and the United States to come on board. This was an important game changer for the international climate negotiations as it brought hitherto reluctant states to the table. The group further bridged the previous divide between developing and developed countries and pushed not only for an ambitious climate goal but also for fair climate finance mechanisms to support low-income countries. The Paris Agreement now aims to keep global average temperature "well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change".[b]

Notes: [a] Tschakert 2015; see also Seager 2009 for a feminist appraisal of the 2°C goal and Liverman 2009 for a discussion of spatial inequalities of dangerous climate change. [b] Article 2a of the Paris Agreement (UNFCCC 2015).

Resilience presents an opportunity to improve sustainable development outcomes

Climate change alters the development context, especially in low-income countries, as its impacts threaten past development gains and often render traditional coping mechanisms ineffective as climatic variability increases. More frequent and acute droughts and floods, for example, can severely affect the capacities of farmers to cope with the loss of crops and livestock. Traditional coping strategies centred on the sale of assets or community support to recover from losses may be insufficient to cope with more frequently recurring or larger hazards that affect entire regions. To help deal with this, recent international debates have focused on the need for building resilience to the various impacts of environmental degradation and climate change (box 5.3).

People and communities will have to adapt to protect lives and livelihoods from the emerging, unavoidable impacts of climate change. Societies more generally will have to undergo transformations to overcome patterns and processes of stratification (related, for example, to class, gender, ethnicity, religion and location) that perpetuate vulnerabilities and structural inequalities. People and enterprises will also have to improve ecological resilience by, for example, reducing greenhouse gas emissions and overcoming unsustainable practices of production and consumption that push ecosystems toward catastrophic shifts and intolerable environmental and climate change impacts.[27]

Both adaptability and transformability are needed for social-ecological resilience and sustainability

The 2030 Agenda addresses resilience in six of the SDGs: poverty (target 1.5), hunger (target 2.4), industry, innovation and infrastructure (goal 9 and target 9.1), sustainable cities and communities (goal 11), climate action (target 13.1) and life below water (target 14.2). It has mainstreamed climate change across a number of areas to promote climate-resilient sustainable development. Adopting a resilience approach has important policy and governance implications as it requires not only the coherence and coordination of policy design and implementation across different (social and ecological/environmental) domains and scales, but also the recognition of decision making under conditions of uncertainty and the need for experimentation and innovation in building resilience.

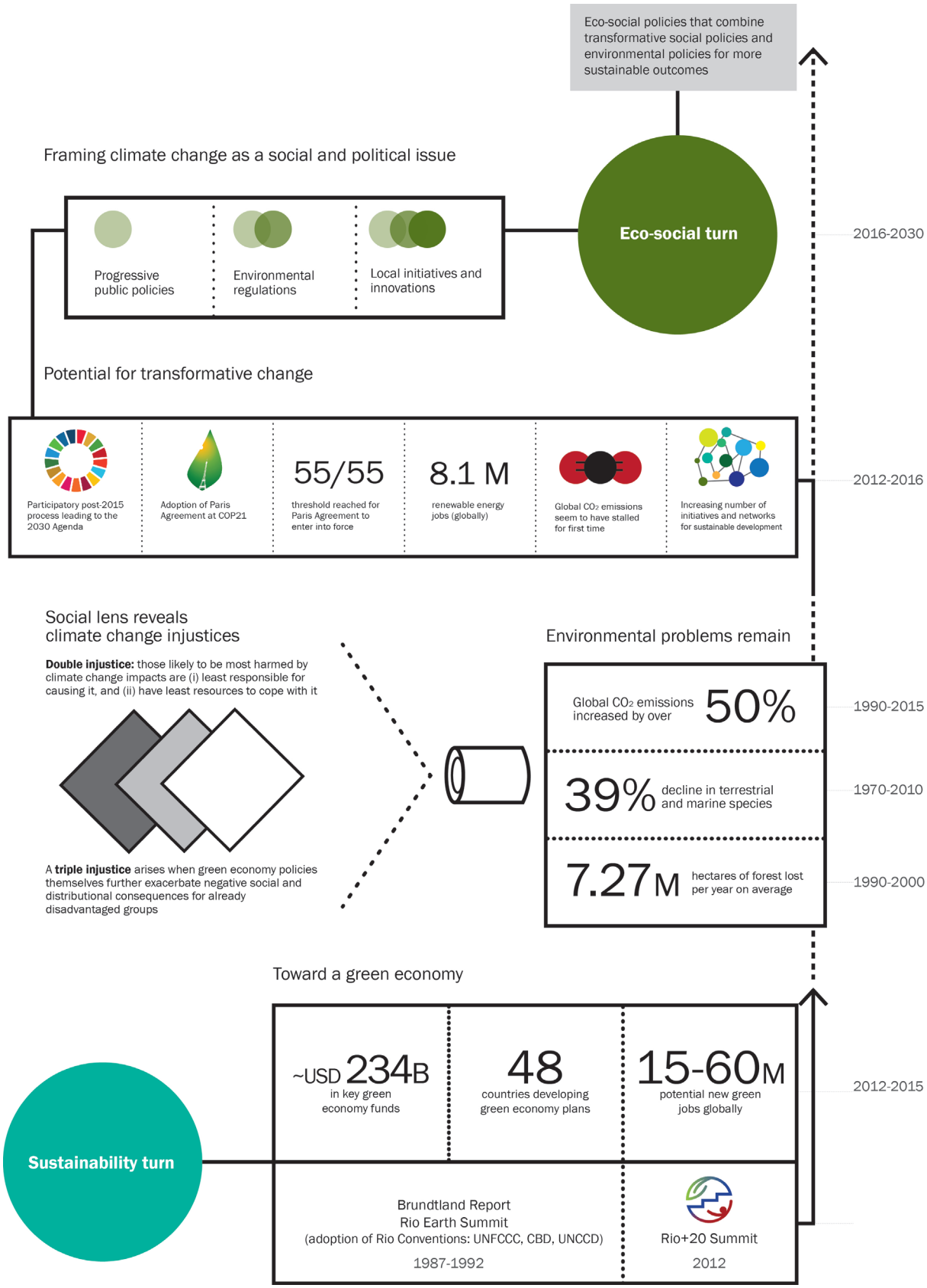
The concept of resilience presents an opportunity for reinserting more progressive and ambitious elements into mainstream sustainability approaches and debates. Resilience promotes participation, learning and sustainable resource management, and stresses the role of governance and institutions in managing social-ecological systems. It could thus present a way to link the scientific understanding of social-ecological systems to the resulting normative implications for more inclusive and explicitly eco-social policies for sustainable development. In the case of greening the economy, for example, recent assessments have followed the earlier UNRISD critique[28] by recognizing shortcomings with regard to the social dimensions of sustainable development. UNEP has recently underlined the need for "inclusive green economy" that incorporates long-term resilience thinking in green economy approaches.[29]

Box 5.3. **Social-ecological resilience**

The resilience concept is based on a social-ecological systems approach to sustainable development, which sees humans as part of nature. Social systems and ecological systems are linked, and changes in one system affect the other. Resilience describes the properties of a social-ecological system in terms of its ability to absorb or withstand perturbations without undergoing fundamental changes in its structure or functions.[a] This does not mean resilient systems are static, but that they can tolerate disturbance without collapsing into a less desirable state: for example, ecosystem services are sustained or restored to provide for human basic needs, and communities and people are able to cope with and recover from disaster impacts. As such, resilience entails notions of both maintaining the system (adaptability) and creating a new and more desirable system (transformability).[b] Both adaptability and transformability are needed for social-ecological resilience and sustainability.

Notes: [a] Berkes et al. 2003; Walker et al. 2004. [b] Walker et al. 2004

Figure 5.3. **From sustainable development to a transformative eco-social turn**



Data sources: FAO 2015; ILO 2012; IRENA 2016; UN 2015a; UN DESA 2013; UNEP 2015b; WWF 2014.

The concept of resilience presents an opportunity for reinserting more progressive and ambitious elements into mainstream sustainability approaches and debates

3. Bringing "the Social" into Green Economy Approaches

By 2015, 48 countries were developing national green economy plans.[30] The green economy has also been described as an important engine of employment creation with most studies indicating net employment gains that could result in 15 to 60 million additional jobs globally.[31] In 2015, there were, for example, already 8.1 million jobs in the renewable energy sector, largely concentrated in China, the European Union, Brazil, the United States, India, Japan and Bangladesh.[32] In Germany, the transition to renewable energy is driven by citizens and communities which are benefiting from increasing revenues[33] and the creation of more jobs compared to conventional energy generation.[34] UN DESA estimated the volume of key green economy funds at approximately USD 234 billion (with an additional USD 51.6 billion in co-financing) in 2012.[35] Most of these funds are part of international climate finance mechanisms under the UNFCCC which has channelled more than USD 215 billion through the Clean Development Mechanism.[36] Despite these advances and the growing influence of green economy approaches, major challenges persist.

Inquiries into the benefits and repercussions of green economy approaches have shown that the assumption of improved human well-being and social equity does not hold per se. Using a social lens to analyse green economy initiatives shows the uneven distribution of benefits and risks.[37] The social lens approach considers knowledge and values that influence policy making as well as social structures, institutions and relations that underpin inequalities and shape behaviours. It assesses social impacts and distributional consequences of policy initiatives, the broader social and public policy framework, and the role of social actors and agency in popular participation and mobilization. This approach reveals the negative social repercussions that can arise from environmental and climate policies, reinforcing existing inequalities and injustices.

People in vulnerable situations may face a "triple injustice"

Beyond the "double injustice" of climate change noted above, there is a potential "triple injustice" which arises when green economy policies reproduce or exacerbate inequalities and negative distributional consequences for already disadvantaged groups.[38] In the Global North, for example, low-income households often do not benefit from subsidies that promote microgeneration of renewable energy due to the expensive upfront investments required, or because they do not own their homes. Nevertheless, they face rising electricity prices. In the Global South, some green economy projects have led to "land grabbing" and the displacement of people for infrastructure and biofuel projects, often involving violations of customary land rights and the rights of indigenous populations. Green technology policies often have an urban bias that neglects the rural poor.[39] Similarly, the social benefits of carbon finance have been unevenly distributed, partly due to varying levels of community organization and social mobilization, as well as local participation in the design and implementation of carbon finance schemes.[40]

Green economy approaches have often neglected the social pillar of sustainable development. Limited attention has been paid to analysing the unequal or problematic social consequences of these policies, the structural determinants of inequality and unsustainable behaviour, or the social and power relations that shape policies, processes and outcomes.[41]

As the following examples indicate, numerous types of negative distributional consequences are apparent.

- The allocation of private property rights to resources hitherto under common property or state-owned, as in payment for ecosystem services schemes, has reinforced unequal power relations.[42]
- Women's participation in emerging green

A triple injustice arises when green economy policies exacerbate negative social and distributional consequences for already disadvantaged groups

economy sectors is often low because their access is limited by male bias in job markets and governance institutions.[43]

- Strict conservation of carbon sinks (such as forests) has constrained the livelihood opportunities of indigenous peoples and excluded traditional owners from participation in natural resources management, for example, in Australia.[44]
- Efforts to promote sustainable development can be at odds with the social, environmental and cultural effects of infrastructural development for hydropower development, as cases in India have shown.[45]

Unequal access to land is a key source of injustice

Conflicts between customary and legal land rights have led to struggles over land ownership in green economy projects. People without legally protected land titles have been displaced for biofuel production or hydropower generation.[46] Lack of access to land and insecure land tenure are critical factors underpinning persistent rural poverty, especially for women in many developing country contexts.[47] In India, the government has promoted biofuel production (for clean fuel) and addressed social impacts by focusing on by-products of crops and cultivating non-food crops on marginal lands only, in order not to undermine food security. However, it neglected the fact that marginal lands were often used by rural populations, for example, in shifting cultivation, for fuelwood or medicinal plants. The use of marginal lands for biofuel production was thus perceived as massive land grabbing and hindered access to fuel for the rural poor.[48]

Land struggles can also be related to the displacement of people for green infrastructure projects, such as hydropower dams. In the Indian state of Sikkim, communities in the vicinity of hydropower projects have experienced displacement, loss of livelihood, social conflict and rapidly depleting natural resources resulting from the drying-up of water bodies. Displaced people were often inadequately compensated for relocation, and there were disputes over land ownership, particularly in cases that violated cultural rights of Sikkim's indigenous population. Key environmental impacts were related to changes in hydrology and sediment load that affected downstream areas.[49] These social and environmental impacts can be at odds with other development policies. In the case of Sikkim, the promotion of hydropower dams stands in contrast to the state's "Green Mission" that aims to preserve and promote environmental health and biodiversity. Trade-offs between the goal of promoting renewable energy production (SDG 7) and other environmental (SDG 15) and social aspects (such as access to land, SDGs 1 and 2) therefore need to be carefully assessed and negotiated in the design and implementation of development projects (chapter 7).

Conflicts between customary and legal land rights have led to struggles over land ownership in green economy projects

Linking green economy policies to pro-poor policies for more inclusive outcomes

Linking green economy policies to pro-poor policies can bring about more inclusive outcomes. A biofuel incubator project in Limpopo province, South Africa, supported subsistence farmers and unemployed people by facilitating access to land and growing soybeans and sunflowers for biofuel production. The project fostered rural entrepreneurship and actively involved female farmers. It improved the situation of rural men and women by bringing them into productive work. It also empowered female participants at the household level as they were able to better support their families economically.[50]

Lack of inclusion and active participation of affected populations in design and implementation are often barriers to the success of green economy projects. In a second project in Limpopo, a public-private partnership provided electricity access to the rural poor, the majority of whom were women. The project offered subsidized solar home systems in areas that were not covered by the national energy provider. However, achieving core project objectives related to gender equality and women's employment proved difficult. Many of the jobs created were related to the maintenance of the solar installations. They involved carrying heavy batteries and climbing

Careful project design and inclusive planning processes are crucial to achieve integrated goals

on rooftops. Women's participation in the project declined as a result of this type of work that was perceived as inappropriate. While there were other advantages, not least enhanced energy access which freed up time spent on fuelwood collection and other domestic work (chapter 3), the project would have benefited from more active female participation in the design phase to avoid these problems and develop alternatives. Gaps between policy objectives and effective implementation often remain a major problem. These examples illustrate that careful project design and inclusive planning processes are crucial to achieve integrated goals.[51]

Promoting green economy to achieve universal and sustainable energy access

Many green economy policies and projects deal with the provision of biofuels and renewable energy. Getting energy provision right—in terms of shifting to sustainable energy production and energy consumption—is crucial as it holds the potential to mitigate climate change by shifting from fossil fuel sources to renewables and to support social and economic development by providing universal access to sustainable energy. An estimated 1.2 billion people lack access to electricity while over 2.7 billion people rely on traditional biomass for cooking.[52] One consequence of this is that women and children, in particular, face serious health impacts from indoor air pollution.[53] Access to clean energy would improve their health and improve gender equality as it would reduce women's and girls' unpaid care and domestic work (chapter 3).[54]

Many developing countries are promoting energy policies to increase generation capacities and "ensure access to affordable, reliable, sustainable and modern energy for all" (SDG 7). In the case of India, which is expected to be one of the key driving forces of increasing global energy demand, the above case studies can inform decisions for sustainable and inclusive energy policies. India has ambitious plans to expand energy generation and increase the share of renewables by promoting solar, wind and hydropower, and through its National Policy on Biofuels. Past experience has demonstrated that the implementation of renewable energy projects can have negative environmental and social consequences and, at times, generate strong popular opposition. Adopting social and technical innovations in energy projects can be a way to achieve eco-social benefits. One social innovation, for example, consists of leasing rather than buying land from farmers for rural solar installations. This not only reduces project costs but also engages farmers as "partners in development".[55] The introduction of "solar double cropping" constitutes a simple technical innovation. This involves the installation of solar panels that are spaced out and placed at a height that permits the land underneath to be used for agricultural purposes.[56] This technique is expected to lower irrigation needs by better retaining soil moisture and to reduce heat stress in crops and livestock.

Effective green economy policies need to tackle the root causes of unsustainable development

The above examples highlight some of the challenges green economy approaches face in relation to distributional justice and coherence from the perspective of sustainable development. Despite growing recognition of the need for policy coherence and transformative change, green economy approaches often fail to achieve integration and can perpetuate inequalities by prioritizing economic and environmental over social aspects. If social policies implemented in response to adaptation pressures are to be transformative (chapter 2), they need to be part of a policy package that tackles the root causes of development models that are unsustainable with regard to environmental impacts and climate change.

Getting energy provision right is crucial as it holds the potential to mitigate climate change and to support social and economic development

UNEP's efforts to bring social inclusion into the green economy agenda have attempted to address some of the shortcomings identified above and to address the climate issue in a more integrated way.

But it remains to be seen how an inclusive green economy that is based on "sharing, circularity, collaboration, solidarity, resilience, opportunity and interdependence"[57] (chapter 4) can be realized. In a similar vein, SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all)[58] introduces a social qualifier to the kind of economic growth to be achieved. It does not challenge, however, the underlying premises on which the economy is built, for instance, profit maximization, competitiveness, concentration and accumulation. Without substantive changes such as proper internalization of social and environmental costs, supported by effective regulatory and global governance, the environmental problems we are facing today will be reproduced (chapter 7).

In order to tackle the root causes of unsustainable development, green economy policies need to be part of a policy mix that addresses the social determinants of unsustainable practices. These include normative biases in development objectives, power asymmetries and inequalities. Avoiding multiple injustices and adverse impacts on poor and vulnerable groups associated with climate change and green economy approaches requires applying a social lens, implementing comprehensive social policies and creating strong public institutions. Governments play an important role in ensuring that the transition to low-carbon economies is equitable, sustainable and legitimate. The call for a just transition has evolved from being a demand related to workers' rights, largely promoted by the International Trade Union Confederation (ITUC) and the International Labour Organization (ILO), to being acknowledged in all major policy documents, including the preamble of the Paris Agreement.[59] Elements for a just transition comprise coherent public policies that provide an enabling environment for sustainable, low-carbon development as well as a just transition framework, including labour market policies for the promotion of green and decent jobs and social protection policies to mitigate the social impacts of job losses.[60] In addition to anticipating and mitigating the adverse distributional effects of climate change responses, it is also important to question whose values and ideas are in the driving seat. The persistence of neoliberal thinking and policies, for example, tends to constrain important aspects of public spending and market regulation. When not in denial about climate change, it focuses attention on relative (as opposed to absolute) decoupling[61] through technology innovations for increased energy efficiency.[62] There is a tendency in market-based approaches to prioritize private over public investment, as well as formal property titles over customary rights, which can lead to economic exclusion (chapter 7). These types of policy approaches are not conducive to bringing about a qualitative or transformative change toward more inclusive processes and equitable outcomes. Transformation has to go far beyond innovation and structural change based on clean technologies and rein in the power of market actors.[63]

Green economy policies need to be part of a policy mix that addresses the social determinants of unsustainable practices, including normative biases in development objectives, power asymmetries and inequalities

Power asymmetries that influence policy making to the advantage of the economically powerful are a barrier to fair climate change responses and inclusive green economy policies. At the national level, strengthening democratic governance to increase representation and participation of people living in poverty and other marginalized groups in decision making is crucial to ensure that their needs are met and rights fulfilled. There could be benefits in the involvement of businesses not only in supporting implementation processes, but also in policy dialogue and the design of mechanisms to address sustainable development, as it could help persuade the private sector to consider changing the way it operates. However, there are significant risks associated with unequal bargaining power (chapter 7).

Greening the economy is difficult in contexts where countries depend economically on sectors with adverse ecological impacts. Oil exploitation and mining, for example, continue to undermine sustainable development, even in countries that have attempted to craft alternative development pathways (chapter 6). This in turn relates to tensions between domestic policy making and pressures to earn foreign exchange by selling exports in highly competitive global markets.[64] The Bolivian Framework Law on Mother Earth and Integral Development for Living Well articulates a "humans-in-ecosystems" perspective that promotes environmental stewardship and the

alleviation of social inequalities by reducing the influence of markets on "Mother Earth".[65] Bolivia has nationalized most of its natural resources and uses the revenues to fund redistributive social policies (chapter 6). At the same time, the country's reliance on mineral revenues means that it employs environmentally harmful practices. Furthermore, a law was passed in 2015 allowing oil exploration in national parks.[66] In international debates, Bolivia argues for its right to exploit fossil fuels to spur economic development and poverty reduction, and calls on early industrializers to take responsibility for reducing greenhouse gas emissions. Tensions between Living Well (Buen Vivir) and the exploitation of natural resources cannot be solved easily, as the relatively narrow economic base limits alternative development pathways that the government aims for. So-called reprimarization—renewed reliance on primary sectors—has even affected much larger economies with a more diversified economic structure, such as Argentina and Brazil.

Green economy policies need to help reduce existing inequalities. Inequalities do not only impact social and economic development, but also the environment (chapter 1). Biodiversity loss, for example, was found to increase substantially with the Gini coefficient of income inequality, which might be explained by the negative effects inequality has on collective action required for environmental protection.[67] As it is likely that there exists a vicious circle of inequality and unsustainability, "policies aimed at reducing inequality and achieving sustainability have a good chance of resulting in virtuous circles or win-win situations".[68] Designing policies that address both the social and ecological dimensions from the beginning in a way that regulates harmful economic practices will thus be a central element in the quest for sustainable development.

Designing policies that address both social and ecological dimensions from the beginning in a way that regulates harmful economic practices will be central for sustainable development

4. Promoting Transformative Change through Eco-Social Policies

The 2030 Agenda presents a renewed opportunity for a transformative eco-social turn, which is one of the key messages of this report. Based on the principles of universality and leaving no one behind, the 17 SDGs provide a normative framework for all nations that acknowledges the complexity of the challenges that lie ahead. Building on what has been learned from past applications of green economy and sustainable development approaches, the next generation of policies and strategies for sustainability and resilience needs to adopt an eco-social lens and promote equality, redistribution and empowerment as part of a changing development model.

Eco-social policies explicitly pursue both environmental and social goals to achieve sustainable development. They have the potential to overcome fragmented policy silos, for example, by integrating ecological dimensions into social policy (as discussed in chapter 2 in relation to cash transfer and public works programmes), or by integrating social components into green economy approaches. Furthermore, they provide incentives for or encourage behavioural change conducive to sustainable environmental management and resource use, as well as strengthen the resilience or adaptive capacities of individuals and communities.[69]

Costa Rica has pursued sustainable development with a strong social policy component

So far, only a few countries have pursued an eco-social approach on a national scale. Costa Rica provides a relatively successful example of eco-social development in which the state has played a fundamental role in incorporating people into markets and social systems by promoting productive (often public) employment and universal social policies.[70] In addition, Costa Rica was an early promoter of environmental sustainability and, in 1997, among the first countries to adopt a national PES scheme for forest conservation and regeneration. The majority of funds for the scheme

are generated domestically (through earmarked taxes on water and fossil fuels), but international loans and grants (notably from the Global Environment Facility and the German KfW Development Bank) enabled its establishment. Given the nature of the funding mechanism, the scheme has been described as "subsidy in disguise" rather than a market-based initiative (box 5.1).[71] The revenue from the fuel tax used to finance the scheme amounts to more than USD 11 million per year on average.[72]

The 2030 Agenda presents a renewed opportunity for a transformative eco-social turn

Costa Rica managed to increase its forest cover from 17 percent in 1983 to 52 percent in 2011 and produces 90 percent of its electricity from renewable sources.[73] This shift was facilitated by changes in the international context that introduced PES schemes for environmental protection and encouraged the development of a strong ecotourism sector. With regard to climate change, Costa Rica is committed to reducing greenhouse gas emissions to 2005 levels by 2021 and achieving a carbon neutral economy by 2085.[74] In order to effectively tackle climate change, the government has put in place a comprehensive policy package addressing issues of both mitigation and adaptation and underlining the need for an integrated focus on energy and climate policy. The package relies primarily on economic instruments, but incorporates social components and promotes active citizen participation.

More recently, the state is being confronted by growing tensions that threaten the sustainability of past achievements, partly because "the principle of solidarity in the social policy regime has been eroded by growing marketization and weakened state capacities".[75] Inequality has worsened, in contrast to significant improvements in several other Latin American countries.[76] Unequal outcomes of economic development driven by high-tech industry, tourism and financial services, as well as fiscal constraints on public social spending, have led to these tensions. Rebuilding state capacities and maintaining a universal and effective social policy regime will be essential for safeguarding Costa Rica's success and to support further transformative change toward a low-carbon economy.

The increasing policy uptake of resilience could foster integrative development

The popularity of the resilience concept could allow for a more integrative and holistic approach in policy design and implementation. But as with other conceptual innovations that gain policy traction, such as the sustainable development concept itself, certain interpretations of resilience risk diluting the concept and adjusting it to business as usual, rather than catalysing much needed transformative change.

The transition to clean production systems that aim to halt greenhouse gas emissions and limit the negative impacts of climate change will require major transformations in both economic and social systems. So far, social dimensions of climate change have been more clearly linked to the concept of adaptation to climate change rather than to mitigating its effects.[77] Adaptation is considered most effective when it "offer[s] development benefits in the relatively near term, as well as reductions in vulnerability over the longer term."[78] Adaptation, for example, through the expansion of social protection and climate risk insurance schemes, is therefore intrinsically linked to social development and can contribute to social inclusion.[79]

This report argues for moving beyond current interpretations of sustainability and resilience and adopting an eco-social perspective for transformative change that pursues fair and green development, for example, through addressing distributional consequences of climate change mitigation (related to energy prices, industrial restructuring and changes in the job market), promoting participation and inclusive governance for a just transition, as well as rights-based sustainable development that protects the rights of individuals and communities in the context of market-based mechanisms and green economy policies.

This report argues for moving beyond current interpretations of sustainability and resilience and adopting an eco-social perspective for transformative change that pursues fair and green development

The sustainability transformation can be initiated in progressive ways

There are many different ways to initiate the transformation toward sustainability. At the more progressive and eco-social end of the spectrum are approaches that address power relations and institutions to varying degrees. What have been referred to as embedded liberalism and alter-globalization are alternative pathways to the predominant market-liberal approach[80] (chapter 4). Embedded liberalism focuses on strengthening institutions and rebuilding states' regulatory capacity to correct social and environmental injustice from within the system, for example, via progressive taxation, comprehensive social policy and business regulation. The pitfall of this approach is that it often does not tackle head-on the need for transforming power relations and structural aspects associated, for example, with ownership and consumption patterns. Nevertheless, re-embedding markets into regulatory institutions can strengthen the pursuit of social and environmental goals.

Calls to transform power relations and structural dimensions that underpin unsustainable development are at the forefront of alter-globalization approaches. These focus not only on relative decoupling (of emissions from growth) but also on absolute decoupling; not only social protection, but also reducing inequalities and the emancipation and empowerment of disadvantaged groups. And they see conventional growth patterns at the root of unsustainable development.[81] Such approaches focus on strengthening environmental and social goals via a combination of transformative, redistributive social policies and proactive local development and collective action. They underline the importance of local agency and participation. Alter-globalization aims to fundamentally change existing production and consumption patterns and opposes neoliberal globalization for its negative social and environmental consequences.

In developed countries, some advocates promote "degrowth" or voluntary simplicity, which is to actively choose to engage in alternative economic practices and to consume and earn relatively little in ways that do not compromise well-being and happiness.[82] It involves behavioural changes to address unsustainable practices and consumer culture. Shifting toward sustainable consumption and production patterns will also require more comprehensive approaches to assessing environmental impacts over the life cycle of products or services. In the case of food systems, it has been argued, for example, that the role of meat production and consumption is not sufficiently addressed in sustainability and climate change research and policy although its significant environmental and climate impacts have been recognized.[83] Degrowth is often associated with movements toward autonomous, local food systems and alternative forms of trade (prioritizing local production) which can, however, be at odds with existing trade agreements. Fair trade, organic and locally produced food and lifestyle changes toward more sustainable living are winning ground. Many organizations that operate based on principles of cooperation, solidarity and democratic self-management have been captured under the umbrella of social and solidarity economy (SSE, chapter 4) which upends the modus operandi of the private sector by putting social goals before profitability.

Calls for such alternative forms of economic organizing are growing louder, and SSE has found its way into policy debates. In addition, concepts such as Buen Vivir in Bolivia (discussed above) enjoy increasing popularity and, despite inherent tensions, are examples of how different values and cultural identities can inform public policies.[84] Alternative concepts are often promoted by civil society groups and grounded in local, indigenous culture.Their line of thought is often closer to the emancipatory eco-social movements that pre-dated neoliberalism, promoting principles of well-being and an alternative to GDP for measuring developmental progress. The growing number of initiatives and innovative forms of combining environmental, social and economic goals marks an important step toward achieving sustainable development. It is noteworthy that the most successful examples seem to be based on the type of community engagement that adheres to the principles of social and solidarity economy, but political leadership and supportive public policies are also key (chapters 4 and 7).

Local communities are the forerunners of resilience and sustainability

Innovations conducive to resilience and transformative change for sustainability are increasingly evident at the subnational level, in cities and urban, rural and coastal communities. International networks and initiatives such as ICLEI–Local Governments for Sustainability or the Rockefeller Foundation's 100 Resilient Cities foster learning and exchange between municipalities at very different stages of development to promote resilience to a variety of environmental, social and economic challenges (chapter 7). They recognize the importance of communities and make use of shared learning to promote local resilience strategies and innovative approaches for sustainability.

Building resilience and developing sustainably in cities can be supported by a variety of initiatives that range from changing urban planning and development toward greener solutions in buildings, infrastructure, transport and energy, to community gardens and the promotion of local food systems. A multifaceted approach is often key. The *favela* (shanty town) of Vale Encantado in Rio de Janeiro, for example, has started to promote nature trails and local cuisine to attract ecotourism. Organized in a cooperative, the community is engaged in organic gardening, developing alternative energy solutions, and is working to secure land titles for its residents in order to become the first sustainable favela.[85]

Many projects include adaptation goals to build community resilience against climate-related hazards. The case of post-disaster reconstruction in two flood- and storm-affected communities in central Viet Nam shows that building more resilient housing requires a combination of local knowledge and innovations which, in turn, require greater cooperation of the local authorities, civil society and the private sector.[86]

Innovative approaches can also be found in advanced economies, for example, in the transition town movement that started in Totnes, United Kingdom, in 2006 and in April 2016 counted 1,258 initiatives registered globally.[87] Transition towns are community-based initiatives that strive for low-carbon, localized development through various projects including, for example, community currencies, locally grown food and improved energy efficiency.

Empowering communities for transformative change

What is clear from the various examples of green economy approaches and eco-social policies is that effective and multilevel governance and social institutions are central to their successful implementation. In many cases, adverse social impacts and popular opposition to green economy initiatives were linked to issues of land ownership and titles, as shown above in India. These often resulted from national policies and initiatives that were implemented in communities without adequate participation and representation of the affected population. More successful examples demonstrate the importance of local ownership and participation that enabled transformative change, for example, through the empowerment of rural women. In the case of community-based forest governance, "conservation outcomes improved substantially with women's greater involvement in green governance".[88] The successful cases also relied on strong social components which supported the acceptance of environmental protection and resulted in "co-benefit" solutions, improving both livelihoods and environmental protection.

The case studies point to a number of enabling factors countries should consider when crafting sustainable development strategies. The more successful examples are characterized by a combination of regulatory or enabling public policies and local ownership and participation. They focus on actively engaging the communities, providing space for innovation and ensuring that higher level policies and plans are adapted to local settings. The national policy framework can foster local innovation when it provides an enabling environment, for example, through the provision of social protection and regulation of market actors. Achieving the SDGs will depend on identifying the right policy mixes and governance approaches that can combine progressive public policies and environmental regulation with local initiatives and innovations in a way that promotes transformative change toward equity and sustainability. It will also depend on ensuring that the promotion of technological innovation, private sector investment and multistakeholder partnership is in line with considerations for social inclusion, participation and empowerment (chapter 7).

5. Toward Eco-Social Policies: Implications for Policy

The 2030 Agenda calls for policy coherence and transformative change in order to address the challenges of sustainable development, poverty eradication and equality. At the international level, sustainable development represents a challenge, as effective multilevel governance would require the re-negotiation of priorities between different agreements and the revision of an international architecture in which sustainable practices can, for example, be challenged by trade agreements (chapter 7). This chapter has argued that a turn to eco-social policies can support the achievement of the 2030 Agenda.

Climate change needs to be framed as a social and political issue

Transforming the world and moving it toward sustainability requires the framing of environmental and climate change as social and political issues. Despite the progress that has been made in the promotion of resilience and sustainability, particularly at the local level, mainstream debates too often neglect questions of power and the social structures and institutions that reproduce unsustainable outcomes. Climate change is closely linked to issues of social justice. Adopting an eco-social approach can promote transformative change by addressing distributional consequences of climate change policies (such as price adjustments, economic restructuring and employment changes) and by tackling the root causes of unsustainable development.

Policies that engage beneficiaries actively in planning and implementation yield better results

Participation is crucial to the success of eco-social policies. Active citizenship, social movements and collective action are central elements in catalysing transformative change that addresses power asymmetries and inequalities. Consequently, policy making needs to be built on participatory foundations and cultivate forms of governance conducive to transitions that are both green and fair.[89] These should be grounded in a definition of the social which emphasizes the social relations, institutions and processes that are central to achieving integrated solutions for equitable improvements in human well-being and effective environmental protection and climate change response. Localism and approaches grounded in concrete realities can foster more inclusive approaches and achieve greater livelihood security by supporting income-generating activities adapted to the local context.[90]

Eco-social policy integration can overcome tensions between different goals and actors

Adopting an eco-social lens to promote integrated policy design can foster more coherent approaches to climate change resilience through the adoption of transformative social policies and environmentally sound policies and practices. Integrating social dimensions more consistently into green economy approaches can also support climate change adaptation efforts as it will lead to improved adaptive capacities and more equitable participation in the transformation process. Adopting a rights-based approach can resolve tensions between different actors and reduce social impacts, for example, through ensuring and protecting access to land. Policies need to take an eco-social rationale in order to promote equality, redistribution and empowerment, as well as environmental protection.

Transforming to sustainability will depend to a large extent on getting energy provision right

Renewable energy generation has a key role to play in inclusive sustainable development. Transitioning to renewable energy systems generates jobs, brings health benefits to households that have hitherto used traditional biomass for cooking, and contributes to gender equality. In addition to its climate change mitigation potential, it can facilitate off-grid access to energy in remote rural areas and generate multiple developmental benefits. Community ownership and participation are important to ensure appropriate design and implementation of renewable energy policies.

Achieving the SDGs will depend on identifying the right policy mixes and governance approaches that can combine progressive public policies and environmental regulation with local initiatives and innovations in a way that promotes transformative change toward equity and sustainability

Transformative change will require inclusive institutions and an enabling environment for social innovation

Enabling transformative change will require inclusive institutions and governance regimes that allow those most susceptible to the double or triple injustice sufficient voice and influence in decision-making processes that inevitably produce winners and losers. Policy makers need to promote and provide an enabling environment for social innovations—for example, behavioural changes in consumption patterns or collective action associated with SSE—that integrate protection of the environment with sustainable livelihood strategies. Social movements and participation will be crucial in urging governments and businesses to tackle tensions and trade-offs and deliver on the promise of an inclusive, fair and transformative 2030 Agenda.

Endnotes

[1] IPCC 2014a, 2012.

[2] UNEP 2009.

[3] Gough 2011.

[4] Munich Re 2015.

[5] See also ECLAC 2016; ESCAP et al. 2016; ECA 2016.

[6] Togtokh and Gaffney 2010.

[7] The report defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (UN 1987:54).

[8] van Griethuysen 2011.

[9] van Griethuysen 2010.

[10] Agenda 21 was a voluntary global action plan for sustainable development adopted at the Earth Summit (UN 1992). The Rio Conventions comprise the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD) that were opened for signatures at the Earth Summit as well as the United Nations Convention to Combat Desertification (UNCCD) that resulted from an Agenda 21 recommendation.

[11] The People's Earth Declaration that was put forth by participants at the alternative NGO Forum at the 1992 Rio Summit criticizes the neglect of the root causes—mostly economic—of unsustainable development. It promotes strong engagement of civil society to bring about transformative change for sustainability and protect and promote the rights of communities, and of all individuals to safeguard their environmental and social standards and to participate fully in the life and decisions of the community (International NGO Forum 1992).

[12] UNEP 2011:2.

[13] UNEP 2011:2.

[14] UN 2015a.

[15] Ceballos et al. 2015.

[16] Bijma et al. 2013.

[17] FAO and ITPS 2015.

[18] FAO 2015.

[19] The Paris Agreement was adopted by 195 parties to the UNFCCC on 12 December 2015. It was opened for signatures on 22 April 2016 and reached a record number of 175 signatures on the same day. By 5 October 2016, 74 parties had deposited their instruments of ratification, acceptance or approval of the Paris Agreement. These parties accounted for 58.82 percent of global greenhouse gas emissions, thereby reaching the threshold of at least 55 parties and 55 percent of global greenhouse gas emissions required for the Paris Agreement to enter into force early. (http://unfccc.int/paris_agreement/items/9444.php, accessed 6 October 2016).

[20] The UNFCCC invited its parties to submit Intended Nationally Determined Contributions (INDCs) detailing nationally intended emission reduction plans that will be turned into official Nationally Determined Contributions in the process of ratification, accession or approval of the Paris Agreement. As of 24 June 2016, 161 INDCs had been submitted, covering 188 out of 197 UNFCCC parties (parties are the 193 UN member states, Palestine, Niue, Cook Islands and the European Union, which submitted a single INDC on behalf of its member states). To date, only seven parties have not yet submitted an INDC: the Democratic Republic of Korea, Libya, Nicaragua, Palestine, Syria, Timor Leste and Uzbekistan. Panama, instead of an INDC, submitted its National Determined Contribution in April 2016.

[21] UNEP 2015a; http://climateactiontracker.org/global.html, accessed 24 June 2016; Tschakert 2015.

[22] IPCC 2014b.

[23] Le Quéré et al. (2015) project "that the growth in global CO_2 emissions from fossil fuels and cement production will be near or slightly below zero in 2014, with a change of -0.6% (range of -1.6% to +0.5%) from 2014 levels." This change is mostly driven by decreasing emissions of China. They do add, however, that the result is only an indication as the method they use is imprecise. In a more recent study of Chinese emissions, Korsbakken et al. (2016) find that claims of decreasing Chinese emissions were premature but confirm that coal use stagnated and emission growth slowed down.

[24] Willer and Lernoud 2016.

[25] van Griethuysen 2010, 2016.

[26] Cook and Dugarova 2014:32.

[27] Rockström et al. 2009a, 2009b.

[28] Cook et al. 2012.

[29] UNEP 2015b:20.

[30] UNEP 2015b:19.

[31] ILO 2012:viii; the ILO report stresses that "the green economy offers an opportunity to create decent work and improve social inclusion—if the right policy mix is put in place" (ILO 2012:xxi). Newly created jobs are not automatically decent jobs, however, so that it is important to monitor that the jobs created adhere to principles of decent work. The ILO defines decent jobs as "jobs that are productive, provide adequate incomes and social protection, respect the rights of workers and give workers a say in decisions which will affect their lives" (ILO 2012:6).

[32] IRENA 2016.

[33] Communal value added from the expansion of renewable energies stems from tax revenues (local business tax and communal share of income tax), net income of local employees and net profit. "The direct value added by renewable energies in Germany in 2012 adds up to 16.9 billion EUR with a municipal value added of around 11.1 billion EUR" (Aretz et al. 2013:15).

[34] Morris and Pehnt 2015; the recent amendment to the German Renewable Energy Act (EEG 2017) has been criticized for slowing down the transition to renewables and for continuing a policy reform process that pushes back community and citizen-led renewable energy projects (Morris 2016a, 2016b).

[35] UN DESA 2013.

[36] UN DESA (2013) identifies the following key green economy funds and actors with a volume of more than USD 1 billion: Clean Development Mechanism (USD 215.4 billion; UNFCCC), Global Environment Facility (USD 10.9 billion and USD 51.6 billion in co-financing; including least developed countries fund and special climate change fund; GEF agencies: UNDP, UNEP, World Bank and multilateral development banks/MDBs, FAO, IFAD, UNIDO); and the Strategic Climate Fund—Pilot Program for Climate Resilience (USD 1.1 billion pledged, World Bank and MDBs).

[37] Cook et al. 2012.

[38] Cook et al. 2012.

[39] Hezri and Ghazali 2011.

[40] Bumpus 2011.

[41] Cook et al. 2012:1.

[42] McAfee 2012.

[43] UNRISD 2012, UNEP 2016.

[44] Winer et al. 2012.

[45] Banerjee and Sood 2012.

[46] Bastos Lima 2012.

[47] UNEP et al. 2013; Rao 2005, 2011. Analysing the cases of India and China, Kelkar 2016 stresses that states have responded to women's claims to land rights and justice mostly by formulating policies and legal frameworks that "have remained largely ineffective in changing institutions trapped in gendered norms and women's economic dependency" (Kelkar 2016:24).

[48] Bastos Lima 2012.

[49] Banerjee and Sood 2012.

[50] Musyoki 2012; see also figure 1.9 in chapter 1.

[51] Musyoki 2012.

[52] IEA 2015.

[53] In 2012, exposure to household air pollution caused an estimated 4.3 million premature deaths, 60 percent of which occurred in women and children (WHO 2016).

[54] UNRISD 2010.

[55] Nathan 2015.

[56] Nathan 2015.

[57] UNEP 2015b:19.

[58] UN 2015b.

[59] See Morena 2014; Rosemberg 2010; UNFCCC 2015.

[60] ILO 2015.

[61] Decoupling refers to declining resource impacts from economic activities. It can be "relative", which means that the resource intensity of the economy (relative to GDP) decreases, or "absolute", which means that overall ecological impacts decline (Jackson 2009:67). While absolute decoupling would be crucial for sustainable development and climate change mitigation, efficiency gains from cleaner production are most often outpaced by increasing consumption of resources (known as the "rebound effect").

[62] See Utting 2013.

[63] Hoffmann 2015:2.

[64] van Griethuysen 2016.

[65] Estado Plurinacional de Bolivia 2012.

[66] Estado Plurinacional de Bolivia 2015.

[67] Mikkelson et al. 2007:1.

[68] Neumayer 2011:18.

[69] UNRISD 2014a:2.

[70] UNRISD 2014b; Martinez Franzoni and Sánchez-Ancochea 2013.

[71] Fletcher and Breitling 2012.

[72] Porras et al. 2013.

[73] Brown and Bird 2011.

[74] See the relatively ambitious INDC to the UNFCCC submitted in the run up to COP21 in December 2015 (Government of Costa Rica 2015).

[75] Martinez Franzoni and Sánchez Ancochea 2013:144.

[76] Martinez Franzoni and Sánchez-Ancochea 2013.

[77] Adaptation can be defined as "[t]he process of adjustment to actual or expected climate and its effects. In human systems, adaptation seeks to moderate or avoid harm or exploit beneficial opportunities" (IPCC 2014a:5). Mitigation, in contrast, "is a human intervention to reduce the sources or enhance the sinks of greenhouse gases" (IPCC 2014b:4).

[78] IPCC 2012:18.

[79] See Brooks et al. 2011.

[80] Utting 2013.

[81] Utting 2013:186.

[82] van Dijk 2014.

[83] See Arcari 2016; FAO 2013 estimates that global livestock is responsible for 14.5% of all anthropogenic greenhouse gas emissions.

[84] The concept of buen vivir has been criticized for its essentialist notion and the patriarchal structures of indigenous cultures that have coined the concept but that would need to be overcome for gender-egalitarian sustainable development (Wichterich 2012; Cochrane 2014).

[85] Alves Barros and Melo 2011; despite the efforts to obtain land titles, Vale Encantado is at risk as Rio plans to upgrade and remove favelas.

[86] Tran Tuan Anh et al. 2013.

[87] https://www.transitionnetwork.org/initiatives/by-number, accessed 27 June 2016.

[88] Agarwal 2015:321.

[89] Cook et al. 2012.

[90] Hezri and Ghazali 2011.

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CHAPTER 6

Demonstrating in Macedonia against a proposed increase in taxes for freelance and parttime workers.

Mobilizing Domestic Resources for Sustainable Development: Toward a Progressive Fiscal Contract

Domestic resource mobilization (DRM) will be crucial not only to meet the sheer scale of investment needed to implement the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs), but also because it holds its own broader promise for transformative change. If undertaken successfully, DRM can generate substantial benefits for state-citizen relations, economic stability and growth, and redistribution. Coalitions for progressive reforms, through which the rich pay relatively more than the poor, are a precondition for creating transformative eco-social and fiscal contracts. This is easier in contexts with greater state capacity, where resource bargains are more transparent and inclusive, and where national bargains are supported by global bargains, the latter providing resources and regulation.

Chapter 6 addresses implementation of SDGs

1. Introduction

Moving from a sustainable development vision to implementation of the policies outlined in previous chapters rests on the capacity of states to design strategies, create political support, and mobilize the required financial and administrative resources. Domestic resources will be key for financing the eco-social turn necessary for the transformative change committed to in the 2030 Agenda for Sustainable Development. Domestic resources, in particular public domestic resources, are already the most important source of development finance,[1] exceeding private flows as well as international aid (figure 6.1).[2]

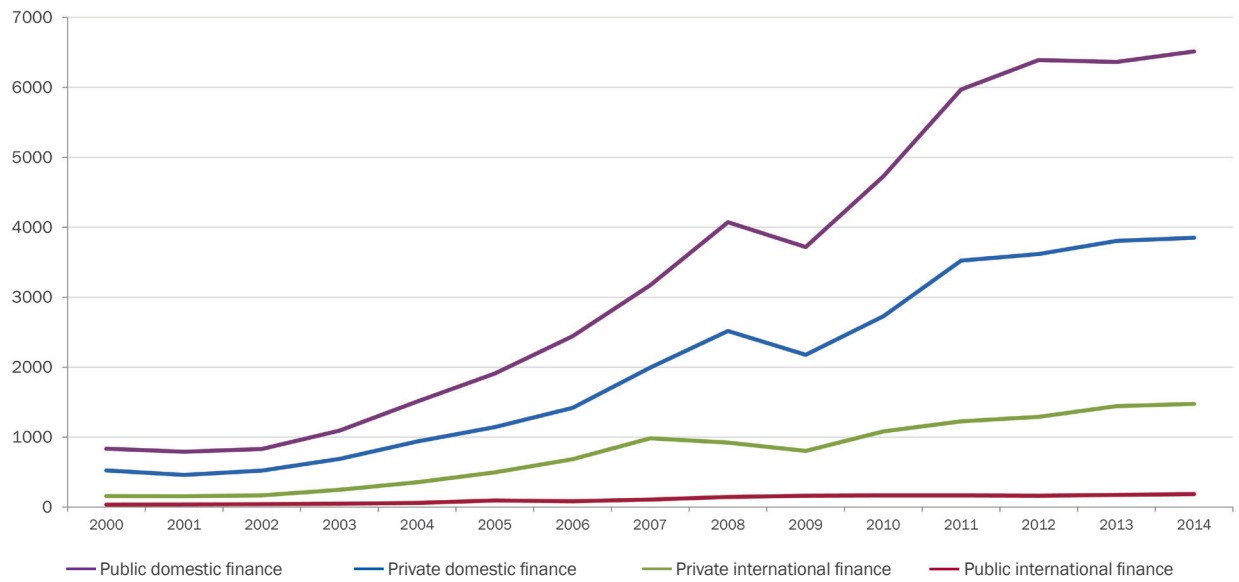
Domestic resources will be key for financing the eco-social turn

This challenges the popular belief that budgets in developing countries rely heavily on external funding, and highlights the relevance of domestic resources. At the same time average finance trends tend to hide challenges for specific regions or countries, in particular if investment and spending needs are very high.

Estimates of the amounts needed to finance the 2030 Agenda are in the range of "trillions, not billions",[3] to cover global financing gaps of between USD 1.5 trillion per year[4] to USD 2.5 trillion or more.[5] While this amounts to 2 to 3 percent of global gross national income (GNI), the costs of implementing the 2030 Agenda in proportion to the GNI of developing countries (low- and middle-income) are far higher (table 6.1).

The magnitude of financing requirements at the national level can be illustrated by looking at a subset of the goals related to social protection. National social protection floors (SPFs) for residents benefiting from (i) a defined minimum level of income across their lifecycle (from childhood to old age) and (ii) universal access to health care services would require substantial additional investments. For sub-Saharan African countries, for instance, the resources needed to close the gap for full implementation of SPFs represents, on average, 17 percent of GDP. For Latin American countries, the average gap amounts to 9 percent of GDP (see also box 6.3).[6]

Figure 6.1. **Financing trends in developing countries** (USD bn, 2013 prices), 2000–2014



Notes: Public domestic finance is defined here as total government revenue. Gross-fixed capital formation by the private sector was used as indicator for private domestic finance. Private international finance is the sum of foreign direct investment (FDI), portfolio equity and bonds, commercial banking and other lending, and personal remittances. Public international finance equals the total official flows (official development assistance and other official flows). Data on private international finance: (i) for countries in East Asia and the Pacific, data were not available; (ii) for MENA countries, data were available from 2008; (iii) for Latin American countries, data for 2013 and 2014 were not available. Data on public domestic finance were an average of 104 developing countries for 2000–2013 and of 50 developing countries for 2014. The figure illustrates the absolute increase in financing sources; in relative terms, financing sources have largely increased in line with GDP growth. Data sources: ODI et al. 2015: 32; World Bank 2016; OECD 2016a, 2016d; IMF 2016; ICTD and UNU-Wider 2016.

Table 6.1. **Financing gaps as percent of GNI (in current USD) for country groups**, 2014

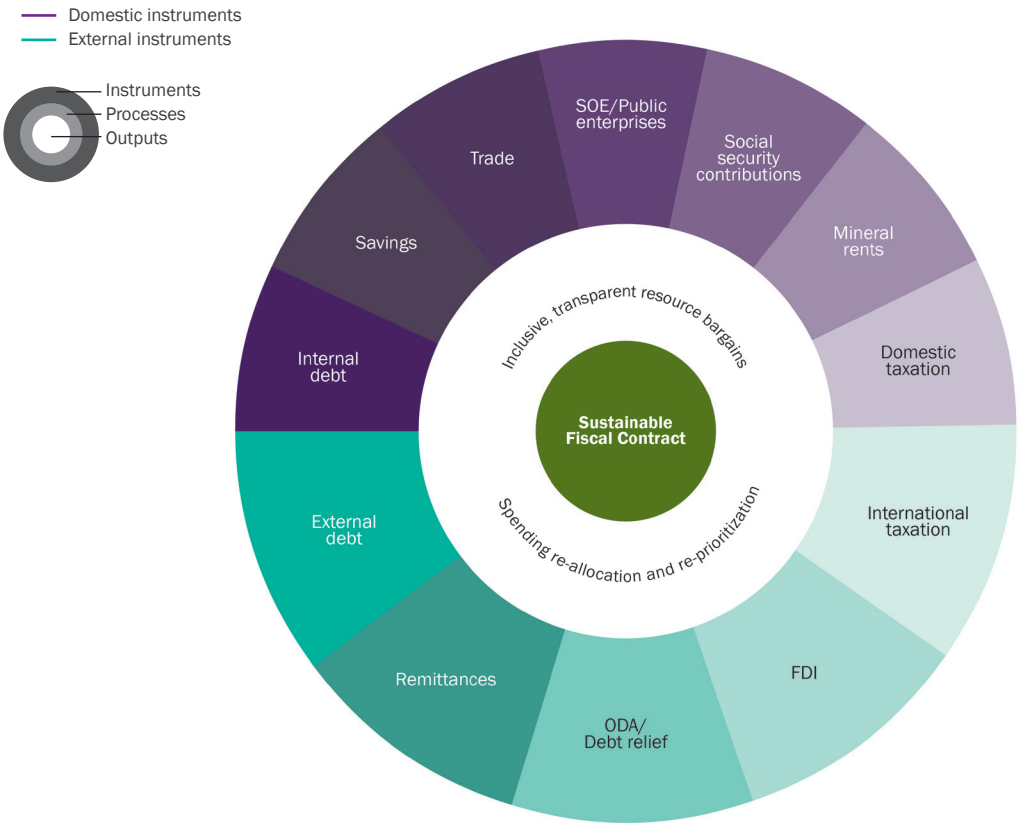
		Financing gaps as percent of GNI	
		Lower limit	Upper limit
Country groups	GNI (in current USD)	USD 1,500,000,000,000	USD 2,500,000,000,000
World	78,202,649,420,639.80	1.9	3.2
High-income countries	53,267,966,729,419.00	2.8	4.7
Middle-income countries	24,583,600,542,708.90	6.1	10.2
Low-income countries	391,881,917,056.85	382.8	637.9

Data sources: World Bank 2016; Oxfam and DFI 2015; UNCTAD 2014.

The Addis Ababa Action Agenda, the outcome document agreed by heads of state at the Third Financing for Development (FFD) Conference just ahead of the adoption of the 2030 Agenda, underscores a firm commitment to mobilize funding at global and national levels to finance a new social compact and deliver "social protection and essential public services for all".[7] It recommends a broad set of financing instruments such as public finance, international development cooperation, trade and debt, while recognizing related policy and governance challenges, such as illicit financial flows, tax evasion and lack of affordable credit and productive investment.[8]

Among this set of instruments, this chapter considers two types of public domestic resources: taxation and revenues from extractive industries, presenting different challenges and opportunities with regard to sustainability and transformative change.[9] Generally speaking, public domestic resources have various social, economic and political benefits if compared to private or external funds.[10] Among these are their linkages with domestic policy making and policy space, their potential for impacting positively on institution building and accountability, their ability to redistribute income and stabilize the economy, and their capacity to make production and consumption more sustainable in

Figure 6.2. **Mobilizing Fiscal Space for the SDGs**



environmental, economic and social terms. Public domestic resources are more likely than external resources to trigger transformative structural change of the economy and redistribution, leading to higher equality, inclusion and social protection, in particular in the case of taxation and social contributions. As the chapter will show, this relates to the links with social policy, democratization and rights that emerge from revenue bargains between citizens and states.

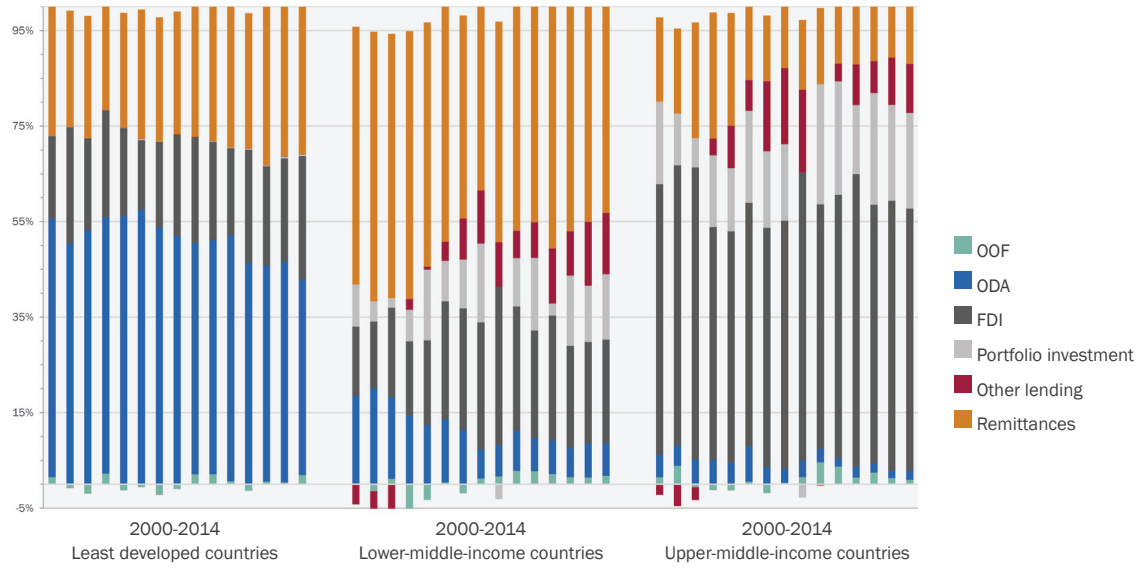
To advance the required policy reforms which will "leave no one behind", countries will need to design their own financing strategies according to their economic and political structures and specific needs. This means that the combination of sources and instruments—external and domestic, public and private—as well as their weights in the overall financing mix will differ between countries (figures 6.2 and 6.3). Some will be able to attract greater amounts of private investment (such as upper-middle income countries/UMICs), others will rely more on aid transfers, foreign debt, resource rents and remittances (least developed countries/LDCs and lower middle-income countries/LMICs), and others—mostly middle-income countries (MICs) and high-income countries (HICs)—will be able to finance a larger part of their budgets with proceeds from domestic tax systems and national capital markets.

While aid will continue to be crucial, scaling up domestic public revenues will make the difference

Aid will continue to be crucial as an international instrument for redistribution,[11] and in particular for least developed and conflict-affected countries that are highly aid-dependent and where overseas development aid (ODA) currently approaches or exceeds tax revenue (almost half the countries in figure 6.4). However for the majority of countries, scaling up domestic public revenues will make the difference.[12] Do countries encounter an enabling context for these endeavours? Looking at the global trends of financial resources, the past decade has seen significant increases in all funding sources.

ODA reached its all-time high in 2014, USD 137.2 billion, reflecting a 70 percent increase in real terms since 2000;[13] in 2014, public domestic revenue in developing countries was almost eight times higher than its level in 2000, and private domestic and private international financing increased by more than seven and nine times respectively (figure 6.1). Foreign direct investment (FDI) grew by 63 percent between 2000 and 2012, while long-term debt disbursements grew by 76 percent and remittances increased almost three-fold.[14]

Figure 6.3. **Composition of financial flows to developing countries**, 2000–2014



Notes: Other lending includes net commercial bank lending (public and publicly guaranteed and private nonguaranteed) and other private credits. Other official flows (OOF) are official sector transactions which do not meet the overseas development aid (ODA) criteria. These include, for example, grants to developing countries for representational or essentially commercial purposes; official bilateral transactions intended to promote development but having a grant element of less than 25 percent; official bilateral transactions, whatever their grant element, that are primarily export-facilitating in purpose. This category includes by definition export credits extended directly to an aid recipient by an official agency or institution ("official direct export credits"); the net acquisition by governments and central monetary institutions of securities issued by multilateral development banks at market terms; subsidies (grants) to the private sector to soften its credits to developing countries, and funds in support of private investment. Data Sources: OECD 2016a; World Bank 2016.

Despite this impressive upward trend in public and private finance from an aggregate perspective, the question remains why so many people remain poor and cannot fully exercise their rights and fulfil their basic needs. Indeed, while the steady increase in financial resources was certainly conducive to the achievements of the MDG agenda, the current context poses a number of challenges (chapter 1). First of all, financial revenues and financial flows mainly increased in line with GDP growth.[15] Second, flows are not distributed evenly across countries. Low-income countries (LICs) and LDCs have made the least progress in terms of generating tax revenues. They also receive a small share of private flows and, despite growth in absolute numbers, a declining share of total ODA, falling from 34 percent in 2010 to 32 percent in 2012.[16] Third, the current decade—already labelled the "decade of fiscal austerity",[17] with stagnant or volatile growth since the onset of the great recession in 2008, spreading financialization and increasing macroeconomic instability as well as rising inequality—is exerting negative pressure on public and private finance.[18] And finally, the question is whether increased resources have been spent in ways that improve social development outcomes.

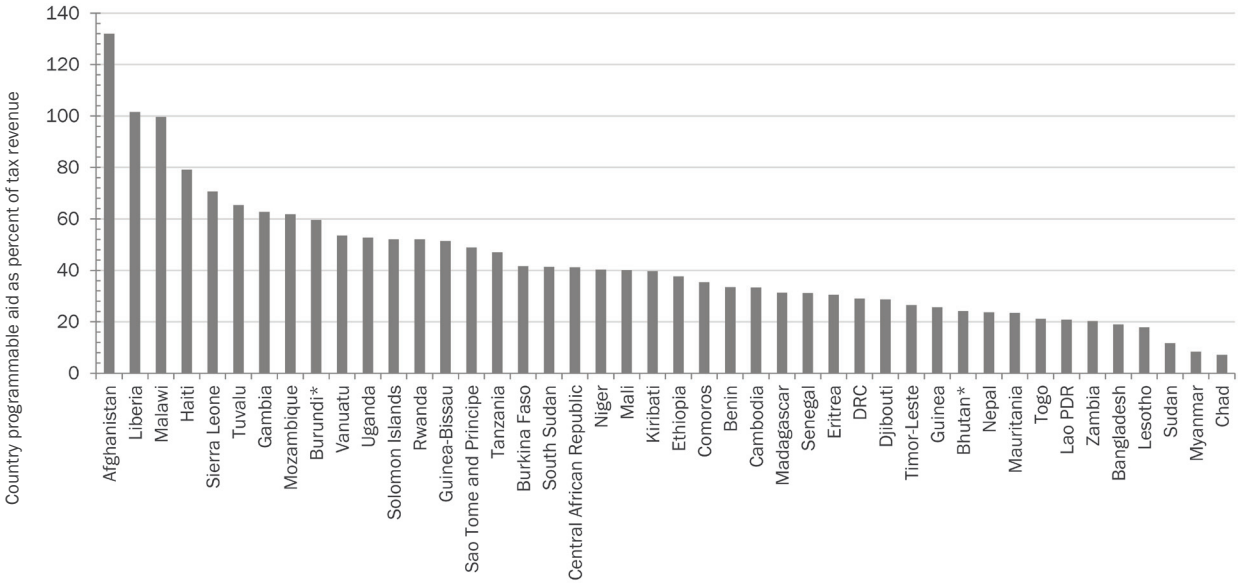
A number of additional constraints can be identified with regard to domestic and international financing.

Despite an impressive upward trend in public and private finance, the question remains why so many people remain poor and cannot fully exercise their rights and fulfil their basic needs

Constraints in *domestic financing* result from different factors such as insufficient growth performance,[19] informality and unemployment, tax losses due to tax optimization and evasion by multinational corporations (MNCs) and difficulties in expanding personal income tax due to resistance from elites and well-organized wage earner groups. Additional impediments are low national savings rates, lack of accessible and affordable credit in domestic banking systems and underdeveloped capital markets.

Limitations regarding *international finance* are associated with fiscal and political pressures in traditional donor countries in the aftermath of the global crisis and in the context of the European refugee crisis. These pressures have recently led to significant cuts in ODA in some countries (such as Australia, France, Japan, Portugal and Spain), announcements of cuts in others (Denmark and Finland), or changes in aid allocation that have direct implications for resource flows to developing

Figure 6.4. **Aid dependency in LDCs in 2012:** Aid (Country programmable aid/CPA) as percent of tax revenue



Notes: Countries with data from different years: Eritrea (2009), Myanmar (2005) and Rwanda (2011). *For Burundi and Bhutan, social contributions are not included in tax revenues. Data source: OECD 2014:22, 2016b; ICTD and UNU-WIDER 2016.

countries,[20] such as counting expenditures on refugees as aid.[21] We also observe a slow-down in FDI flows,[22] whereas debt has started to rise again, reaching levels of concern in a number of countries, both North and South.[23]

In addition, the global financial and monetary architecture influences the availability and stability of funding sources, for example, through regulation and access to multilateral funding and its conditions. Innovative instruments such as international financial transaction or environmental taxes, global funds and different types of public-private partnerships have been extensively discussed for leveraging additional financing and improving global governance, but implementation has been either slow or fraught with problems (chapters 5 and 7 and box 6.3). Reforming the global financial system will therefore continue to be on the international agenda, as measures implemented post-2008 are seen as insufficient, with significant and persistent challenges in regulation, crisis management, policy coordination and governance (chapter 7).[24]

This chapter examines domestic resource mobilization strategies and their impact on transformative change in middle- and low-income countries, with a focus on taxation and natural resource rents. Particular attention is paid to the political factors that influence resource mobilization and allocation, and the creation of progressive fiscal contracts.[25] The issues discussed in this chapter point to the following conclusions.

- Transparent and inclusive resource bargains and state accountability regarding distribution and allocation of resources contribute to transformative change and therefore need to be fostered.
- The financing mix at the national level should be diversified and move away from instruments that do not support the transformative change envisioned in the 2030 Agenda. Instead, financing policies need to support policies and activities that facilitate an eco-social turn.
- Domestic resource bargains need to be supported by global bargains, providing resources (capacity building and finance) and regulation (for example, to prevent illicit flows, tax evasion and environmental damage caused by productive activities).
- An enabling environment for resource mobilization needs to be fostered, based on macroeconomic policies that support labour-intensive and sustainable growth and structural change, as well as administrative capacity and technological innovations that facilitate tax enforcement and promote efficiency.
- Global governance regimes need to be reformed, in particular the international financial architecture, to be more coherent with sustainable development and the SDG vision of partnerships.

The chapter is structured as follows: section 2 outlines key analytical concepts; section 3 analyses global trends and national experiences in domestic resource mobilization, with a focus on taxation and mineral rents; and section 4 concludes and identifies implications for policy.

2. Sustainable Development Finance and the Role of Resource Bargains

Transformative change requires financial resources that are sustainable in economic, social, environmental and political terms

The current debate about financing sustainable development focuses on mobilizing the trillions of dollars that will be needed to implement the SDGs. Fiscal sustainability in this view implies that governments are able to finance planned expenditures while honouring debt obligations and ensuring solvency in the medium to long term, a challenging task even for more developed countries, as the recent crisis has shown.[26] But financing strategies themselves have developmental impacts that extend beyond the economic to the social, environmental and political dimensions.

This chapter argues that sustainable financing requires more than mobilizing the necessary quantity of resources or safeguarding financial stability. A broader definition of sustainable financing, as employed in this chapter, would rule out prolonged recourse to austerity policies as socially and politically unsustainable (and ultimately unsustainable with regard to growth and employment) and in

Financing strategies have developmental impacts that extend beyond the economic to the social, environmental and political dimensions

violation of human rights standards, even if they were implemented to restore short-term financial and fiscal stability.[27] It brings to the fore questions about the quality of revenues, measured in terms of their transformative impact on production and employment, redistribution, gender equality, sustainable use of natural resources, and inclusion.[28] It also suggests that financing and expenditure policies need to be designed in an integrated way, based on principles of efficiency, equity, fairness, social justice and human rights, while ensuring political processes related to financial issues are inclusive and participatory. However, as a result of unequal power relations, policies and institutions often favour elite groups. In addition, resource allocation can be undermined by institutional incapacity to deliver services and transfers; deviation of resources through corruption, clientelism or rent-seeking practices; or bottlenecks in absorptive capacity of the economy and the implementing bureaucracy.

Mobilizing resources involves contestation and bargaining

These problems highlight the political nature of resource mobilization as well as the governance challenges associated with implementing financing policies. Domestic resource mobilization, such as through taxation, while potentially reaping substantial benefits for state-citizen relations, economic stability and productivity, and redistribution, is a political process of contestation and bargaining over who pays and who benefits.[29]

To avoid excessive borrowing, which can lead to unsustainable debt and reduced policy space due to donor conditionality, most countries raise money from citizens to finance social development expenditures such as education, health and social protection. They "trade services for revenue",[30] otherwise known as a tax or revenue bargain (box 6.1).

While the fiscal contract literature suggests "quasi-voluntary compliance" with tax law as a result of successful bargains,[31] it is clear that a necessary condition to make tax systems work in practice is state capacity to actually enforce tax obligations in a way that is consistent with the rule of law. In Bolivia,

Box 6.1. **What is a tax bargain?**

A tax bargain, also known as a fiscal contract, is a negotiation between taxpayers and government, where the former agree to comply with tax obligations in exchange for the effective provision of public services.[a] Tax bargains can be made with specific groups of taxpayers or they can be "negotiated" generally. They can be explicit or implicit, and they are generally of a long-term nature. Explicit bargains often consist of targeted *quid pro quo* negotiations between government on the one hand and taxpayers and/or their representatives on the other. Implicit bargains can be in the form of behavioural adjustments on the part of taxpayers and adjustments that aim to encourage compliance on the part of government, particularly where the latter senses resistance that is likely to undermine its legitimacy.

Constructive tax bargains by taxpayers are more likely where the taxpayers share common interests; trust each other; are well organized; are aware of their rights and obligations; and can draw clear links between taxation and expenditure. On the part of government, effective tax bargains seem to emanate from a combination of democracy and a consolidation of legitimate statehood.[b] Some argue, for example, that where statehood is not consolidated, states are more likely to coerce citizens into paying tax than they are likely to enter into fiscal contracts.[c]

Nonetheless, there is no guaranteed relationship between taxation and democracy. There have been instances, particularly in the developing world, where democracy—or at least the need for electoral votes—has translated into a weakening of the fiscal contract through the abolition of taxes altogether. In Tanzania and Uganda, for example, the abolition of taxes levied on the informal sector and the poor, such as the graduated tax and the development levy respectively, have been closely linked to electoral calculations.[d] Bargains seem more likely to succeed where citizens trust that government will improve governance, that it will not provide special treatment to small interest groups, and where it is important for the government that taxpayers comply voluntarily.[e]

Notes: [a] OECD 2010. [b] D'Arcy 2012. [c] D'Arcy 2012. [d] Kjaer and Therkildsen 2013; Kjaer and Ulriksen 2014; D'Arcy 2012. [e] OECD 2010; Moore 2008. Source: Adapted from Kangave and Katusiimeh 2015: 8.

which displays a high tax capacity,[32] one of the factors that contributed to increasing tax revenues since 2006 was a series of measures that aimed to broaden the tax base and fight tax fraud and smuggling.[33] As a result, and discounting taxes from the production and sale of hydrocarbons, tax revenues as a percent of GDP increased from 15 to 19 percent between 2006 and 2013.[34]

Coercive and discriminatory enforcement of tax obligations in many developing countries is problematic in view of potential human rights abuses by state authorities with obvious negative impacts on state-citizen relations.[35] In Uganda, an unpopular direct local tax, the Graduated Personal Tax (GPT) on informal sector activities, was associated with frequent coercive measures such as imprisonment to enforce compliance, which led to repeated tax riots. The GPT was abolished during the 2005–2006 election campaign by incumbent President Yoweri Museveni (box 6.1).[36]

3. The Politics of Mobilizing Public Domestic Resources

The scale of all types of domestic revenues has increased in all country groups over the past decade (figure 6.1), but despite this progress at the aggregate level, two challenges are evident: first, most countries need to mobilize more resources to cover spending gaps; this leads to the question of how to increase the *quantity* of revenues.[37] Second, the *quality* of revenues in terms of their potential to trigger transformative change toward greater economic, social, political and environmental sustainability differs, and the question is how to increase revenue quality in this broad sense. Highly political and an outcome of bargaining and contestation, both questions cannot be answered by resorting to best practice models in tax reform or technical-administrative solutions.[38] Instead, they require careful analysis of the political drivers of and obstacles to progressive fiscal reforms. While domestic resources include private finance as well as monetary policy and debt instruments, financing options that are particularly relevant for middle-income and advanced countries, this chapter will focus on taxation and public revenue from extractive sectors (figure 6.3).[39]

Obstacles to increasing tax revenue are manifold

For most countries, tax income is the most important national revenue source, accounting for 85 percent of government revenues in high-income countries of the Organisation for Economic Co-operation and Development (OECD), and around 70 percent in developing countries (table 6.2). However, for a number of countries, in particular LDCs, other revenues such as ODA are equally or even more important (figure 6.4), with aid exceeding tax revenue in countries such as Afghanistan, Liberia and Malawi. While conflict and emergency situations often explain aid dependency, another reason for the challenges developing countries face in developing their tax capacity and mobilizing domestic resources is that tax systems are sticky. That is, revenue collection changes little over relatively short periods of time,[40] given the complex governance tasks involved in taxation as well as the structural determinants of tax takes, such as per capita income level, urbanization and size of the non-agricultural sector and international trade.[41]

Revenue collection changes little over relatively short periods of time

Moreover, in each country, tax performance depends on historical legacies. The so-called labour reserve economies of Southern Africa, for example, display higher tax takes based on direct tax, compared with, for example, Western African cash-crop economies with lower tax takes and reliance on trade taxes.[42] Another important structural factor impacting on tax capacity are the types of citizenship regimes existing in a country. Citizenship regimes create links between governments and certain social actors or groups by establishing them as legitimate participants in political processes and claimants on public resources and authorities.[43] These groups are more likely to be included in fiscal compacts. Applying this concept to the cases of Brazil and India, for example, it appears that India has expanded social rights in recent years without generating new revenues and keeping a low tax/GDP ratio, while Brazil expanded revenues both as part of fiscal adjustment and to expand social spending.[44] The explanation for this difference lies in the incorporation of both middle classes and popular sectors in Brazil, in particular under the leadership of the Partido dos Trabalhadores

(PT/Workers Party). This was achieved through expanded social policy and labour market policies that resulted in higher formal employment, social protection and consumption, though the tax system remains fragmented and regressive. In the case of India, fragmented and shifting social coalitions have led to a fragmented tax system and to privileges for the dynamic economic sectors, while attempts to form cross-class coalitions and to mobilize for greater redistribution have thus far failed.[45]

The capacity-building efforts promoted by donors over the past decade to improve tax administrations in developing countries that did not take account of these political factors have yielded only limited results,[46] not least because they often targeted technical capacity to the neglect of state capacity (understood as being able to reach political settlements with domestic actors in defining public policies).[47] A case in point is the introduction of independent revenue agencies, an institutional innovation that gained traction in sub-Saharan Africa (SSA) in the 1990s to increase tax collection. As the case of the Uganda Revenue Authority (URA) shows, institutional strength and organizational performance are ultimately a function of linkages with political leadership, because such links guarantee greater financial and political support.[48]

Revenue mobilization is also constrained by economic strategies and economic crises that result in low growth, increasing inequalities and low

Table 6.2. **Summary statistics on sources of government revenue**, by country category

Country category	Low-income	Lower-middle income	Upper-middle -income	High-income non -OECD[a]	High-income OECD
Number of countries	(37)	(48)	(41)	(18)	(30)
a. Government revenue as a % of GDP	18	26	29	34	42
b. Government revenue, excluding grants, as a % of GDP	15	26	28	34	41
c. Government taxes as a % of GDP (excludes non-tax revenue)	13	18	21	16	35
Taxes as a % of total government revenue	71	67	73	46	85
d. Income taxes as a % of GDP	4	5	5	6	13
e. Corporate income taxes as a % of GDP	2	3	3	2	3
f. Personal income taxes as a % of GDP	2	2	2	3	10
g. International trade taxes as a % of GDP	4	5	5	3	1
h. Taxes on goods and services, including value added tax (VAT), as a % of GDP	5	6	7	5	11
i. Corporate income taxes (CIT) as a % of government revenue	12	11	12	7	7
j. Personal income taxes (PIT) as a % of government revenue	9	7	8	8	23
k. Ratio of CIT to PIT revenue	1.4	1.5	1.5	0.9	0.3

Note: The numbers show the means within each category and relate to recent years. [a] These are mainly countries with high levels of income from energy or mineral extraction. Source: Moore 2013: table 1.

employment creation. The turn toward neoliberal policies in the early 1980s, spearheaded by the Ronald Reagan and Margaret Thatcher administrations in the United States and the United Kingdom and quickly applied to the developing world, resulted in lower public revenues and redistribution of the tax burden from corporations and higher income groups to consumers and lower income groups. Recent trends in tax reform follow a similar logic as part of the toolkit that governments used to boost economic recovery after the onset of the global economic and financial crisis in 2007/2008.[49] Governments generally reduced the rates and broadened the base for corporate income tax while increasing the rates for consumption or value added tax (VAT), a trend that had already started during the Washington consensus period when shortfalls in trade taxes due to trade liberalization had to be compensated.[50] Such moves have made tax systems more regressive in terms of income distribution and gender equality, as both poorer people and women spend a higher share of their income on consumption goods. Explicit and implicit gender biases in personal income and indirect (value added and excise) taxes can reinforce existing inequalities through their impact on women's participation in paid employment and unpaid care work.[51]

Indeed, most developing countries have made little progress in more progressive instruments such as personal income tax (PIT)—which reaches only 2 percent of GDP on average versus 10 percent in OECD countries (table 6.2)—and few countries significantly raised property taxes as part of their fiscal consolidation efforts.[52] Carbon pricing and environmentally related taxes have also made little progress (chapters 5 and 7).[53]

Increasing tax revenues through reforms of corporate income tax (CIT) has led to mixed results. On the one hand, there were increasing receipts from CIT during periods of robust growth and high commodity prices, especially between 2003 and 2008. Argentina, for example, has raised CIT rates with relative success since the 1990s, up from 20 to 35 percent, now the highest rate in Latin America.[54] In addition, it pushed through an administrative reform which allowed the tax agency to access bank information to detect and deter evasion.[55] Finally, it managed to increase export taxes during the commodity and mining sector boom. As a result, between 2007 and 2012, Argentina increased its tax take by 8 percentage points, reaching the highest figure in Latin America with 37.3 percent of GDP in 2012.[56] Other countries that have benefited from taxing rising business profits were Brazil, Chile and Uruguay as well as a number of countries in SSA and Asia. On the other hand, reaping the full benefits from CIT in developing countries (which often rely on the tax because large informal sectors and elite resistance limit income from PIT, see table 6.2) has been undermined by race-to-the-bottom style policies to attract FDI, and by tax evasion or avoidance practices by MNCs such as profit shifting.

Indeed, multinational tax avoidance delivers a major blow to development financing, to the tune of USD 100 billion annually.[57] Illicit financial flows (IFFs) are pervasive in the developing world and have a huge impact on the world's poorest economies. Between 2008 and 2012, average illicit outflows in Ethiopia were 1,355 percent of the foreign direct investment flowing into the country.[58] Likewise, IFFs from Nicaragua were estimated to equal 20.4 percent of the country's GDP. In Rwanda, illicit outflows were estimated at 51.7 percent of the government's total tax revenues over the time span.[59] In addition, corporate tax receipts are often affected by price volatility on international commodity markets (figure 1.3 in chapter 1), in particular in the mining sector, as can be seen in countries such as Bolivia, Chile or Mongolia from 2010 onwards.

Reform of international corporate taxation is a priority in international tax debates and was a key subject of the Addis negotiations.[60] While innovative reform proposals are not in short supply (box 6.2), it is challenging to create a more transparent and fair international system, while at the national level unequal power relations and non-inclusive bargaining processes undermine better tax deals (see section below).

Reaping the full benefits from corporate income tax in developing countries has been undermined by race-to-the-bottom style policies to attract FDI, and by tax evasion or avoidance practices by MNCs such as profit shifting

Finally, public revenues from mandatory social insurance contributions, mostly levied on both employers and employees, and which can be considered the most direct form of taxing income for social purposes, have increased in most developed countries as a result of maturing systems that have progressively incorporated more affiliates. Expansion of social insurance coverage in the Global South has, in some cases, been pushed by deliberate efforts to expand citizenship regimes, as is the case in various Latin American countries (Argentina, Brazil and Uruguay), although systems continue to favour organized formal sector workers as well as male employees.[61]

In the Global North, expenditure has often increased more quickly than revenues because ageing populations have led to higher health and pension spending, or due to redistribution measures within the group of insured toward those with lower income, caregivers or students, for example. This has prompted many countries to adjust contribution rates and benefit levels, and to increase subsidies from general taxation. On the other hand, while some developing countries have increased legal contribution rates and brought more people into insurance programmes, contribution revenues have stagnated, shifting the balance between contribution and tax financing of social insurance toward the latter.[62] As figure 6.5 shows, public revenues (comprising mandatory social contributions and tax revenues) and social expenditure as a share of GDP are on average positively related to income.

The increasing importance of tax financing or public subsidies in social insurance systems is largely the result of two parallel processes: on the one hand, stagnation or decreases in collecting contribution revenues due to informality, unemployment or evasion, and as a result of market-oriented policies that aim to lower payroll taxes in order to make business more profitable;[63] on the other hand, increases in tax-financed benefits such as cash transfers, social pensions or child grants in the context of poverty reduction strategies.[64] Extension of non-contributory pensions in several Latin American countries has, for example, resulted in expenditures on social pensions reaching levels that are equivalent to 45 percent of contributory pensions in Argentina, over 30 percent in Bolivia, and over 75 percent in Trinidad and Tobago (figure 6.6). This new tendency of increased tax financing of social security benefits, such as pensions or child benefits, makes sustainable taxation policies all the more important if the positive impacts of the recent trend in coverage extension in social assistance are to be maintained and expanded (chapters 1 and 2).

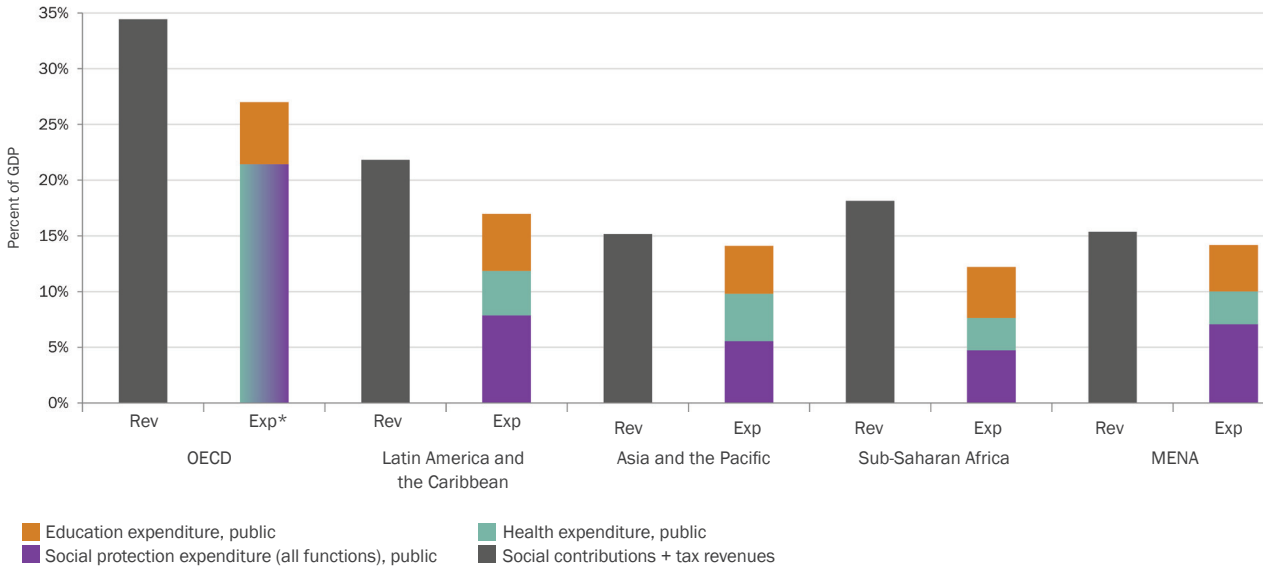
Box 6.2.

Reform of international corporate taxation

Calls for reform of international corporate taxation have increased over recent years, brought forth from a variety of perspectives. These include human rights advocates; investment experts; trade unions; civil society; and numerous multilateral organizations—all of whom vary in their ambitions. While the High-Level Panel on Illicit Financial Flows focuses on capacity building and transparency aspects of reform, the OECD Base-Erosion-and-Profit-Shifting (BEPS) initiative exemplifies an attempt to address deficiencies within the existing framework of tax governance. Media and international organizations are currently paying a high level of attention to BEPS, which aimed to close tax loopholes in the international tax system and was set up by G20 governments. One criticism of the process has been the exclusion of developing countries (although they were consulted by OECD in the BEPS process). But most developing countries do not have a place at the table where global corporate tax rules are set.[a] More ambitious proposals, such as the Independent Commission for the Reform of International Corporate Taxation (ICRICT) and International Centre for Tax and Development (ICTD)'s unitary taxation research, seek to reform fundamental inadequacies of the system by changing the way multinational corporations are taxed—from a set of separate individual companies to a globally integrated firm. The latter approaches respond best to the working of today's globalized economy. However, it would require the greatest political will to scale up international cooperation.[b] A recent, major, reform proposal was the creation of an intergovernmental tax body within the United Nations that would replace the current UN Committee of Experts. The initiative failed, blocked by developed countries at the Addis Ababa conference in July 2015, —which insisted that tax cooperation should take place under the leadership of the OECD.[c]

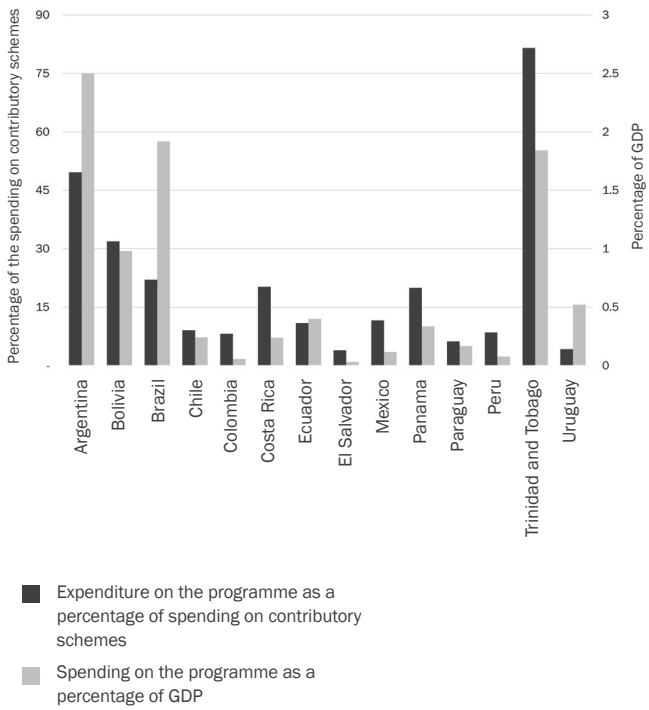
Notes: [a] Oxfam 2014. [b] Dayle Siu 2015. [c] Montes 2015.

Figure 6.5. **Tax revenues and social spending in advanced and developing countries** (percent of GDP, 2014 or most recent year)



Notes: For OECD countries, public health expenditure is included in public social protection expenditure. Data sources: World Bank 2016; ILO 2012; OECD 2016c.

Figure 6.6. **Spending on new pension schemes in percent of GDP and of contributory pensions**, 2012



Source: Rofman et al. 2013: 149.

Some countries have increased tax revenue and made systems more progressive

Despite multiple constraints and structural causes of low tax performance, some countries have managed to strengthen their capacity to tax and made the tax system fairer. Key questions are which political factors shaped reform outcomes, and what role the economic context and historical legacies played.

While most developing countries managed to increase the volume of tax receipts over the last decade, and some also increased social contributions, for example, pension contributions in Brazil and the Republic of Korea,[65] the cases of Argentina and Uruguay represent success stories in making tax systems more progressive. In other countries, such as Brazil, India and Uganda, elites have defended their interests to the detriment of tax equity and universality. The key factors that can explain elites' bargaining power and ability to shape tax reform in these cases (analysed below) include the organizational capacity of interest groups, their internal cohesiveness as well as their relations to the political sphere. Opposition to tax reforms by affected groups of taxpayers tends to be highest in the case of increases in corporate or personal income tax, as gains and losses are more easily

identifiable for these taxes and taxpayers tend to be more organized, as the cases of Argentina, Bolivia and Chile illustrate.[66]

Opposition to tax reforms by affected groups of taxpayers tends to be highest in the case of increases in corporate or personal income tax

In Chile, well-organized and cohesive business groups have traditionally opposed more progressive tax systems, and despite the fact that CIT could be raised after the return to democracy from 14 percent in the early 1990s to 20 percent in 2013, levels remain low compared with the Latin American average. This picture should gradually improve after implementation of the latest comprehensive tax reform adopted by the second Bachelet government in 2014, which sets out to raise more taxes from the richest percentile and the corporate sector to increase equity of the tax system and fund investments in education, health and social protection—a clear attempt to deepen the social contract in the country.[67] Argentina, in addition to raising CIT (see above), also increased export taxes in the 2000s during the commodity boom, supported by an export-friendly exchange rate. However, frequent reforms that increased the tax burden on exporters as well as the effects of the financial crisis resulted in concerted action and mobilization by the formerly fragmented corporate groups in 2008,[68] and eventually to the abolishment of most export taxes after a business-friendly government was voted into office in December 2015. In Bolivia, the government of President Sánchez de Lozada was inclined to follow the advice of the International Monetary Fund (IMF) and introduce an income tax on salaried employees to close a rising fiscal deficit in 2003. When the planned tax led to violent confrontations between the government and affected wage-earner groups, including the army and police, and a subsequent steep decline in government popularity, the government withdrew the reform proposal.[69]

Resistance from high-income earners and large companies often obstructs reforms that aim to increase progressivity and equity in tax systems, especially if income and wealth are highly concentrated and a few big companies account for the majority of corporate tax revenues, which grants them considerable bargaining power.[70] This is the case in India, where despite increases in direct taxation now accounting for 43 percent of revenues (2009/2010),[71] the total number of taxpayers is still very low: approximately 3 percent of the population, or 35 million persons.[72] The case of Uganda is similar: the tax system relies heavily on a small number of taxpayers, mostly multinational companies, with around 35 top taxpayers accounting for 50 percent of revenues collected by the URA.[73] Revenue bargains between the government and investors have in the past often led to tax exemptions (for example, from VAT) or favourable conditions and guarantees (for example, in the case of the oil industry),[74] shrinking the tax base and making future changes, for example, of investment agreements in the oil sector, more challenging. Lack of inclusiveness and transparency in tax negotiations adds to this result. Many tax deals are brokered behind closed doors, without participation of civil society organizations (CSOs) or parliamentarians. In contrast to international organizations such as the IMF, and large business actors, these actors are not well versed in the technical aspects of taxation, and lack the financial means that private actors have to engage in tax bargaining.[75]

The case of the 2007 tax reform in Uruguay stands out because it aimed explicitly to enhance the equity and sustainability of the tax system, making it more transformative, and because reforms of the revenue system were part of broader and innovative social policy reforms extending social rights to the population (chapter 3), an illustration of successful policy integration. Interestingly, the reform was not met with major resistance from the high-income population, who were to be the "losers" of the reform. This can be explained by both political and economic factors. First, with the upper class ideologically and organizationally divided, and a comfortable majority of the left-wing party Frente Amplio in parliament at the time, economic elites lacked close links to the government in power, which in turn counted on a broad electoral constituency. Second, a context of robust economic growth and profit opportunities made increasing tax rates more palatable. And finally, support for the reform was garnered through the use of rigorous poverty, social and distributional analysis to inform policy dialogue and communication campaigns. As soon as the new law was passed, the tax collection agency, the Dirección General Impositiva (DGI/

Uruguay stands out because it aimed explicitly to enhance equity and sustainability of the tax system, making it more transformative

Tax Administrative Department), implemented a national information campaign, setting up advisory services throughout the country that allowed taxpayers to understand exactly how much tax they were going to pay under the new regime.[76]

The key innovative feature of this reform was the introduction of a dual personal income tax system (Impuesto a la Renta de las Personas Físicas/IRPF), which combined a progressive tax schedule for labour income with a low flat tax rate on capital income. The higher burden placed on labour income was, however, compensated for by a reduction of VAT rates and a broadening of the tax base. The results of the reform, which also included tax administration modernization measures, were: a growth in tax revenues at a yearly average of 7.3 percent, a decrease of the contribution of indirect taxes from 74 to 54 percent, and a growing contribution of direct taxes from 17 to 35 percent.[77] As a consequence, the tax burden of the poorest taxpayers decreased while that of the richest grew, reducing income inequality by 2 Gini points.[78]

Mobilizing resources from extractive industries presents challenges and opportunities

Many of the countries that managed to scale up domestic revenues over the last decade, including those analysed in the previous section, benefited from a booming natural resource sector and rising international prices for agricultural, mining and fuel products, in particular between 2003 and 2010.[79] Natural resource rents present opportunities for development, in particular in contexts where financial and fiscal resources are otherwise scarce. In many countries, it is the one avenue to development that is available. Realistically, not extracting the resources is often not an option—despite the recognition that the sector is intrusive to the environment, has high risks for pollution and disasters, and fossil fuel production and consumption exacerbates the problem of climate change (chapter 5).

Therefore, the opportunities of the sector in terms of transformation lie in using it to kick-start longer term development processes through structural change of national economies, sustained economic growth and overall improvements in the welfare of citizens. Yet many countries that base their development models on the extraction of resources have not been successful in ensuring longer term development.[80] Indeed, there is research that sees mineral wealth as a "resource curse".[81]

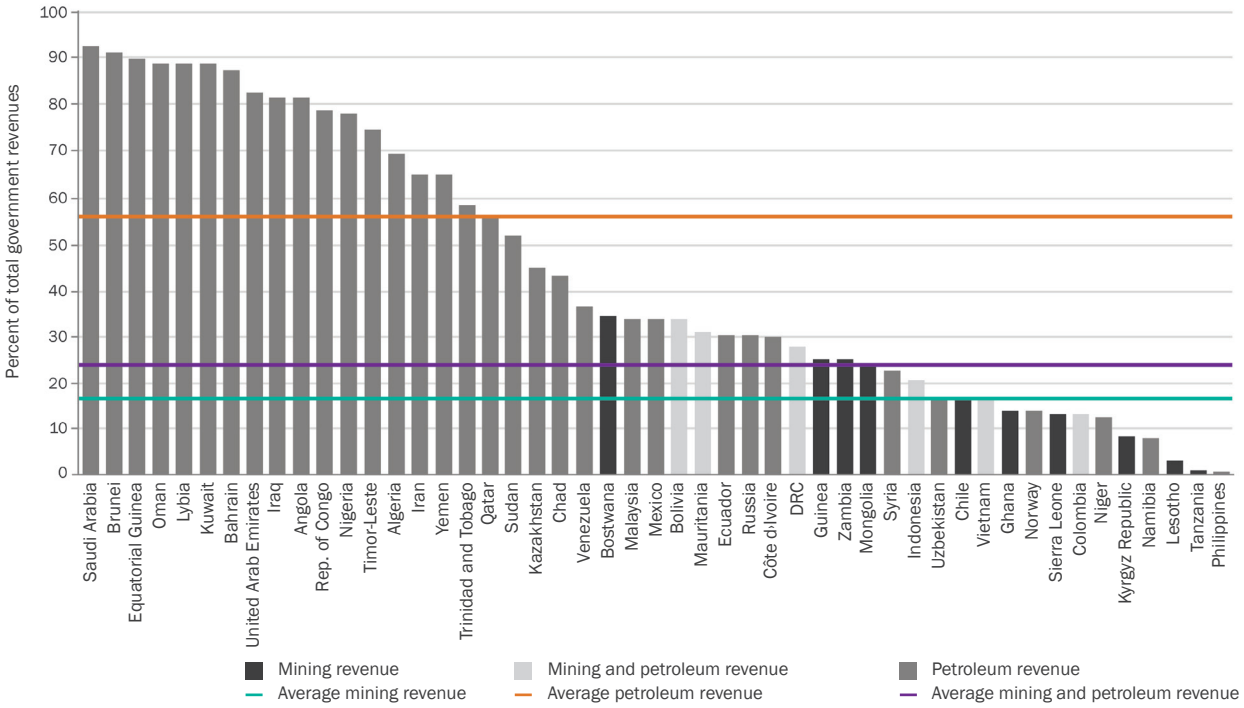
Resource abundance, however, need not be a curse.[82] Rather, it is the quality of political processes, policies and institutions guiding decisions about whether and how to extract resources, and how to capture, distribute and allocate natural resource revenues, that determines the economic and social yields from the sector, as well as the level of environmental costs society (both national and international) is willing to accept. As technical innovations are unlocking new natural resource stocks and driving new industries, how mineral wealth can be harnessed for development that is sustained, socially inclusive and minimizes the impacts extraction has on the environment, is becoming a pressing question.

Government revenues from the extractive industries (EI) can be substantial, although data tend to be poor. This holds true, in particular, for some developing countries (figure 6.7).

Using natural resource rents as a key financing source for sustainable development encounters several challenges:

- before revenues from the extractive sector can be spent through public policies, they have to be captured by the government;
- revenues from natural resources accruing to governments need to be distributed among producing and non-producing regions, which requires negotiations between different state levels; and
- in order to contribute to sustainable development, these revenues have to be allocated in ways which result in positive economic and social outcomes while minimizing negative environmental impacts.

Figure 6.7. **Revenues from natural resources**, selected countries, 2011



Source: IMF 2014b: 4.

Rent capture

Several of the country examples presented in the previous section show how governments have managed to get a higher share of rents from natural resource sectors and extractive industries. In the case of Argentina, this concerned windfall profits accruing to agricultural exporters, in particular of soybeans, in a context of rising world market prices and an undervalued national currency. High commodity prices, in particular of copper, allowed the Chilean government to push through a reform introducing an additional royalty payment on private mining in 2005.[83] Several other Latin American countries increased business taxes, which then produced higher yields over the period, thanks to the boom in the commodity sectors.[84]

Bolivia shows how increased rent capture from oil and gas production was driven by a failed resource bargain of the preceding government (the attempt to introduce PIT) and electoral promises of indigenous leader and later president Evo Morales to harness the country's natural wealth for greater social justice and prosperity. The Morales government, which assumed power in 2006, managed to mobilize alternative revenues through the nationalization of the hydrocarbon sector, a measure that was called for during a referendum in 2004 and promised in the election campaign. A subsequent increase in fuel taxes through introduction of a direct tax on hydrocarbons complemented this domestic resource mobilization strategy.[85] Nationalization was strongly supported by the electorate, in particular the social movements that had brought Morales into power. In addition, a combination of rising fuel prices, the specific design of the nationalization decree No. 28701 (which avoided direct expropriation, while increasing the stake and say of the government in the sector), and the strategy used by the government to renegotiate the 44 existing contracts with 12 gas and oil companies, yielded higher revenues for the government from the sector as well as greater autonomy in decision making and lower risks for the public sector.[86] Revenues were used to finance a new social development strategy in a context of declining aid receipts (figure 6.8). After public revenue had stagnated at 31 percent of GDP between 1990 and 2005, it increased to 39 percent in 2006 and peaked at 48.4 percent in 2008.[87] The shift in the financing mix toward higher shares of domestic resources (to over 80 percent of total social investment in 2014, see figure 6.8) was supported by booming energy prices and economic growth, so that the government boasted a fiscal surplus up to 2013.

Another case of significant rent capture from EI is Mongolia, which for several years has been one of the fastest growing economies in the world, thanks to its booming mining sector based on extraction of coal, copper, gold and other minerals. Per capita income has increased five-fold to USD 3,000 over the last decade,[88] and in 2011, the economy grew by more than 17.5 percent. The world's largest coal mine (Tavan Tolgoi) and the third-largest copper and gold mine (Oyu Tolgoi/OT) are located in the Gobi desert. Mongolia's fiscal revenue from mining increased substantially after 2006 when a set of measures were adopted to capture higher mineral rents, most importantly, the introduction of a windfall profit tax, which at 68 percent of profits was the highest in the world.[89] However, the sharp fall in global commodity prices cut the share of natural resources as a percentage of GDP from 58.9 percent in 2011 to 33.1 percent in 2013.[90] More recently, in response to growing tensions with foreign investors and international financial institutions (IFIs), including a major tax dispute with the main investor in the OT copper mine, Rio Tinto, the tax regime has been made more investor-friendly, and tax rates as well as royalties have been lowered.[91]

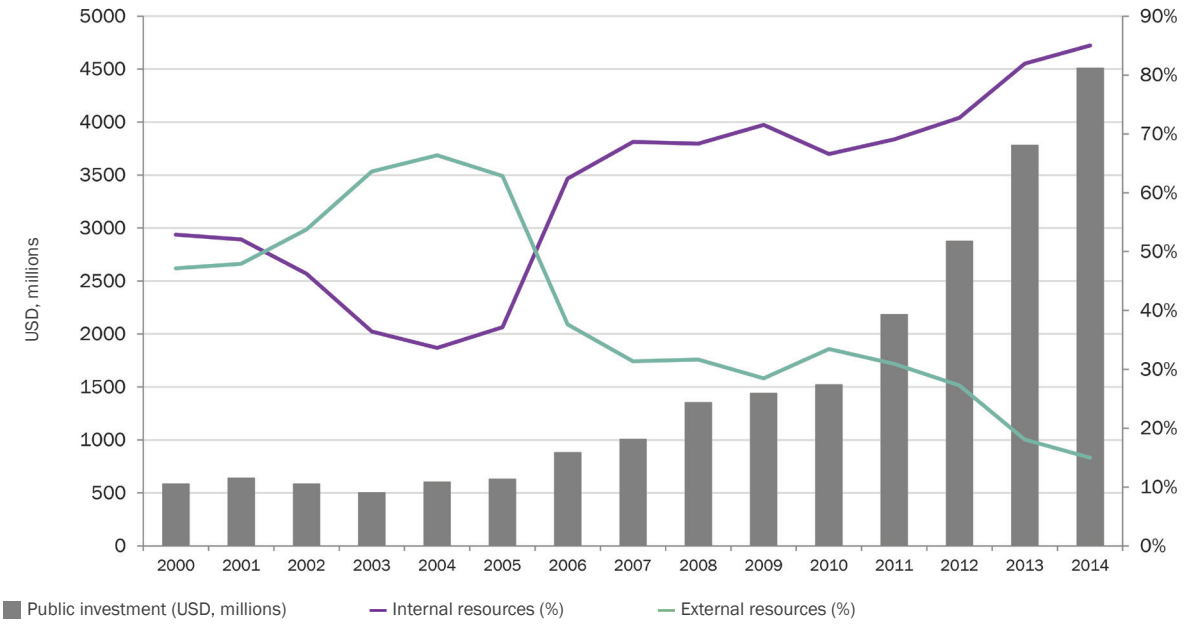
While Argentina, Chile and Mongolia have been relatively successful in capturing higher shares of resource rents, at least for some years, other countries struggle to strike favourable bargains with foreign MNCs, or rent capture is largely privatized in the hand of powerful elites, as in the Philippines and Zimbabwe.[92]

Rent sharing

Extractive industries are by nature enclave industries, which is not only problematic in terms of economic diversification and linkage effects, but also for income equality across regions, an important equity indicator for sustainable development. In contexts where fiscal governance is decentralized and specific revenues are raised at subnational levels, revenue-sharing arrangements that equalize the receipts from mineral rents across regions can redress these tendencies. However, political factors such as the nature of the relationship between national and subnational political actors and the related degree of bargaining power of subnational actors, shapes the outcomes of bargaining processes between different state levels about rent distribution.[93]

The case of Bolivia is again illustrative. With the introduction of the Direct Tax on Hydrocarbons (IDH) in 2005, the government adopted a distribution formula that devolves 63 percent of revenues from extractive industries to subnational actors such as municipalities and prefectures in total,[94] in tandem with sharing resources across producing and non-producing districts. After assuming power, Morales and the Movimiento al Socialismo (MAS/ Movement for Socialism) government revised the IDH distribution criteria, realizing that political opponents were using the revenues to build their own political base. The proposed formula recentralized tax revenues to finance centrally sponsored social

Figure 6.8. **Evolution of public investment and financing sources in Bolivia (2000–2014)**



Note: External resources include HIPC II debt relief as part of donations. Source: Paz Arauco forthcoming.

schemes, especially cash transfers for children and older persons (see below). To overcome resistance from subnational actors, the government negotiated maintaining the percentage of IDH revenue going to municipalities and only reduced the transfers to prefectures. This political move managed to neutralize a potential united front made up of municipalities and prefectures, while still having an equalizing effect across the country.[95]

In Mongolia, in order to ensure that the benefits of mining revenues trickle down to rural communities and promote equality between regions, the Budget Law and the Human Development Fund Law were amended in 2015.[96] The amendment assigns 65 percent of mineral resource royalties to the centralized Human Development Fund (HDF) and 5 percent to the General Local Development Fund. Furthermore, the amendment requires 50 percent of exploration and production licence fees to be transferred to the Local Development Fund.[97]

While decentralization of revenues can exacerbate regional inequalities, it does not guarantee poverty reduction in regions where extraction takes place. Examples are Papua New Guinea, Peru and the Philippines, where a greater concentration of mining revenue in producing regions has not resulted in significant reduction of poverty.[98]

Rent allocation

The social outcomes of mineral-led development, an important element of its transformative potential, depend to a large extent on how fiscal revenues from the extractive sector are spent. Inclusive and transparent budgetary processes are likely to be conducive to more equitable results. While most of the resource bargains related to mining are made between governments and corporate actors, and sometimes also include the IFIs, distribution and allocation of mining revenues often becomes a subject of public debate, in particular in highly mineral-dependent countries (such as Bolivia or Mongolia) or where civil society and communities organize opposition against mining projects because of environmental or social concerns.[99] Unless earmarked for special expenditure purposes, revenues from mining activities flow into the general budget and are spent according to the policy priorities set by the government. It is therefore the general policy framework and the quality of government institutions, in addition to the incentives arising from external factors such as donor preferences and international commodity and capital markets, that determine whether revenues are allocated and spent in sectors and projects with positive impacts on structural change and social development, and whether this is done in an efficient way.[100] It also depends on the participation of specific social groups or their representatives in relevant policy processes, for example, women, children or community actors, and whether their specific needs are taken into account.[101]

Mongolia has chosen to spend an important part of the social budget—50 percent in 2013—on children.[102] The Mongolian Child Money Programme, financed out of fiscal receipts from mining, was initiated in 2005 as a targeted social assistance programme, and was reformed subsequently into an unconditional grant, then a universal citizenship grant, and back to a universal and unconditional child grant in October 2012. The grant now covers all children under 18 years of age—994,000 children, a coverage rate of 99 percent—with a monthly transfer of tugrik 20,000 (USD 14.30)—1.5 percent of GDP— in 2014.[103]

In Bolivia, Renta Dignidad, a universal social pension for citizens introduced in 2008, is financed by taxes on oil and gas production, together with profits of state-owned companies. The pension reaches 91 percent of Bolivians over age 60, compared with just 14 percent covered by contributory pensions, and costs around 1 percent of the country's GDP.[104] It has resulted in significant increases in income and consumption, and reductions in poverty rates, which have declined by an estimated 14 percent.[105] Similarly, Bono Juancito Pinto, a cash transfer introduced in 2006 to enhance school access, attendance and completion, and Bono Juana Azurduy, a mother-child cash transfer programme introduced in 2009, have helped to make inroads into entrenched inequalities and poverty.[106] Bono Juancito Pinto is fully financed by the direct tax on hydrocarbons (IDH). Bono Juana Azurduy is financed mainly by the IDH, but also from resources from international development cooperation.[107]

Social outcomes of mineral-led development, and therefore its transformative potential, depend to a large extent on how fiscal revenues from the extractive sector are spent

4. Toward a Progressive Fiscal Compact: Resource Mobilization and Transformative Change

DRM is a political process of contestation and bargaining over who pays and who benefits. This process is marked by differences and asymmetries of power at different levels, from the local to the global. Building coalitions for progressive reforms, through which the rich pay relatively more than the poor, and overcoming political obstacles, are preconditions for creating transformative eco-social fiscal contracts. This is easier in times of growth that produces decent work, in contexts of greater state capacity, where resource bargains are more transparent and inclusive, and where national bargains are supported by global bargains, the latter providing resources (finance, technology and capacity building), and regulation (for example, against illicit flows and tax evasion).

Achieving the SDGs will require resource bargains that propel transformation

Country examples analysed in this chapter demonstrate that financing debates cannot be separated from questions on how resources are spent. Implementing the SDGs requires both more and better finance. Financing strategies can contribute to economic development, environmental sustainability and progressive redistribution while also strengthening societal links between different population groups and between citizens and governments. The concept of the resource bargain used in this chapter connects public social policy to how governments extract resources from citizens, investors and donors in ways that create or consolidate a social contract.

Transformative resource bargains are inclusive and transparent and establish links with social policy

The links between revenue mobilization and social spending are most visible in taxation. Taxation, like no other source of state revenue, can embody a purposeful and mutually accountable state-citizen relationship where public services are provided in exchange for the payment of taxes by citizens and corporate actors. Earmarked taxes as well as social contributions maximize this contribution-benefit link, which can be beneficial in terms of increasing compliance with contributory obligations. Bringing more citizens into such bargains with defined benefits, as was shown in the cases of Brazil and Uruguay, is therefore crucial for strengthening state-citizen relations. Resource bargains enhance transparency and legitimacy in the use of revenues, which can yield positive governance returns and claims making on public policy.[108] Such resource bargains can also raise tax collection through building a tax culture and expanding the pool of taxpayers, and they provide incentives for citizens to hold governments to account on revenue distribution and allocation, contributing to greater budget transparency and spending efficiency.

The analysis of different country experiences with tax reform, in particular the Latin American cases discussed in this chapter, has helped to identify a range of factors that are conducive to increasing tax capacity and equity. These include political leadership and bargaining power vis-à-vis elites and big corporations, design and marketing of reforms (including information campaigns), technological innovations (to improve tax enforcement and administrative efficiency), inclusive and transparent bargaining processes, a positive growth context, extension of citizenship rights, and electoral competition.

When policy reforms related to rent capture or rent distribution from extractive industries or natural resource sectors have been linked with social policy, countries have benefited more from EIs, as seen in Bolivia and Mongolia. However, increasing social spending, while a necessary condition, is not sufficient. Mineral-led development also hinges on macroeconomic policies and productive strategies that foster diversification while safeguarding stability and environmental protection. In turn, investments in education, health and the knowledge economy support productive diversification, and create an enabling environment for development.[109] Investing in future generations, for example in child development and human capabilities through education and health policies, can extend yields from revenues beyond the lifespan of mining sites.[110] This requires, however, that the interests of children and other social groups, for example,

women, are represented in mining revenue bargains and budget processes, a condition that international organizations and advocacy groups should closely monitor.[111]

The financing mix for funding the SDGs should support the eco-social turn

The financing mix in a particular country should be diversified and move away from instruments that do not support the transformative vision of the SDGs. Instead, financing policies, including of national and international development banks, need to support policies and activities that facilitate an eco-social turn.

Taxation systems, if progressively designed (so that tax rates increase with income level), can contribute to redistribution and improve equality, including gender equality. They can be used to provide incentives for more sustainable consumption and production patterns, and they contribute to inclusive growth and human rights by financing income guarantees and universal social services. Country examples discussed in this chapter have shown some successes in increasing taxes on higher income groups or corporations (for example, Argentina, Bolivia and Chile), and to reduce the burden of consumption taxes, which are especially detrimental for poor people and women (for example, Uruguay). More innovative instruments such as environmental taxes or taxes on harmful economic activities, including short-term speculative capital inflows, are used less for fear of deterring investors, but they are increasingly discussed and some countries have included them in recent tax reform packages.[112] It is such instruments that have the greatest potential for transformative change.

Mineral rents provide resources for developing countries which are often stripped of other types of funding sources. But they pose risks and challenges with regard to their impacts on structural change, employment, gender equality and environmental protection. While improving the governance of rent distribution and allocation is crucial for harnessing the transformative potential of these resources, the ultimate recommendation is to diversify away from mineral dependence, both in the interest of developing more dynamic economic sectors with greater employment and innovative potential and for safeguarding the environment.

National resource bargains need to be complemented by global bargains

Aid is often said to undermine efforts to mobilize domestic resources such as tax, which may be politically difficult to implement[113]—a hypothesis confirmed in the case of Bolivia's failed attempt to introduce an income tax in 2003, though the revenue alternative in Bolivia was not increased aid, but nationalization of the oil and gas sector. However, evidence is not entirely conclusive on this point, and even in Bolivia it only holds true for the failed PIT reform, whereas other tax reforms under Morales, such as implementation of new taxes and tax administration reforms, have been implemented successfully, complementing resource mobilization from EI and aid.[114] Aid can also have a catalytic effect on mobilizing additional domestic resources for social policies, especially in low-income settings. This has been the case where foreign aid actors gave weight to national actors in support of social policy and helped upgrade public institutions entrusted to deliver social services, as the example of several social protection programmes in sub-Saharan Africa and the impact of aid funding on the longer term sustainability of these programmes has shown.[115]

Whether aid has a transformative effect depends on how sustainable and reliable it is, how it is distributed and allocated, and whether it enhances state accountability and institution building. This is an ongoing debate, especially as emerging donors as China, or the Alianza Bolivariana para los Pueblos de Nuestra América (ALBA/Bolivarian Alliance for the Peoples of our America) at the regional level, have a different approach to policy conditionality compared with the IFIs and traditional Western donor countries. Their approach is welcomed by many recipient governments in Africa and Latin America,[116] but equally criticized by civil society for lack of transparency and accountability mechanisms.[117] In the context of the SDGs and the Addis agreement, donors promised to relate aid more closely to DRM by strengthening tax capacity and combating illicit flows and tax avoidance practices by MNCs.[118] And while the ultimate goal of many developing countries is to grow out of aid dependency, global resource mobilization will continue and become more relevant to fund cross-border challenges such as migration, climate change and humanitarian disasters, and global public goods.[119]

The transformative potential therefore lies in linking global resource bargains with national bargains and long-term institution building. Domestic resource bargains can in this way be supported by global bargains through the provision of resources such as capacity building and finance, and regulation, for example, against illicit flows, tax evasion and productive activities with adverse impacts on the environment. Box 6.3 presents an example of how a global fund for social protection could support implementation of national social protection floors in countries that are currently unable to mobilize sufficient domestic resources.

Box 6.3.

A global fund for social protection

In June 2012, the global community adopted ILO Recommendation No. 202, deciding that all countries have to ensure access to at least a minimum level of social protection to their citizens. Such basic elements of national floors of social protection constitute a vital investment in social and economic development, and are affordable in most countries. While R202 states explicitly in Article 12 that "National social protection floors should be financed by national resources", some countries cannot yet meet the financing requirements. For instance, estimates on government revenue increases required between 2015 and 2030 to meet the social protection targets of the SDGs in selected Asian countries range from 4.9 to 12.1 percent for Cambodia, 9 to 12.8 percent in Lao PDR, and 5.2 to 14.9 percent in Nepal.[a] One option to extend national social protection systems in such settings is a global solidarity financing mechanism that pools resources and redistributes them between states, organizations and individuals. Article 12 of R202 recognizes this need, stating that "members whose economic and fiscal capacities are insufficient…may seek international cooperation and support that complements their own efforts". A global fund that finances the extension of national social protection schemes could also serve as a reinsurance mechanism in the case of major shocks,[b] become an important instrument of global social policy and lay the foundation for a national social contract with more comprehensive domestically financed social protection in the longer run.

Notes: [a] Cichon forthcoming. [b] De Schutter and Sepúlveda 2012.
Source: Adapted from Cichon 2015.

Public policies need to support an enabling environment for DRM

While many revenue sources have the potential to contribute to transformative change as defined in this report, realization of this potential depends not only on the specific design of policies, but also on whether financing strategies are supported by an enabling environment. Enabling factors at the national level include economic policies which support labour-intensive growth, are conducive to structural change, and lead progressively to higher rates of formalization, household income and equality. Other enabling factors are investments in state capacity, both in terms of capacity to create political consensus and support for progressive reforms, and to broker investment deals with MNCs that are favourable for the country, and administrative capacity to implement reforms and enforce compliance with tax laws and regulations, especially by high-income earners and big corporations.

At the global level, enabling factors are more equitable and inclusive trade and financial regimes; access to affordable and stable external funding and debt restructuring/relief; effective regulation and monitoring of the international financial system in order to avoid systemic crisis, illicit flows and tax evasion; and reforms of international institutions leading to more equal power relations between the Global North and the Global South.[120]

5. The Way Forward: Implications for Policy

This chapter provides guidelines for policy makers in the design of more sustainable and transformative financing strategies (adapted to their specific context), with positive impacts on economic, social and environmental outcomes. It also identifies necessary reforms at the international level that are likely to increase vertical coherence between global regimes and national efforts to expand fiscal space and to make fiscal policy more sustainable. Policy makers should be finely attuned to the political nature of resource bargains, and to the need for policy integration of revenue and expenditure policies.

In order to mobilize more and better finance at national, regional and global levels, the chapter suggests the following measures.

- Actual and potential taxpayers and other relevant stakeholders need to be involved in transparent and inclusive tax bargains that establish links with social policy. They need to hold governments to account for the agreed distribution and allocation of resources.
- The financing mix at the national level should be diversified and move away from instruments that do not support the transformative change envisioned in the 2030 Agenda. Instead, financing policies, need to support policies and activities that facilitate an eco-social turn.
- An enabling environment for resource mobilization needs to be built, based on macroeconomic policies that foster labour-intensive and sustainable growth and structural change, as well as administrative capacity and technological innovations that facilitate tax enforcement and promote efficiency.
- Domestic resource bargains need to be supported by global bargains, providing resources (capacity building and finance) and regulation (for example, to prevent illicit financial flows, tax evasion and environmental damage caused by productive activities).
- Global governance regimes need to be reformed, in particular the international financial architecture, to be more coherent with sustainable development and the SDG vision of partnerships.

Endnotes

[1] ODI et al. 2015.

[2] According to a joint report by Development Finance International and Oxfam, 77 percent of spending on the Millennium Development Goals (MDGs) came from government revenues, with taxation accounting for around three-quarters of government revenue in all income groups. See Oxfam and DFI 2015 and Moore 2013: 7. Except for high-income non-OECD (Organisation for Economic Co-operation and Development) countries, which are largely oil-rich countries. See also table 6.2.

[3] Development Committee 2015.

[4] Oxfam and DFI 2015.

[5] UNCTAD 2014: 140.

[6] Within sub-Saharan Africa, the financing gaps as percentage of GDP (USD 1.90/day in 2011 PPP, 2012) range from 0.9 for South Africa to 31.0 in Malawi, 32.9 in Burundi and 44.9 in the Democratic Republic of Congo. In Latin America, Costa Rica and Uruguay are already ensuring a social protection floor, while Haiti displays the greatest financing gap at 16.1 percent of GDP (Bierbaum et al. 2016).

[7] UN 2015: 39.

[8] Similar goals are stated in the SDGs (for example, targets 1.b, 8.10, 9.3,10.5, 10.6, 10.b, 16.4 and 17.1) as well as in the COP 21 agreement.

[9] For a discussion of other financing instruments, see UNRISD 2010: chapter 8.

[10] See UNRISD 2010: chapter 8.

[11] Ortiz 2009.

[12] However, most countries will not be completely self-sufficient. External resources—such as aid and debt instruments—or more innovative approaches using blended finance and multistakeholder arrangements—such as Global Funds or international PPPs—will be used to finance the SDGs, especially in contexts where DRM is less successful. While foreign capital can indeed play a useful role in financing the SDGs, and FDI can help promote domestic productive capacity, part of the challenge is that an increasing proportion of the inflows are of a short-term, more risky and speculative nature, while debt levels quickly become unsustainable in the wake of economic crises and currency devaluation. This calls for close monitoring and effective debt restructuring mechanisms, especially in the case of sovereign debt default.

[13] OECD 2015, OECD-DAC 2016.

[14] Development Initiatives 2015: 27.

[15] GDP (in 2013 prices) in low- and middle-income countries increased by 7.2 times from 2000 to 2014.

[16] UN DESA 2015, based on data from OECD.

[17] Ortiz, Cummins, Capaldo and Karunanethy 2015.

[18] Rising inequality requires more fiscal spending while driving down fiscal revenues (UN DESA 2015: 26, Moore 2013).

[19] Growth patterns vary according to country context and policy regime (see UNRISD 2010), but shared features are increased interdependence between countries, dependence of LICs and MICs on volatile commodity markets, and frequent global crises.

[20] ActionAid 2011.

[21] OECD 2015.

[22] IMF 2015.

[23] UNCTAD 2015b; UN 2015.

[24] Ocampo 2014; UNCTAD 2015b.

[25] The chapter draws mainly on new research findings and in-depth country case studies from two recent UNRISD projects, for further information see www.unrisd.org/pdrm and www.unrisd.org/eiandchildren.

[26] The literature on debt sustainability, an important component of fiscal sustainability, is vast—at a minimum, variables such as a country's growth rate, exports, remittances, interest rates, revenue elasticities, composition of existing debt in terms of interest rates, maturity, currency denomination and so on, have to be taken into account (see Heller 2005). For a broader concept of fiscal space, see Roy et al. 2007; Development Committee 2006. Investor confidence plays an important role for how much debt can be issued, which is also backed up by factors such as political or military power.

[27] Sepúlveda 2014; Balakrishnan et al. 2011.

[28] UNRISD 2010: chapter 8.

[29] UNRISD 2012b. This political dimension, while featuring prominently in the academic literature, has not received sufficient attention in Finance for Development (FfD) debates (Hujo 2015).

[30] Timmons 2005.

[31] Moore 2013.

[32] Fenochietto and Pessino 2013.

[33] See Paz Arauco forthcoming.

[34] Paz Arauco forthcoming.

[35] See also Fjeldstad 2016 and Ali et al. 2014.

[36] See Therkildson 2006. The abolished tax was compensated for by a 1 percent increase in VAT, a tax that is administered by the central government. This led to a power shift from local governments, some ruled by the opposition, toward the central government (Kangave and Katusiimeh 2015).

[37] There is also the option to reallocate existing spending according to new priorities, and to make expenditures more efficient; one prominent example is to reduce defence spending, or to remove fossil fuel subsidies and replace them with cash transfers (chapter 2; see also a variety of country examples in Ortiz, Cummins and Karunanethy 2015). There is also a debate on using social funds or sovereign wealth funds, including central bank reserves, for public investments. This, however, requires a careful analysis of associated benefits and risks considering the primary purpose of the fund or reserves.

[38] Bangura 2006.

[39] The interested reader will find a vast literature on issues of finance for development with a focus on debt and financial sector instruments. On financing social policy, see UNRISD 2010: chapter 8; Hujo and McClanahan 2009, as well as Bastagli 2015 and ILO 2014: chapter 6.5.

[40] Moore 2013; Bird 2012.

[41] Moore 2013.

[42] A major explanation for high taxation in the labour reserve economies of Southern Africa was the racially exclusive welfare regimes that were set up for the white minority population, while the reliance on a large low-wage sector resulted in minimal social protection for the native population and reliance on communities and households (Mkandawire 2016, 2010).

[43] Schneider 2015.

[44] Bonnerjee 2014a, 2014b; Schneider 2015.

[45] Schneider 2015.

[46] Dayle Siu 2015; Bhushan and Samy 2014; Bangura 2006.

[47] UNRISD 2010: 257.

[48] Katusiimeh and Kangave 2015.

[49] Ortiz, Cummins, Capaldo and Karunanethy 2015; Utting et al. 2012.

[50] See UNRISD 2010: chapter 8.

[51] Grown and Gooptu 2015. See also chapter 4, "Towards an Enabling Macroeconomic Environment", in UN Women 2015.

[52] IMF 2013.

[53] IMF 2013.

[54] Fairfield 2010.

[55] Fairfield 2010.

[56] OECD 2014.

[57] UNCTAD 2015a.

[58] Spanjers and Frede Foss 2015: iii.

[59] Spanjers and Frede Foss 2015: iii.

[60] Dayle Siu 2015.

[61] Mesa Lago 2009.

[62] Bonnet 2016.

[63] This happened, for example, in Argentina after the 2001 crisis, and in several countries in Eastern Europe, Latin America and sub-Saharan Africa that privatized solidarity-based social insurance and substituted it with private systems (chapter 2; Hujo 2014).

[64] Hujo and Cook 2012.

[65] Caetano 2014; Kwon 2014.

[66] Uganda is another case where the direct tax on the informal sector was substituted by an increase in indirect value added tax; see above.

[67] Moudud et al. 2014. On the 2014 reform, see Cossio and Andres 2016. CIT will increase from the current 20 to 25–27 percent and the 1 percent richest persons will see their tax payments increase from 2.4 percent of GDP to 3.5 percent, with the increase falling most heavily on the richest 0.1 percent.

[68] Fairfield 2010.

[69] Daroca Oller 2016.

[70] Moore 2013.

[71] Schneider 2015: 10

[72] India TV News. 2015. India's actual tax effort is only 53 percent of the predicted level when controlling for income per capita, economic openness, agriculture as a share of GDP, spending on education, income inequality, corruption and inflation (Fenochietto and Pessino 2013).

[73] Matovu 2010.

[74] Kangave and Katusiimeh 2015.

[75] Kangave and Katusiimeh 2015.

[76] Rius 2013.

[77] UNDP 2013: 246.

[78] UNDP 2013: 246.

[79] IMF 2012.

[80] UNRISD 2010.

[81] Sachs and Warner 1999; Auty 2001.

[82] UNRISD 2012a; Hujo 2012.

[83] Guajardo Beltrán 2012.

[84] OECD 2014.

[85] UNRISD 2013.

[86] Daroca Oller 2016.

[87] Paz Arauco and Daroca Oller forthcoming.

[88] IMF 2014: 4.

[89] Pistilli 2012 cited in Hatcher et al. 2016.

[90] World Bank 2016.

[91] Batbayar 2015.

[92] For the case of the Philippines where a liberal mining regime reduces the potential for rent capture, see Nem Singh et al. 2016; and for the case of opaque practices of rent capture by state elites in Zimbabwe, see Saunders forthcoming.

[93] Arellano and Acosta 2014.

[94] Arellano and Acosta 2014: table 1.

[95] Arellano and Acosta 2014.

[96] See Hatcher et al. 2016.

[97] EITI 2015: 105.

[98] Hujo et al. forthcoming; Arellano and Acosta 2014. In the case of Papua New Guinea, this is said to result from distribution of mining rent to the traditional landowner elite (Macdonald forthcoming) and lack of comprehensive national social programmes, while in the case of the Philippines it seems to be related to structural conditions of widespread poverty and lack of social services in the concerned communities; insufficient direct impacts on livelihoods through employment generation in the sector; and budget decisions of local authorities, which often do not prioritize social spending in their communities (Magno 2016). In Peru, in addition to the pervasive lack of managerial capacity in the subnational governments, political incentives for short-term spending, rent seeking, and the distortion of local labour and services markets have been responsible for the lack of positive results (Arellano and Acosta 2014).

[99] Examples for this are Nicaragua and the Philippines: see Gutierrez 2015; Nem Singh et al. 2016.

[100] Hujo 2012.

[101] See UNRISD-UNICEF project on Extractive Industries and Children, www.unrisd.org/eiandchildren. Participatory budget processes at local levels as well as child or gender budgeting are useful tools in this regard.

[102] Lkhagvasuren 2015.

[103] Gelders 2015; Lkhagvasuren 2015.

[104] HelpAge 2014: 3.

[105] HelpAge 2014: 1.

[106] Paz Arauco and Daroca Oller forthcoming.

[107] ECLAC 2013: 20.

[108] Bangura 2015.

[109] UNRISD 2012a: 4.

[110] Hujo et al. forthcoming.

[111] Macdonald forthcoming.

[112] One example is Chile's tax reform under President Bachelet in 2014, which in addition to corrective taxes (on tobacco, alcohol and sugar-rich beverages) has included a carbon tax targeted at the power sector to reduce carbon dioxide emissions from 2018 onward (Cossio and Andres 2016). For a discussion of ecological fiscal reforms in Latin America, see Fanelli et al. 2015.

[113] Knack 2009; ActionAid 2011.

[114] Paz Arauco forthcoming.

[115] Cherrier 2015.

[116] Carrión forthcoming; Paz Arauco forthcoming; Kjaer and Ulriksen forthcoming.

[117] See Carrión forthcoming for the case of Nicaragua and ALBA.

[118] Bhushan and Samy 2014; Montes 2015.

[119] Hurley 2015.

[120] Montes 2015; Ocampo 2014. Many of these enabling factors are enshrined as goals and targets in the 2030 Agenda, reflecting its integrated nature (targets 8.1, 10.5, 10.6, 12.6, 16.4, 16.6, 16.7, 16.8).

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CHAPTER 7

Driving the Eco-social Turn: Governance and Politics

May Day demonstration in Hamburg, Germany in favour of social rights for all and an inclusive, solidarity-based city.

Transformative change at the national level must be complemented by similar change processes at regional and global levels. But major imbalances—or policy incoherence—are evident in global governance regimes. These tend to facilitate trade, finance and private investment, and subordinate or challenge goals related to social and environmental protection and decent work. Achieving greater policy coherence in global governance is not simply about improved coordination: it is fundamentally a political process. Within that process the voice and influence of less powerful stakeholders, vulnerable groups and poorer developing countries need to be enhanced. Responses to the call in the 2030 Agenda for a global partnership must go beyond current approaches to public-private partnerships and participation. Social innovations associated with networking, transnational activism and multistakeholder regulation of business that allow civil society organizations and groups to organize, mobilize and participate to greater effect are important in this regard.

Chapter 7 addresses implementation of SDGs

1. Introduction

International development guidelines and frameworks often espouse lofty principles and goals but fail to pay sufficient attention to means of implementation related to governance, that is, the many ways individuals and organizations, public and private, manage their common affairs.[1] Yet setting collective rules and choosing specific policy options for implementation entail different distributions of costs and benefits, respond to different interests and goals, and have different repercussions for the natural environment. Governance processes are political in nature, not least because the capacity of individuals and groups to make their own choices and influence decision making depends on existing structures and relations of power.

Setting collective rules and choosing specific policy options for implementation entail different distributions of costs and benefits, respond to different interests and goals, and have different repercussions for the natural environment

The 2030 Agenda for Sustainable Development has partially broken this mould by emphasizing partnership, cooperation, participation and accountability, and by identifying key institutions and stakeholders that must work together. Furthermore, the 2030 Agenda calls for collaboration across international, regional, national and local levels. It recognizes the need for national policy space, common but differentiated responsibility, as well as the importance of democratizing international financial institutions by giving greater voice and influence to developing country governments. Even if the other means of implementation mentioned in the 2030 Agenda were fit for purpose, such as financing (see chapter 6), capacity building and technology transfer, could such aspects of governance really deliver the promise of transformative change?

A recurring theme throughout this report is that policy "turns", be they the more integrative "eco-social" turn or those related specifically to social policy (chapter 2), care (chapter 3), social and solidarity economy (chapter 4) and environmental sustainability (chapter 5), can remain at the level of discourse or be stripped of their transformative potential. They can be bolted onto business-as-usual—for example, macroeconomic policy, international trade and investment regimes, labour market and fiscal policies associated with patterns of economic liberalization that exacerbate vulnerability, inequalities and unsustainable development. Governance reforms associated with partnerships and participation run similar risks. While governments and international organizations frequently express a strong commitment to these approaches, when applied in practice, they can neglect and even reinforce existing power imbalances. Similarly, "policy space"—the right of national governments to chart a development path consistent with national priorities and realities—is often heavily constrained rather than enabled by external forces.

This chapter considers certain governance and political conditions that are required for the 2030 Agenda to be transformative and foster pathways conducive to inclusive and sustainable development. Divided into two main sections, it first addresses the coherence of the 2030 Agenda in terms of internal consistency and explores potential synergies and trade-offs between the different dimensions of sustainable development in the framework of the Sustainable Development Goals (SDGs), as well as in relation to other governance structures, such as international agendas in the areas of trade, finance, migration and climate. It then examines the partnership and participation challenge, addressing in particular, the risks and opportunities related to public-private partnerships (PPPs), ways and means of enhancing the role of non-governmental organizations (NGOs) in development and change, and empowering vulnerable groups not only economically but also politically. This discussion highlights the potentially constructive role of social innovations associated with networking and transnational activism around global justice issues, as well as multistakeholder regulation of transnational corporations and global value chains. The conclusion sums up potential avenues and needed reforms in governance and politics for realizing the transformational vision of the 2030 Agenda.

The chapter demonstrates that the implementation of the 2030 Agenda will benefit from improved national and international governance and inclusive political processes. This requires:

- identifying and addressing trade-offs and imbalances in development objectives and regulatory regimes to improve the horizontal and vertical coherence of the 2030 Agenda;
- adjusting the normative hierarchy in international governance from one where an economic rationale dominates to one that prioritizes social and ecological objectives;
- designing and implementing eco-social policies, including sustainable economic policies that are conducive to employment creation and decent work; investment incentives that reward environmentally and socially sustainable activities; social policies that combine social and environmental goals; and environmental norms that rectify social and climate injustices;
- elaborating national and international regulatory regimes that hold transnational corporations and financial institutions accountable so that they respect human rights, obey national tax laws and avoid environmental harm;
- developing strong institutional capacity to manage and evaluate PPPs, and create partnerships with communities and civil society; and
- facilitating the political empowerment and activism of civil society at the national level and transnationally, and providing real options for participation beyond "having a seat at the table".

2. Multi-Level Governance and the Coherence Challenge

Whether the 2030 Agenda is transformative will depend largely on the coherence of the governance processes it entails (figure 7.1). Indeed, "lack of integration across sectors in terms of strategies, policies and implementation has long been perceived as one of the main pitfalls of previous approaches to sustainable development".[2] However, coherence in itself does not ensure a transformative agenda, as elements may cohere under an overtly market-centred framework that may be highly contradictory from the perspective of social and sustainable development.[3] To be transformative, the 2030 Agenda must be coherently articulated around normative objectives associated with inclusive and sustainable development, as well as equality and human rights.

Previous chapters have noted numerous instances of policy incoherence, when effective policy implementation has been undermined by not only ineffective coordination but also blind spots on the policy agenda and contradictory policies that pull in different directions from the perspective of inclusion, rights and sustainability. Policy incoherence at the national level has been reinforced by standard setting, regulations and conditionality associated with international policy and institutions. Often global governance associated with growth, trade, finance and aid fails to support and align with national efforts to bring about required fundamental changes in economic and social systems. This has been particularly evident in relation to the social costs of structural adjustment programmes,[4] access to cheaper medicines[5] and tax avoidance (chapters 2 and 6). The question of policy incoherence associated with global governance must be addressed for transformative outcomes, but it frequently remains off the policy radar.

The question of policy incoherence associated with global governance must be addressed for transformative outcomes, but it frequently remains off the policy radar

The governance and political challenges related to transformative change in general, and the implementation of SDGs specifically, need to consider coherence in two dimensions. The first is horizontal coherence between the dimensions of sustainable development—that is, the ways in which social, environmental and economic policies and practices interact and are prioritized in decision-making processes. Horizontal coherence also relates to how different SDGs are combined, integrated and balanced in particular instances, situations and contexts by different actors operating on the same level of governance (local, national, regional or global). The second is the degree of vertical coherence across different levels of governance. It addresses issues of coherence between internationally agreed goals and national contexts, and determines the appropriate level of governance for dealing with specific issues by applying the principle of subsidiarity (see box 7.4). Horizontal and vertical coherence intertwine in practice, and governments that must establish sustainable development policies at the national level face the challenge of integrating

multiple policy domains while adapting to different international regimes (box 7.1.).

The current international system, however, shows neither horizontal coherence at the global level, where no integrative approach of sustainable development can yet be observed, nor vertical coherence in the way the various levels governance are articulated. Establishing an institutional architecture that is both vertically and horizontally coherent is one key governance challenge of sustainable development.

Establishing an institutional architecture that is both vertically and horizontally coherent is one key governance challenge of sustainable development

Policy integration can improve horizontal coherence

The Preamble of the 2030 Agenda states that "[t]he 17 Sustainable Development Goals and 169 targets… are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental".[6] But notions such as "integration" of and "balance" between the three pillars of sustainable development need to be made more specific. First, action related to any one dimension will impact others. And choosing a specific policy option for implementation also entails a different distribution of costs and benefits and responds to different interests and goals. Decision making is about comparing alternatives that have different repercussions in terms of economic, social and environmental consequences for different stakeholders and groups.[7]

Box 7.1. **The coherence challenge**

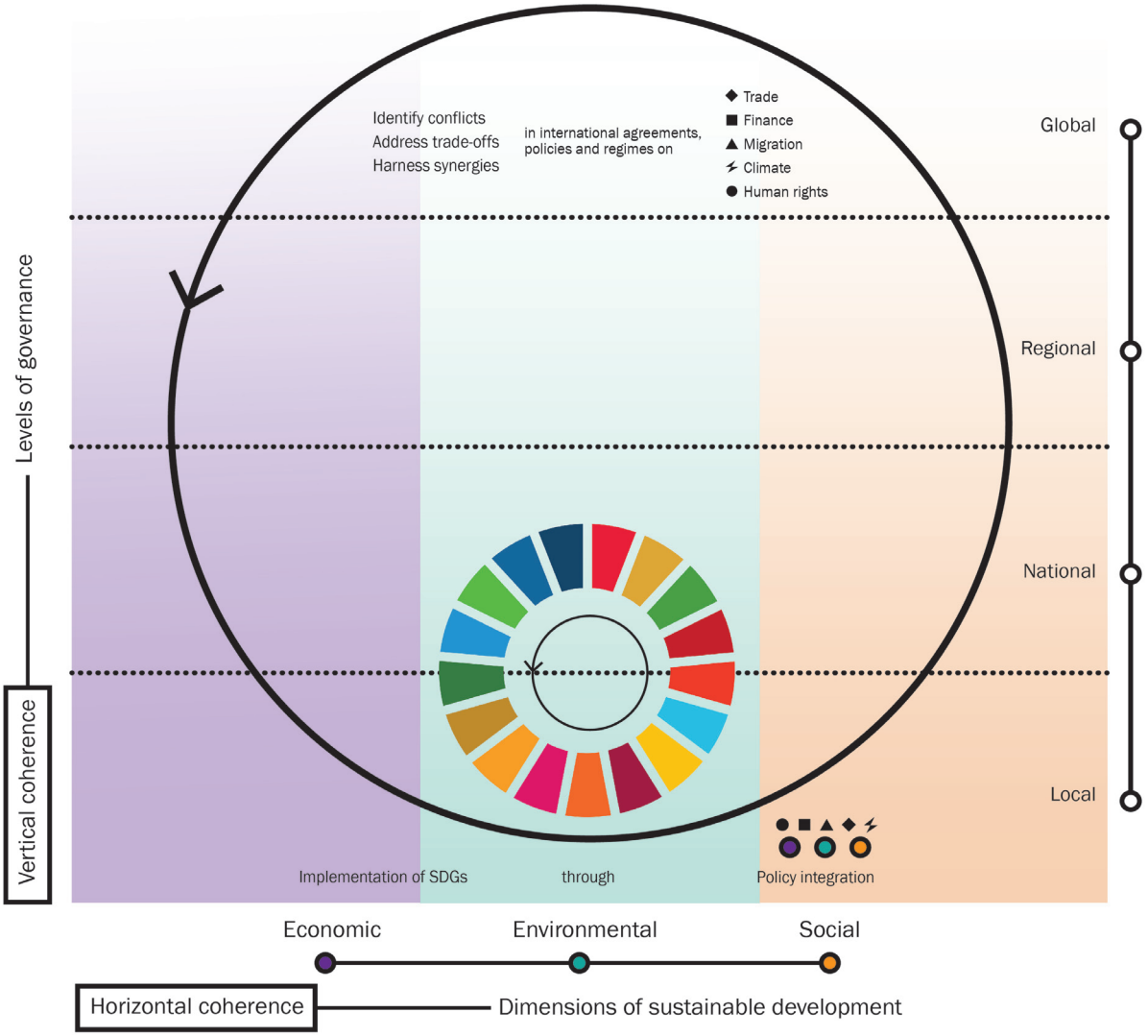
Being the result of a complex negotiation and consultation process, the 2030 Agenda does not reflect a coherent systemic strategy for linking the different goals and targets across the key dimensions of the Agenda.[a] Yet most goals are interlinked, numerous targets contribute to several goals, and there are important trade-offs among some goals and targets.[b] Many targets can be achieved by being tackled jointly in an integrated way. For example, progress on ending poverty (SDG 1) cannot be achieved without progress on the food security target under SDG 2, macroeconomic policies related to targets on full and productive employment and decent work under SDG 8, the reduction of inequality under SDG 10 and enhancing resilience to climate change under SDG 13. Success in these will lead to better health and well-being, thus contributing to the achievement of SDG 3.[c] Goals may also conflict with each other, often partially. The promotion of sustainable industrialization (SDG 9), while factoring in eco-efficiency and promoting clean energy (SDG 7), might reveal tensions and trade-offs with the maintenance of a healthy ecosystem (SDGs 14 et 15) if industrial systems cannot be rid of their reliance upon energy derived from fossil fuels.

Policy coherence is partly about better coordination in the design and implementation of interventions across different policy fields. But more fundamentally, it is about ensuring that progress in one domain is not undermined by impacts emanating from another. Macroeconomic policies and technological or efficiency gains, for example, must not contradict welfare and sustainability objectives. Similarly, environmental protection goals must be balanced with social development considerations. A danger of reducing the notion of policy coherence to that of coordination is that different goals may become more coherent under an overtly market-centred framework that may be highly contradictory from the perspective of social and sustainable development.[d]

Coherence, synergies, tensions and trade-offs may result from the interactions between different governance processes, which can be positive or negative in terms of transformative change. There may also be a mismatch between the goals and targets established at the global level, and the agenda as interpreted at the national level. The compatibility of the 2030 Agenda with its broader institutional environment, including international regimes governing trade, finance, migration and climate, as well as important agendas such as the G20, must therefore be assessed as well. Various types of coherence can thus be considered:[e] sectoral coherence, or coherence from one policy sector to another; governance coherence, from one set of interventions to another; multi-level coherence, from global/international agreements to national and local policy; implementation coherence, from policy objective through instrument design to practice; and transnational coherence, from one jurisdiction to another.[f]

Notes: [a] Le Blanc 2015. [b] ICSU and ISSC 2015. [c] ICSU and ISSC 2015. [d] Cook et al. 2012, Mejido et al. 2010. [e] ICSU 2016; Nilsson et al. 2016. [f] OECD 2015.

Figure 7.1. **Achieving policy coherence in the 2030 Agenda**



Second, the assertion that economic, social and environmental policies can and should be balanced and integrated requires identifying the tensions between them. Although the possibility of triple-win situations cannot be denied, most concrete actions involve tensions and potential conflicts between the different objectives of economic growth, social equity and environmental protection. For example, preservationist approaches to conservation have promoted the creation of protected areas for wildlife, often at the expense of local populations,[8] whereas growth-oriented policies have not only had a high environmental cost but also often failed to generate decent work.[9] Not setting a priority, or giving equal weight to these different goals, is itself a normative statement. Tensions and dilemmas inevitably exist. And as discussed below, they need to be made explicit and resolved politically.

But how are complex and cross-cutting issues being dealt with in national and global governance? How do decision makers concerned with sustainable development integrate various and potentially conflicting policy goals? The following sections present examples of how such complex decision making has been made at the national and local levels, before elaborating several challenges at the global level.

Although the possibility of triple-win situations cannot be denied, most concrete actions involve tensions and potential conflicts between the different objectives of economic growth, social equity and environmental protection

Policy integration at the national level

For many countries, strategies for sustainability that give priority to social and/or environmental objectives have played second fiddle to crafting pro-growth and market-centred policies. And even where integrated sustainable development policy frameworks have been adopted, tensions persist.

Rwanda, for example, has positioned green economy approaches as a priority for economic transformation, and environment and climate change as a cross-cutting issue in the national Economic Development and Poverty Reduction Strategy II (2013–2018). It has also developed an additional resilience strategy in order to mitigate greenhouse gas emissions and adapt to climate change impacts, for example, through irrigation infrastructure and adopting an agroforestry approach for the sustainable provision of biomass. It remains to be seen, however, whether and how this strategy will be designed synergistically with reform in land, trade, finance and fiscal policies.

In the 2013–2018 National Development Plan in Mexico, environmental sustainability is no longer a stand-alone strategic pillar but has, to some extent, been mainstreamed into the plan. Since 2012, Mexico has a General Law on Climate Change to reduce its greenhouse gas (GHG) emissions by 50 percent by 2050, compared to 2000 levels. Yet the plan contains contradictions, given the ongoing carbon-based growth model and plans to promote further the exploration of fossil fuel resources, including shale oil.

Costa Rica presents a relatively successful example of integrated development in which the state has played a fundamental role in market and social incorporation by promoting productive (often public) employment and universal social policies.[10] Significant advances related to forest protection and renewable energy were noted in chapter 5. Costa Rica is one of the countries that took advantage of market-based instruments for environmental protection established at the global level, such as carbon trading and the Clean Development Mechanism (CDM). This helped establish a strong ecotourism sector, partly financed with external funds. Nevertheless, the country has recently experienced faster growth of inequality than any other Latin American country, given unequal outcomes of economic development and lower per capita social spending (chapter 5). These developments may undermine the eco-social turn in the country, unless renewed efforts are undertaken to maintain its universal social policy approach.

As discussed in previous chapters, other countries have innovated in ways to address social and environmental sustainability goals through integrated approaches. The Brazilian programme Bolsa Verde or the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in India mobilize synergies between education, work, and environmental protection and rehabilitation (chapter 2). The discussion of care (chapter 3) showed how efforts to break the cycle of poor access to water and sanitation, resulting in both time poverty and poor health of women and children, require integrated policies that combine nutrition, health, education and housing components.

Policy integration at the local level

This report emphasizes the need for integrated eco-social policies that can simultaneously achieve economic, social and environmental goals. It also points to the importance of combining policy measures and comprehensive strategies—known as institutional complementarity (chapter 2)—rather than segregated approaches in sectoral or disciplinary silos. Integrated policy design and implementation is often more feasible at the local level, where the different aspects of sustainable development are more tangible than at national and global levels. Cities' needs and potential are specifically recognized in SDG 11. In cities, the social and environmental repercussions of economic development are more direct and visible. Similarly, the impact of policy measures that are implemented locally are also more visible, which facilitates monitoring and adjustment processes (box 7.2.).

As illustrated in box 7.2, the following factors have contributed to the ability of municipal authorities to craft an integrated urban policy:

- strong commitment by local authorities;
- relative autonomy in political and economic decision making;
- healthy finances and sound fiscal policies;
- planning processes and integrative policy approaches that systematically address multiple goals and trade-offs; and
- involvement and active participation of stakeholders, including citizens, civil society organizations and economic actors.

At the international level, cities engage in innovative networks that act as important drivers of sustainable development and climate change response. Local Governments for Sustainability (ICLEI), Local Agenda 21, Global Social Economy Forum or World Cities Network, for example, allow municipal actors to share information, on experiences and best practices, as well as to coordinate political initiatives at higher levels of governance. At the same time, urban planning also offers important insights for integrated approaches and policy coherence at other levels.

Vertical coherence requires multi-level governance reforms

The implementation of the 2030 Agenda will take place at the country level. But national policy spaces are deeply interconnected with and shaped by international and global contexts. National policies affect other countries and their policy space through cross-border effects related, for example, to migration or trade. Moreover, global challenges

Box 7.2. **Urban governance as an example of an integrative approach**

Faced with rapid urbanization and increasing environmental and social pressures, cities have been at the forefront of sustainable development and championed innovations toward sustainability. In the context of unemployment, pressures on public services and infrastructure, and urban environmental degradation, in particular, air pollution, lack of green spaces and poor quality drinking water, municipalities must come up with pragmatic solutions. In order to connect policy domains such as social inclusion, jobs, housing, waste management, transport and energy use, cities have promoted innovative and transformative approaches, often through specific forms of social and solidarity economy, such as urban community agriculture or cooperative housing schemes (see also chapter 4).

Innovative approaches related to energy, transport and waste are indicated in the following examples.

The quarter of *Vauban* in the German city of Freiburg im Breisgau today hosts around 5,000 residents in energy-efficient housing that has reduced primary energy use by 79 percent compared to conventional construction.[a] The community was involved from the beginning of the planning process through homeowner cooperatives. Urban planning, green economic development, environmental protection research and scientific expertise have been developed in a balanced and integrated way. The goal of diversifying the social composition of the community, however, has not been achieved, partly because of the high prices of houses, affordable only for higher income groups.[b]

Bristol in the United Kingdom has implemented a long-term commitment to improving the urban environment and reducing the city's contribution to climate change since 2000. It has developed a programme involving investment plans for transport and energy. Substantial investments in transport improvements, energy efficiency and renewable energy that aim to develop a low-carbon, job-generating industry, combined with a pro-cyclists policy, have led to significant achievements: a 16 percent reduction in domestic energy use and a 25 percent improvement in energy efficiency in housing in a 10-year period.[c]

Ljubljana in Slovenia has developed a comprehensive set of policies to improve urban mobility as well as a Zero Waste Strategy. This strategy was explicitly inspired by the principles of circular economy that aim at "closing the loop" of product lifecycles through greater recycling and re-use.[d]

Porto Alegre in Brazil is well known for having introduced innovative participatory budgeting processes, a type of participatory democracy in which ordinary people decide how to allocate the municipal budget,[e] while Curitiba is known as an ecological city with an exemplary public transport system and waste recycling programme.[f]

In *Seoul*, Republic of Korea, the municipal government has looked to SSE as a means for social cohesion and inclusion.[g] It has established a social enterprise development centre that acts as a systematic support system for cooperatives and social enterprises and as an incubator of young social entrepreneurs. Seoul supports "sharing economy" activities, partly via public procurement. Public policy supporting SSE goes hand in hand with active municipal involvement promoting environmentally sensitive development in the capital (chapter 4).[h]

Notes: [a] Coates 2013. [b] Bächtold 2013. [c] http://ec.europa.eu/environment/europeangreencapital/winning-cities/2015-bristol/index.html, accessed in June 2016. [d] http://ec.europa.eu/environment/europeangreencapital/winning-cities/2016-ljubljana/index.html, accessed in June 2016. [e] Santos 1998. [f] Rabinovitch and Leitman 2014. [g] For another Asian country see Thailand Sustainable Development Foundation 2015, which contains many examples of initiatives and SSEs. [h] Lee and Kim 2013.

transcend political borders and require governance modalities that may challenge state sovereignty. Indeed, global rules and international cooperation, or the lack thereof, may facilitate or constrain government action at the national level. Interactions are characterized by different kinds of horizontal and vertical incoherence.

In a global governance context often characterized by a lack of coherence, this section explores how countries can reconcile domestic policies with the global nature of the 2030 Agenda.

Incoherence among international governance systems

Deficiencies in global governance, not least those discussed below related to trade, finance, migration and climate, undermine both policy coherence and policy space. Such deficiencies need to be identified, reviewed and corrected.

The need for stable and predictable international trade flows has led to the strongest and most complete institutional framework in global governance: the international trade and investment regime, comprising a number of legally binding agreements under the auspices of the World Trade Organization (WTO), as well as myriad bilateral, plurilateral and regional trade and/or investment agreements. Contrasting with the legally binding nature of trade agreements negotiated within the WTO framework, multilateral environmental agreements, such as international conventions on climate change and biodiversity, rely on voluntary commitment by national governments in the absence of a supranational enforcement authority. This confers on environmental governance a lower normative status than trade rules, as illustrated in February 2016 when the WTO Dispute Settlement Body ruled against India's programme to create home-grown solar energy. It rejected the argument that it would help the country meet its climate commitments under the United Nations Framework Convention on Climate Change (UNFCCC). Instead, the programme was accused of distorting trade by giving preference to local products.[11] This ruling challenges India's efforts to implement its climate policy and reach its Intended Nationally Determined Contributions (chapter 5). More fundamentally, it shows how policy innovation that aims to give priority to social and environmental considerations, as described in chapter 5, can be compromised when economic ones are given priority.

Reliance on voluntary commitments confers on environmental governance a lower normative status than trade rules

Environmental governance provides examples of how environmental, social and trade dimensions can be integrated in practice, although outcomes are often not positive in all dimensions. The Convention on Biological Diversity attempts to ensure the fair and equitable sharing of benefits arising from genetic resources, an objective the Nagoya Protocol provides the legal framework for.[12] In climate governance, the flexibility mechanisms of the Kyoto Protocol (carbon trading, joint implementation and the CDM) provide an institutional architecture for environmental protection that is highly compatible with patterns of market-led growth that tend to favour large corporations, which can elude their responsibility for cutting CO_2 emissions.[13] Indeed, national commitments to reduce emissions covered only 14 percent of world emissions in the 2008–2012 period.[14] The Paris Agreement, which covers almost 99 percent of global emissions and includes a five-year review mechanism, potentially marks a turning point for global cooperation (chapter 5). However, no global entity has the authority and coercive power to oversee enforcement. Instead, it is hoped that voluntary commitments by national governments will be sufficient to meet the goals. Carbon markets and trading, while not explicitly mentioned in the Paris Agreement, are likely to continue to play a central role[15] whereas concerns about the exclusionary nature of market creation, the instability of speculative carbon finance and mounting power asymmetries remain high.[16]

Proponents of free trade and market forces assert that they provide the most efficient allocation of resources for society. At the global level, however, economic factors such as capital and labour are governed in very different ways. The 2008 financial crisis revealed the pitfalls of excessive deregulation of financial markets. International capital flows are now subject to stronger regulation under Basel III, a global voluntary regulatory framework that promotes safer banking and financial practices.[17] International capital flows remain, nonetheless, poorly regulated, leaving ample room for tax avoidance and evasion, which deprive national governments and economies of vast amounts of resources that might otherwise

be used for development (chapter 6). Furthermore, investment agreements such as the Transatlantic Trade and Investment Partnership (TIPP) could even hollow out policy autonomy by subordinating national decisions to investor interests.

Migration governance is characterized by a fragmented international system, where the regulation of migrant labour is mostly designed by host countries. In sharp contrast with the governance of financial markets, labour regulation involves hard regulation, especially with regard to unskilled workers.[18] Yet, by lowering international asymmetries in productive capacity and income distribution, migration could become a tool for addressing international inequalities, a key objective of the eco-social turn. Progress in addressing the fragmented set of rules governing migration will require substantive engagement at the national, regional and global levels.[19]

Asymmetric global governance calls for changes in the normative hierarchy

Current international governance is far from a balanced integration of the economic, social and environmental dimensions of sustainable development. The normative framework subordinates environmental and social considerations to economic imperatives (box 7.3). Different dimensions of sustainable development are regulated separately. The large multilateral system lacks effective mechanisms to promote cross-sectoral coherence and manage trade-offs. Moreover, it is fragmented and mainly composed of specialized agencies whose relative strength in crafting and enforcing international rules differs greatly. Different worldviews or ideological perspectives, as well as institutional cultures and forms of "expert" knowledge, shape policy design and implementation in different agencies. Which agencies are in the driving seat of global governance reform, therefore, makes a difference. Such variations have been noted in the case of the International Monetary Fund (IMF) and the World Bank, on the one hand, and various UN agencies, on the other hand. Indeed, the rise of the poverty reduction and sustainable development agendas associated with the MDGs and SDGs can be partly understood in terms of a reconfiguration of power relations between these two sets of agencies, which saw UN values and approaches reasserting themselves following the failures of the structural adjustment era of the 1980s and 1990s (chapter 1).[20] International cooperation in multilateral settings remains the most promising approach for paving the way to a universal, inclusive and integrated system of global governance, without which the 2030 Agenda will not become a reality.

If changing the international system of economic governance is a long-term endeavour, what can national actors do to craft an integrated approach to sustainable development in the meantime? Apart from committing to and supporting multilateralism, countries can enhance their national policy space through various means, which have proved effective in policy areas such as health.[21] These measures

Box 7.3. A shift in the normative hierarchy

Sustainable development implies a shift in the normative hierarchy of economic decision making, moving away from viewing social and environmental issues as the consequences of economic policy choices to conditioning economic choices on sustainable and just social and ecological outcomes. Embedding the economy in society and respecting ecological boundaries characterizes the eco-social turn.

Framing economic development so that it benefits people while respecting ecological boundaries was the normative cornerstone of eco-development in the 1970s.[a] This eco-social rationale is found in the central values and principles of the alter-globalization, de-growth and post-growth movements,[b] and describes the economic rationale of SSE that puts social objectives over profit (chapter 4). Arguably this rationale is also at the centre of the 2030 Agenda's ambition to encourage people-centred and planet-sensitive development, where economic activities are subordinated to social and ecological considerations and imperatives.[c] This is the normative prerequisite of transformative change toward sustainable development.

Notes: [a] Riddel 1981. [b] van Griethuysen 2010, 2012; [c] van Griethuysen 2010; Koehler 2016.

International cooperation in multilateral settings remains the most promising approach for paving the way to a universal, inclusive and integrated system of global governance, without which the 2030 Agenda will not become a reality

include ex-ante discussion about potential trade-offs and synergies between different policy areas, and close collaboration between different ministries and administrative units to design integrated strategies; knowing about and strategically using available policy space in existing international agreements such as trade and investment agreements; creating new policy space through the incorporation of social and environmental clauses into treaties and agreements; using influence at the global level to reform global governance regimes; and collaborating with civil society and other social actors to draw on and benefit from their knowledge and resources. The regional level is a crucial and intermediary step in the elaboration of global governance. This was recognized in the negotiation process of the 2030 Agenda, and will be critical in its monitoring phase. However, the shift in the normative hierarchy toward choices that condition economic decisions on sustainable outcomes may face particular resistance at the regional level, since the integration of most regional entities (MERCOSUR; ASEAN; ECOWAS; EU) is based on an economic rationale.

3. Social Innovations for Transformative Change

Ensuring the coherence of national agendas with global goals of sustainable development requires, in the absence of a supranational authority, the coordination of national actions through international cooperation. The 2030 Agenda explicitly addresses this dimension in SDG 17, which aims to revitalize a global partnership for sustainable development. Non-state actors, in particular civil society organizations and the private sector, are identified as key actors through various forms of partnership and participation. Under what conditions can non-state actors play an effective role as agents of transformative change? The contemporary history of PPPs and NGO interventions in development and participation suggests that such innovations have often failed to realize their potential.

Since the turn of the millennium—in particular since the World Summit for Sustainable Development in 2002—PPPs have emerged as a key mechanism for the provision of essential services and economic infrastructure. However, they have frequently failed to deliver on their promise with regard to both resource mobilization via the private sector and inclusive development. PPPs often share costs, risks and benefits very unevenly and can reinforce existing power asymmetries.[22]

Box 7.4. **From local to global:** The subsidiarity principle

Local communities have long managed the resources they share along the lines of what scholars refer to as "common pool resources management".[a] Under this arrangement, community members share rights, obligations and duties regarding the use of resources; means are balanced with ends (in contrast to growth-oriented development); and costs and benefits are assessed in social or collective, rather than private, terms.[b] Cooperation and negotiation are key to coping with the complexity of resource management. This approach to managing resources can provide valuable insights for the governance of sustainable development at other levels.

Local regimes alone cannot guarantee the sustainable use of resources such as lakes, forests, oceans and air. Their management is also defined at national, regional or even global levels. The subsidiarity principle states that (i) governance issues ought to be addressed at the lowest level capable of addressing them, and (ii) issues that are not adequately dealt with at the lowest level must be addressed at a higher level, through cooperation of concerned stakeholders. Applying the subsidiarity principle gives rise to a system where multiple levels of governance are required for the sustainable management of resources. Such "multilevel" governance can be combined with "polycentric" governance (where multiple independent actors mutually order their relationships with one another under a general system of rules). The implication is that governance of complex, modern societies requires extensive institutional diversity.[c]

However, implementing the subsidiarity principle is not without political challenges. Attempts to establish governance structures at higher levels, as well as decentralization processes, often experience problems of limited administrative and financial capacity, elite capture, policy fragmentation and regional disparities. And power and other social asymmetries can easily shift from one level of governance to another.[d]

Notes: [a] Ostrom 1990; Ostrom and Schlager 1996.
[b] Ostrom and Schlager 1996. [c] Araral and Hartley 2013.
[d] Jachtenfuchs and Krisch 2016.

In previous decades, the role of NGOs in development was seen as another magic bullet. Their activities, however, were often concentrated in service delivery to an extent that involved a trade-off with advocacy for social change. And dependency on government funding frequently undermined their autonomy.[23]

Calls for people's "participation" in policy or project design and implementation have a much longer history. For over 60 years, United Nations programmes have recognized the role of effective participation in project success.[24] In the late 1970s, UNRISD defined participation as the organized efforts of the hitherto excluded to gain control of resources and regulatory institutions that affect their lives.[25] Too often, however, participation in practice amounts to simply consulting selected stakeholders and can be "cosmetic".[26] While hitherto excluded groups that gain a seat at the table may have greater voice, they often fail to become players who can effectively gain control and shape decision-making processes that affect their lives.

While hitherto excluded groups that gain a seat at the table may have greater voice, they often fail to become players who can effectively gain control and shape decision-making processes that affect their lives

This section examines forms of partnership and participation that address these limitations. It looks, in particular, at a variety of social innovations that have gained traction in recent years, allowing civil society organizations and groups to organize, mobilize and participate to greater effect. These include alternative forms of partnership, networking, transnational activism and multistakeholder standard setting. Forging an effective global partnership for change will depend to a significant degree on these new modes of collaboration and participation.

The notion of partnerships needs to be more encompassing

Both the 2030 Agenda, and more explicitly the Addis Ababa Action Agenda, recognize the role of the private sector in the development process. However, privileging the private sector's financial and managerial capacity is problematic because there are several gaps and weaknesses in national and international regulatory regimes for holding corporations accountable for actual or potential harm and for effective remedy.

Research on PPPs has confirmed that "[w]here private sector partners are not bound to the public sector by...close political relationships, risk transfer and affordability are likely to become issues that may very well jeopardize the viability of the project in the long term".[27] Moreover, by favouring particular SDGs, such as those related to infrastructure and economic growth, recourse to PPPs can negatively impact states' capacities to implement an integrated agenda for sustainable development and develop policy frameworks that help achieve other goals.[28] Effective measures are needed to overcome the risks inherent in PPPs and recourse to private finance. This requires not only harnessing PPPs for the SDGs and ensuring companies comply with corporate accountability standards, but also (i) that companies respect developing country demands for greater flexibility under WTO rules and their efforts to promote efficient domestic forms of enterprise and trade; and (ii) that the governance arrangements associated with PPPs effectively empower weaker stakeholders and counteract conventional forms of corporate influence and lobbying.[29]

It is necessary that countries have in place the institutional capacity to create, manage and evaluate PPPs. A key role for the public sector in this regard is to:[30]

- correctly identify and select projects where PPPs would be viable;
- negotiate contracts to ensure an appropriate distribution of risks, costs and benefits among partners;
- establish a comprehensive and transparent fiscal accounting and reporting standard for PPPs; and
- establish legal, regulatory and monitoring frameworks that ensure appropriate pricing and quality of service.

In the same vein, recourse to private finance, including through partnerships, must be adequately framed by social and environmental legislation to ensure that private wealth creation contributes to social welfare while enhancing environmental conditions. While capitalization and financial

Harnessing PPPs for the SDGs requires that governance arrangements effectively empower weaker stakeholders and counteract conventional forms of corporate influence and lobbying

practices must be regulated, standards for responsible private, public and institutional investments must be elaborated and effectively implemented. Public and institutional investors should not only take into account short-term, monetary gains but also longer term social and ecological criteria. The growth of ethical banking and investment as well as forms of solidarity finance (chapter 4) point to the growing awareness among investors and citizens that prioritizing monetary profit is socially, economically and environmentally problematic. But this shift in personal values needs a collective counterpart if social inclusion and ecological resilience are to be realized.

Whereas the discourse on PPPs highlights attributes related to the sharing of costs, benefits and risks, in practice significant imbalances in power relations may exist within partnerships that skew distribution in favour of or against particular partners and other stakeholders. Box 7.5 considers ways to address power issues in partnerships in the case of education.

These issues require fundamental institutional changes and normative shifts that will inevitably face opposition from vested interests, systemic forces and bureaucratic and hierarchical resistance from within institutions. Obstacles to an eco-social turn are pervasive in a system that has been moulded over time to fit the economic imperatives of competitiveness and growth.[31] Power asymmetries, in particular, may obstruct reforms conducive to transformative change.

More attention needs to be paid to public-community partnerships

Various chapters in this report point to the need to multiply the type of mutually beneficial partnerships between state actors, communities and citizens that exist in numerous localities. Yet such arrangements often take a back seat in discussions on partnerships, and where they are recognized, they are often under-resourced. Governments can help by increasing support and overseas development assistance (ODA) for these partnerships.

Various types of public-community partnerships have underpinned advances in social insurance in sub-Saharan Africa (chapter 2), care provision in Costa Rica and Quebec (chapters 3 and 4), socially inclusive green economy initiatives (chapter 5) and green urban governance (box 7.2). Partnership between community-based organizations, government agencies and private sector actors has become a major means of extending social protection—for example, health insurance—to populations in rural areas in many developing countries, as illustrated by the case of Rwanda (chapter 2).

Many such initiatives relate to SSE (chapter 4). Given the structural constraints that prevent the corporate economy from internalizing environmental costs and decoupling growth and emissions in absolute terms, and the fact that SSE lends itself to developing sectors of the economy that are key for inclusive and sustainable development, it needs to be brought far more centrally into the 2030 Agenda as a means of implementing the SDGs.[32]

Networking can be harnessed for transformative change

Organizations and movements for social and environmental justice are coalescing in networks that promote forms of collective action often conducive to both resource mobilization and policy influence. Those defending and advocating for land rights or food sovereignty—for example, the Movimento dos Trabalhadores Sem Terra (MST/ Landless Workers' Movement) in Brazil, Ekta Parishad in India and Via Campesina internationally—as well as other movements for fair trade, rainforest protection and climate justice—are coming together in ways that can facilitate learning, contestation and bargaining. Indeed, such networked activism was instrumental in ensuring that the green economy agenda that informed the 2012 United Nations Conference on Sustainable Development broke out of the confines of a market-centred and sectoral approach.[33]

Networking marks a major departure from the role of NGOs going it alone via service delivery or advocacy. The rise of networks has been a response to not

Box 7.5. **Partnerships and power:** The case of education

As recently as the 2016 World Economic Forum, the discourse on partnerships assumes that they are conducive to equalizing power inequalities.[a] This virtue may exist only on paper. The example of global partnership networks in education illustrates how a partnership may (or may not) insulate itself from external power and how informal power relations inside the partnerships may (or may not) reflect formal commitments to more egalitarian partnership practices.

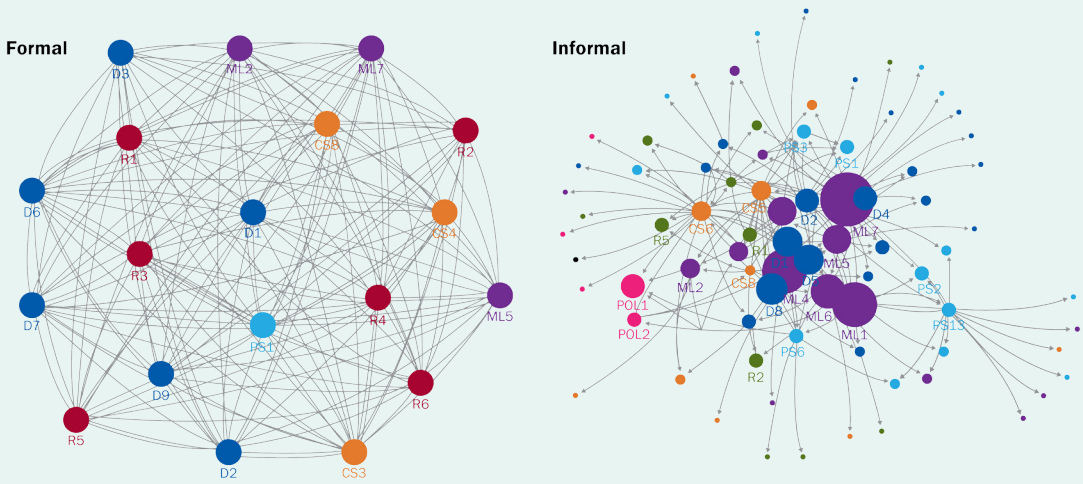
Insulating a partnership from more powerful actors can be conducive to transformative outcomes.

The global education funding partnership studied has sought to move away from practices of "donorship" to implementing development aid principles of national ownership and inclusive partnership. Through three rounds of reform, the partnership has become progressively less insulated from developing country partners and more insulated from donor states. Hitherto, the Steering Committee had been heavily comprised of donor representatives. The Board structure then changed to include equal donor and recipient country partners alongside civil society, multilateral organizations and a private sector foundation. However, donors inside recipient countries were still considered the primary interlocutors with the global Secretariat and Board. Following criticism of this practice, reforms are under way to prioritize effective recipient country participation.

The relative power of partners can vary significantly.

The concrete interactions of partners reveal their relative power within a partnership governance structure. In this case, partners are *formally* organized into non-hierarchical relational structures that reflect the stated partnership goals of inclusiveness, equity and shared goals. At the same time, partners organize themselves into *informal* relational structures that indicate with whom they choose to initiate, maintain or sever ties. Network mapping and metrics can be used to analyse, visualize and compare formal and informal structures (figure 7.2a and b).[b]

Figure 7.2. **Comparison of (a) formal and (b) informal partnership relationships**



Key: D Donor countries; R Recipients (in Formal), R Researchers (in Informal); ML Multilateral agencies, CS Civil society; PS Private sector/ Foundations; POL Politicians

In this particular case, the structuring of informal relationships indicates that rather than being power-neutral, a hierarchy exists in this partnership in which certain actors are more central than others. These practices contrast with what are generally assumed to be legitimate and appropriate partnership practices.

Notes: [a] WEF 2016. [b] Faul 2015. Source: Faul 2016.

Like public-private partnerships, power relations within networks may be asymmetrical, not least between Northern and Southern partners

only the end of the "golden era" when NGOs could access large amounts of development funding,[34] but also the growing interdependence and complexity of issues.[35] This response has, of course, been enabled by the innovations in communications technology. The advantages of networks are manifold,[36] and they include:

- multiplying strength through the exchange and pooling of resources;
- facilitating knowledge exchange, learning and innovative solutions;
- helping to build a shared collective identity among participants beyond conventional movement sectors;
- enhancing the political legitimacy of groups;
- bringing new issues onto the political agenda and transforming the terms and nature of policy debates; and
- building the capacity of groups to influence the policy process by engaging with multiple institutions and levels of governance.

However, networks for transformative change confront major obstacles in realizing their objectives. These relate not only to resource constraints but also disparate understandings of causes of injustice and necessary solutions, as well as restricted opportunities to engage with political structures where policy change happens. Like public-private partnerships, power relations within networks may be asymmetrical, not least between Northern and Southern partners. Lack of planning for change and evaluation of advocacy work are common traits.[37] While campaigns can quickly mobilize large numbers of actors, they can also be short-lived, dissipating either when fatigue sets in or some gains have been achieved. This occurred, for example, with the Make Poverty History campaign: once partial gains related to increased aid and debt cancellation were announced at the 2005 G8 Gleneagles Summit, advocacy quickly dissipated even though government responses varied widely and several commitments proved extremely fragile.[38]

The challenge of forging common understandings, frameworks and methodologies—key elements of effective advocacy noted above—is often undermined by ideological divisions and differences regarding tactics. This was apparent in the case of the Jubilee debt campaign and the tax justice movement.[39] Some movements or campaigns led by Northern groups have failed to connect effectively with movements in the Global South. Such a situation affected, for example, the climate justice movement that mobilized around the time of the 2009 United Nations Climate Change Conference in Copenhagen, which failed to produce meaningful results.[40] The experience of Via Campesina and the global fair trade movement suggest that global justice movements not only need to connect the Global North and Global South, but may actually be more effective when built from the bottom up through movements that are rooted in the struggles of local communities and which connect their struggles both analytically and organizationally with broader issues and constituencies.[41]

Political empowerment benefits from broad-based alliances

From the above discussion it is clear that multiple tensions and dilemmas are present in any process of transformative change, in part due to conflicting interests of the actors or stakeholders involved. Such tensions need to be identified and addressed politically, through processes that favour participation, transparency and accountability, particularly if the decision-making process is not to be skewed toward elite interests.

While international development institutions and frameworks now generally acknowledge the need for participation, as applied in practice, it is often reduced to mere consultation with selected stakeholders whose worldviews and proposals for change are considered "reasonable". But if the less

Tensions need to be identified and addressed politically, through processes that favour participation, transparency and accountability, particularly if decision making is not to be skewed toward elite interests

powerful are to gain voice and influence, they must have recourse to a broad portfolio of action. This includes diverse forms of contestation and claims making such as protest, advocacy, lobbying, watchdog monitoring, naming and shaming, critical research, dialogue, bargaining and negotiation.[42] Moreover, it involves reconnecting the policy process with not only selected civil society experts and NGOs, but also social movements and coalitions of actors concerned with global justice issues such as those mentioned above.

A variety of social innovations characterize contemporary activism and advocacy for transformative change. In addition to networking, important in this regard are transnational activism and multi-level "glocal" movements that connect global and local levels and Northern and Southern actors. So too are multistakeholder initiatives, often led by non-state actors, that set standards and procedures to enhance corporate accountability.

Previous chapters have discussed the political dynamics of particular instances of transformative change at the national level. The various "turns" (social, care, eco-social) highlighted in this report, plus new modes of economic activity that are people-centred and planet-sensitive (as in SSE), have been propelled by contestation and claims making associated with active citizenship and collective action. This has also extended to domestic resource mobilization, which is characterized by processes of contestation and bargaining (chapter 6).

As regards the social turn, various forms of contestation and mobilization, political representation of marginalized groups and advocacy by intermediary organizations played a key role. So too did institutional reforms, including legal codification, that facilitated engagement with the state at both local and national levels. In Brazil, the scaling up and amalgamation via Bolsa Familia of cash transfer programmes under President Luiz Inácio Lula da Silva (which commenced under his predecessor, Fernando Henrique Cardoso), partly resulted from the interrelations between Lula's Partido dos Trabalhadores (PT/Workers Party), social Catholic mobilization against hunger, and the formation and advocacy of networks such as Citizenship Action Against Hunger and Misery and for Life.[43] In India, pressure by an alliance of social movements and the Left Front, which formed part of a coalition government with the India National Congress Party, was instrumental in creating the rural employment guarantee programme, MGNREGA.[44] Similar alliances underpinned the "care turn". As discussed in chapter 3, advocacy work by the broad-based Gender and Family Network in Uruguay, which resonated with the ruling party, the Frente Amplio, elevated care to a political issue and a government priority. Similarly, in Costa Rica, the establishment of the Care Network as a legally mandated government programme in 2014 was the product of several years of advocacy by social movements and NGOs and dialogue with political leaders and government institutions. Such advocacy found favour with the government of Laura Chinchilla that had prioritized children's care and development in its 2010–2014 policy agenda.[45]

The analysis of transformative policies in the care sector (chapter 3) emphasized the importance of building coalitions and alliances, not only among civil society actors but also with political parties. Additional insights are provided by other studies of policy change related to gender issues. Research on China, India and Indonesia suggests that gender-status policy issues such as violence against women have been able to gain more policy traction than class-based issues, such as the conditions and rights of domestic workers. Yet in both cases they encounter resistance from those in power and authority as they challenge patriarchal norms and intra-household and gender relations.[46] In the case of violence against women, it was somewhat easier to:

- build more cohesive networks of women's organizations that overcame differences of class, caste, ethnicity and religion;
- gain support from state actors such as feminist bureaucrats ("femocrats") or women's parliamentary caucuses, or specific ministries or judicial institutions; and
- construct alliances with other constituencies interfacing with public opinion, such as the media and religious leaders, or providing technical and scientific support, such as lawyers and scholars.

Contexts of formal democracy or democratic transition often facilitate progressive politics. The same study of gender reform in India and Indonesia points out that such regimes provided spaces for women's groups organizing and mobilizing, as well as entry points into the policy process. It cautions, however, that they are also open to conservative and regressive counter-currents.[47]

National activism needs to be complemented with transnational advocacy

The earlier discussion on policy coherence made clear that policy reform for transformative change at the national level can only go so far. What also needs to change are policies at the transnational level, as well as in Europe and North America where so much of the decision making on policies related to trade, foreign direct investment, finance, migration and aid is made.

How does activism impact policy change in these settings? In some respects the same mechanisms identified in national settings apply:

- a framing of the issues that resonates with larger constituencies;
- building coalitions and alliances;
- crafting strategic entry points into the policy process; and
- developing technical competencies to engage with policy and other decision makers.

For example, gains achieved in changing the discourse and policies related to women's well-being and rights within the United Nations system (including the World Bank) depended very much on forging broad-based alliances, not only among women's organizations and networks but also with women's machineries within such organizations. The analysis of international policy change related to the incorporation of gender concerns into macroeconomic policy, sexual and reproductive health and rights, and human rights and violence against women suggests that discursive struggle is a key prerequisite: "if knowledge is power, then changing the terrain of discourse is the first but very important step" in the politics of change.[48]

But transnational activism has also developed new modes of organizing and mobilizing that differ somewhat from agency at the national level. Key in this respect are transnational activist networks, three key novelties of which are: (i) they provide an organizational structure that is global; (ii) they have demonstrated political maturity in the framing of issues and proposals; and (iii) they have developed strategic-political skills in both challenging and changing policy at both national and international levels.[49]

Transnational networks associated with global justice movements have emerged as crucial political actors, having influenced international policy changes related, for example, to debt, food, finance, corporate accountability, the environment, women's rights, and human rights more generally.[50] A study of how global justice activism affected policy and governance in France, Italy and the United Kingdom revealed four main types of policy and institutional reform or responses from governments and corporations: new legislation; disruption of neoliberal reform; increased financing; and normative standards (box 7.6).

The corporate accountability movement and multistakeholder regulation can fill governance gaps

An important arena where non-state actors are taking a lead in regulatory and policy reform relates to standard setting that aims to promote corporate social (and environmental) responsibility, as well as aspects of corporate governance associated with transparency, accountability and anti-corruption. NGOs and trade unions are playing a key role in the design or governance structures of numerous multistakeholder initiatives such as the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, various Roundtables or Stewardship Councils promoting sustainable commodity production and trade (for example, palm oil, soy, forestry and fisheries), the Global Reporting Initiative and the Extractive Industries Transparency Initiative.[51]

In contexts where certain multilateral organizations, governments and trade unions have seen their regulatory authority decline, multistakeholder initiatives have gone some way toward filling governance gaps that have arisen under globalization and the expansion of global value chains.[52] Their regulatory outcomes, however, are often quite weak, notably when first established. But the standards and procedures they promote tend to be ratcheted up through time. The analysis of this process of ratcheting up indicates that dual tactics of confrontation and collaboration, or so-called insider and outsider strategies, are often important in processes of policy reform.[53] As regards insider collaboration, what is crucial is not simply a seat at the table but the relative power of civil society stakeholders in the governance structures of standard-setting bodies. In the case,

for example, of the international body overseeing fair trade standards, Fairtrade International, small producers were able to get a better deal when their organizations gained a stronger voice and vote in the decision-making process.[54] In many cases, some combination of insider collaboration and outsider pressures—associated with protest, naming and shaming, and watchdog activism—was evident in ratcheting up.[55] The empirical reality of participation and policy change, then, casts considerable doubt on the discourse of some mainstream institutions that suggest that stakeholder collaboration obviates the need for "street" politics or confrontational tactics, which are often dismissed as ideological, naïve or passé.[56]

The empirical reality of participation and policy change casts considerable doubt on the discourse of some mainstream institutions that suggest that stakeholder collaboration obviates the need for "street" politics or confrontational tactics, which are often dismissed as ideological, naïve or passé

The analysis of the politics of policy change cautions against the assumption that a seat at the table, whether for those representing disadvantaged groups or government representatives of poorer countries, can actually influence decision-making processes. This concern relates also to the 2030 Agenda. For example, the "theory of change" on macroeconomic policy in the Agenda seems to rely on "voice and participation of developing countries...in international economic decision making, norm-setting and global economic governance".[57] But it does not specify mechanisms, let alone question the assumption of equal power between countries at the negotiating table.[58] Even when relatively powerful emerging economies such as Brazil, India, China and South Africa and others gain a seat at the table, as occurred in the case of the G20, their capacity to craft a better deal for the global South has been limited.

Box 7.6. **Shaping policy through global justice activism in Europe**

A study of how global justice activism affected policy and governance related to issues of debt relief for poorer nations, overseas aid, international trade, international taxation and corporate accountability in France, Italy and the United Kingdom revealed four main types of policy and institutional reform or responses from governments and corporations. These included:

New legislation related to

- the International Airline Ticket Tax initiated by the French government to raise additional development finance;
- companies in the United Kingdom having to report on social, environmental and governance aspects; and
- in Italy, debt cancellation for poorer countries.

Disrupting neoliberal reform: In general, civil society activism slowed the pace of neoliberal reform and, more specifically, contributed to the collapse of government negotiations on investment and trade liberalization in the case of the Multilateral Agreement on Investment and the 2003 WTO summit in Cancun, Mexico.

Increased financing for development: Several governments participating in the 2005 G8 Gleneagles summit committed to enhanced debt relief, re-committed to the UN target of 0.7 percent of GDP for ODA, reversing the declining trend. Civil society pressures for corporate accountability resulted in increased corporate funding for social and environmental responsibility initiatives.

Normative (environmental, social and governance) standards in policy related to trade, investment and global value chains. These included initiatives to protect children's and labour rights in countries trading with Europe, and the decision of the United Kingdom Export Credit Guarantee Agency to deny support for the Sakhalin Island oil and gas project in Russia.

Source: Utting et al. 2012.

4. Concluding Remarks

The 2030 Agenda is both the product of a historical process and an innovative attempt to address today's most challenging issues. Taken together, the SDGs define a new paradigm for development, with ecological sustainability, human well-being, inclusive economy and "leaving no one behind" at the centre. While acknowledging the need for differentiated national responses, such objectives are universal and should apply to all countries.

There are, however, major tensions between the normative elements of the 2030 Agenda and the concrete constraints that national governments face in an international context driven by the imperatives of economic growth and competitiveness. Policy makers may have agreed on what needs to be done, but interests, ideology, blind spots, disciplinary bias, institutional resistance and structural impediments get in the way when it comes to designing and implementing policies that work for sustainable development.[59]

The recognition that the only durable development is global sustainable development reinforces the importance of enhancing coherence across economic, environmental and social governance structures at the global, regional, national and local levels.[60] Trying to solve the symptoms of the social, economic and environmental crises without addressing their root causes has little chance of inducing the required transformation of global development toward a socially inclusive, equitable and sustainable path (chapter 1). While the transition to sustainable development will require a long-term and multi-path process, it is imperative to:

- identify and address the tensions and potential synergies between the different domains of international governance, with special attention directed to cases where economic rules negatively impact social equity and ecological sustainability;
- correct the imbalances in both the normative and legal/regulatory hierarchy in international governance regimes associated, for example, with trade, finance, migration and climate change; and
- elaborate national, regional and international legal regimes for holding transnational and other corporations accountable for their role in world development, including in human rights abuse, ecological degradation and other activities such as tax avoidance and evasion.

When considering issues of policy coherence and the means of implementation of the 2030 Agenda, we can no longer turn a blind eye to the elephant in the room, namely reliance on conventional patterns of economic growth. Limitless economic growth is compatible neither with the assimilative capacity of local ecosystems nor global planetary boundaries. It rarely trickles down to the poorest and has been associated with growing inequalities. Technical solutions and innovations that aim to improve the efficiency of economic activities in terms of resource use are essential—they make possible a relative decoupling of economic growth from the use of natural resources. But this still implies more emissions and waste. Issues of so-called absolute decoupling[61] and socially sustainable degrowth[62] need to be addressed. These, however, must be made compatible with the legitimate aspirations of disadvantaged peoples and countries to be better off. This requires not only differentiated responses to economic growth but also deliberation on the determinants of the quality of life and, in particular, what constitutes legitimate economic needs, defined by whom and for whom. Social and solidarity economy (chapter 4) is relevant in this context, as it aims to link economic activities with their social and environmental utility beyond considerations of monetary profit. SSE reflects an economic rationale that prioritizes social (and environmental) objectives over economic ones.

When considering issues of policy coherence and the means of implementation of the 2030 Agenda, we can no longer turn a blind eye to the elephant in the room, namely reliance on conventional patterns of economic growth

This chapter has also addressed other possible contradictions related to the means of implementation of the 2030 Agenda, including the risks associated with excessive reliance on PPPs. The findings suggest that:

- governments must have significant institutional capacity to create, manage and evaluate PPPs; and
- the quest to forge a global partnership for development should be less fixated on PPPs and pay more attention to the potential of myriad public-community/civil society partnerships.

A blind spot in the 2030 Agenda relates to what is perhaps the most fundamental means of implementation of all, namely, how to transform the inequitable power relations that underpin unsustainable development. It cannot be assumed that partnerships and participation, as currently practised, will correct such inequities. While the principle of participation has been mainstreamed, interpretations of what participation means often render it a blunt tool for transformative change. For this reason, this and other chapters have called for a transformative shift away from cosmetic or ad hoc consultation with selected stakeholders, toward a human rights-based approach that values contestation, institutionalized dialogue, bargaining and negotiation.

Public policy and laws can facilitate active citizenship and effective participation. Freedom of information and expression as well as institutionalized spaces for participation and redress are key in this regard. It is crucial that governments lean toward such enabling measures rather than suppress advocacy and criminalize dissent.

As the global development community turns its attention to the means of implementation of the 2030 Agenda, it is an opportune moment to launch a global debate regarding the governance and politics of transformative change. Within this debate, it is imperative that mainstream development actors step out of the comfort zone of business-as-usual; question their assumptions about growth, free trade and PPPs; and critically examine the power relations and dynamics that reproduce exclusionary and unsustainable patterns of development.

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By bringing together the social, economic and ecological dimensions of development, the 2030 Agenda seeks to lay the foundation for a new twenty-first century compact, one that overcomes the limitations of the mid–twentieth century arrangement that has guided development theory.

The earlier compact centred on a compromise, which took root particularly in the Global North. It involved an implicit bargain between the economic imperatives of growth and productivity, on the one hand, and the social imperatives of redistribution and social protection, on the other hand. The driving forces that led economic elites to accept this compromise were periodic systemic crises and the threat to economic stability posed by labour struggles. The working masses, for their part, accepted the imperatives of growth and productivity in the hope that they would one day be able to access decent work and the modern-day consumer lifestyle.

Apart from the fact that billions of people, particularly in developing countries, never gained such access, the conceptual underpinnings of this compromise no longer hold. The dual phenomena of so-called jobless growth and informalization have put paid to the side of the bargain that catered to working- and middle-class interests. Furthermore, it was an arrangement that ignored the environmental implications of both growth and modern consumption patterns. The contemporary development challenge is two-fold: to reconstitute the redistributive side of the twentieth century bargain and factor in a third, encompassing dimension, namely environmental sustainability. This, in turn, will challenge conventional patterns of growth and consumption and require vested interests to either adapt or be tamed by others.

Just as the twentieth century compromise took decades to unfold, we cannot predict what form the new deal and the new politics will take. What this report has tried to do, however, is identify a range of relevant innovations in ideas, policies, institutions and forms of social organization and mobilization. These are likely to constitute not only important elements in the new compromise but also key drivers of transformative change.

Endnotes

[1] According to the Commission on Global Governance, governance "is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest". Commission on Global Governance 1995:2.

[2] Le Blanc 2015:1.

[3] Cook et al. 2012, Mejido et al. 2010.

[4] UNRISD 1995.

[5] Roffe et al 2006.

[6] UN 2015: 1.

[7] Cook et al. 2012.

[8] UNRISD 2002.

[9] UNRISD 2010

[10] Martínez Franzoni and Sánchez-Ancochea 2013.

[11] Beachy 2016.

[12] https://www.cbd.int/abs/, accessed on 28 June 2016.

[13] Lohmann 2010; Spash 2010.

[14] Stavins 2015.

[15] Lake 2015.

[16] Spash 2016.

[17] Strengthening the resilience of banks and the global banking system is at the core of the reform programme elaborated under the auspices of the Bank for International Settlements. Referred to as "Basel III", the programme imposes stricter capital requirements as a backstop to risk-based capital and to contain excessive leveraging (BCBS 2010). But a programme that aims at "a significant increase in the capitalisation of the banking sector" (Cecchetti 2010:1) raises questions about further concentration in the banking sector and the manipulation of safeguards by the biggest financial institutions.

[18] CDP 2014.

[19] On 19 September 2016, the UN General Assembly hosted a high-level meeting to address large movements of refugees and migrants, with the aim of bringing countries together behind a more humane and coordinated approach. This shows the constructive role of multilateral organizations in laying the foundations of global governance.

[20] Ocampo 2006; Utting 2006.

[21] Koivusalo et al. 2013.

[22] Jomo et al. 2016; Adams and Martens 2015.

[23] Bebbington et al. 2008.

[24] UNRISD 2003.

[25] UNRISD 2003.

[26] Cornwall and Brock 2006.

[27] Jomo et al. 2016:14.

[28] Jomo et al. 2016:20.

[29] Zammit 2003; Utting and Zammit 2006; Gregoratti 2010.

[30] Jomo et al. 2016:16.

[31] van Griethuysen 2010.

[32] UNTFSSE 2014.

[33] Cook et al. 2012.

[34] Agg 2006.

[35] Bendell and Ellersiek 2012.

[36] Bendell and Ellersiek 2012:68.

[37] Bendell and Ellersiek 2012.

[38] Oxfam International 2005.

[39] See Ellersiek et al. 2012; Brassett 2012; Saunders and Papadimitriou 2012; Contreras Osorio 2012.

[40] Bullard and Müller 2012.

[41] Bullard and Müller 2012; Cook et al. 2012.

[42] Reed et al. 2012.

[43] Prashad 2012; Guichard Freire 2013.

[44] Mahatma Gandhi National Rural Employment Guarantee Act. Prashad 2012; Chopra 2014.

[45] Guzmán 2014.

[46] Cagna and Rao 2016.

[47] Cagna and Rao 2016.

[48] Sen 2006.

[49] Marchetti and Pianta 2012.

[50] Marchetti and Pianta 2012.

[51] Reed et al. 2012.

[52] Haufler 2001; Held and Koenig-Archibugi 2003; Mayer and Gereffi 2010; Reinicke and Deng 2000; Scherer and Palazzo 2010.

[53] Utting 2015b.

[54] Bacon 2010.

[55] Utting 2012a, 2015b.

[56] Utting 2012b.

[57] UN 2015: para. 44, SDG target 10.6.

[58] Esquivel 2016.

[59] Utting 2015a.

[60] CDP 2014.

[61] Jackson 2009.

[62] Asara et al. 2015.

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CHAPTER 8

We will need to see beyond disciplinary and policy silos to achieve the integrated 2030 Agenda.

The Way Forward: Pathways toward Transformative Change

The research in this report points to one overarching conclusion: the 2030 Agenda for Sustainable Development can only be realized if the implementation process leads to transformative change addressing the root causes of inequitable and unsustainable outcomes. Transformative change therefore requires fundamental changes in social relations and institutions to make them more inclusive and equitable, as well as the redistribution of power and economic resources.

Much can be learned from the institutional, policy, social, technological and conceptual innovations that have emerged in the social policy, care policy, social and solidarity economy, climate change and eco-social policy, domestic resource mobilization, and governance spheres in recent years, and which are explored in this report. Many notable innovations have been crafted in developing countries, and informed by changes in global development discourse and policy. While progress has been made, however, it is also apparent that not all innovations realize their transformative potential. They may be bolted onto macroeconomic or other policies that reproduce business as usual, or their implementation may be undermined by resource constraints or bureaucratic inertia. Or they may fail to garner the political support, or to reach a level of institutionalization, necessary for sustainability over time.

The big challenge of the future is to genuinely transform the social turn into an eco-social turn and to reverse the normative hierarchy, such that social and ecological justice become the overriding concerns in all policy making

1. Which Innovations Drive Transformative Change?

The social turn that started in the 1990s and, in practice, focused attention largely on poverty reduction did not result in the necessary transformations toward sustainable development, because social policy was frequently conceived as an add-on to conventional neoliberal economic policies. It was designed to alleviate negative social outcomes, while power asymmetries and inequalities remained largely untouched. In cases where ambitious efforts were made to change citizenship regimes and development approaches, there have indeed been visible changes in economic, social and political structures. The major challenge for the future is to sustain and reinvigorate the social turn and broaden it into an eco-social turn. This requires reversing the dominant normative hierarchy in current policy making, such that social and ecological justice become the overriding concerns in all policy making and genuine transformation for sustainable development can be realized.

This report shows that the innovations that have driven transformative change toward sustainable development are those that: are grounded in universal and rights-based policy approaches; reverse normative hierarchies within integrated policy frameworks; re-embed economic policies and activities in social and environmental norms; and foster truly participatory decision-making approaches.

Universal, human rights-based approaches that aim to leave no one behind

In many countries, there are signs of a shift from interventions that narrowly target people living in poverty to more comprehensive social policies that seek to expand welfare provisioning to all citizens and residents based on universal rights and principles (chapters 2 and 3). Several developing countries have significantly expanded social assistance and service provisioning, including care services, to hitherto excluded populations. The notion of offering broad-based social security against multiple risks and contingencies is strongly supported by human rights frameworks, which have long existed on paper and are now being put into practice through these policies. In addition, care policies constitute a new pillar of social protection systems. A rights-based approach to care that recognizes both caregivers and care receivers as rights-holders and the state as duty-bearer can be a powerful framework to exert claims on the state, as illustrated by several examples from Latin America (chapter 3).

These progressive changes at the national level are supported by conceptual and policy innovations at the global level, such as ILO (International Labour Organization) Recommendation No. 202 on implementing National Social Protection Floors, and SDG targets which emphasize equal rights to economic resources, as well as access to basic services, including care services, and social protection.

This is part and parcel of a discursive shift that (re) acknowledges social protection and social services as a universal human right and as a means to realize citizenship and gender equality. And it is also in line with a growing evidence base on the positive development impacts of universal systems which leave no one behind.

Public policies that are integrated, synergistic and reverse normative hierarchies

This report shows that more attention is also being paid to the intersections of public policy in a number of ways: in terms of addressing the multiple functions of social policy related to protection, redistribution, production and reproduction (figure 2.1. in chapter 2); bridging sectoral divides (figure 3.2 in chapter 3); and rethinking and repositioning the relationships between social and economic policy, and social and environmental policy (chapters 2 and 5).

Implementing the 2030 Agenda and the SDGs requires policy integration and improved coherence, within and across policy domains (chapter 7). Social policy provides protection through income transfers and services such as health, and it is also conducive to economic development and structural transformation. Care policies can help realize the rights of caregivers and care receivers, and therefore contribute to multiple dimensions of equality, and at the same time can have positive macroeconomic effects (chapter 3). Several countries in Africa, Asia and Latin America have begun to reframe

development and poverty reduction strategies in ways that recognize the need for closer integration of social and economic objectives and policies. Such approaches acknowledge how social policy can improve labour markets and productivity, gender equality and care provisioning, and how social policy improves tax compliance and fiscal governance through building a credible social contract (chapter 6). All three examples—reforms in production and labour markets, care policies, and resource mobilization policies—combine aspects of social and economic development, and the case studies in this report demonstrate how integrated and progressive approaches can make a difference.

A powerful catalyst for better policy integration and coherence is the inclusion of unpaid care and domestic work in SDG target 5.4. Framing public care services, basic infrastructure and social protection policies under the umbrella of care policies the way target 5.4 does brings in a strong gender perspective; allows for complementarity and coordination in social policy, improving outcomes for caregivers, care receivers and care workers; and foregrounds drivers and impacts that sometimes go unnoticed in sector-based policy debate, design and implementation.

As for the linkages between environmental and social policy, this report uses the term eco-social policy to capture an expanding field of policy design and implementation that simultaneously meets social and environmental objectives. Eco-social policies aim for win-win or triple-win scenarios, as in the case of cash transfer or public works programmes with environmental objectives; or fiscal measures to reduce subsidies that have adverse ecological impacts to both cut emissions and create fiscal space for the expansion of social protection schemes (chapters 2 and 6). Social and solidarity economy promotes types of economic organizations that simultaneously address objectives related to economic and social development, environmental sustainability, participation and active citizenship (chapter 4).

Implementation and monitoring of the Sustainable Development Goals need to take into account synergies and address trade-offs at the intersections of social, environmental and economic policies and democratic governance. However, policy coherence is not simply about better coordination in the design and implementation of interventions across different policy fields or even within one field; more fundamentally, it is about progressing simultaneously in all three dimensions, managing conflicts and trade-offs in transparent and inclusive democratic spaces with full awareness—and discussion—of distributional consequences. It means that macroeconomic policies and technological or efficiency gains, for example, must not contradict welfare and sustainability objectives. Similarly, environmental protection goals must be balanced with socio-economic welfare considerations. And all policies should enhance human rights and democratization. This report has argued that we need to reverse the normative hierarchy: transformation will require that hitherto prioritized objectives of economic growth and profit maximization be subordinated to those of social and environmental justice (chapters 5 and 7).

We need to reverse the normative hierarchy: transformative change will require that hitherto prioritized objectives of growth and profit maximization be subordinated to those of social and environmental justice

Markets that work for society and the environment

In the 1980s and 1990s, economic globalization and liberalization detached markets from their social moorings—that is, norms associated with basic needs provisioning, decent work, environmental stewardship, local development and equitable forms of value distribution. More recently, some social and institutional innovations have sought to re-embed markets and reassert social control over economic activities. Such innovations have included business practices like corporate social responsibility, public private partnerships (PPPs) and integrating poor producers, workers and consumers into global value chains. However, these reforms have mostly failed to solve problems of social exclusion, economic exploitation and environmental damage. SSE organizations, on the other hand, take a different approach: making principles of equity and environmental sustainability central to economic activity, rather than treating them as add-ons (chapter 4).

Strengthening the eco-social rationale of the global economic system requires reforms that reverse the current hierarchies between global economic, social and ecological regimes (chapter 7). This is the same reversal of hierarchies that must underpin the policy integration discussed previously.

While reform proposals and voices supporting the eco-social turn are not lacking, it remains to be seen how current agreements, such as the SDGs, the Addis Ababa Action Agenda and the Paris Agreement, as well as proposals to reform the global trade and financial systems, will play out in practice. Success will hinge on how countries meet their commitments, and in some cases whether they implement agreements at all. And much depends on whether powerful actors are willing to undertake the necessary reforms in global governance and resource distribution (chapters 2, 5, 6 and 7).

Empowered participation and accountable, effective institutions

Transformative change that generates inclusive and sustainable development outcomes depends on the agency of social actors—in particular on the capacity of different actors from civil society, the private sector and the political sphere to form broad alliances that bridge divides along class, gender, ethnicity, age and location (including the North-South divide). Transformative change also requires public, private and civil society actors to create true partnerships that lead to a more equitable distribution of power, resources, knowledge and responsibilities. Individuals and communities who are currently marginalized by processes of economic development need to be brought back in. This demands mechanisms of participation and empowerment, as well as accountability of both public and private institutions. Participation mechanisms must give less powerful or disadvantaged groups a voice, empowering them to claim their rights, mobilize collectively and exercise influence over decisions that affect them (chapter 7).

Empowered participation may challenge existing structures and relations of power, opening spaces for contestation and negotiation over policies and resources (chapters 3 and 6). Such spaces are crucial for fair decision making and outcomes, and are thus essential for equitable, inclusive and sustainable development pathways. Chapter 6 argues that sustainable financing for the SDGs depends on transparent and inclusive resource bargains at the national and global levels that connect resource mobilization with the policies needed to implement the 2030 Agenda. Effective participation also requires accountable and responsive decision makers and power holders, as well as transparent institutions, in the public and the private spheres. Both governments and corporations need to be accountable to citizens, and special attention has to be paid to power imbalances that can emerge in hybrid governance arrangements such as PPPs (chapters 2 and 7).

Participation mechanisms must give disadvantaged groups a voice, empowering them to claim their rights, mobilize collectively and exercise influence over decisions that affect them

2. An Agenda for Action

This report has presented new evidence in six policy areas that can have powerful impacts for the successful achievement of the 2030 Agenda and the SDGs. The implications for policy in these areas are summarized in table 8.1. These policy implications are based on analysis of recent experiences and innovations; they are starting points for a longer process of understanding and designing further policies and reforms that will be needed to catalyse the eco-social turn. They will need to be adjusted to specific contexts, and translated into local, national, regional and global development strategies through inclusive and transparent public debates that allow for meaningful participation, contestation and bargaining, and through inclusive decision-making processes to manage potential tensions and trade-offs. Once implemented, policies and reforms will need to be evaluated and assessed for their transformative potential: whether they attack the root causes of poverty, inequality and unsustainable practices, and lead to more inclusive, just and sustainable societies. Responsive, independent, interdisciplinary, locally relevant research will be needed across all these areas, in order to ensure that evidence, knowledge and innovative ideas inform the processes of transformative change that will drive progress toward the achievement of the SDGs and the 2030 Agenda.

Table 8.1 **Making policies for transformative change**

Social Policy	Care Policy	Social and Solidarity Economy (SSE)
Foster policy innovation that brings together social justice and environmental protection, and prioritizes them over economic growth	Promote social dialogue between social movements and civil society organizations	Monitor and evaluate government support of SSE to safeguard and expand its transformative potential
Use social policy, legal frameworks, formalization, participatory approaches and sustainable financing to promote universalization	Strengthen institutional coordination between health, education, infrastructure and social protection around care	Create forums that facilitate and institutionalize the participation of SSE actors in decision making
Promote a human rights–based approach to social policy design and implementation	Build a strong gender perspective into the design and implementation of care policies	Support innovative sources of finance for SSE entities
Build empowering and innovative public-private partnerships	Promote decent work for paid care workers	Craft an enabling policy environment for SSE at all levels
Support national social policy through regional and global social policy	Frame care policies in a universal, human rights–based approach to social protection	Expand the understanding of policy coherence to include the (potentially disabling) effects on SSE of macroeconomic, investment, trade and fiscal policies
Design and deliver progressive eco-social policies		

Climate Change	Domestic Resource Mobilization	Governance
Frame climate change as a social and a political issue	Promote transparent, inclusive and accountable resource bargains with strong links to social policy	Improve the horizontal and vertical coherence of the 2030 Agenda
Design integrated policy frameworks that prioritize social and ecological sustainability over economic growth, and promote eco-social policies	Diversify the financing mix for policy measures and prefer instruments that promote the eco-social turn	Reverse the normative hierarchy of international governance to put social and ecological objectives at the top
Redress inequitable distributional impacts related to climate change and the green economy	Build an enabling economic environment and state capacity for resource mobilization	Promote eco-social policies and sustainable economic policies, and rectify climate injustices
Engage affected populations in participatory decision-making processes	Support national bargains with global bargains through better regulation (of illicit financial flows, tax evasion, harmful investments), governance and access to resources (finance, capacity building and information)	Create new and strengthen existing regulatory regimes for multinational corporations and financial institutions
Consider decentralized forms of energy provision centred on renewables, as well as other ways to "get energy provision right"		Develop the institutional capacity to manage and monitor public-private partnerships
Foster an enabling environment for social innovation that integrates ecological and socioeconomic strategies		Create spaces for the meaningful participation of civil society in decision-making processes

Six broad guidelines for action can be distilled from the policy implications shown in table 8.1. This report recommends them (figure 8.1) to national and international policy makers if transformative change is to occur.

Figure 8.1. **Guidelines for action toward transformative change**

Re-embed

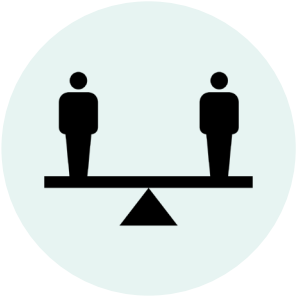
markets in social and ecological norms by making policies and building institutions that make the economy work for society and respect planetary boundaries.

Reverse

the existing **normative hierarchy to position social and environmental priorities above economic ones**; design integrated social, environmental and economic policies to maximize synergies and coherence.

Promote

and enable **meaningful political participation and empowerment** through inclusive and transparent political processes, access to information and assets, and governance reforms at the national and international levels.



Design

policies and institutional frameworks according to principles of **universalism, human rights and social justice**.

Use

an **eco-social lens** to design measures that reduce resource use, halt environmental destruction and combat climate change.

Invest

in **research** on innovative ways to design, implement and evaluate transformative policies for sustainable development.

Note: Attribution for icons in this section is due to Joris Millot, factor[e] design initiative, icon 54, David García, Hayley Warren, Iconathon.

But policy makers and governments, while bearing a key responsibility to drive transformative change, cannot do it alone. The 2030 Agenda is an agenda of, by and for all people explicitly targeted at multiple actors, including the private sector, civil society organizations, social movements and international organizations. These actors need to influence, monitor, evaluate and complement actions taken by policy makers at the national, regional and global levels through:

- incorporating an eco-social rationale in their own decisions and actions;
- holding to account employers, multinational corporations, financial institutions and governments;
- developing their own agency and creative potential to continuously innovate for sustainable development;
- advocating for equal distribution of voice and resources within partnerships; guarding against the skewed distribution of risks, costs and benefits in ways that favour private interests; and actively seeking new and innovative partnership opportunities, many of which may involve communities and citizens; and
- ensuring that vulnerable groups and agents of transformative change can effectively influence decision-making processes.

Working toward the 2030 Agenda is an opportunity for the international community, but also a challenge. Choices about alternative pathways toward transformative change need to be grounded in both solid evidence and the normative values of social and climate justice, equity and inclusion. All participating actors have to walk their talk in terms of the commitments they have made, and translate visions into visible and measurable changes. This will require redressing power asymmetries and inequalities; promoting political participation and agency; altering international power relations and global governance institutions; empowering small enterprises, rural producers, informal workers and, notably, SSE entities; and reversing the hierarchies of norms and values that subordinate social and environmental goals to economic objectives.

Acronyms

ALBA	Alianza Bolivariana para los Pueblos de Nuestra América (Bolivarian Alliance for the Peoples of our America)
ASEAN	Association of Southeast Asian Nations
AWC	Anganwadi Centre
BEPS	Base-Erosion-and-Profit-Shifting
BRICS	Brazil, Russia, India, China and South Africa
CBD	Convention on Biological Diversity
CBHI	Community-based health insurance
CC	Climate change
CCT	Conditional cash transfer
CIS	Commonwealth of Independent States
CIT	Corporate income tax
CO_2	Carbon dioxide
CONACOOP	Consejo Nacional de Cooperativas *(National Cooperatives Council)*
COP	Conference of the Parties
COP21	Paris Climate Conference, or the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change
COPAC	Committee for the Promotion and Advancement of Cooperatives
CSO	Civil society organization
CPA	Country programmable aid
DGI	Dirección General Impositiva *(Tax Administrative Department)*
DRC	Democratic Republic of the Congo
DRM	Domestic resource mobilization
ECEC	Early childhood education and care
ECOWAS	Economic Community Of West African States
EI	Extractive industries
EPWP	Expanded Public Works Programme
EU	European Union
FAO	Food and Agricultural Organization of the United Nations
FBES	Fórum Brasileiro de Economia Solidária *(Brazilian Forum for Solidary Economy)*
FDI	Foreign direct investment
FECOFUM	Federation of Community Forestry Users
FFD	Financing for Development
FSC	Farmer's Specialized Cooperative
G20	Group of Twenty
G8	Group of Eight
GAPVU	Gabinete de Apoio à População Vulnerável *(Cash Payments to War-Displaced Urban Destitute Households Programme)*
GDP	Gross domestic product
GEF	Global Environment Facility
GHG	Greenhouse gases
GNI	Gross national income
GPE	Global Partnership for Education
GSEF	Global Social Economy Forum

HDF	Human Development Fund
HDI	Human Development Index
HDR	Human Development Report
HIC	High-income country
ICDS	Integrated Child Development Services
ICLEI	International Council for Local Environmental Initiatives/ Local Governments for Sustainability
ICRICT	Independent Commission for the Reform of International Corporate Taxation
ICT	Information and communication technology
ICTD	International Centre for Tax and Development
IDH	Impuesto directo a los hidrocarburos *(Direct Tax on Hydrocarbons/Bolivia)*
IFAD	International Fund for Agricultural Development
IFF	Illicit Financial Flows
IFI	International financial institution
ILO	International Labour Organization
IMF	International Monetary Fund
INAES	Instituto Nacional de la Economía Social *(National Institute for the Social Economy)*
INDC	Intended Nationally Determined Contribution
IPCC	Intergovernmental Panel on Climate Change
ITUC	International Trade Union Confederation
KfW	Kreditanstalt für Wiederaufbau *(Credit Institute for Reconstruction)*
LDC	Least developed country
LIC	Lower income country
LMIC	Lower middle-income country
MAS	Movimiento al Socialismo *(Movement for Socialism)*
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MENA	Middle East and North Africa
MERCOSUR	Mercado Común del Sur *(Southern Common Market)*
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIC	Middle-income country
MNC	Multinational corporation
MST	Movimento dos Trabalhadores Sem Terra *(Landless Workers' Movement)*
NGO	Non-governmental organization
ODA	Overseas development assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OOF	Other official flows
OT	Oyu Tolgoi mine
PES	Payments for Environmental Services
PIT	Personal income taxes
PPP	Public-private partnerships

PPP	Purchasing power parity
PRSP	Poverty Reduction Strategy Paper
PT	Partido dos Trabalhadores *(Workers' Party)*
PWP	Public works programmes
RedESS	Red de Economía Social Solidaria *(Network of Social and Solidarity Economy)*
RENAPESS	Reseau National d'Appui à la Promotion de l'Economie Sociale et Solidaire *(National Network for the Promotion of Social and Solidarity Economy)*
Rio+20	United Nations Conference on Sustainable Development
RIPESS	Réseau Intercontinental de Promotion de l'Economie Sociale Solidaire *(Intercontinental Network for the Promotion of Social Solidarity Economy)*
RMB	Rencontres du Mont-Blanc *(Mont-Blanc Meetings)*
SACCO	Savings and credit cooperative
SARS	Severe acute respiratory syndrome
SDG	Sustainable Development Goal
SENAES	Secretaria Nacional de Economia Solidária *(National Secretariat of Solidarity Economy)*
SNIC	Sistema Nacional de Cuidados *(National Integrated Care System)*
SOE	State-owned enterprise
SPF	Social protection floors
SSA	Sub-Saharan Africa
SSE	Social and solidarity economy
TUS	Time-use surveys
UCT	Unconditional cash transfer
UK	United Kingdom
UMIC	Upper middle-income country
UN	United Nations
UN DESA	United Nations Department of Economic and Social Affairs
UNASUR	Unión de Naciones Suramericanas
UNCCD	United Nations Convention to Combat Desertification
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCWA	United Nations Economic and Social Commission for Western Asia
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
UNRISD	United Nations Research Institute for Social Development
UNTFSSE	United Nations Inter-Agency Task Force on Social and Solidarity Economy
URA	Uganda Revenue Authority
US	United States
USD	United States dollar
VAT	Value added tax
WMG	Women's Major Group
WTO	World Trade Organization
YEDF	Youth Enterprise Development Fund

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Policy Innovations for Transformative Change, the UNRISD 2016 Flagship Report, helps unpack the complexities of the 2030 Sustainable Development Agenda in a unique way: by focusing on the innovations and pathways to policy change, and analysing which policies and practices will lead to social, economic and ecological justice.

Drawing on numerous policy innovations from the South, the report goes beyond buzzwords and brings to the development community a definition of transformation which can be used as a benchmark for policy making toward the 2030 Agenda, intended to "leave no one behind". Bringing together five years of UNRISD research across six areas—social policy, care policy, social and solidarity economy, eco-social policy, domestic resource mobilization, and politics and governance—the report explores what transformative change really means for societies and individuals.

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