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Hoping for Hamburg – German presidency needs to put the G20 on the track of sustainable development

September 2016

STATEMENT ON THE G20 SUMMIT IN HANGZHOU AND OUTLOOK ON THE GERMAN G20 PRESIDENCY

The results of the summit of the group of the 20 most important industrialised and emerging countries (G20) in Hangzhou are disappointing with regard to the perspectives of sustainable development. VENRO now expects the German government, which will take over the G20 presidency on December 1, to set ambitious thematic priorities emphasizing the role and responsibility of the G20 for globally sustainable development. VENRO has identified six central topic areas in which the federal government has to be particularly active in the coming year in order to put the G20 on the track of sustainable development:

- Implementing the 2030 Agenda
- Financial market regulation and financing for development
- Climate protection and decarbonising the economy
- Health
- Economic empowerment of women
- Participation of civil society

Progress of the G20 in these policy fields is necessary for overcoming global poverty and the growing social inequality and for respecting planetary boundaries. This also includes ensuring that human-rights, environmental and social standards are respected across the board. Moreover, the G20 needs to make its policies much more coherent with a view to sustainability, and must not merely formulate this as a challenge but develop and implement suitable concepts for coherence. This alone can enable all humans of this and future generations to lead a dignified, safe and healthy life. Moreover, we support the German government's aim of using

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the G20 summit for discussing the causes and consequences of flight and migration in this international framework and looking for solutions.

Implementing the 2030 Agenda

The 2030 Agenda with its 17 goals for sustainable development, whose implementation is a declared goal of the G20, is an essential impulse for changing course towards sustainability. With the Action Plan on the 2030 Agenda, the G20 is now submitting a survey of the measures which in its view contribute to attaining the goals of the 2030 Agenda. Also, the close coordination of all activities in the framework of the United Nations is to be ensured. VENRO explicitly welcomes this as a first step towards a common approach of the G20 in implementing the sustainability agenda. However, further steps are now urgently required. VENRO also welcomes the fact that the G20's Action Plan commits to aligning all its measures with the principles of the 2030 Agenda, particularly the principle of inclusion ("leave no one behind"). The German government should insist on quickly developing measures and directing existing measures such that the poorest and most marginalised population groups benefit first and disproportionately from all activities.

Food and agriculture are core policy areas of the 2030 Agenda. VENRO welcomes the fact that the G20 continues to consider food security and rural development as essential priorities of its work and, in this context, recognises the role of small farmers for development. However, the latter are still most strongly affected by hunger and malnutrition. Therefore, the German government should make use of its G20 presidency and push for strengthening the role and the potentials of small farmers, particularly as regards fighting hunger and malnutrition. For this purpose, existing G20 documents on food security should be reviewed and adapted with respect to their coherence with the 2030 agenda, particularly with SDG 2. The G20 is also called upon to implement the Voluntary Guidelines of the UN Food and Agriculture Organization (FAO) on land use and to provide significantly more financial means than already promised at the "Nutrition for Growth" summit and in the framework of the G7 for the areas of food, small-scale farming and soil fertility and also to spend them in a goal-oriented manner through concrete and scheduled measures.

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It is particularly disappointing that the G20 remains firmly attached to a growth-oriented economic model and thus to a resource use far exceeding the planetary boundaries. When the collective growth target of two percent of the gross national income (GNI), which it confirmed in Hangzhou, expires in 2018, the G20 should, at the latest, increase its efforts to develop and implement strategies and measures for an inclusive economy suitable for humans, the climate and the environment. In the framework of its G20 presidency, the German government should promote the development of a socially and ecologically sustainable economic model.

A social and ecological economy includes the establishment of binding transparency requirements and respect for human-rights, social and ecological minimum standards. Within the G20, the German government should therefore push for responsible supply chain management and a strengthening of the National Contact Points for the implementation of the OECD Guidelines for Multinational Enterprises and their work as an extrajudicial complaints mechanism. In particular, progress with respect to developing a common G20 understanding of due diligence is needed. In addition, the German government should set an example and, with the beginning of its G20 presidency at the latest, conclude the negotiations on the National Action Plan on Business and Human Rights (NAP) and submit an ambitious and binding national action plan that lives up to human-rights due diligence.

Financial market regulation and financing for development

Stabilising the international financial markets in the long term remains a core challenge for the G20. VENRO therefore welcomes the fact that the G20 recognises the systemic dangers stemming from the volatility of financial flows. The “Global Safety Financial Net” of the International Monetary Fund (IMF), the revaluation of the IMF special drawing rights and the strengthening of regional financial institutions are important stabilising measures in this context. However, there is still a need for regulation especially with respect to the steadily growing area of market-based financial institutions. Currently, the emerging countries within the G20 in particular hesitate to agree on further regulations.

Developing countries lose 100 to 200 billion US dollars annually due to tax avoidance of multinational corporations. VENRO therefore welcomes the fact that the G20 commits to curtailing the tax avoidance of these companies. In this context, it is positive that the G20 wants to quickly implement the automatised information exchange between tax authorities. However, regulations are required which go beyond the OECD programme on “Base Erosion and Profit

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Shifting” and include all countries. Within the G20, the German government should therefore push for the creation of an international tax organisation under the aegis of the UN.

New public debt crises also threaten global financial stability. The Chinese G20 presidency was therefore right to make this challenge the topic of the 2016 summit process. However, the agreed measures, such as strengthening Collective Action Clauses (CAC) and expanding the Paris Club, need to be complemented in the long term. We therefore welcome the German government’s announcement that it will address the challenges of new public debt crises also in the framework of its G20 presidency. In this context, it should also reconsider its stance on a comprehensive public debt relief mechanism.

The G20 decision to continue its work on strengthening sustainable financial institutions in the framework of its “Green Finance Study Group” could be a ray of hope for sustainable development. Until now, the G20’s efforts for higher investment volumes in the area of green finance were rather to be viewed as a fig leaf for greening its resource-intensive growth agenda, but the upgrading of the Study Group – in connection with the elimination of the global excess capacities in the steel industry, for example – could be an important impulse for an economy characterised by conservation of resources.

However, the G20 could do even more for sustainable development if the industrialised countries in particular finally followed through on their commitment to provide 0.7 percent of the GNI for official development assistance (ODA). In addition, with the Addis Abeba Action Agenda (AAAA) they committed to allocating 0.15 to 0.2 percent of the GNI to the least developed countries (LDC). VENRO regrets that no statement in this regard is to be found in the Hangzhou communiqué. During its G20 presidency, the German government should present a concrete schedule for how it wants to achieve the 0.7 percent target and the LDC target by 2020. It must also convince all G20 countries to follow its example. The German government should achieve the benchmark without including payments which do not directly contribute to improving the living conditions of people in developing countries, such as the expenditures for refugees in Germany.

Climate

The ratification of the Paris climate agreement by China and the US is an important signal that the agreement is taken seriously also by the big greenhouse gas emitters. It is therefore

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particularly disappointing that the G20 could not agree on short- or medium-term climate initiatives in Hangzhou. The G20 merely agreed on reducing fossil fuels in the medium term, with peer review. The German government should push the G20 to put an end to fossil subsidies by 2018 and to also develop strategies by 2018 which aim at limiting the temperature rise to a maximum of 1.5 degrees.

The reduction of fossil subsidies alone is not enough for achieving the Paris climate goals. The G20 should therefore agree on more ambitious national contributions to reducing greenhouse gas emissions. Unfortunately, the G20 does not address this issue in its Hangzhou communiqué. It is also deplorable that the G20 has not taken up the topics of adaptation and resilience, which are particularly important for the countries of the global South. Here, the German government should persuade the G20 to identify concrete measures which can contribute to strengthening climate resilience, for example through a package of measures for financial resilience to weather-related disasters, especially in the poorest and particularly vulnerable developing countries.

Health

Health is a precondition of human development. It is more than the all too frequent crisis management: Every person has a right to health. The topic of health should therefore also be included in the G20 Development Track. In the spirit of the Alma Ata Declaration and pursuant to the understanding of the G7 states, health should be defined in a much broader way than as mere health crisis management. The G20 states should commit to universal access to health services and should push for general access to health services, especially for the particularly vulnerable and at-risk groups.

The G20 faces particular challenges in view of the rise in antimicrobial resistance. VENRO therefore welcomes the fact that the G20 has recognised the danger this poses for public health and economic development. Its favourable stance on the appropriate use of antibiotics and its willingness to invest in research with respect to new antimicrobial agents is also to be appreciated. However, there is still a huge research gap with respect to neglected and poverty-related diseases as well as new and more frequently occurring epidemics such as Ebola. In order to close these gaps, it is necessary to strengthen new models for biomedical research and development in the framework of the World Health Organisation (WHO) and to decouple research costs from final prices and sales volumes. The G20 states should implement the

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recommendations of the UN General Secretary's High-level Panel on Access to Medicine which embraces access to vaccines, diagnostics and drugs in a financially viable manner.

Empowerment of women

VENRO welcomes the fact that the G20 *wants* to create an economy which takes the needs of all countries and people into account, particularly those of women and girls. However, this appears to be mere lip service. One year after the founding of a G20 working group on women (W20), the results of the Hangzhou summit remain disappointing with respect to the economic empowerment of women and the core demands of the W20 from May 26, 2016.

In the framework of its G20 presidency, the German government should therefore push for legal regulations for new and flexible work models and for overcoming the gender-specific pay gap. For example, concrete measures could consist of including care work in national accounting and thereby enhancing its status, investing more in the social infrastructure for the care of children, the elderly, people with disabilities and the sick and promoting the equal distribution of domestic responsibilities between men and women. Since violence and a lack of access to education and health are gender-specific barriers, regulations are needed for dismantling them. Further effective measures need to be formulated and implemented for increasing the equal representation of women in decision-making and leadership positions in both the private and the public sector. The German government has the opportunity to use its G20 presidency for improving the conditions for an inclusive economic policy that respects gender equality.

Participation of civil society

Across the world, measures taken by states increasingly limit the scope of action for civil society. This also applies to some G20 countries such as China and Russia. VENRO therefore deems it necessary that the G20 also tackle the issue of respecting democratic and human-rights principles as well as civil society participation. The German government should set a positive example by establishing a dialogue with civil society actors in the G20 process and by including them in the consultations in a comprehensive way with relevance to decisions via the G20 working group on civil society, the so-called "C20".

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Faced with an urgent and continuing tremendous need for action by the G20 with respect to sustainable development, the German government needs to be vigorous and use its presidency until the G20 summit in Hamburg on July 7 and 8, 2017, for the purpose of putting the G20 on the track of sustainable development.

IMPRINT

Published by

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Berlin, September 2016

Editor:

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Final editing:

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Supported by Engagement Global on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ)

BMZ



Bundesministerium für
wirtschaftliche Zusammenarbeit
und Entwicklung