

DEVELOPMENT AND COOPERATION

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**RELIGION** 

Faith-based leaders can – and should – drive development

**EMPLOYMENT** 

Youth needs opportunities – for example in Africa

**ENVIRONMENT** 

The quest for sustainability along coasts



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KARL FALKENBERG: Europe must reclaim former leadership

**FOCUS** 

# Global agenda

# **Boost Africa's development**

Only five percent of global investments in renewable energy were made in Africa in 2016. The share must grow, argues Chinedu Moghalu of the Nigerian Export-Import Bank, and the private sector and international cooperation must drive development. Gerd Müller, Germany's federal minister for economic cooperation and development, sees things in a similar light. He wants to launch a Marshall Plan with Africa, as he explained in our interview. The poorest countries will need support to achieve international goals, writes Belay Begashaw of the Kigali-based Sustainable Development Goals Center for Africa, and a global framework for such support is needed. Education activist Frank Masanta assesses the Zambian government's SDG action.

PAGES 18, 20, 23, 25

# **Pro-poor action**

In Lebanon, hundreds of thousands of Syrian refugees are living in a situation of desperation, as journalist Mona Naggar reports. International support is required. According to Rezaul Haque of GK, a major Bangladeshi civil-society organisation, anyone who wants to reduce inequality, must ensure that health care is a matter of solidarity and cannot be left to market forces. While India's Prime Minister Narendra Modi praises the SDGs in global settings, he displays a more divisive attitude at home, as journalist Aditi Roy Ghatak writes. Adolf Kloke-Lesch of the German Development Institute is concerned that the G20 may not be commensurate to the SDG challenge.

PAGES 27, 28, 29, 32

# Assessing poverty

Eradicating extreme poverty is a huge challenge. Jörn Geisselmann of GIZ points out that decisive and well-targeted action will be needed. Policy advisor Sebastian Rewerski considers links between money and happiness.

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# European brand

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The EU must reclaim its formerly leading role in regard to climate protection and sustainability, demands Karl Falkenberg from the European Political Strategy Centre (EPSC). In his eyes, the EU needs to act in the sense of solidarity that has marked it in the past. PAGE 38

concerning solidarity and sustainability

# Guidance for policymakers

Famine is currently haunting large parts of Africa and Yemen. Wars are the main reason, though draught matters too. Whatever the reasons are, however, mass hunger is obviously not compatible with the Sustainable Development Goal (SDG) of eradicating poverty in all its forms.

There are 17 SDGs. They add up to a meaningful agenda, tackling all major issues that will determine humanity's future on our small planet – from hunger to health care and education, from peace and justice to environmental sustainability and responsible consumption. They were adopted unanimously by the UN in the 2030 Agenda and apply to every country.

However, an increasing number of governments around the world are shying away from global responsibilities. Populist leaders claim to protect their nations from overbearing international demands. Their small-minded nationalism appeals to many people. Identity politics, however, does not solve problems. It only serves to define scapegoats and pit communities against one another.

Populists miss an important point. They act as though earth and its resources could be taken for granted, and all governments needed to do was to ensure that their respective nations get the largest possible share. This is thinking in zero-sum terms. Someone's gain is always seen as someone else's loss.

This world view is simplistic and wrong. Cooperation helps to make better use of resources, and there are planetary boundaries that humankind must respect. Reckless fighting over limited resources will fast diminish those resources. If, moreover, such fights escalate into war, life becomes hell for all parties involved.

The truth is that no country can shield itself from global threats. We must rise to the challenges together. We are all affected by climate change, financial crises, infectious diseases, organised crime and other global phenomena. Yes, international cooperation is certainly difficult – but done well, it can even end wars, including civil strife. In contrast, non-cooperation means disaster.

Not quite a decade ago, the G20 was launched as an informal forum for the top leaders of the world's most important economies. After Lehman Brothers, the New York-based investment bank, had collapsed, the global community was facing financial crisis. To prevent the worst, prime ministers and presidents from established powers as well as emerging markets were keen on cooperation. As it became clear that a global depression would be averted, leaders began to focus ever more on narrowly understood national interests again, and the G20 lost momentum.

Today, the G20 is probably in its worst shape. Member countries that are ruled by divisive, populist leaders now include India, Turkey and – most important – the USA (see our focus section in D+C/E+Z e-Paper 2017/02). The presidents of Brazil and South Korea have recently been impeached, and China's Communist regime, which had long been slowly loosening its grip, has begun to tighten it again (see Sausmikat in our D+C/E+Z e-Paper 2017/02, p. 33). Britain and the EU have been weakened by the Brexit referendum last summer. Ten years ago, Russia still wanted to be the EU's partner; now it behaves like an antagonist.

The SDGs are achievable in principle. G20 leaders should reconsider them. If they compete in terms of who does most to achieve global goals instead of who wields the most power, humanity's future will look brighter.

This is what advisers from the private sector, civil society and academia must tell policymakers.



HANS DEMBOWSKI is editor in chief of D+C Development and Cooperation / E+Z Entwicklung und Zusammenarbeit. euz.editor@fs-medien.de

Debate



# The power of religion

Germany's Federal Ministry for Economic Cooperation and Development wants more cooperation with faith-based organisations. That is easier said than done, as discussions showed at this year's annual development conference of Germany's Protestant churches. Where repressive regimes restrict the space for civil society, faith-based networks can prove valuable in terms of development cooperation, as Meike Geppert of Bread for the World, a Protestant agency, argues.

PAGES 4, 12

# **Destructive** intervention

War is devastating Yemen. Saudi Arabia's military is causing massive damages and famine, argues scholar Maysam Behravesh, who specialises in the region.

**Tribune** 

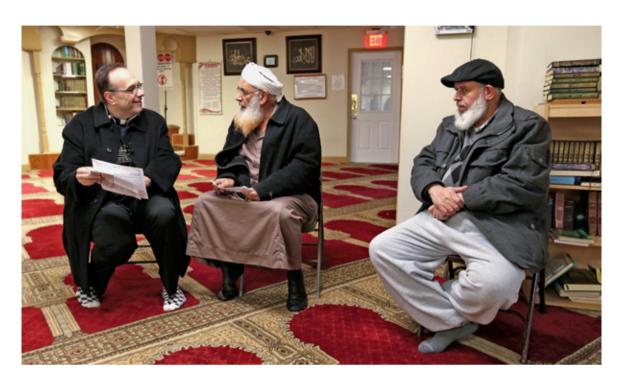


# Presentable production lines

In Bangladesh, some garment factories are working on living up to higher social and environmental standards. Sabine Balk of D+C/E+Z has recently visited some of them during a tour organised for concerned German professionals. PAGE 13

INTER-FAITH DIALOGUE

# **Shared values**



Involving faith-based organisations in international cooperation makes sense: a catholic priest talks to an Imam in the Islamic Center of Lexington in the US State of Kentucky.

Germany's Federal Ministry for Economic Cooperation and Development (BMZ) is eager to improve cooperation with faith-based organisations. One reason is that religious leaders wield considerable authority in their respective communities. On the other hand, religious affiliations can be manipulated for political purposes.

## By Hans Dembowski

Obiora Ike is a Catholic priest and intellectual from Nigeria. He is involved in inter-faith dialogue with Muslim faith leaders. He says that this kind of interaction has enormous potential, not least for preventing violence and safeguarding civil-political discourse. Interfaith councils, he says, are basically elders' councils that wield much influence.

Ike emphasises that faith-leaders of all religions are closely in touch with the people at the grass-roots level, understand their needs and enjoy their trust. Accordingly, they can play a role in driving development in general. In Ike's experience, international aid agencies tend to underestimate just how

much religion matters in Africans' daily lives. According to him, many of them will point out needs such as safe water supply, employment or better transport opportunities, but when asked what their greatest wish is, they will say they want a church in their village. The priest points out that churches bring people together. By spreading a message of justice and peace, moreover, church leaders can drive development in a positive sense.

Wolfram Stierle of BMZ agrees that religion matters very much. If humanity is to achieve the Sustainable Development Goals, he argues, religious leaders must play their part. The agenda is too urgent and too ambitious to be left to governments. Accordingly, development agencies should pay attention to people's faith. In Stierle's eyes, many western development professionals do not understand religious contexts. He considers such ignorance to be "unprofessional".

In recent years, the BMZ has been taking a more open-minded approach towards faith-based organisations (see box, p. 5). Stierle emphasises that the BMZ does not want to promote faiths or even support their

missionaries. Gerd Müller, the federal minister who heads the BMZ is a devout Catholic, but his department is not endorsing a specific religion. The idea is to promote values that are shared by all. The overarching idea is to achieve the SDGs and implement human rights (also note comment on p. 12).

The BMZ is fully aware of religious affiliations sometimes causing harm. Faithbased organisations all too often exacerbate violent crises. Stierle says that, though conflicts only rarely arise from genuinely religious issues, they are often read according to a narrative of clashing religious communities. Once such a narrative is established, it can be manipulated for political purposes. In many countries, identity politics serves to marginalise minorities and entrench the power of dominant groups.

At a conference held by Germany's Protestant development agencies in Schwerte in the Ruhr area in April, participants discussed options for preventing faith-based identity politics. It was acknowledge that all major religions can be instrumentalised in destructive ways. Examples of

reenshot: http://www.partner-religion-development.org/

populist leaders who do so include Turkey's Recep Tayyip Erdogan (a Sunni Muslim), India's Narendra Modi (a Hindu) or Poland's Jaroslaw Kaczynski (a Catholic Christian). It was also noted that Donald Trump too managed to exploit religious sentiments for his purposes. In the election campaign, he railed against Muslims and promised to appoint an anti-abortion judge to the US Supreme Court, and he won most of the votes of Evangelicals in the recent US elections in spite of his divorces and sexist language.

Experts struggle to come up with conclusive strategies to thwart identity politics. It is obvious, however, that international development agencies must distinguish helpful faith-based organisations from harmful ones. Otherwise, they may end up supporting the wrong ones. Jochen Motte of UEM, a Protestant agency based in Wuppertal, recommends taking into account four criteria. In his view, an organisation that promotes justice, life, peace and liberation is a driver of development, while those organisations that do not do so block development. To what faith they belong, is not relevant in developmental terms.

Tarek Abdelalem, the chief executive of Islamic Relief Germany, agrees – and he sees scope for more fruitful inter-faith dialogue in the future. Every religion, he says, is about humans' relationship to God, to one another and to their environment. So far, inter-faith dialogue has mostly focused

on the relationship to God, which is the one on which they disagree most. Cooperation, he argues, would benefit from discussing the other two issues. Values converge across religions in regard to them. All major faiths, he says, are marked by a striving for peace, justice and charitable solidarity.

Abdelalem's value system includes human rights. In regard to Egypt, for example, he says that donor governments and civil-society organisations must speak out against the regime's human-rights violations. He says, any authoritarian regime will feel free to take repression one step further if it has the impression that the international community accepts its course of action.

# **Building trust**

The International Partnership on Religion and Sustainable Development (PaRD) is growing fast. Launched last year, it now has 17 members, including the governments of Germany, Britain and Norway as well as multilateral organisations such as the World Bank and the African Union. According to Ulrich Nitschke, the head of the PaRD secretariat, some 50 organisations have registered as PaRD's partners moreover.

Nitschke is well qualified for the job. He is a Catholic theologian and the GIZ officer who runs a special programme on development and religion on behalf of Germany's Federal Ministry for Economic Cooperation and Development (BMZ). The PaRD secretariat is hosted by GIZ in Bonn.

As Nitschke points out, PaRD is not a funding mecha-

nism. Nor is its mission to promote religion. Nitschke makes it very clear that official development assistance (ODA) must not support missionaries, but always drive a developmental agenda. PaRD is meant to build trust, share experience and facilitate the achievement of the Sustainable Development Goals. PaRD principles include tolerance, reciprocity, human rights and inclusiveness. To cooperate with PaRD, an organisation must accept these principles.

PaRD discusses and tests approaches to how donor agencies and faith-based organisations can take joint action. It is tackling topics such as education, peace and gender equity, for example. Nitschke says that several donor governments have been discussing the relevance of faith-based organisations for some time,



but such debate did not mark programmes and projects in a tangible way so far. Therefore, the BMZ's attempts to tackle the matter systematically resonated with other donor institutions, and the result was the establishment of PaRD. It is funded by the members, and they set the agenda, Nitschke says.

An important task, in Nitschke's eyes, is to boost the

"religious literacy" of western development professionals. Knowledge of Islam is particularly relevant. According to Nitschke's data, 75% of the people living in the ten most important countries where Germany is involved in development cooperation are Muslims. Moreover the world's Muslim population is set to grow fast, as one third of it is still younger than 15 years.

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YOUTH

# Radicalism is not necessarily bad

Africa's young generation needs opportunities. Unemployment has structural reasons that must be tackled

#### By Hans Dembowski

"Skills over schools and competencies over credentials" should be a "core mantra" in Africa, says Misan Rewane, the head of West Africa Vocational Education (WAVE). WAVE is based in Lagos and helps unemployed young people find work. The emphasis is on making them aware of skills they need. skills they already have and skills they can acquire fast. By making them aware of what kind of work they are able to do, even short two-week courses can help school dropouts find jobs, Rewane says.

At the same time, convincing potential employers of their capacities is also high on her agenda. WAVE wants employers to learn to "hire better", she points out.

According to Rewane, the "education system is not talking to the employment system" in Nigeria. Employers, in her experience, overemphasise degrees. She reports that college degrees are often bought and not necessarily reflect applicants' actual

and demand match.

According to Rewane, many dropouts can do entry-level jobs, and some later move on in their careers. To some extent, private companies run training courses, she says, but human-resources managers often worry about staff leaving after having been taught something of market relevance. Her standard response is: "And what if you don't teach them and they stay?"

The unemployment and underemployment problems that haunt Nigeria's fast growing commercial capital are all too well known all over Africa. They are systemic, and especially pronounced in rural and remote areas. Almost two thirds of the continent's people are younger than 25. By the year 2100, one third of the world's youth will live in Africa. They will need good jobs.

Charles Vincent Dan of the International Labour Organization (ILO) is aware of the huge challenges. He warns that even today, "migration is a symptom of the lack of opportunities". In his assessment, four issues matter in particular:

- knowledge. The job market is distorted because neither businesses nor educational institutions are working on making supply
- the lack of decent work.
- the lack of good education,
- the lack of social protection and
- gender inequality, with four in ten girls marrying before the age of 18.

In Dan's eyes, policymakers must focus on creating conditions in which the private sector creates jobs. Agriculture and technology deserve particular attention, he says, because agriculture provides livelihoods to masses of Africans, and because automation is likely to make many workers redundant in the future.

At a recent conference hosted by the Development and Peace Foundation (sef: Stiftung Frieden und Entwicklung), Dan pointed out the security implications of joblessness: according to World Bank data, 40 % of all youths who joined rebel militias in 2011 were driven by the lack of employment opportunities.

As Henning Melber, a member of sef's advisory board, sees it, improving young people's participation in political life is a way to keep militant tendencies under control. Such participation, however, cannot be taken for granted.

In most African countries, young people are actually not expected to oppose elders. Somalia is an example. "It is considered shameful for young people to talk back to elders," resports Ilwad Elman of the Elman Peace and Human Rights Center in Mogadishu. She warns moreover, that criticism of religion is counter-productive and that young people need to be engaged "before they become violent".

Indeed, politics has "crumbled and failed" in many African countries, according to Job Shipululo Amupanda, a young Nambian scholar who belongs to the AU's African Youth Commission. In his eyes, independence leaders "went to sleep in the same beds" that colonial and racist masters left behind (also note Henning Melber in D+C/E+Z e-Paper 2017/02, p. 18).

He argues that African leaders always considered youth issues marginal and kept postponing them. Referring to the Arab spring and the downfall of Blaise Compaoré, the autocratic president of Burkina Faso from 1987 to 2014, he says that youth radicalism in Africa is not necessarily a bad thing. Matters would not improve, he says, "if we didn't protest, if we didn't topple dictators".



WAVE is making a difference in Nigeria.

**EMPLOYMENT** 

# The countryside needs a better image

The growing population of Africa needs food, but millions of young people are looking for jobs and future prospects. The countryside offers lots of opportunities for employment but suffers from a lack of attractiveness.

#### By Linda Engel

It is the well-educated young Africans, in particular, that are leaving rural areas for the cities. A job in agriculture simply does not appeal to them. Nana Adjoa Sifa Amponsah, who founded an agricultural incubator in Ghana, is trying to attract them with a linguistic trick: she talks about "agribusiness" in order to convey the potential in this field of employment.

In her eyes, political support is necessary to make agriculture more attractive. For example, the Kenyan government buys products from small farmers in order to supply prisons and public institutions. "People need to see that there are buyers for their products," said Amponsah at a panel discussion of the German Ministry of Economic Cooperation and Development (BMZ) in Bonn at the end of March.

According to BMZ division leader Gunther Beger, the future of humanity will be decided in the countryside. Most of the world's hungry live there. Furthermore, half a billion people in Africa will enter the workforce by 2030. His colleague Stefan Schmitz warned: "Throughout the world, rural areas have been neglected for far too long." These regions now lack streets, electricity, schools, and hospitals. Businesses and well-educated people have therefore shied away from investing in rural areas.

The panelists agreed that farmers need better access to financial services. Getting a loan for consumer goods such as a refrigerator or a television is not a problem. But when it comes to loans for agricultural endeavors, banks are often sceptical.

Support for women is especially important. Halatou Dem from Mali had herself turned her back on her mother's grainprocessing business and went to work at a foundation before realising the necessity of agriculture. Today, she heads the family business and employs more than 20 permanent women workers. As a young woman, she initially had many problems in being taken seriously by male business partners, says Dem. Those days are behind her now. "In Ghana," says Amponsah, "many women work in agriculture, but they are at the bottom of the income chain." She wants to use her company to change this.

Lutz Hartmann, who has managed an agricultural company in Ethiopia for the last three years and is a member of the board of the German-African Business Association, laments bureaucratic red tape. Even the smallest administrative procedures usually need to be taken care of in the capital city of Addis Ababa, which is an eight-hour car ride away. It is also difficult to find qualified office workers in the countryside.

Well-educated people who leave the city for a job in the rural sector are the exception. One of them is Gabriel Litunya Akali from Kenya. Until recently, he worked in the flower-cutting industry in the capital city of Nairobi, but he now works as a consultant for farmers in the countryside. His wife, who is employed in the banking sector, still lives in Nairobi along with their two children, where the living conditions are better. He therefore commutes between city and country - at the family's expense.

The panel discussion of the BMZ was part of a three-day workshop called "Rural Future Lab," which served as the kick-off to the G20 conference that will take place in Berlin at the end of April on the topic of "The Future of the Rural World, Innovation - Youth - Employment." A "Berlin Charter" is expected with the goal of creating employment opportunities for young people in rural areas.



Many Africans find jobs in agriculture to be unappealing: tea production in Kenya.

DEBT RELIEF

# G20 plans do not go far enough



Risky investments: a ship belonging to the Korea Gas Corporation before the Mozambican coast.

The debt burden of poor countries continues to grow. A lot of money is used to pay interest and repay loans rather than for education and health care. The G20 is not showing much interest in establishing an international sovereign insolvency procedure.

# By Linda Engel

Last year, the number of critically indebted countries increased from 108 to 116. In its recently launched 2017 debt report, erlassjahr. de, a civil-society organisation, identifies a particularly negative dynamic in North Africa and the former Soviet republics. In relation to their gross domestic product, these countries' foreign debt is much too large. Following the collapse of the Soviet Union, many eastern European countries financed the transition to a market economy through loans from abroad.

Erlassjahr.de points out that heavily indebted countries depend on the goodwill of their creditors, which tend to be governments from the prosperous global north. The report bemoans the lack of international standards for lending. The authors want fair and transparent procedures to be established for debt relief, so funds could be freed up for fighting poverty.

Many sub-Saharan countries have benefited from past international debt-relief programmes, especially the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). According to erlassjahr.de, however, their situation is worsening once again. They used renewed creditworthiness to take out new loans.

Problems have been compounded by low interest rates in Europe. For years, international investors have been turning to Africa in the pursuit of higher returns. They found resource-rich countries especially attractive, the debt report points out. In Mozambique, for instance, domestic and international private-sector companies invested in the infrastructure that is needed to extract the natural gas off the coast. The report argues that these investments were risky, since the companies were betting on rising energy prices. Low gas prices, however, mean that Mozambique's economic growth is slowing down while the private sector's foreign debt is increasing (see D+C/E+Z e-Paper 2016/09, p. 46). Erlassjahr.de warns that, in the worst-case scenario, the Mozambican government will have to intervene to shore up the weak natural gas sector.

Sovereign debt is also an issue within the G20, the members of which include countries like Italy and Japan, which are themselves heavily indebted. According to the report, the plans drafted under Germany's G20 presidency to tackle the matter so far do not go far enough. Germany belongs to the so-called "Paris Club", an informal group of rich nations that makes decisions about debt relief. The G77 and China, a group of developing and emerging market countries, has been calling for formal legal framework for debt relief and debt restructuring. However, introducing an international sovereign insolvency procedure is not on Germany's current list of priorities, despite the fact that it has being discussed in the UN context since 2014.

At present, the practice of using investment funds to finance development projects enjoys international support. But they are also guilty of driving up the debt balance of developing countries.

# **CRITICISM OF GERMAN FUND**

Moreover, the debt report expresses criticism of the Africa Agriculture and Trade Investment Fund, which was set up by Germany's Federal Ministry for Economic Cooperation and Development (BMZ), the KfW Development Bank and Deutsche Bank. The idea is to boost African agriculture using a mix of public and private financing. However, the majority of investments so far have flowed to companies with headquarters in so-called tax havens. These companies avoid paying taxes that might have replenished national budgets.

The report also argues that the impact of the investment fund has been questionable. In Zambia, for example, a large farm has not managed to create the desired number of jobs despite having received a \$10 million loan. Instead, it resulted in land conflicts with local people.

The debt report's section on India offers insights into the lending practices of "new donors". Despite the fact that large parts of its own country are still poor, India is working on expanding its influence in Africa. In doing so, it is competing with China, which has been investing there for many years. The debt report finds fault with India's lack of transparency and the lack of oversight from Indian civil society.

#### INK

Erlassjahr.de: Debt Report 2017 (only in German). http://erlassjahr.de/wordpress/wp-content/uploads/2017/03/Schuldenreport-2017-online-1.pdf

# Fostering sustainable projects and businesses

Social justice and environmental protection are en vogue in Europe. As a finance institution, Oikocredit is benefitting from this trend. It is a pioneering international cooperative that has been funding sustainable projects and businesses in developing countries and emerging markets since 1975.

#### By Sabine Balk

The mission of Oikocredit is to drive development with socially responsible investments. In particular, the cooperative helps to provide microcredits to persons and small businesses with small incomes and the intention to invest in farms or expand operations. Germans and people form other European countries who want to ensure that their savings serve worthy causes can join Oikocredit.

In 2016, Oikocredit invested more than €1 billion in sustainable businesses. This was the record so far and 16% more than in 2015, reports Hann Verheijen, credit director with Oikocredit International. He expects this year's figure to be another 10% higher. The money will be put to good use, Verheijen promises.

Last year, Oikocredit's main focus was what is called "financial inclusion". More than €814 million were invested in this field. Oikocredit is supporting microfinance institutions, banks as well as small and mid-sized enterprises by refinancing loans or becoming a temporary shareholder, thus boosting a partner's growth potential. Once a company is firmly established, Oikocredit sells its shares.

Oikocredit invested almost €160 million in agricultural projects last year, and 40 million in renewable energy. Verheijen admits that the clean-energy portfolio is relatively small, but he expects it to increase especially fast: "We are in favour of social justice and environmental protection – and to date, some 1.2 billion people around the world still do not have access to electric power. Most of them belong to rural lowincome families." By 2020, renewables are set to account for up to 20% of Oikocredit's investement portfolio, he says. Verheijen considers the provision of affordable, clean energy to be a core issue of development.

Oikocredit is interested in large-scale schemes as well as small off-grid solutions. One of the large projects Oikocredit supports is a photovoltaic power station in Honduras.

For this purpose, Oikocredit has contributed \$11 million to a \$120 million funding scheme coordinated by International Finance Corporation (IFC) in support of Compañía Hondureña de Energía Solar. The IFC is a World Bank subsidiary.

Kenya is one of many countries where Oikocredit is supporting small-scale renewable applications. BROXX is a company that rents out off-grid solar systems to customers who can pay their monthly fees by mobile phone. After three years, they own the appliances. Oikocredit has bought BROXX shares, allowing it to expand operations faster. According to Oikocredit, some 7,000 Kenyan customers have benefitted from its shareholding so far.

According to Verheijen, the need is greatest in sub-Saharan Africa, so Oikocredit will focus on this region in the future. The cooperative's African portfolio has doubled in the past three years, but it still only amounted to about € 190 million last year. Verheijen says that microcredit has a longer tradition in Latin America, for example, so African investments are more challenging. On the other hand, he sees greater opportunities for making a difference with small sums in Africa than in other world regions.

In 2016, Oikocredit provided loans, training, information and equity-holdings to 801 partner companies in 70 countries. Verheijen stresses that these operations were possible thanks to the people who invested their savings in his cooperative. Last year, there were 54,000 of them, eight percent more than in 2015. Half of them were from Germany. The idea of Oikocredit was born at a 1968 meeting of the World Council of Churches. Seven years later, Oikocredit was established in the Netherlands and then expanded internationally.



BROXX rents out off-grid solar systems to poor Kenyan households. Oikocredit is a shareholder.

LINK
Oikocredit:
https://www.oikocredit.coop

# Nobody is above the law

Recently, Tanzanian President John Magufuli fired a district executive director. The officer had been arrested for violating traffic rules and trying to intimidate the police. He was taken to court and the charges against him included speeding on the Morogoro-Dar es Salaam highway, driving in spite of having neither a valid licence nor vehicle insurance, and threatening to shoot a traffic police officer. He was released on bail, but the case against him is pending.

District executive directors are appointed directly by the president. They are very important officers. But that does not mean that these officials are above the law – not even above the traffic rules.

In a similar incident, which received prominent coverage in the local press, the wife of Tanzania's Minister of Foreign Affairs was stopped by the police for a traffic infringement. She asked the policeman if he knew who she was and demanded to be released without notification. When the traffic police refused, she caused a scene, attracting public attention.

According to Misanya Bingi, a sociologist at the University of Dar es Salaam, "many politicians and their families think because of their position in society they can get away with minor offences". Bingi notes that, in a corrupt society, police officers often feel they must make

the "difficult choice between enforcing the law and keeping their jobs". All policemen know of colleagues who took action against some big shot and were either given desk jobs or transferred to parts of the country where – as is commonly known – it is hard to make enough money for comfortable living by soliciting bribes. Wide-spread disregard of traffic laws and regulations, he says, shows that "Tanzania is a society that does not respect the rule of law".

Mary Richard from the Tanzania Women Lawyers Association (TAWLA) says that the flagrant disregard of laws is a sign of poor governance: "I once witnessed a traffic police officer breaking the law. If they do that, what message are they sending to the public?" She says the police should raise awareness of traffic rules ensuring the safety for all road users.

Mohammed Mpinga, a traffic police officer, agrees that violations of traffic laws are commonplace. He is adamant that no one is above the law. Mpinga, however, says that the problem is being addressed in a new six-month initiative. Among other things, traffic police officers will be more vigorously monitored in order to fight graft.



KILASA MTAMBALIKE is a journalist and works for the Tanzania Standard in Dar es Salaam.

kmtambalike@yahoo.com



# **IMPRINT**

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#### ADVISORY BOARD:

Thomas Loster, Prof. Dr. Katharina Michaelowa, Prof. Dr. Dirk Messner, Petra Pinzler, Hugh Williamson

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#### EDITORIAL TEAM:

Dr. Hans Dembowski (chief), Sabine Balk, Katja Dombrowski, Sheila Mysorekar, Eva-Maria Verfürth, Dagmar Wolf (assistant) Phone: +49 (0) 69 75 01-43 66 Fax: +49 (0) 69 75 01-48 55

euz.editor@fs-medien.de Art direction: Sebastian Schöpsdau Layout: Nina Hegemann Translators: M. Bell, C. Davis

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SUNNI-SHIA CONFLICT

# Saudi Arabia destroys Yemen



The war in Yemen causes a humanitarian crisis: a mother sits by her malnourished child at a therapeutic feeding centre in Sanaa.

In late March 2015, Saudi Arabia, supported by nine allies, launched a military campaign in its southern neighbour Yemen. The invasion has not fulfilled its official purpose of bringing the ousted Yemeni President Abdrabbuh Mansur Hadi back to power. Instead, it has pushed the poorest Arab nation to the brink of famine.

## By Maysam Behravesh

On the second anniversary of the beginning of the war, tens of thousands of people took to the streets of Yemen's capital Sanaa. They protested against the Saudi-led military campaign and called for an end to the civil war that has left more than 10,000 dead and 40,000 wounded. Today, some 10 million (80% of the population) are in urgent need of humanitarian assistance, according to the UN. An estimated two million Yemeni children are about to starve.

The Iran-backed Shia Houthi insurgents, whom the predominantly Arab intervention is trying to oust, still control the western part of Yemen, including Sanaa. The war seems to have reached a stalemate and become one of attrition. Its political, humanitarian, security and financial costs are growing. Reports suggest that Riyadh

spent \$5.3 billion on the war only in 2015. According to Reuters, airstrikes alone cost Saudi Arabia approximately \$175 million a month.

Against this backdrop, the question is why Riyadh persists unabated with the military campaign in Yemen. For starters, it is fundamentally an "affective" or emotional war driven by the Kingdom's frustration about its regional decline, while its archrival Iran is a rising power with growing influence. The military action was launched in the thick of multilateral nuclear negotiations between Iran and world powers during the second term of former US President Barack Obama. The Saudis accused the USA of letting them down in favour of achieving a rapprochement with a resurgent Iran.

While the Houthis may pose a potential threat to the Saudi national security, they had neither declared war on Riyadh, nor did they have any evident intention of taking Yemen's civil strife to Saudi territory. The Saudi intervention is thus not an act of self-defense. It serves to display strength, fury and frustration with the existing state of affairs in the wider Middle East. It is also deeply cynical, as Saudis are seen to deliberately bomb civilian targets such as factories and even funerals and

hospitals. Riyadh is not following Israel's example of containing threats from the Gaza Strip through aerial and naval blockage.

Moreover, the invasion of Yemen was meant to boost the sense of Saudi nationalism and the popularity of the Royal House of Saud in view of vast economic, social and political problems at home. Notably, the Kingdom faced a budget deficit of \$38.7 billion in 2015 and was forced to sell off 13% of its \$9.2 billion holdings in European firms. At the same time, it resorted to austerity policies in the public sector.

On an international level, the intervention has helped to reaffirm Saudi leadership in the Arab world, particularly in Sunni-majority countries. In countries that have large shares of Shias, such as Syria, Iraq and Yemen, however, the Saudi government wants to stem the influence of Iran. Houthi advances in Yemen damaged Riyadh's perception of its position in the world, producing a sense of "ontological insecurity": uncertainty and anxiety about its identity and status.

The Saudi-led coalition's persisting war in Yemen seems to be intended to draw attention to their nemesis Iran's "expansionist" activities. Saudi diplomats around the world have taken great pains to demonstrate that Tehran and its non-state allies continue to remain a source of international insecurity and instability and therefore need to be confronted head-on. To some extent, the regime certainly feels reassured by the recent US air strikes in Syria and the Trump administration's new insistence that there can be no peace with Shia-backed President Bashar al-Assad.

With these factors in mind, the end of the war and the resolution of the Yemeni crisis depend to a considerable extent on a thaw in relations between Iran and Saudi Arabia. The adoption of policies to recognise the latter's regional status might pave the way for it.



MAYSAM BEHRAVESH is a PhD candidate in the Department of Political Science, Lund University, Sweden, and a regular

contributor to Farsi-language media outlets including BBC Persian.

maysam.behravesh@gmail.com

SUPPORTING CIVIL SOCIETY

# Making democratic principles tangible

Civil-society groups are under increasing pressure in many countries. Moreover, many of them face cuts in funding from foreign donors. In view of such "shrinking spaces", new flexible solutions are needed, so new support strategies must be drafted.

#### By Meike Geppert

The democratic space in which civil society operates is being restricted in many parts of the world. According to the international network Civicus, six out of seven people in 2016 lived in countries in which human rights are curtailed. The freedoms of expression, association and assembly are affected in particular.

ternational financial support. Civil-society activism is also increasingly impeded by excessively complicated, opaque and arbitrary regulations.

One way Bread for the World, a Protestant German agency, is trying to reverse this trend is by lobbying Germany's Federal Government and the EU to speak out. Another approach, which does not attract much international attention, is grassroots based and targets civil-society groups and their local constituencies. It serves to help civil-society actors to develop the skills they need to take advantage of limited spaces in order to have an impact of social relevance.

Even where civil-society space is shrinking, work that serves public welfare

tion or provide health services. It is possible to create small spaces for active participation – and it makes sense to expand them to the extent possible. For this, it is useful to rehearse participative action with grassroots self-help groups. It is promising to cooperate with churches. Due to their community work, they have extensive networks and ground-level structures (please also note article on p. 4 in this edition). In cooperation with them, it is possible to stay under the government's radar and still raise awareness for politically sensitive topics even in remote areas.

Work on non-controversial issues, such as health care and education, can lead to new alliances, which then become training grounds for networking and self-organisation. Democratic principles can thus be experienced daily. Moreover, civil-society action of a non-political nature helps to build trust in local communities, which, under restrictive conditions, tend to be apprehensive. Trust matters for conveying information on rights and opportunities, thus boosting people's understanding of the law. Where civil-society organisations come under pressure, foreign donors should help them to "make it through the winter". Such support, however, must be flexible enough to allow partners to restructure and rename operations or to mobilise support groups in exile to act as lowkey international intermediaries.

Civil-society groups that are under pressure especially need organisational development support to strengthen their internal governance. They must strengthen their management structures because governments often use internal non-transparency and mismanagement as pretexts for shutting organisations down. To be safe from smear campaigns, civil-society agencies must guarantee clean management as well as the adequacy, quality and reliability of their organisational structures. Moreover, they must convey these facts to the general public. Public respect and support are the best protection.



Members of local self-help groups in the Irrawaddy Delta in Myanmar gather in their church to discuss how they can improve their incomes by communal pig farming.

Dissenting development organisations and human-rights groups tend to be obstructed in their work, persecuted or criminalised. New legislative initiatives curb the freedom of assembly, and nongovernmental organisations (NGOs) are increasingly prohibited from receiving in-

rarely attracts scorn, so the civil-society groups that are involved can get support from outside. Bread for the World is an agency that reaches out to grassroots' actors. Among other things, it supports civil-society groups in caring for people who are sick, disabled or elderly to work in educa-



MEIKE GEPPERT is an advisor on civil-society support with Bread for the World, the development and relief agency of Germany's Protestant churches.

meike.geppert@brot-fuer-die-welt.de

GARMENT PRODUCTION

# Glimmers of hope



The spinning mill of the DBL Group is clean as a whistle.

Ever since the tragedy at the Rana Plaza garment factory in April 2013, the international public has been concerned about textile workers' plight in Bangladesh. International pressure has forced political and economic action. Although conditions are still miserable in many facilities, some entrepreneurs are improving working conditions. Sabine Balk of D+C/E+Z had the opportunity to visit model factories in and around Dhaka, the capital of Bangladesh.

# By Sabine Balk

"I want our employees to be well. This is a social obligation that entrepreneurs like us simply have," says Muhammad Abdul Jabbar, guiding our group of German visitors through the huge spinning mill. He is the manager of the DBL Group. It also runs factories in Savar, the suburb of Dhaka where 1,127 people were killed and over 2,000 were seriously injured four years ago when the Rana Plaza building collapsed. In re-

cent years, Bangladesh's garments industry has become internationally infamous for shoddy construction, lacking fire safety and emergency exits, miserable working conditions and slaving away without breaks.

The DBL Group proves that change is possible in Bangladesh. Of its 25,000 employees, 45% are women. The company reported a revenue of \$365 million in the fiscal year 2015/16. It not only has its own sewing unit, but also spins, knits, stains and dyes its own textiles. The main customers are foreign corporations, including German ones. They include the likes of Lidl, H&M, Esprit, Puma, Tom Tailor, Walmart and the G-Star brand of jeans. Like its competitors, DBL supplies both bargain stores like Lidl and H&M and more upmarket, expensive brands like Puma and Esprit.

The DBL management declares it intends to "uphold the reputation of the clothing and textile industry in Bangladesh". Even to those who have never seen a typical textile mill, it is clear that DBL is a model



corperation. While garbage and waste piles all over Dhaka's narrow and unpaved access roads, the DBL premises are immaculate. In front of the company headquarters, a sign on a green lawn with flowerbeds states: "think green." Green is a rather rare sight in Dhaka. The tall palm trees are droopy and, like all the other plants, colored beige-grey from the dust and smog. Not so on the premises of DBL. The floors in the spinning mill and dye works are sparkling clean. There are no scraps lying around and no odors in the dye works, which is unique according to people in the know. They say dye works normally stink of the chemicals used in production.

The DBL factory filters, purifies and recycles water in its own treatment system. The lunch prepared for the management includes fish from the company pond. The DBL Group owns fish ponds as well as greenhouses where vegetables are grown. It even keeps dairy cows.

DBL does a lot for its employees. There is a free company-sponsored daycare centre. It even takes care of babies. They lie sleeping in bamboo cribs, supervised by several women. There is a nursing room for female employees who wish to breastfeed their babies during breaks without being disturbed. Young children move around freely in a large room with toys. They are excited about the unexpected visitors.

#### **WOMEN'S HEALTH**

There is a clinic on the company premises. A doctor and a consulting office give advice on family planning. These services are used frequently. About 15 women – or couples – visit the office every day, says paramedic Nasrin Sultana, who is currently on duty. She is sitting in a small room with a couch, informational pamphlets and a box of contraceptives. Various methods of birth control, from condoms to pills, are displayed and explained here. Sultana examines women and men, and she gives advice on contraception and family planning. The office also distributes contraceptives. Most of the female factory employees do not want more

Photo: sk

than one or two children. They want to stay in the workforce and support their families. "Injectable contraception (MPA/Depo-Provera) is the most popular contraception," Sultana says. Doctor appointments and consultations are free for DBL staff.

According to the management, the company store is very popular too. It sells foreign products such as hygienic items, chocolate and cereal at reduced prices. Sanitary towels are the most popular subsidised product. Women appreciate them, because without them, they would have to rely on old or chemically treated scraps of fabric, or simply not go to work when they are on their period.

supports educational initiatives and business start-ups in the community.

DBL employees are only paid about 10% more than the meager legal minimum wage, which is the equivalent of about € 70. Critics say a living wage would have to be at least €180 (see D+C/E+Z e-Paper 2017/4, p.4). Jabbar says the company provides its employees with social benefits through the initiatives listed above. Higher wages, however, would immediately lead to higher rents, so local inflation would balloon.

DBL's social and sustainability engagement certainly costs money. Tough competition, however, means that cost pressure is intensive. The DBL Group

pass through narrow allies. The big trucks that bring tons of textiles to the harbor in Chittagong every day use them too. Urban streets and rural roads tend to be overburdened in this densely populated country. The 300 kilometer trip from the 15-million-people metropolis of Dhaka to Chittagong can take up to 12 hours.

Zaber & Zubair belongs to the Noman Group, which operates 32 factories and employs about 60,000 women and men. The factory we visit was set up in 1994 and predominately produces household linens for multinational corporations like IKEA, Aldi, H&M, C&A, Lidl or Walmart. It is exhilarating to see IKEA fabric coming out of the rollers and to know what kind of bed sheets will be on offer next season. One is pink and decorated with the comic characters Minions. It is most likely meant for a child's room.

Z&Z is especially proud of its achievements in regard to environmental protection and sustainability. In partnership with the GIZ, Z&Z operates a biological water treatment facility and a solar power system. The treatment tanks are on the roof. The water is recycled and used again in production. This is anything but the norm in Dhaka, as the murky river that flows alongside the factory shows. Its banks covered in garbage and waste.

30-year-old Parvin has worked as a seamstress at Z&Z for the last three years. She had previously worked in a different factory. "I prefer to work here, because I get one day off per week and have more vacation than I did before," she says. She has two children who attend school during the day. She earns the equivalent of € 46 a month – that would appear to be lower than the minimum wage of € 70. But the actual level of the minimum wage can never be agreed upon, and no one says the same thing. Parvin's husband works as an ironer at Z&Z. He earns more than she does, she explains, because his work is more difficult – or so it is said.



30-year-old Parvin has worked at Z&Z for the last three years and earns the equivalent of € 46 per month.

"We care a lot about the Sustainable Development Goals (SDGs), most of all Goal1, poverty eradication," says top-manager Jabbar. Many partners have come on board for this purpose, including UNICEF und CARE as well as the GIZ and DEG, Germany's development finance institution, which is part of the KfW banking group.

In its 100-pages Sustainability Report, the company lists numerous initiatives – from "Breastfeeding in the workplace" and the "Female supervisors leadership programme" to the "Community knowledge exchange programme." Additionally, DBL strives to keep its costs low through efficiency, the manager explains. It is also planning to set up production facilities in Africa where labour is even cheaper than in Bangladesh. In the summer, a factory in Ethiopia will start operations with 5,000 employees. Workers from Bangladesh will teach them. For Ethiopian workers, the factory is probably a godsend, but jobs will be lost in Bangladesh.

The factory premises of Zaber & Zubair (Z&Z) are not as idyllic and spacious. They are in an urban area of Dhaka, and 1,400 people work here. To get there, one has to



SABINE BALK
is a member of the
editorial team of D+C/E+Z.
euz.editor@fs-medien.de

LINK

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NATURAL ENVIRONMENT

# The quest for sustainability



Flooded street in Jakarta.

Fish consumption is increasing internationally. For traditional fishing communities, this is not necessarily good news, especially as they must cope with increasing environmental challenges. The FAO has assessed matters. At the same time, urbanisation is becoming an ever more dominant trend. Coastal megacities are growing fast, and they too are exposed to the impacts of global warming.

# By Lea Diehl and Hans Dembowski

Global fish consumption has increased rapidly in recent years – above all, in developing countries. According to the UN Food and Agriculture Organization (FAO, 2016), the per-capita consumption in these countries rose from five kilogrammes in 1961 to almost 19 kilogrammes in 2013. At the same time, populations grew feast. In industrialised countries, the per-capita consumption was almost 27 kilogrammes in 2013.

The authors of the FAO report argue that fishery and aquaculture can improve nutrition at a global level. Fish products provide nutritional diversity and are rich in nutrients. In many poor countries, they are the main source of protein.

According to FAO data, almost 60 million people all over the world made their living in fishery and aquaculture in 2014. In developing countries, livelihoods depend on artisanal fishing in particular. Small-scale fishermen face considerable risks, and their business depends on middlemen in many developing countries, so their incomes are small. The FAO suggests they should form cooperatives and pursue collective strategies to get better access to markets and upto-date technology.

Artisanal fishing is under pressure, not least because of the growing relevance of the global market. China has become the largest exporter of fish, followed by Norway and Vietnam.

It causes concern that fish populations are decreasing in many regions. According to the FAO report, the most productive maritime region for catching fish continues to be the Northwest Pacific, followed by the West Central Pacific, the Northeast Atlantic and the East Indian Ocean. However, compared to other productive maritime regions, the yields from the Northeast Atlantic have dropped massively in recent years.

The authors note that fish populations are not being controlled and monitored in a sustainable way. Overfishing affects many regions, and illegal fishing contributes to the trend. Laws need to be enforced. Additionally, the systematic breeding of water organisms could contribute to stabilising fish populations and make fisheries viable long term.

Aquaculture is important for global food security. In 2004, it covered 39 % of the human demand for fish. The FAO authors argue that regional and international cooperation is required to make fisheries and aquaculture sustainable, especially since climate change and environmental pollution are exacerbating problems.

The FAO appreciates that more than 170 countries have signed the Code of Conduct for Responsible Fisheries that it adopted in 1995. The FAO offers support for implementing the Code.

## **URBAN SHORES**

Jakarta is in trouble. The special capital region of Indonesia was home to almost 10 million people in 2010, and the number keeps growing. Some of the agglomeration's territory is below sea level, and the share is increasing because of subsidence: as groundwater is being extracted excessively, land is slowly sinking lower.

In Jakarta, flooding can have two reasons: storm surges make sea water pour in, and after heavy rains, the rivers swell. Sometimes, both happens at once. Compounding problems, the city's canals are old and all too often used for waste disposal, so garbage clogs the overburdened system precisely when drainage is needed most.

It adds to the problems, that coastal mangroves have been largely cleared so their coastal protection has been lost. A nearby coral reef has also been destroyed. At the same time, ever more people want

to live in Jakarta, and population density is increasing, particularly in informal settlements. It is no coincidence, of course, that some slums are located in flood-prone areas

Jakarta's problems are assessed in a short case study in a book edited by Mark Pelling and Sophie Blackburn (2013). They are some of the typical challenges coastal megacities must tackle. Precisely how the problems combine, is different in every city. Rio de Janeiro, for example, has steep slopes on which poor communities live, so landslides cause disasters of a kind that cannot occur in Mumbai, which was built on low-lying islands and reclaimed land.

Coastal megacities are not only affected by global warming, however, they also contribute to the phenomenon. They tend to be transport nodes as well as hubs of industrialisation. Emissions from vehicles, factories and power stations contribute to

climate change and worsen local air pollution. Water pollution causes problems too, of course, affecting marine ecosystems.

Megacities are highly complex systems. They are difficult to govern and very hard to plan, but the quality of cities will determine the future of humankind (see interview with Dirk Messner in D+C/E+Z e-Paper 2016/10, p. 29). Generally speaking, the faster an agglomeration grows, the greater the challenges are.

Pelling and Blackburn's book is based on globally coordinated research efforts. The editors relied on several dozens of contributors from around the world. The goal was to understand the environmental issues that coastal megacities face, and the book does provide substantial information. It is not easy to read, however, and some additional editing would have helped to make it accessible to a general public. Sometimes, the syntactic complexity of the essays seems to be striving to compare to

the complexities of coastal ecosystems and megacity development.



LEA DIEHL is a freelance author. lea.diehl@posteo.de



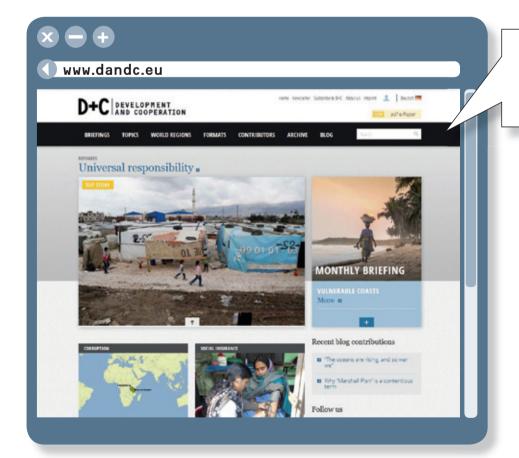
HANS DEMBOWSKI
is editor in chief of
D+C Development and
Cooperation/E+Z Entwicklung
und Zusammenarbeit

euz.editor@fs-medien.de

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# Building greening economies

In 2016, Africa accounted for only five percent of global investment in renewable energy. More must happen. Africa's private sector will have to drive the transformation to sustainability, but global cooperation is needed too. The G20 must not leave Africa behind.

#### By Chinedu Moghalu

The global community was spooked by the election of Donald Trump. The new president of the USA has earned the sobriquet of a "climate denier" and has promised to always put America first. However, there is cautious optimism that his presidency will not overturn the global agenda in this regard. But thus far, within his first 100 days in office, he is following through on his electoral campaign promises by officially promoting coal digging, among others. Still, it is too early to assess if investors would spend money on new mining operations and create new jobs in this industry.

Observers hope that some of Trump's cabinet members will work to positively influence his views on the UN Framework Convention on Climate Change – and multilateral agreements in general. US policy may actually align with reality over time. International policymakers know that global agreements cannot be reversed easily.

# **GLOBAL AGENDA**

In the meantime, stakeholders around the world are pressing ahead, drafting strategies for climate-change mitigation and adaptation. Action is similarly needed to achieve the Sustainable Development Goals (SDGs). International cooperation is becoming ever more important, as the world population is growing and efforts must be made to ensure that everyone can live a life in dignity without global development exceeding planetary boundaries.

Limiting global warming is the most important issue. Should it exceed two degrees on average, the impacts will spin out of control and will undo whatever progress being made in other fields. It was promising



African progress has been hampered by too scant investments: stand at a solar-power trade fair in Dar es Salaam in 2006.

noto: Böthling/Photograp

that many countries ratified the Paris Agreement so fast that it took force not even a year after being agreed in December 2015.

Global action against global warming has thus shifted to strategic programming. Some of the plans are already gaining traction. Global investments in renewable energy totalled \$ 286 billion in 2015. This sum was three percent larger than the previous global investment record of 2011 (Frankfurt School, UNEP and Bloomberg, 2016). In 2016, moreover, investments in coal and gas-fired electricity generation accounted for only half of the money invested in renewable power generation around the world.

The force of the trend towards renewable energy differs from country to country. China alone accounted for 55% of the total respective investment last year, while Africa's share was less than five percent.

The plain truth is that low-income countries cannot keep pace without international assistance. Unfortunately, the advanced countries appear to be reneging on their pledges to help finance both mitigation of – and adaptation to – climate change in the developing world, including Africa. There is ample reason to doubt that the developed countries will actually make the annual \$100 billion available for these purposes by 2020 as promised:

- Virtually all advanced countries have been bedeviled by weak economic growth since the global financial crisis of 2007/2008.
- The economic malaise is driving populist nationalistic sentiments in Europe and the USA.
- The developing world has ceased to be monolithic. A few countries have been making significant economic and financial progress, so people in donor countries feel that official develop assistance (ODA) is no longer warranted. However, the less fortunate countries continue to depend on ODA.

## **CHANGE DRIVEN BY BUSINESS DECISIONS**

Africa must not be left behind in the transition to the green economy. Otherwise it will be even worse off than it is today. At the same time, it is in the enlightened self-interest of Africa's private sector to mobilise investment capital for climate action. For obvious reasons, greening the economy depends on business decisions.

In Africa, power generation and agriculture matter in particular. These sectors

are less developed than urban service sectors. Promisingly, several countries, including Nigeria, have recently enacted reforms. They have relaxed statist control and are geared to mobilising private-sector capital. It is worth noting that private investments in agriculture and the power sector will drive progress towards achieving various SDGs, in particular the eradication of poverty.

Private-sector companies can benefit from reforms that have relaxed the centralisation of the power grid, driving innovation and financing off-grid electricity solutions, for example. Moreover, opportunities arise for public private partnerships. Africa has ample wind and sunshine, so renewables technology is an attractive option in the electricity sector. To achieve up-to-date energy supply for everyone (SDG7) it must be applied large scale.

Reforms in the agriculture sector have similarly created opportunities. At the same time, farms must be made climate-resilient. Otherwise, hunger will get worse and not be eradicated as promised in SDG1. Private investments across the agriculture value chain are needed. There are significant knowledge gaps in African agriculture which smallholder farmers and even the national governments cannot be expected to fill. Well-informed investors can make the difference.

Africa needs more than token action towards building green economies. Without adequate climate action, African farmers may lose 40% to 80% of their croplands for growing grains. Preventing the loss of biodiversity (SDG9) and ecosystem degradation will safeguard urban people's food supply too.

The big question is: how will private sector resources be mobilised? No doubt, African financial institutions have significant capacities to support investors. However, they have a history of risk aversion and lack sufficient market instruments to facilitate risk-sharing. Therefore investments in agribusiness has stayed below what is needed. A further drag is the macroeconomic situation. Interest rates are rising and are increasingly beyond what small-holder farmers and small and mid-sized enterprises can afford.

To unlock private-sector funding, therefore, the credit market's demand and supply sides must be unblocked. Moreover, there has to be a framework for sharing expertise on the continent. The good news is that we already have networks that pool

resources, help to mitigate risk and share knowledge. They need better coordination however.

In this contest, the African Risk Capacity (ARC) is a very promising initiative at the supra-national level. Founded in 2012, it is a donor-supported agency of the African Union. It basically runs an insurance scheme to finance disaster response and promote climate resilience (see D+C/E+Z e-Paper 2016/12, p. 20).

In line with its mandate, the ARC is planning to create an Extreme Climate Facility (XCF), which will issue bonds. The idea is to raise funds on global capital markets, attracting investors from beyond Africa. A market-driven insurance facility that is backed by governments and multilateral institutions is a clever way to spread risks widely. One hopes that the XCF will soon become a reality, and the rigorous risk modelling it plans to have in place will serve other market initiatives.

Necessary as it is for Africa to take responsibility for its resilience to climate change and to develop its adaptation mechanisms, the continent should not be denied climate justice. The heavily-industrialised countries account for overwhelming shares of the emissions that are heating the planet and are intensifying climate risks for vulnerable people in less-privileged countries.

The advanced nations must compensate the victims of global warming. This is an issue of justice, not charitable aid. It is worrisome, moreover, that South Africa, which has a big economy but a comparatively small population, is the only G20 member from the continent. The G20 is an important forum of global policymaking. It should focus on promoting market-driven frameworks that promote sustainability in all its dimensions – in Africa and around the world.



CHINEDU MOGHALU
is Head of Corporate
Communication at the
Nigerian Export-Import Bank.
moghaluigwe@gmail.com

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# "Our success will depend on joint action"

Gerd Müller, Germany's federal minister for economic cooperation and development, has proposed to launch a Marshall Plan with Africa. He discussed his ideas in an interview with D+C/E+Z's Hans Dembowski.

# Why is a Marshall Plan with Africa necessary?

Every year, almost 20 million additional young people join Africa's labour market. There are not enough jobs for them. Our neighbouring continent often serves only as provider of commodities, with the lion's share of processing and value addition happening elsewhere. Developing the

economy and creating new opportunities for employment and vocational training are thus THE core challenges in the coming decades. We'll need an entirely new dimension of cooperation, and that is what the Marshall Plan with Africa is about.

# Shouldn't the name be Marshall Plan for Africa?

Innovative cooperation means to move beyond thinking in terms of donors and recipients. We need cooperation that is even more based on mutual interests and political will than it has been so far. We need partnership at eye-level, a Marshall Plan WITH Africa, rather than one FOR Africa.

To what extent is this Marshall Plan a German initiative, and to what extent will you involve other donor countries? Africa is on the G20 agenda, and the EU is also working on an Africa policy.

The future of Africa is also the future of Europe. Europe and the international community need to change their mindsets. My proposal for a Marshall Plan with Africa provides impetus for doing so. Germany's Federal Government has put Africa on the G20 agenda for the first time. It is plainly unacceptable that Africa is losing more money because of tax evasion and tax avoidance than it receives in ODA (official development assistance). This is one

Gerd Müller with trainees of the German engineering company Krones in Nairobi.



Photo: picture-alliance/Brian Otieno/dpa

of the questions that needs to be answered. In cooperation with the Federal Ministry of Finance we will host a G20 conference on Africa in June. We are not only talking, however, we are taking action. In tangible terms, we want to conclude partnership agreements with reform-minded African governments. The European Union and the African Union will further deepen their cooperation at a joint summit in autumn.

What relevance do the aid-effectiveness principles have? They are being promoted

by the Global Partnership for Effective Development Cooperation, which carries on what was spelled out in the Paris Declaration of 2005.

The impact is what matters. We want to join forces with African governments in fields where we can achieve most for people. The message is that not a single euro will be lost to corruption. We are keen on reform partnerships. Those who promote reforms, practice good governance and fight corruption will get more support than previously.

How will reform partnerships with African countries be organised? Is budget support a model, with joint goals being defined and progress towards them being monitored?

The first step is that we are investing an additional €300 million in reform-oriented countries. That amounts to about 20% of our official development cooperation with Africa. The African Union's Agenda 2063 and internationally appreciated indices such as Transparency International's Corruption Perception Index or the World Bank's Doing Business Index serve as signposts.

# Continent of opportunity

The African Development Bank appreciates cooperation with Germany. It considers the German proposal to launch a Marshall Plan with Africa a step in the right direction.

The African Development Bank (AfDB) enjoys a long standing relationship with Germany, which is the third largest contributor to its concessional window. In addition, Germany contributes to several trust funds in the AfDB such as the Infrastructure Project Preparation Facility of NEPAD (New Partnership for African Development), the Climate Change Trust Fund, the Infrastructure Consortium for Africa (ICA) and, more recently, the Africa Renewable Energy Initiative (AREI).

Africa remains the second fastest growing region in the world and accounts for over six of the ten fastest growing economies. In addition, Africa is the second largest destination for foreigndirect-investment inflows in the world, behind the Asia Pacific region. Africa has been attributed a third of the total number of investment climate reforms that have been implemented in the past decade.

In spite of these positive developments, Africa still faces challenges. Over 650 million Africans lack access to electricity, which stifles economic activity and growth. Agricultural productivity is low and Africa spends over \$ 35 billion per year to import food, in spite of the fact that Africa has over 65 % of the world's arable land. Africa accounts for only about two percent of global merchandise exports and this has been the case for decades. In addition, the manufacturing sector in Africa accounts for just about 11 % of GDP. Intra-African trade is just about 15%, as opposed to 69% for Europe and 53% for Asia. This increases the cost of transportation, cost of doing business and hampers competitiveness. Youth unemployment is a serious issue.

It is in a bid to address the challenges that the Bank has defined five goals it calls the "High 5s". They are:

- light up and power Africa,
- feed Africa,
- industrialise Africa,
- integrate Africa and
- improve the quality of life for the people of Africa.

Significant financial resources are required to achieve the High 5s, over and above those of the AfDB. We therefore intend to leverage external resources and count on Germany's continuous support for the achievement of these ambitious goals.

The Bank is pleased to note the close alignment of the Marshall Plan's foundations with the High 5s. This gives us a very strong basis for building a strategic partnership between the Bank and Germany with a view to delivering development programmes.

The Marshall Plan proposes a new level of equal cooperation between Germany and Africa. In view of the close alignment between the Bank's High 5s, Agenda 2063 of the

African Union, the UN Sustainable Development Goals (SDGs) and the Marshall Plan, the AfDB is Germany's natural strategic partner in developing these programmes. A recent UNDP report indicated that implementing the High 5s will enable the achievement of 90% of the SDGs and Agenda 2063.

In spite of the challenges, Africa is indeed the continent of opportunity – with 65% of the world's uncultivated arable land, over 20% of the world's youngest population, with the highest pace of urbanisation, a rising middle class and increasing investment attractiveness. Germany's Marshall Plan will provide an opportunity to leverage these opportunities and foster wealth and job creation in Africa.



FRANNIE LEAUTIER is senior vice president of the African

Development Bank. http://www.afdb.org Who must contribute so African countries will achieve the Sustainable Development Goals of the United Nation's 2030 Agenda? Our success will depend on joint action - including African partners, the private sector and a strong civil society. This is what the Marshall Plan will facilitate. If we want to create the needed jobs, we'll need the private sector. We must make it more attractive to invest in Africa. I am thinking of tax incentives and support for risk management.

On the ground in Africa, we want to invest more in young people's vocational training. Obviously, the framework conditions must be right. African governments must do their homework and ensure the rule of law. In a globalised world, Africa's development hinges on international rules. Apart from fair trade, they relate to environmental and social standards as well as to stemming illicit financial flows from Africa For Africa to pursue its interests successfully, it needs

a stronger voice in international settings. The continent needs a seat in the UN Security Council and more influence within the World Trade Organization (WTO).



**GERD MÜLLER** is Germany's federal minister for economic cooperation and development. http://www.bmz.de/en

# A contentious term

Some potential African partners object to the term "Marshall Plan" that Gerd Müller, Germany's federal minister for economic cooperation and development, has chosen for his proposal. They consider it a misnomer.

According to Martial De-Paul Ikounga, the AU commissioner for human resources, science and technology, any item called "Marshall Plan" must not be on the AU agenda. In his view, the term is misleading and patronising. In the eyes of Job Shipululo Amupanda, vice dean of the University of Namibia's economics department, the term denies African agency and is thus an expression of imperialist attitudes.

At a recent conference hosted by the Development and Peace Foundation (sef: Stiftung Entwicklung und Frieden), several African participants raised similar concerns. The core arguments were:

Africa is not a continent that needs to be rebuilt after a world war.

- Africa's colonial past is one reason for poverty and dysfunctional governance today, so the continent deserves to be compensated, not showered with charity.
- African development must be driven by African ownership.

The debate in Potsdam basically focused on the name of Müller's proposal, not its substance. It showed that words can have different connotations in different contexts. What "Marshall Plan" means, varies from country to country.

In Germany, the connotations are positive because the original Marshall Plan facilitated the "economic miracle", West Germany's fast and tremendously successful reconstruction after World War II. It was perceived as an undeserved blessing, as the USA was helping the very people who had started the war and caused tremendous suffering.

In Britain and France. the perspective is different. The Marshall Plan was support from an ally, not the former enemy. Nations that had been liberated from German occupation similarly felt that US funding was an expression of solidarity.

The Marshall Plan obviously served strategic interests in the Cold War. In retrospect, however, Europeans on either side of the former Iron Curtain consider it to have promoted liberty and prosperity. It is not seen as an instrument of oppression.

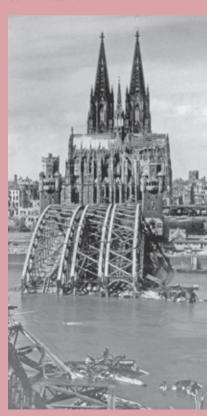
When German policymakers speak of a Marshall Plan, they think of an economic miracle and indicate they want to unleash something similar. When Africans hear the term, they think of a foreign power calling the shots. Moreover, they feel entitled to compensation for past atroci-

To German ears, however, the term makes sense especially as Müller is speaking of a Marshall Plan WITH Africa, not one FOR Africa. In the eyes of Misan Rewane, who runs the social enterprise West Africa Vocational Education (WAVE) in Lagos, this nuance should matter. According to her, the big question is what the actual plan will look like and how "with" will end

up being different than "for". Ultimately, she says, action is more important than words.

Hans Dembowski

Cologne was destroyed by allied air raids: When German policymakers speak of a Marshall Plan, they think of an economic miracle after a devastating, self-inflicted war.



# Global governance for SDGs

Around the world, enormous enthusiasm for the Sustainable Development Goals (SDGs) has been shown. However, there is a lack of clearly defined responsibilities for achieving them at the international level. Disadvantaged countries with a high share of poor people will require support – and such support must be provided in a way that respects their ownership of policymaking.

#### By Belay Begashaw

Achieving the Sustainable Development Goals (SDGs) will largely depend on proper coordination and good governance. A funThe SDGs were designed in a broadbased dialogue- and consultation process that involved representatives of governments, civil society, the private sector and academia from around the world. This was the right approach – and it was consistent with the principle of leaving no one behind.

Achieving the goals will require at least the same level of coordination and active participation. The agenda is very ambitious and relates to many different issues. Ultimately, it is about governing the entire planet in a way that allows its peoples to prosper and its nature to flourish. We will need a system of universally accepted and respected rules and regulations so a multi-

Rural Tanzanian health centre: in developing countries, policymakers often find it easier to convince voters of investing government funds in social services than in long-term environmental protection.

damental lesson of the progress made in recent years in terms of the Millennium Development Goals is that we need effective coordination between various stakeholders at national and international levels. Inclusiveness must be ensured.

tude of sovereign governments and an even greater number of independent agents can all play their part.

Moreover, the time frame should focus minds. Substantial funding and other resources are needed to achieve the SDGs by the 2030 deadline as promised. So far, however, it has not been spelled out clearly where those resources will come from. Without an appropriate and supportive global governance system, the SDG agenda is bound to fail.

Around the world, enormous enthusiasm for the SDGs has been shown. The agenda has been backed by all UN members. However, no agreement on accountability has been put in place, and it has not been made clear who is responsible for providing inputs. It is not enough to demand inclusiveness and involve many partners in debates. To implement policies, responsibilities must be spelled out clearly, and they will have to apply to different partners in different ways.

At the international level, governments, private-sector companies, civil-society organisations, multilateral institutions and other partners are only bound by the moral authority that is derived from the adoption of the SDGs. Citizen pressure can emphasise that moral authority. However, the public lacks any other means of holding partners accountable.

Things are different at the national level. Governments are bound by the constitutions and laws of their countries and will act accordingly. The SDGs, however, cannot be national or even local politics. After all, they are the result of an extended multilateral negotiation process. They concern the entire world and are an expression of converging views. Some SDGs, moreover, are of planetary scope - regarding, for example, the protection of the climate, biodiversity, marine life et cetera. Nonetheless, global governance in regard to the SDGs is currently limited to facilitating dialogue, sharing experience and - to a yet insufficient extent - transferring resources.

National governments adopted the SDGs unanimously in the UN General Assembly in September 2015. They must, of course, assume responsibility, and they are facing considerable challenges in regard to the SDGs. Typically, a national government will first raise public awareness of the SDGs, ensuring that they are considered in all and local-level planning. Parliaments, municipal councils and other relevant legislative bodies must be involved in policymaking. The costs must be assessed, so the national and subnational budgets can

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make funds available accordingly. Parallel implemention schemes must be avoided. Proper monitoring and evaluation systems are needed. Citizens must be informed about the status of implementation and the results achieved in a timely manner. There can be no doubt that the agenda requires a capable state.

#### PEER PRESSURE

The international community cannot assume that all states are up to the task. In many places, governance must improve. Currently, regional and continental peerreview mechanisms are in place to monitor the quality of national governance. These mechanisms should be updated in a way that makes them take account of the SDGs. Peer pressure could thus contribute to standardising approaches and promoting best practices. It would probably make sense to establish something similar at the global level.

Achieving the SDGs will require major investments, and it would be unrealis-

tic to expect all countries to mobilise all the needed resources domestically. Some SDGs will bring immediate rewards, including food security, health, education, energy, roads et cetera. It is not hard to convince the public of their merit. Other SDGs, however, concerning the protection of biodiversity and natural resources, for example, will only reveal their value over time. Policymakers in poor countries will struggle to allocate tax money to such purposes. It would be wise to grant them international support.

Countries at an early stage of development will need such support. A reasonable response to that need could resemble the approach taken in multilateral debt relief. Highly indebted countries had to draft and implement poverty-reduction strategies, and, if donors considered the strategies convincing, they supported the countries' national budget.

Budget support is the appropriate way to assist SDG action as well. It ensures the policy ownership of the country concerned and is channeled through its institutions. It becomes part of the political process, so the general public can be involved. Aid that bypasses national institutions, in contrast, creates parallel structures. These issues have been thoroughly discussed in the context of the Paris Declaration on Aid Effectiveness, and work on the matter is being carried on by the Global Partnership for Effective Development Cooperation (see D+C/E+Z e-Paper 2017/02, p. 17).

In any case, there is a need to establish a legitimate institution for coordinating resources at the global level. The UN could be empowered to do so. The institution must take into account the contributions of governments, private sector, civil society and academia.



BELAY BEGASHAW is director general of the Sustainable Development Goals Center for Africa (SDGC/A) in Kigali, Rwanda. bbegashaw@sdgcafrica.org

# The Sustainable Development Goals Center for Africa

Opened in July 2016, the Sustainable Development Goals Center for Africa (SDGC/A) is an international organisation that provides support to governments, civil society, businesses and academic institutions. Our job is to accelerate progress towards the Sustainable Development Goals (SDGs) in Africa. With headquarters in Kigali, the Rwandan capital, the SDGC/A builds upon the existing successes of the African continent

by bringing together people, ideas and innovation from across the world to collectively build a more sustainable future.

Our vision is that all African countries will achieve their national and sub-national targets related to the Sustainable Development Goals by 2030. Our values are in alignment with the UN Post-2015 Development Agenda. The SDGC/A endorses:

• multi-stakeholder partnerships between governments, civil society, business and academic institutions,

- mutually beneficial networks of people, institutions and ideas that build on strengths,
- transparency and accountability in decision-making, investments and promises,
- social inclusion at all levels of society, ensuring that no one is left behind,
- environmental stewardship and the responsible management of natural resources and
- innovation, research and capacity building.

To make our vision come true, we focus on:

- research and policy advice to support governments, civil society, businesses and academic institutions,
- inter-country investments and projects related to infrastructure, information systems and finance,
- building platforms to facilitate the meaningful engagement of academics, citizens and communities,
- education and capacity building to strengthen universities and research institutions and
- increasing the distribution of technology, innovation and outreach.

SDGC/A

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# Vision 2030

Though Zambia has made impressive economic progress, more than 60% of its 16 million population remains poor. The government is committed to the Sustainable Development Goals (SDGs), but they will most likely prove quite difficult to achieve.

#### By Frank Masanta Jr.

The SDGs are relevant for several reasons. They are designed to focus minds on what really matters and thus provide international guidance to individuals, organisations and governments all over the world. Moreover, the SDGs create peer pressure. Finally, they help to build networks of expertise, knowledge and practice.

The Millennium Development Goals (MDGs) served a similar function. Since they proved successful in shaping the global agenda, the UN adopted the 2030 Agenda with the SDGs as a follow up in 2015. The MDGs were not entirely achieved, but they spurred progress in the right direction. MDG5, for example, was to reduce maternal mortality by 75% from 1990 to 2015. Zambia achieved a reduction of more than 60% (from 580 to 220 deaths per 100,000 live births), which is certainly a positive development, but less than was aspired.

Zambia's government has signed the UN 2030 Agenda and has expressed its commitment to achieving the SDGs. In February, the government presented the first



draft of the 7<sup>th</sup> National Development Plan for the years 2017 to 2021. President Edgar Chagwa Lungu pointed out that he wants Zambia to become a resilient and diversified economy. Specific policies, programmes and projects are supposed to drive job creation and poverty reduction.

The recent announcements are in line with Zambia's Vision 2030, which was adopted in 2011. Its aspiration is to make Zambia a middle-income country by 2030. The Vision's key principles are:

- sustainable development,
- democracy.
- human rights,
- family values,
- work ethos.
- peaceful coexistence and
- upholding good traditional values.

It is understood that civil society and the private sector must be involved in achieving the SDGs, so public-awareness raising is essential. The Central Statistical Office must generate relevant data for monitoring progress, and the parliament must review matters regularly.

Several tangible measures are being taken. For example, constituency offices, which serve members of parliament to interact with citizens, are to be established all over the country. The Constituency Development Fund, which supports micro-initiatives at the grassroots level, will be increased.

## INTERNATIONAL PARTNERS

The Finance Ministry has been urged to cooperate closely with international partners, including China, the USA, the EU and Russia. The idea is to attract investors and to mobilise support for government policies. For example, the government is keen on doing business with the Asian Infrastructure Investment Bank, the new multilateral agency, which was launched by China and is based in Beijing. Moreover, Zambia might benefit from China's "One Belt, One Road" policy, which is designed to promote traderelevant infrastructure internationally. The engagement of established donors is welcome too, of course.



Zambia is struggling to develop its education sector: pupils of the private Sun-Spring Charity School, founded by Frank Masanta. The governments' intentions are good, and its plans make sense. Nonetheless, it will most likely struggle to achieve the SDGs and the Vision 2030 as anticipated within the next 13 years. The reasons are fast population growth (3.2% annually according to the World Bank), corruption and lack of funds.

According to Transparency International, an international non-governmental organisation, Zambia has made considerable progress in the fight against corruption in the last decade. The legal and institutional frameworks have been strengthened, bureaucratic procedures were streamlined and even high-ranking officials were prosecuted. However, TI warns that corruption remains a serious issue, affecting the police, the education sector and health services.

Lack of funding is a crucial issue of course. The plain truth is that Zambia is struggling to develop its education sector, for example. Education is a human right – and a responsibility of the state. But in view of an ever increasing population, it is difficult to provide. In Zambia, this sector remains underfunded in spite of having been allocated about 20% of the national budget in recent times.

Education is vitally important for achieving all SDGs. Governments must ensure that every child has a classroom, a teacher and a walkable distance to school. Primary education is the foundation of human-capital development. Where would successful secondary students come from if there is no successful primary education? Good education will inspire the next agents of change the world needs.

However, recent Zambian trends are not promising. Education funding actually dropped from 20.1% of the national budget in 2015 to 17.2% last year, even though Zambia, in the context of the Global Partnership for Education, has pledged not only to allocate 20% of the national budget to this sector but also to increase per-capita expenditure.

According to Vision 2030, the government wants to promote work ethos. Its inability to fulfil promises obviously does not serve this cause.

## PROTECTING FORESTS

Another top challenge Zambia must address is energy. Massive investments are needed to ensure that all households have access to

affordable electricity. Most people use charcoal, and even many households that are connected to the power grid do so because it is cheaper. This practice is environmentally destructive. Forests, which are valuable carbon sinks, are cut down to provide wood for charcoal production. Such natural resource depletion contributes to global warming. At the same time, it diminishes poor people's livelihood opportunities. It is estimated that 30% of rural households' income depends on forest products.

The government wants to slow down deforestation, ensuring that not more than 100,000 hectares per year are cleared of trees for charcoal production. This is a worthy goal. It remains to be seen to what extent government action will succeed – but as with the MDGs, significant progress will be welcome, even if not every aspiration comes true.



FRANK MASANTA JR. is a community leader and activist in Zambia. He started the Sun-Spring Charity School in a poor neighbourhood in Lusaka in 2011.

frankmasanta.jr@gmail.com



# SYRIA LEBANON Beirut Damaskus

# Universal responsibility

Since the war in Syria broke out in 2011, Lebanon has admitted hundreds of thousands of Syrian refugees, but the people concerned find themselves in a desperate situation. The international community must not forget that the SDGs are a universal agenda that applies to refugees too.

#### By Mona Naggar

Approximately one out of every four people living in Lebanon is from Syria. The country is also home to refugees from the region's past crises. They include hundreds of thousands of Palestinians and thousands of Iraqis. Lebanon is politically unstable, and its infrastructure is overburdened, but

ter the births of their children. According to estimates, there are 50,000 undocumented children in Lebanon. Moreover, the government barred the UN Refugee Agency UNHCR from registering newly arriving Syrian refugees in April 2015.

But even the Syrians that are officially registered do not enjoy any kind of legal status. To date, the Lebanese state has neither signed the 1951 Refugee Convention nor the 1967 Protocol Relating to the Status of Refugees. Therefore people are forced to live without rights in poverty. Investigations have repeatedly shown that the widespread occurrence of child labour among Syrians is linked to their parents' increasing poverty. According to official Lebanese data,

settle in the country permanently, thereby upsetting the demographic balance between the different religious affiliations that the political system is based on. This is a policy devoid of foresight and planning. Refugees are rarely deported, but the hope is that they will feel encouraged to leave voluntarily.

According to the statement of intent that Lebanon presented at the donor conference for Syria held in London in early 2016, the government is aware that its residency and labour laws need to be revised. The newly appointed minister for refugee affairs has confirmed this stance once more. And just a few weeks ago the government in Beirut did indeed ease restrictions for a small group of Syrians, partially in response to international pressure. But what is needed is a repeal of the tightened residence requirements for all Syrians in the country. The statement of intent also included proposals for creating 350,000 new jobs for both Lebanese and Syrians. So far, however, it is unclear if anything tangible will happen.

The greatest progress that the Cedar State has made in the past two years relates to the education of Syrian children. International donors and the ministry of education have accommodated about 250,000 Syrian boys and girls in Lebanese schools. This is a great achievement. Schools were renovated and new teachers were hired to make it happen. However, another 250,000 children still lack access to schools. In the Bekaa Valley, one of the main host areas for Syrian refugees, almost 80% of children do not attend school. The government hopes to reach out to these children within the next three years and to improve the quality of education at the same time. It will need an annual \$350 million to do so.

The international community will once again be called upon to help. Its Sustainable Development Goals are supposed to be universal. Refugees must not be left behind.



Syrian refugee camp in the Bekaa Valley.

the country's population includes one of the world's highest shares of refugees. As a result, it has earned praise and support of the international community. Less attention has been paid, however, to the Lebanese state's policies concerning these refugees.

The situation of Syrians in Lebanon is tough. After entry and residence requirements were tightened at the end of 2014, about 60% of Syrians now find themselves in the country illegally. They cannot look for legal work, move about freely or regis-

52% of Syrians live on less than \$2.40 a day. Lebanon seems to be repeating the same mistakes that it has been making for years with regard to its Palestinian population. Discriminatory laws in the areas of labour, education and social security have marginalised hundreds of thousands of people. Nizar Saghieh, a Lebanese lawyer, says the government's treatment of refugees means it is "manufacturing vulnerability".

Lebanon's refugee policy is primarily driven by the fear that the new arrivals could



MONA NAGGAR
is a journalist and
media trainer.
She lives in Beirut.
mona.naggar@googlemail.com

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# Universal health-care coverage is feasible

If the international community is serious about reducing inequality, health care cannot be left to market forces. Solidarity matters. In Bangladesh, the civil-society organisation Gonoshasthaya Kendra is proving that universal coverage is possible.

By Rezaul Haque



Paramedic providing antenatal and post-natal care on behalf of GK in a village.

At Gonoshasthaya Kendra (GK), we know what a comprehensive scheme to provide social health insurance to garment workers would cost. We ran pilot projects in cooperation with the Dutch embassy and medico international, a German nongovernmental organisation. An annual insurance premium of 1200 taka (about &14) per person would suffice. We think employees should pay 25%, employers should pay 25% and the foreign companies that buy the clothes should pay 50% of the premium.

On this basis, workers would still be charged small sums for individual services. Our experience is that people do not value services unless they pay, but the costs must not be prohibitively expensive.

Our pilot projects have taught us more than merely pricing. One lesson is that the package must include physiotherapy since pain in neck, shoulders and back are common among garment workers.

GK's main operations are to supply health care to 1.1 million to 1.2 million people long term through a social insurance scheme. It is not an insurance in the business sense. We do not calculate premiums according to individuals' personal health risks. A social insurance is based on solidarity, with people contributing money according to their ability, not their medical needs.

GK currently provides services to six categories of people: ultra-poor, poor, lower middle class, middle class, upper middle class and rich. Households are charged according to the category they belong to. Every family member gets appropriate and affordable health-care services whenever needed. For example, a rich household must pay 10,000 taka for a cesarian section, whereas a poor or ultra-poor household would be charged a mere 3000 taka.

Our mission is to prove that low-cost health care is feasible. Ultimately, we want the state to rise to the responsibility of introducing a social health-care insurance to cover the entire nation.

All rich nations have some kind of social health insurance. The model case was the social health insurance introduced by Otto von Bismarck in Germany in the late 19<sup>th</sup> century. His goal was to thwart the socialist movement. While he did not manage to suppress the Social Democratic Party for more than a few years, his health insurance was a lasting innovation. It is still viable, relying on payroll taxes paid by employers and employees. The premium depends on a person's income. In return, the person concerned and dependent family members get the health care they need.

Schemes like this facilitate universal coverage, whereas unregulated market forces only protect the better-off. Developing countries certainly need universal health-care coverage. Illnesses and accidents plunge many people into poverty.

As a poor country, Bangladesh cannot afford to pay as many medical doctors per capita as a rich country like Germany does. Therefore, GK relies on paramedics who work in the villages. When a particular case is beyond the paramedics' abilities, they turn to doctors at our local health centres. These centres, in turn, refer difficult cases to hospitals, some of which are run by GK.

Our system is quite efficient. Among the GK clientele, we are now close to achieving the Sustainable Development Goal on maternal mortality. We are proud of Bangladesh having met the Millennium Development Goal concerning maternal mortality and know that examples set by GK in the past four decades have helped to improve maternal care in general. Today, we are proving that even more is feasible.

If the international community is serious about reducing inequality, social health-insurance systems are indispensable. Solidarity is needed to make universal health care affordable, and legislation must be passed accordingly.



**REZAUL HAQUE** 

is medical doctor and works in the management of Gonoshasthaya Kendra (GK), a health-care organisation in

Bangladesh. rezaulgk50@gmail.com

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# Lip service to the SDGs

India's Prime Minister Narendra Modi insists that his government is setting an example of good governance. Not everyone agrees.

#### By Aditi Roy Ghatak

Last year, India overtook Japan as the third largest aviation market. The number of domestic passengers increased by 24% to over 100 million. This was yet more evidence of flamboyant growth, which makes India almost the only bright spot in a bleak global economy.

Prime Minister Narendra Modi is celebrating economic success as his personal triumph. Basking in global acclaim, he is always politically correct on the global stage. He praises for the Sustainable Development Goals of the UN's 2030 Agenda when addressing an international audience.

At the national level, however, his actions often reveal his aggressive, populist face (also note our focus section on populist politics in D+C/E+Z e-Paper 2017/02). As leader of the BJP, India's right-wing ruling party, he serves the better-off more than his government serves the poor, whose plight it promises to alleviate.

The BJP claims to be nationalist and rejects claims that its idea of the nation is not inclusive. The BJP's roots, however, are in the RSS, a chauvinist organisation that emphasises "Hindutva", an ideology that seeks to establish the hegemony of Hindus and adds up to an intolerant travesty of the tolerant Hindu religion. Many RSS affiliates pursue an openly anti-minority and especially anti-Muslim, anti-Christian agenda.

In the Modi regime, text books are being changed to wipe out the story of India's religiously diverse independence movement. Across the country extremist Hindu "cow protectors" are hounding Muslims, for whom beef is an important protein source. The government is doing precious little to protect the minority community.

Non-governmental organisations (NGOs) that dared to speak up against the Modi government have been all but silenced (see my comment in D+C/E+Z e-Paper 2016/05, p. 42). Repression is particularly

strong where the BJP controls the state government. Attempts are being made to restrict judicial independence.

At the G20 summit in Hamburg in July, Modi will most certainly express passionate support for the SDG agenda. His international partners, however, should be aware of India remaining, in spite of its high economic growth rate, an extremely unequal country with hundreds of millions of poor people.

# THE SECOND-MOST UNEQUAL COUNTRY

According to Credit Suisse, a multinational bank, India's richest one percent owns 58.4% of the nation's wealth. That share is higher than the comparative shares in Indonesia, Brazil, China, the USA, South Africa and Mexico. The poorer half of India's population squabbles for 4.1% of the nation's wealth. Among the G20, only Russia – with 75% of wealth owned by the top one percent – is more unequal than India.

The total wealth of India's millionaires is \$5.6 trillion, while about half of India's 1.25 billion people live in poverty, though not all are officially counted as poor. For example, state agencies only consider those urban people who can spend less than the equivalent of \$0.42 per day to be poor.

Antilia, the private high-rise home of Mukesh Ambani, probably the richest Indian individual, cost a billion dollars to build and takes a staff of 600 to run. Just a stone's throw away are Mumbai's world famous slums, which were competently portrayed in the Oscar winning film "Slum Dog Millionaire" in 2008.

In view of the drastic disparities, the government's SDG rhetoric sounds hollow, if not downright ludicrous. Before becoming prime minister, Modi was the chief minister of Gujarat. Under his rule, the state became known for deadly anti-Muslim riots in 2002 and later for successfully attracting investors. What is less well known, however, is that Gujarat's track record on poverty reduction remained mediocre, with child-nutrition data being particularly sad.

As prime minister, Modi is taking the same big business-friendly approach. For



New Delhi

Mukesh Ambani's home cost \$1 billion.

example, 29 government-owned banks were ordered to write off bad corporate loans worth \$62 billion in the financial years 2014/15 and 2015/16. The sum exceeded the debt relief that the previous government, led by the Congress party, had granted India's corporate sector in a span of nine years.

Many economists praise Modi as a liberal moderniser. This assessment would be less favourable if such "corporate welfare" was taken into account. At the same time, bankers insist that highly indebted farmers must not get debt relief because such a step would damage India's "credit culture".

Even Modi's radical demonetisation policy last year partially targeted black money. But it also had a sharp anti-poor edge and served a dark political purpose. Neither issue is well understood. Claiming to fight "black money", the Modi government made 80% of

India's cash worthless in November. Suddenly, 500 and 1,000 rupee notes were no longer valid though they could be deposited in bank accounts for three months.

The snag was that anyone who had a large cash holding had to declare the source of the funds. While nabbing some source of black money, the move harassed those who earned cash legitimately, as do all the people working in India's huge informal sector. Moreover, it also hit tiny sums saved by poor women over many years. The super rich, who certainly play a greater role in corruption, hoard their fortunes in foreign bank accounts or real estate.

The government pretends that it is cleansing the electoral process of graft but that is obviously not the agenda. Yes, one result of demonetisation was that political parties were literally cash-strapped during the recent election campaigns in Uttar Pradesh (see box below) and several smaller states. The BJP, however, had taken care of its financial needs. BJP leaders must have been forewarned and media reports suggest that they deposited money in bank accounts before Modi announced demonetisation.

The government promised that all bank accounts would be scrutinised for black mon-

ey before and after this radical step, but political parties were soon exempted. India's general public will thus never know to what extent the BJP's election campaigns benefited from having deposited money early enough to still be able to campaign, while its competitors were deprived of their cash.

In the long run, stronger reliance on digital transaction may indeed lead to more accountability in India's economy, but, in the short run, demonetisation rigged elections in the dominant party's favour. There are also serious concerns that electronic voting machines may have been manipulated.

There is talk of a universal basic income for everyone but it is not backed up by funding. Meanwhile the government has cut spending that benefited the poorest, including funding for basic infrastructure from roads to schools. Modi's much publicised "Make in India" programme is not generating jobs poor people desperately need, but is essentially limited to inviting foreign investors to set up facilities in India (see my essay in D+C/E+Z 2016/9 – 10, p. 32).

Any examination of India's commitment to the SDGs must consider this context. The BJP's definition of democracy is

crude majoritarianism with little regard for constitutional checks and balances. At the centre, the government is spending heavily on propaganda to prop up the prime minister, while the National Health Mission, which is meant to deliver maternal and child health, and other social programmes are clearly underfunded.

Modi's charisma impresses global leaders. He puts his weight behind the UN Framework Convention on Climate Change and makes a case for the India-proposed international solar alliance. Back home, however, environmental issues are clearly being given a short shrift at the altar of industry demands. The Ministry of Environment rubber stamps much of what big business desires. Solar energy is promising in business terms, which is why it has the attention of the Indian government.

The SDGs make sense. To achieve them, G20 leaders like Modi will have to do more than pay lip service at global meetings.



ADITI ROY GHATAK is a freelance journalist based in Kolkata. aroyghatak1956@gmail.com

# **Brutally divisive**

India's right-wing Prime Minister Narendra Modi recently picked saffron-clad Yogi Adityanath to head the government of Uttar Pradesh, India's most populous state. This choice certainly reveals a supremacist agenda.

The monk appreciates US President Donald Trump's anti-Muslim rhetoric, and demands that India should restrict travel to and from Muslim-majority countries. His stance is brutally

divisive, as 40 million Muslims are among the 200 million people who live in his state. In the recent state elections, his party, the BJP, did not field a single Muslim candidate. It won only about 40% of the vote, but it now controls 312 of 403 seats in the state assembly because its candidates came first in most constituencies.

After taking office in March, Adityanath immediately launched a crackdown against meat shops, which tend to be run by Muslims whom Hindu fanatics accuse of selling beef.

Adityanath has a reputation – and a history – of fundamentalist extremism. A youth organisation he started has repeatedly been involved in "communal violence", as riots of religious fanatics are called in India. As a teenager, Adityanath took part in the campaign to build a Hindu temple on the site of Babri Mosque in Ayodhya, a city in eastern Uttar Pradesh. The movement escalated, and, in late 1992, fanatics

destroyed the mosque. Riots erupted all over India. At least 2,000 people, mostly Muslims, were killed. In response, there were anti-Hindu riots in Pakistan and Bangladesh.

Prime Minister Modi likes to stress development for all in his speeches. His choice of chief minister for Uttar Pradesh tells a different story. Clearly Modi understands the force of identity politics that distracts from underlying problems such as poverty, bad infrastructure and lack of opportunities for masses of people.

Hans Dembowski

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# Photo: picture-alliance/Alexander Shcherbak/TASS/dpa

# **Sustainably overstrained?**

Under the Chinese presidency, the G20 came up with a surprise endorsement of an action plan on the 2030 Agenda for Sustainable Development. The group of nations is thus committed to taking collective and individual action, at home and abroad, aimed at implementing the Agenda. Germany has made the 2030 Agenda a frame of reference for its G20 presidency. But as the Hamburg summit approaches, there are growing doubts that the G20 can deliver.

#### By Adolf Kloke-Lesch

Let's be clear about one thing from the start: the G20 is a huge and vital communication and consensus machine. It is safe to say that 10,000 representatives from politics, society, business, science, academia and the media are involved in its work worldwide. Part of the charm of the G20 is that it achieves dialogue and cooperation between

but the lowest common denominator and if the domestic implementation of collective commitments is not ensured over successive presidencies. The problem is compounded when a large number of countries experience change at the top or political upheaval. Nearly half of the heads of state and government invited to Hamburg were not in office when the 2030 Agenda was approved in 2015. What is more, over a third of G20 countries face major political crises.

But the G20 must not allow individual members or collective amnesia to prevent common challenges being tackled. Who speaks today of the G20 resolution adopted in Brisbane in 2014 to narrow the gap between male and female employment rates by 25% by 2025? What is actually being done to implement the Antalya commitment (2015) to reduce the number of young people at greatest risk of being permanently excluded from the labour market by 15% by

and inclusion, climate and oceans – where subgroups can make a difference. For example, a joint learning process could be set up in the G20 for the transformation of coal-mining areas. The G20 as a group could recognise such initiatives and provide a framework for them.

The 2030 Agenda could prove a useful vehicle for such variable implementation geometry. At present, however, advances in new directions are impeded by conceptual and institutional path dependencies. Too many governments and workstreams see the 2030 Agenda as a programme for poorer countries and dismiss its universality. The result is a reductive understanding of collective action that refers only to third parties, not to the G20 countries themselves.

Institutional structures reinforce this approach. The mandate of the G20 Development Working Group (DWG) has been extended to include strengthening and coordinating the G20's role in promoting globally sustainable development. But in its composition, the DWG is still defined by traditional development-cooperation agencies and struggles to adapt to its new role. At the same time, line-ministry directorates balk at DWG coordination, often avoid implementing the 2030 Agenda in G20 countries themselves and outsource it into cooperation with poorer countries.

If the Hamburg summit does not untie this Gordian knot, the prospects look bleak for the G20's role in implementing the 2030 Agenda. The universality of that agenda needs to be reinforced, and collective G20 commitments must be implemented domestically in G20 countries. The DWG needs to evolve to play its bigger new role and promote coherence across the G20's workstreams. The G20 needs to find ways to drive forward the implementation of the Agenda even if all members are not always on board from the outset.



The G20 is supporting the 2030 Agenda for Sustainable Development: foreign ministers meeting in Bonn in February.

countries with different models and levels of development without relying on outdated bloc affiliations. A G20 president that sets a good narrative can be effective even if no joint resolutions are reached.

Nevertheless, the G20 becomes a paper tiger if members' vetoes block anything 2025? And what has become of the commitment made in 2016 in Hangzhou to take effective action on climate change?

Maybe it is time for a variable-speed G20. Some things work only if everyone is on board – like banking regulation. But there are also areas – such as inequality



ADOLF KLOKE-LESCH is executive director of the Sustainable Development Solutions Network (SDSN Germany), a network of knowledge centres.

kloke-lesch@sdsngermany.de http://www.sdsngermany.de

# Dangerous hunger

In February, UN experts declared that South Sudan is experiencing a famine. This catastrophe is entirely human-made. Some 100,000 people would not be at immediate risk of starvation, had the country's political leaders not escalated infighting over who controls the oil resources into full-blown civil war.

#### By Hans Dembowski

In March, the UN went on to warn that 20 million people in South Sudan, north-eastern Nigeria, Somalia and Yemen are at risk. It is even more worrying, that civil-society agencies are sounding the alarm about need spreading in about a dozen East and Central African countries without collapsed state-hood being the reason. Masses require humanitarian aid as food security is dwindling in areas that are not haunted by the daily threat of violence. There are several, interrelated reasons, including the following:

- For many months, draughts and floods have been destroying crops and devastating herds. Accordingly, there is less food, and incomes have been reduced. It is impossible to say that any single incident of weather is the direct result of climate change, but we know that climate change is making extreme weather more likely. We must assume that the phenomenon is contributing to the problems and should expect things to get worse if it continues.
- In Africa, the population that needs to be fed is increasing fast. As a general rule, the average number of children a woman has is correlated to a country's level of prosperity.
- The problems are compounded by pests destroying crops and infectious diseases affecting people as well as animals. The weaker an organism becomes, the less able it is to withstand.

In war zones, combatants use need and hunger strategically. They burn fields, kill herds and poison wells. They make it hard or even impossible for humanitarian agencies to deliver aid. Even when fighting stops, moreover, matters cannot improve fast due to the destruction of infrastructure and indispensable assets such as seed, for example.



Somalian refugees in Ethiopia: measuring arm circumference is a reliable way to detect malnutrition.

Throughout history, armed struggle has meant deprivation. On the other hand, growing need makes violent action more likely as tensions concerning scarce resources intensify. When masses of people feel forced to leave their homes in search of new livelihoods, societies become less stable, and good governance becomes less likely.

Worsening food insecurity in various African countries is an issue of global relevance. In our interconnected world, a severe crisis in one world region concerns all world regions. Famine is evidently incompatible with eradicating hunger, the fist Sustainable Development Goal (SDG).

It is depressing that humanitarian agencies report that they need more money than is being made available. Donor nations must rise to the challenges. In March, Berlin and London increased their spending on emergency relief, but nonetheless only about 20% of the required \$ 4.1 billion had been committed by 1 April. The governments of rich countries must do more, however, and they must pay attention to the underlying problems and contribute to solving

them. Action to mitigate climate change and contributions to climate adaptation in developing countries are essential. Support for building infrastructure, institutions and peace is needed too.

Worried about refugees coming to their countries, European leaders are prone to saying that they want to "fight the reasons of flight". This slogan makes sense, but one should not expect short-term results. The real challenge is not to limit the number of refugees crossing the Mediterranean Sea or coming to us on other routes. It is to provide decent livelihoods to everyone living to the south and east of that sea. Walls and border patrols do not solve the underlying problem of ensuring human rights and human security for all of humankind. What is needed is joint efforts to achieve the SDGs.



HANS DEMBOWSKI is editor in chief of D+C Development and Cooperation / E+Z Entwicklung und

Zusammenarbeit. euz.editor@fs-medien.de

# Programmes for the poorest of the poor

The present generation can become the first to witness a world without extreme poverty. The international community has set itself that ambitious goal in the 2030 Agenda for Sustainable Development. Unfortunately, numerous studies indicate that conditions will have to be very favourable for poverty eradication to succeed.

#### By Jörn Geisselmann

Growing inequality, increasingly fragile statehood and the impacts of climate change all present obstacles to eradicating poverty. Moreover, it looks as though neither India nor sub-Saharan Africa can tackle poverty as effectively as China did in the era of the Millennium Development Goals. South of the Sahara, in particular, poverty reduction is expected to slow down significantly.

The region accounts for by far the largest share of the world's ultra-poor, defined as people with an income that is more than 50% below the international poverty line. The World Bank sees the severity of poverty as one of the three greatest challenges in realising the first of the Sustainable Development Goals (SDG1): to end poverty in all its forms everywhere. Its conclusion is that political discourse must focus more intensely on the needs of the poorest of the poor (World Bank, 2015).

The only major study on ultra-poverty (IFPRI, 2007) showed that the people affected tend to:

- live in remote rural areas,
- belong to ethnic minorities,
- have low levels of education,
- own only very few assets and
- lack sufficient access to markets.

Women, children and people with disabilities are much more likely to be ultrapoor than other people. However, definitive statements are not possible as they would have to be based on data that distinguishes between household members. At present, however, poverty figures are mostly compiled in surveys of households, not persons.



Extreme poor people like here in Burundi often have to walk many kilometres to fetch drinking water. This is work for women and children.

According to the Chronic Poverty Advisory Network (CPAN, 2014), there are three core complex causes of ultra-poverty:

- meagre assets and poor returns from them,
- a very unequal distribution of power that excludes the ultra-poor and
- a general political environment including social norms as well as macroeconomic policy that may work against the interests of the poorest people.

Negative events such as an illness within the family, violent conflict or natural disasters can trigger or aggravate ultrapoverty.

## SUPPORTING THE POOREST

To sustainably overcome ultra-poverty, efforts must be made to reduce it and to proactively prevent people from relapsing into it. Above all, policies are needed to promote the rights of the very poor, develop their skills and help to reduce inequalities. Action is particularly needed in the following areas:

- Sustainable economic development: Growth strategies need to be inclusive, so poor people will contribute to economic growth and profit from it. In many countries with high levels of ultra-poverty, rural and agricultural development must be prioritised, with a special focus on smallholder farms. Vocational training can open up better opportunities for those who work in the informal sector. It may also facilitate the transition to formal employment.
- Education and health: The very poor, including children and women, need access to education and health care of a reasonable standard. Tools for improving matters include solidarity funds, voucher systems and scholarships. Cultural specifics of ethnic or religious minorities must be considered. Modern information and communication technology can serve to reach out to remote areas.
- Social security: Universal social protection systems are needed. Basic safety nets and health insurance matter in particular. They must developed gradually and be expanded to reach the ultra-poor. Basic pro-

Photo: Koene/Line



Education is crucial: school girl in a remote village in Thailand.

tection combined with proactive measures can sustainably help to lift people out of poverty.

• Inclusion: Where the poorest in society are discriminated against on the grounds of ethnic identity or other characteristics, action needs to be taken to overturn discriminatory social norms. Programmes that empower women to participate more meaningfully in social and public life are also required.

In countries where large sections of the people are ultra-poor, efforts should focus particularly on disproportionately affected groups such as minorities, people with disabilities and people in remote rural areas or informal settlements. In other countries, it may be more expedient specifically to target ultra-poor households.

One of the most successful programmes directly aimed at reducing ultrapoverty is "Targeting the Ultra Poor". It is also known as the graduation programme. It was created by BRAC, an international non-governmental organisation based in Bangladesh. It combines basic social protection with proactive measures such as skills training and the transfer of productive assets. An important element is

that the families who participate are coached regularly. The challenges they currently face and training content are discussed in detail.

With the support of the Consultative Group to Assist the Poor (CGAP), a global partnership based at the World Bank, the BRAC programme has been introduced in nine other countries. Evaluations have shown that, one year after the programme's end, most participating households remain out of ultra-poverty (Banerjee et al., 2015). In Bangladesh, where the programme has been running far longer than elsewhere, the positive impacts are still evident years later.

More than 40 governmental and non-governmental actors are currently running versions of the BRAC programme tailored to local conditions. The practical outcomes will show how the programme can be scaled up effectively and cost-efficiently, and how it can fit into existing national social protection systems.

# TAKING ACCOUNT OF CIRCUMSTANCES

It is generally very hard to reach the ultrapoor. The reasons are their marginalisation, poor education and lack of resources. Even informal waste collectors, for example, require a certain level of organisation to benefit from development schemes. However, agencies like BRAC have proved that it is possible to help the ultra-poor to escape poverty in the long run. To do so, one must take account of their specific circumstances. As a general rule, for instance, the ultra-poor cannot afford to make financial contributions or pay fees or charges. Nor do many have the time or education needed to participate in regular training. Another increasingly important question is how official development assistance (ODA) and national policies can reach the ultra-poor.

At the same time, national and international structures need to be reformed in a way that reduces inequality instead of compounding the problem. Unless that happens, eradicating extreme poverty by 2030 is likely to remain a pipe dream.



JÖRN GEISSELMANN is a policy advisor working on the GIZ sector project "Eradicating poverty – reducing inequality". In this

essay he is sharing his personal views. joern.geisselmann@giz.de

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# More than a lack of money

There is a broad consensus among researchers, policymakers and development agencies that poverty means far more than having no money. A multidimensional understanding of poverty must focus on material ("hard") basic needs such as health, food, shelter and education. But "soft" issues are also increasingly taken into account, for instance social and political participation, self-determination or subjective wellbeing and happiness.

#### By Sebastian Rewerski

For various reasons, experts who assess poverty should consider subjective criteria such as "happiness" and "life satisfaction" on top of objective living standards. What basic needs must be met for a decent

standard of living may diverge from one region to another, depending on individual perceptions as well as the value system of the society in question. Moreover, the methods commonly used to measure living standards – for example in the UN Human Development Index (HDI) – are always incomplete. Choice, weighting and aggregation of indicators are necessarily open to debate.

# **DEFINING HAPPINESS**

One issue at the heart of the debate is how to define happiness. There is no generally accepted definition. In fact, happiness is a subjective experience, so personal preferences determine what exactly contributes to making life a happy one. Though the terms are often used as synonyms, a fundamental distinction needs to be made between "happiness" and "life satisfaction". "Happiness" is a momentary, impermanent sense of joy or pleasure, whereas "life satisfaction" is a memory-based assessment of a person's life as a whole.

Happiness researchers have set their sights on explaining the factors that determine happiness. By and large, they agree on the major parameters. Basically, a distinction can be made between "external" and "personal" factors. The external ones include economic variables such as income, employment (availability of work and quality of working conditions) and inequality, but also social aspects such as inclusion or civil liberties. Political aspects such as form of governance and corruption



"Happy life years" reached in Venezuela are significantly higher than in Sri Lanka, although the people in both countries have about the same life expectancy: farmer couple in Venezuela.



Family and children are essential for the quality of life: billboard in Lusaka, Zambia.

may be relevant too. The personal factors include things such as health (physical and mental), family environment (partnership and presence of children), demographic aspects (gender and age) and a person's level of education.

# NO CAUSAL RELATIONSHIP BETWEEN POVERTY AND HAPPINESS

Development research should consider the empirical links between poverty and happiness. By intuition it is assumed that poverty and happiness must have a strong negative correlation. In actual fact, however, there are contrary findings, known as the "Easterlin paradox" (Easterlin, 2001): While people living in more developed countries tend to be happier than people in less developed countries at a given time, happiness within a country does not rise over time even as development progresses.

Two explanations are offered for this phenomenon. The first is that people focus on social comparisons and thus often value relative prosperity more than absolute prosperity. This underlines the great importance of inequality and social cohesion in a society. The second explanation is that the interrelatedness of prosperity, happiness and personal expectations changes over time.

When incomes rise, so do expectations. In consequence, people's sense of well-being is diminished if – or for as long as – their new expectations are not met.

Generally speaking, a certain variation between prosperity and happiness seems obvious. The reason is that, although the two phenomena have common determinants, they are inherently and fundamentally different. There is no causal relationship between prosperity and happiness. It is thus all the more important to consider subjective well-being in the ongoing discussion of development objectives.

The following example illustrates the issue well: life expectancy is a widely used indicator of health and living conditions within a country. Therefore, one might assume that a lower life expectancy in a country implies a greater degree of poverty and thus a lower level of happiness. However, international comparisons that contrast "life expectancy" with "happy life years" (Veenhoven, 2004) show that this is not necessarily the case.

While some countries have comparable data with respect to average life expectancy, they show great variations in terms of "happy life years". Likewise, some countries differ vastly in average life expectancy, their data concerning "happy life

years" are similar. A fundamental assessment of the results is very hard to make. It seems arbitrary to say that a longer but on average unhappier life is better than a shorter but happier one, or vice versa.

These comparisons also illustrate how much the choice and concept of indicators matters for international assessments of a country's quality of life. No single indicator or aggregated set of indicators will perfectly reflect multidimensional reality completely. The phenomenon is better understood if one considers various factors simultaneously. No doubt, it is essential to include subjective perspectives in future debates.

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## SEBASTIAN REWERSKI

is junior policy adviser at GIZ. He is expressing his personal views in this essay. The author does not wish to have his photograph published. sebastian.rewerski@hotmail.com

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# A European brand

The EU has played a central role in the adoption of the UN Sustainable Development Goals (SDGs) and in the negotiations that led to the Paris climate agreement. However, its policies and actions do not pass the sustainability test. The EU must return to the solidarity that was a key concept when it was first established.

#### By Karl Falkenberg

The notion of sustainability started in German forest management in the early  $18^{\rm th}$  century. It means: don't cut more wood in a

tutions must safeguard global peace and iustice.

From the outset, the EU was based on peace and rule of law, supported by strong institutions. The common economic governance was based on the idea of a market economy with an emphasis on social protection and inclusive growth ("social market economy"). The concept was successful. Less advanced countries that joined the Union tended to prosper as a result. Unfortunately, a sense of competitiveness has replaced the spirit of solidarity, so 120 million Europeans are at risk of slipping

include ownership (in the sense of assuming responsibility for the external effects of one's economic activity) and solidarity. The EU must accept the SDGs as the overriding common policy objectives.

All policy proposals should be tested against the three aspects of sustainability: economic, social and environmental – with equal weight. A more transparent, participatory form of governance is needed. Policy outcomes must be monitored better and communicated to the public, so the regulatory frameworks can be improved accordingly. It is necessary to comprehensively



In forest management, sustainability means not to cut more wood than will grow back.

given time span than will grow in that time span, unless you want to ruin yourself.

Today, the term is used in a wider sense. It is about future generations enjoying at least the same opportunities as the people who currently inhabit earth, and sharing opportunities fairly. Relevant aspects thus include the fight against poverty and hunger, decent work for all, good health care, quality education and gender equality. Obviously, the natural environment and the climate must be protected at the same time. Moreover, strong insti-

into poverty, and many question the EU itself.

A longer standing problem is that economic success often came at the expense of nature in Europe. The continent is densely populated and has few natural resources. It has used more than its fair share of the planet's resources, and people are only beginning to understand that they cannot continue this way in light of the fast growing world population.

Therefore, the EU must rediscover "social market economy" principles. They

analyse present policies in regard to their sustainability.

# TRENDS MUST CHANGE

The picture is grim. If, in 2050, 10 billion people lived according to the EU's current consumption and production patterns, humanity would need 2.5 times more resources than are available on earth. It is a good thing the EU has started to move towards a circular economy. We must collect and recycle waste. We must extend the

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life cycle of products through repair, reuse and remanufacturing. We must use less resources in the production of goods and services. We must rely more on renewable sources of energy.

Europe is beginning to become a more service-based economy, with expensive goods being leased instead of bought. This trend is healthy, as it reduces the number of goods whilst generating millions of new jobs. Some EU member states are leading the trend.

We know that reusing scrap metal is many times more efficient than mining. We have developed technologies to recycle high-quality secondary raw materials. What cannot be recycled, however, should at least serve power generation in incinerators. Such facilities can be linked to distant heating systems and thus contribute to satisfying energy demand and improving the air quality. The transformation to sustainability requires regulatory frameworks that support change and provide predictability for investors.

#### LACK OF CONCERTED POLICY

The EU is the only sizeable partner that has effectively fulfilled its pledges concerning the greenhouse-gas reductions that were agreed in the Kyoto Protocol. Nonetheless, it is still emitting more than its fair share. Less than seven percent of the world population live in the EU, but its share of carbon emissions is ten percent.

The EU was at the forefront of developing renewable-energy technology, but it has now been overtaken by China – both in terms of installed capacity and patent registration. Due to lack of concerted policy, the EU has lost its first-mover advantage. It's recent proposal for an Energy Union correctly makes energy savings the highest priority. Making energy-efficient products in an energy-efficient manner can become a new competitive advantage for the EU. It will create many new jobs, but requires innovation.

The global financial markets are not on a sustainable path either. In the 1980s, global financial assets and GDP were still roughly in balance. Since then, financial assets have outpaced real assets by a factor of four, due to soaring public debt and speculation in futures. World Bank economists reckon that financial engineering

reduces global economic growth by about two percentage points annually.

In the world economy, crises tend to affect all players. To become more resilient to external shocks, the EU will have to complete its Banking Union. Prudential supervision is becoming ever more important, in particular in the light of a probable US u-turn in financial regulation, which would ignore the lessons learned from the last crisis and make a new crisis more likely. Making the finance sector sustainable means to eliminate the most speculative forms of trading.

Some kind of financial transaction tax, moreover, is needed to slow down short-term speculative transfers of funds around the world. At the same time, such a tax would contribute to balancing national budgets. It is absurd that our tax system still puts the heaviest burden on labour.

Loopholes in corporate tax systems are another problem. The European Parliament estimates them to cost the EU between  $\in$  50 billion and  $\in$  70 billion annually. That money is bitterly needed for infrastructure, health-care systems, education and social protection.

European societies are currently generating individual wealth, increasing inequality and weakening public budgets in an unsustainable way. Reliance on ever more philanthropy is not an appropriate response. It causes concern that wealthy individuals like Bill Gates can spend more money on issues of public interest than elected governments.

# PROBLEMATIC FOOD INDUSTRY

Food production is another area of concern. Farmers are under constant pressure to produce more and cheaper commodities. The growing – and expensive – use of pesticides, fertilisers and ever more sophisticated technology has squeezed their incomes to a point where many give up. The farms that survive tend to specialise in large monoculture production, which negatively affects landscapes, biodiversity, rivers, soils and air.

Consumers suffer too. Food is contaminated by residual pesticides or antibiotics. Obesity, cardio-vascular diseases and diabetes are becoming more common, partly due to what we eat. We subsidise farmers' incomes with public money, favouring huge industrial-scale farms at the expense of the environment and rural employment.

The good news is that alternative approaches are gaining ground. Less pesticides do not necessarily mean less yield, nor does less fertiliser use. Nature, if kept in good shape, will produce fertile soils and clean water and help pollinate. Farmers who have escaped the vicious circle of trying to beat falling prices with ever more expensive inputs have seen their revenues increase. Consumers too are changing their habits, turning to organic products and including less meat and less sugar in their diets.

The list of unsustainable European policies is much longer. Air pollution in cities is a huge challenge, and so are emissions caused by commuters. Oceans and seas are overexploited and polluted. The EU should do more to improve matters.

Yet there is hope. Ever more Europeans are paying attention to these issues. Though European policies may not be appropriate yet, they tend to be better than those adopted in most other parts of the world. Many countries copy EU sustainability solutions, whether in renewable energy, circular economy, safety assessment of chemical substances, nature protection, water legislation et cetera.

Europeans want better governance and more social justice. The fact that 120 million Europeans are at risk of poverty is an alarming sign that our economic model is failing. The EU needs policies that provide security, decent work and good affordable standards of life within the ecological boundaries of planet earth. On this densely populated continent, sustainability in this sense will only be achieved in the spirit of solidarity that marked the treaty of Rome, which was the start of the EU. Sustainability can become a rallying vision for all Europeans. It can become the brand that unites the continent.



KARL FALKENBERG is Senior Adviser in the European Political Strategy Centre (EPSC), the European Commission's

in-house think tank.
karl.falkenberg@ec.europa.eu

Some garment producers in Bangladesh are taking good care of workers and offer free medical consultation. Page 13

