

ESDN Policy Note

Addressing Spillover Effects in the Context of SDG Implementation

Introduction

The year 2023 marks the halfway point to achieving the goals laid out in the UN's 2030 Agenda for Sustainable Development. The Global Sustainable Development Report 2023 has shown that no country is on track to deliver on the 17 Sustainable Development Goals (SDGs).

Acknowledging this situation and looking beyond one country's borders is a key activity for the future, as the ESDN President, Daniel Dubas, points out:

“While all countries need to recommit and accelerate their progress towards achieving the SDGs domestically, there is another issue that has not yet been comprehensively addressed by most countries and governments, namely measuring and addressing spillover effects one country's production and consumption has on other countries.”

(Daniel Dubas, ESDN President)

In an ever increasingly globalized world, **attention needs to be put on measuring not only internal and domestic progress towards the SDGs, but also measuring and considering what happens beyond the borders of one country.** Spillovers exist in different dimensions, such as between policy sectors, but the ESDN's focus is on spillover effects from one country on other countries. It is a remarkable fact that many countries, which rank highly in the Sustainable Development Solutions Network's SDG Index when it comes to SDG implementation, rank quite low when it comes to the spillovers they generate beyond their borders, which are mainly based on their unsustainable levels of consumption.

Recognizing the need to turn the attention of European countries towards the spillover effects

they have on other countries, both the positive and the negative ones, **the European Sustainable Development Network (ESDN) decided to focus on this topic in 2023 and provide recommendations on how to identify and proactively address spillovers.** This was done by organizing two events on the topic, bringing together experts and different stakeholders to share knowledge, experiences, and best practices:

- The **ESDN Youth Workshop** took place in Berlin, Germany from 25-28 October 2023 and brought together more than 40 ESDN Youth Representatives and a dozen young civil servants from over 20 countries.
- The **ESDN Peer Learning Platform and Visit** took place in Bern, Switzerland on 9-10 November 2023. Over 50 participants, mainly national level policymakers, from 14 countries met to learn from each other on how to better identify and address spillover effects.

The recommendations from the Peer Learning Platform and Visit are below. The recommendations from the Youth Workshop will be presented in a separate policy note.

ESDN Policy Recommendations for Addressing Spillover Effects

1) Strengthen governance and policy coherence mechanisms

As with many aspects of sustainable development, strengthening governance and policy coherence mechanisms seems to be the answer to many of the issues that plague sustainable development. The SDGs are by nature interconnected and interrelated; each Goal having synergies, impacts, and tradeoffs with one another. Spillovers behave in much the same

way, where the policies enacted in one country, have effects outside the country's border.

Many recommendations were on how to strengthen governance and policy coherence when thinking about spillover effects and covered many different thematic areas, from transparency, stakeholder involvement, to policies that reflect the true costs of consumption and resource use:

- **Cooperate and set up mechanisms for enhanced cooperation** with all stakeholders in a multi-stakeholder approach, including businesses, NGOs/CSOs, Youth and academia, as these actors provide valuable expertise and inputs for policymaking.
- **Increase transparency by raising awareness** for spillover effects and by providing clear and easy-to-understand information about products and services.
- **Find a good mix between voluntary measures and regulatory means.** This can be achieved through applying clear laws and regulations for businesses, integrate sustainability issues in trade agreements to ensure supply chain integrity for end consumers, transparent reporting mechanisms in business practice, etc.
- **Create inter-ministerial roadmaps** for reaching goals, integrate spillovers in budgeting, and enhance cooperation and collaboration between ministries to foster policy coherence and awareness of spillovers in all policy sectors.
- **Cooperate with other countries** and learn from good practice examples in how to define, measure, evaluate, report on, and develop policies to addressing spillovers effectively.
- **Analyze SDG interlinkages** between sectoral policies and strategies, either synergies or trade-offs, in order to avoid a silo approach to SDG implementation.

2) Monitor spillover effects by collecting better data

“What gets measured gets managed”.

Some countries, like Finland, Switzerland, and Iceland have started their journeys to integrate data on spillovers and develop indicators to measure them. However, as spillovers and their effects are complex (e.g. transboundary

pollution, value chain dynamics, etc.), there have been no universal standards, methodologies, or agreed upon indicator sets developed yet. This makes it very difficult to collect data and measure a country's progress on addressing spillover effects.

Being able to provide sound policy recommendations to politicians and civil servants requires accurate and robust data to be collected and methodologies developed that target spillovers, both the positive and negative, and track progress over time. This will increase the effective policy management of spillover effects. The following recommendations were made by the participants of both ESDN events regarding data and statistics on spillover effects:

- **Engage and collaborate more comprehensively with national statistical offices** to develop relevant measurements and indicators.
- **Provide funding** to national statistical offices to ensure data availability, development of indicators, and enhanced reporting, as statistical offices are being asked to do more.
- **Integrate spillover effects into strategic impact assessments** when evaluating policies and use results to make better policy decisions.
- **Develop EU standards for measuring spillover effects**, as this could be a first step towards globally recognized standards, and make more use of existing approaches, such as Eurostat indicators and tools.

3) Take geographical, temporal, and intergenerational effects into account

Spillover effects, by their very nature and definition, have geographical effects. These effects are the intended and unintended consequences of how the activities in one country can have impacts on other countries. High-income countries tend to be the ones that contribute the most to negative spillover effects due to their consumption patterns and lifestyles of its citizens.

Spillover effects also have a temporal and intergenerational element to them, as was particularly referred to by the ESDN Youth Delegates. They **added to the definition of spillovers the indirect effects on third parties who are not involved in the decision-making**

processes that generated the initial effect. This also holds true for Youth, as one ESDN Youth Representative argued:

“Youth should be involved in policy debates and consulted in policy processes. Young people should be at the table, because if they are not, then they are on the menu.”
(ESDN Youth Representative)

Important aspects to consider are:

- **Change behaviors around the consumption of natural resources**, by reprioritizing and reorienting high-income societies to value non-consumption-based commodities, such as good health, well-being, time with friends and family, etc.
- **Actively look for and communicate “success stories”**, which aim at decreasing negative spillovers and increasing positive ones. It is key to show practical and successful examples of positive change, to which stakeholders and citizens can relate.
- **Curb intergenerational spillovers by including Youth in the decision-making process**, as many mid- to long-term policy decision will affect them.
- **Make informed choices about sustainable development**, considering the effects of today’s policy decisions will have on the well-being of people in other countries, as well as on the well-being of future generations.

4) Consider spillover effects as a politically sensitive issue of justice

Spillover effects are complex and there are no agreed upon definitions or measurements of them. As soon as words like responsibility begin to surface in the spillover effect debate, the topic becomes inherently political in nature and the question emerges: What responsibility do countries have that cause negative spillover effects on other countries and how will this affect their policy decision?

This also refers to the issues of justice and fairness, as can be witnessed when looking at greenhouse gas emissions, where one keynote presenter reminded everyone that 50% of the world’s poorest countries only produce 8% of GHG emissions, whereas the 10% richest countries produce 50% of the emissions. This can be seen even further when looking at the effects

of climate change, as the countries that feel the effects of climate change more acutely, are the countries that are contributing the least to it.

One issue that makes it politically sensitive is the fact that there are no agreed upon targets to measure spillovers, so it is difficult for countries to determine how much of an impact they are having with regards to their spillovers.

Amongst others, the following recommendations were discussed:

- **Create effective accountability mechanisms** by creating stronger legal frameworks for accountability of governments and businesses through sustainable public procurement and supply chain management.
- **Develop systems to internalize externalities**, ranging from fair prices and taxation of externalities, integrating sustainability aspects more effectively in trade agreements, to integrating spillover and transboundary effects in budgets and impact assessments.
- **Find the most effective and clearest language to communicate the importance of policymaking** on spillovers to stakeholders and politicians. Which information, knowledge and arguments are necessary to get the attention and buy-in of these groups?
- **Find synergies** beyond the conflict of interests and effective win-win situations that make business sense, such as the circular economy.

The European Sustainable Development Network (ESDN) is a non-profit, pan-European peer-learning, networking, knowledge, and advocacy platform for sustainability professionals in the public sector working in collaboration with other organisations and institutions dealing with sustainable development issues. It is based on the transparent and trustful cooperation of these actors. It collects, compiles and shares information on sustainability policies, strategies, and practises, and provides expertise to political decision-makers at European, national, and sub-national levels. The ESDN also fosters sustainable development through active communication and continued cooperation with other stakeholders and civil society.