

## SWITZERLAND

# Towards a Sustainable Future: A lot of homework for Switzerland still

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In December 2015, the Swiss Federal Parliament approved the 2030 Agenda for Sustainable Development as a "new universal framework in efforts to promote human prosperity and sustainable economic development and protect the environment both at home and around the world".<sup>1</sup> However, in October 2015, three weeks after the adoption of the 2030 Agenda, the Government austerity programme reduced the 2017-2019 budget for international cooperation by 540 million Swiss francs (CHF), following a reduction of over 115 million CHF in 2016. Thus, despite official commitments, Switzerland saves on the back of the poorest and moves ever further away from the agreed target (0.7% of GNI to ODA). Given the apparent lack of political will in allocating adequate resources for appropriate measures at home and abroad, this report analyses the extent to which Switzerland is institutionally and strategically prepared for effective planning and implementation of the 2030 Agenda.

### Big words – small budgets

Switzerland has deeply engaged into the preparatory phase of implementing the 2030 Agenda and the Sustainable Development Goals (SDGs). On the adoption of the Agenda last September by the UN General Assembly, Swiss president Simonetta Sommaruga travelled to New York to stress its importance and the

need to implement its objectives.<sup>2</sup> In December, the Federal Parliament approved it as a "new universal framework in [Switzerland's] efforts to promote human prosperity and sustainable economic development and protect the environment both at home and around the world".<sup>3</sup> At the annual Conference of the Swiss development cooperation, Foreign Minister Didier Burkhalter stated that Switzerland should not lose time and "take the implementation of the 2030 Agenda immediately in hand".<sup>4</sup>

At the same time, the Federal Council reduced the budget for development cooperation for the coming years. Starting in October 2015, three weeks after the adoption of the 2030 Agenda, the austerity programme announced by the Government especially hit the budget for international cooperation. From 2017 to 2019, it will be reduced by 540 million Swiss francs (CHF), following a reduction of over 115 million CHF in 2016. Thus, despite official commitment, Switzerland saves on the back of the poorest and moves ever further away from the agreed official development

<sup>2</sup> Press release of the Federal Council, 25.9.2015, <https://www.eda.admin.ch/post2015/en/home/aktuell/news.html/post2015/en/meta/news/post2015/58890>

<sup>3</sup> Press release of the Federal Council, 18.12.15, <https://www.eda.admin.ch/post2015/en/home/aktuell/news.html/post2015/en/meta/news/post2015/60066>

<sup>4</sup> Speech by Didier Burkhalter at the yearly conference of Swiss Development Cooperation 22.01.16, <https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-60406.html>

<sup>1</sup> For analysis of SNS 2016-2019 thanks also to Friedrich Wulf, Pro Natura Switzerland.

assistance (ODA) target of 0.7 percent of GNI.

Accordingly, the main criticism of civil society with regard to the current state of Swiss implementation plans for the 2030 Agenda refers to lacking political will in allocating adequate resources for appropriate measures at home and abroad – especially against Switzerland's engagement and commitments at the international level during the post-2015 process. This raises questions about the extent to which Switzerland is institutionally and strategically prepared for effective planning and implementation of the 2030 Agenda.

### **Institutional challenges**

In Swiss law, the concept of sustainability is already well enshrined. Article 2 ("Aim") of the Federal Constitution declares sustainable development as an overarching national objective. Article 54 (Foreign Relations) stipulates poverty alleviation and natural resource conservation as key goals of Swiss foreign policy. Article 73 ("Sustainable Development") calls on the Confederation and the cantons to achieve "a balanced and sustainable relationship between nature and its capacity to renew itself, and the demands placed on it by the population".

Also there is already a legal basis for some kind of "SDG-compatibility test": the Federal Act on the Federal Assembly requires the Federal Council to clarify "the consequences for the economy, society, the environment and future generations" in its dispatches on bills (Art 141.2.g.). However, this is to be applied only if "it is possible to provide a substantial amount of information thereon". In the past, the Federal Council did not therefore initiate such "future generation impact assessments" for most bills. In light of the 2030 Agenda, Parliament and civil society must call for the consistent application of this provision for all future affairs.

Unlike most countries, Switzerland does not have a President's or Prime Minister's office that could integrate and monitor the implementation of 2030 Agenda in a top-down manner. For successful implementation, Switzerland therefore has to rely on every ministry to actively a) acknowledge the Agenda, b) analyse its implications and identify relevant interventions needed,

and c) initiate respective measures in a politically coherent way. Some sort of central secretariat that can support the seven federal councilors in overseeing the 2030 Agenda implementation in their various federal offices, and which could carry out a "SDG coherence test", is therefore urgently needed. This function cannot be mandated to a single entity, neither the Swiss Development Agency (SDC) nor the Federal Office for Spatial Development (ARE), which currently are in charge.

The most urgent task at present is to promote the 2030 Agenda within the administration itself and at all levels--and in particular, to anchor it institutionally in all federal agencies and integrate it in all relevant processes.

The Federal Council has mandated a newly formed interdepartmental working group<sup>5</sup> to prepare a "baseline report" with "gap analysis" by the end of 2017; and by 2018 to make recommendations to the Federal Council on a set of indicators for national monitoring. However, no additional financial or personnel resources were made available for these tasks.

Moreover various federal offices, for which the 2030 Agenda is highly relevant, are completely absent in the process. Most prominently the State Secretariat for Economic Affairs (Seco), which is the leading agency in free trade and investment negotiations, as well as the State Secretariat for International Financial Matters (SIF), responsible for the coordination and strategic management of international financial, monetary and tax matters, need to definitely and actively be involved.

### **Incomplete Strategies**

The 2030 Agenda breaks in many ways with "business as usual". First, it blurs boundaries between national and international politics, moving policy coherence to centre stage by explicitly referring to impacts of

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<sup>5</sup> The following federal offices are part of the working group: Swiss Agency for development and cooperation, Federal Offices for Spatial Development, for the Environment, for Statistics, for Agriculture, for Public Health, and the Sectoral Foreign Policies Division.

national policies on other countries. The universal targets for sustainable development demand the global responsibility of all members of the international community. Second, the many cross-references among the SDGs and their targets require an effort to overcome sectoral silo approaches, which were still viable for the Millennium Development Goals. This requires enhanced networking and consultation among different federal agencies, as well as with and among governmental actors at cantonal and municipal level.

The Federal Council based its approach to the 2030 Agenda on two existing instruments: the Sustainable Development Strategy (SDS 2016-2019)<sup>6</sup>, and the Dispatch on Switzerland's International Cooperation Strategy (2017-2020). The proclaimed paradigm shift of the 2030 Agenda is thus not addressed; neither is it covered by either of these. The SDS 2016-2019 was approved in 1997, in the spirit of the Rio Conference, and its fifth edition for 2016-2019 was adopted in January 2016. It focuses on national policies and specifies foreign policy activities only "provided these are relevant for the achievement of objectives in Switzerland" (pp. 14/15). The Dispatch 2017-2020 sets the strategy for Swiss International Cooperation. As such, it focuses on tradition development measures in the global South.

Neither of the strategies, however, covers the area of national policies and measures with global impact. An essential dimension of the required policy coherence is hence lost. Comprehensive SDG planning, looking at how to implement it in, but also by, Switzerland must explicitly analyse how Swiss domestic activities to achieve the SDGs affect or even hinder other countries in their attempts. Although both the SDS 2016-2019 and the Dispatch do mention policy coherence, neither of them goes beyond the identification of trade-offs. The answer, how to overcome them, remains unanswered.

There is a third instrument that, in principle, could close this gap: the Swiss Foreign Policy Strategy. Rooted in the

Constitution (Articles 2 and 54), it combines the different instruments of Swiss foreign policy. This instrument also references the constitutional goals of sustainability and poverty reduction as delegated to the Swiss Development Cooperation (SDC); with contributions from the other foreign policy instruments. The current foreign policy strategy for the years 2016-2019 already recognizes the 2030 Agenda as an integral part of Swiss foreign policy, at least. In the next period, it has the potential to become the instrument covering the cross-border effects of national policies and measures; that is, addressing policy coherence aspects truly and in an integrated manner.

### **Sustainable Development Strategy 2016-2019: Blind spot on international responsibility**

The current dispatch for the Sustainable Development Strategy 2016-2019 is aligned with the legislative cycle of the Federal Council. During the preparatory phase, when the 2030 Agenda was not yet adopted, the SDS was not aligned with the SDGs. Instead, it features nine pre-defined action areas,<sup>7</sup> each of them containing a long-term vision, the most important medium-term challenges and objectives, as well as specific short-term measures to be achieved by 2019. While an initial rough vision for each of the SDGs, it does not go into depth at the level of objectives and measures for each action area. Cross-references, respectively an integrated approach across the various fields of action silos, are missing.

The SDS 2016-2019 was developed in a participatory process including various actors. Per action area, three workshops helped define the vision and goals, and partly took up concrete measures in light of the 2030 Agenda. During the subsequent final drafting in the federal administration, only the vision still correlated (and generally quite closely) with the sustainable

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<sup>6</sup> Available at: <http://www.are.admin.ch/themen/nachhaltig/00262/00528/index.html?lang=en>

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<sup>7</sup> The action areas are: consumption and production; urban development, mobility and infrastructure; energy and climate; natural resources; economic and financial system; education, research and innovation; social security; social cohesion and gender equality; and health.

future as outlined in the 2030 Agenda. However, the medium-term objectives and particular the measures needed remain patchy and focused almost exclusively on the national level. While the SDS itself defines sustainable development as “a sense of responsibility toward the future, rooted in a just and fair division of resources between generations (INTER-generational solidarity) and regions of the world (INTRA-generational solidarity)” it is limited to solidarity between generations in Switzerland. Equalization among the regions of the world is not included in the concrete measures proposed, let alone aspired to.

Overall, the SDS brings together various existing national policies and strategies that are limited to the mandate and (mostly domestic) jurisdiction of the SDS. For example, in action area 4 (natural resources) reference is made to the National Biodiversity Action Plan, the national land or various agricultural strategies and action plans. However, concrete measures to reduce the global footprint of the Swiss population are missing. In the area of natural resources, this must be a key concern, should Switzerland intend to seriously contribute to achieving the goals and objectives of the 2030 Agenda.

In the area of consumption, the limitations of a purely national perspective emerge even more prominently. Through its imports of consumer goods and services, Switzerland – as a largely “de-industrialized” country – is closely interconnected to production sites across the globe. Although the SDS 2016-2019 directly addresses SDG-12 on sustainable consumption and production, specific measures under this area in the action plan are limited to promoting greater responsibility on the part of private corporations and consumers, and to enhancing transparency. By way of ignoring the Government as a significant procurer and consumer, the opportunity to set course towards more sustainable (public) consumption patterns is tragically missed.

Municipalities, cantons and the federal Government, through their annual purchases worth about 40 billion Swiss francs, bear a special responsibility. The Government could also send out visible and quite crucial signals as a role model. The currently ongoing revision of the law on public procurement finds no mention in the

SDS in the first place.

### **Swiss Development Cooperation Strategy 2017 – 2020**

The Dispatch on Switzerland’s International Cooperation 2017-2020 is currently being debated in Parliament and is expected to be adopted by end of the year. The Swiss Agency for Development and Cooperation (SDC) has been instrumental in drafting this four-year strategy, which essentially is a continuation of the previous strategy. Despite the fact that the 2030 Agenda is referred to as the new universal framework, this has not led to any new strategic direction. A greater attention to climate change challenges has led to sporadic supplements, however, and in some areas to a priority shift. However, since no additional funds are made available, climate related (and other) additional tasks necessarily will need to be addressed at the expense of other areas. This contradicts the universal approach of the 2030 Agenda, which concedes the same importance to all SDG domains. Without any new and additional funding, the new Development Strategy of Switzerland limits itself; even as sub-strategy to the 2030 Agenda on parts of “classic” development cooperation tasks.

### **Lacking means of implementation**

To date, the Federal Council has not provided any vision on how the necessary means of implementation to address the additional tasks of the 2030 Agenda should be mobilized. To the contrary, in the dispatch on the Development Cooperation Strategy 2017-2020 and its credit arrangements, the Federal Council postulates a decrease of ODA to 0.48 percent of GNI. This comes after a slight increase to 0.52 percent of GNI in 2015 and against a forecast of future increasing expenditures related to asylum seekers. Switzerland is already to date the largest recipient of its own development cooperation spending: In 2015, roughly 14 percent of ODA was dedicated to the management and care of asylum seekers in Switzerland.

Notwithstanding, in the dispatch the Federal Council portrays the means for development as an “increase starting in 2017”. He thereby conceals the fact that, compared to the years before, the Swiss ODA budget in

the reference year (2016) had already been massively cut. Compared to the (unabridged) ODA-Budget 2015, 2017 sees the necessary growth only in the humanitarian assistance sub-budget. All other credit lines remain below levels of 2015. In particular, the 2015 level of long-term bilateral development cooperation is not reached again, despite a slight growth from 2018 onwards. Furthermore, the Federal Council questions its own growth forecasts with reference to the budget framework being an “upper limit”, reachable only on the basis of a “positive development of the federal household status”.

Furthermore, additional tasks, such as increasing contributions to mitigation and adaptation measures in developing countries, are proposed to be addressed through financial restructuring: 12.5 percent of the credit lines for overseas development cooperation are to be allocated towards “climate action”. Despite some foreseeable synergy effects, this re-allocation within the existing, limited budget will come at the expense of poverty reduction in areas such as health, governance, education, and so on.

Finally, for the planning and implementation of the SDGs in Switzerland, the Federal Council postulates the use of existing financial and personnel means, within the allocated limits and responsibilities for the various departments and offices. Without additional resources though, the fulfillment of the required, additional tasks to implement the 2030 Agenda (coordination, development of strategies and action plans, etc.) – let alone concrete action towards specific objectives – thus remain highly questionable.

The prevalent approach of the Federal Council includes no attempts either towards indirect mobilizing of alternative or innovative means to implement the 2030 Agenda in and by Switzerland. There is, for example, still no strategy in sight as to how to prevent the drain of billions of tax dollars out of developing countries through tax evasion and optimization.

Switzerland continues to host the largest offshore financial centre in the world. In 2015, Swiss banks administered foreign assets in the total amount of 2,300 billion francs. Due to Switzerland’s low-tax jurisdiction, hundreds of multinational corporations are

headquartered established here. Switzerland thus is prominently responsible for both drains of private capital from developing countries, and for corporate profit shifts from production sites in developing countries to their headquarters in tax havens of the global North. With its current fiscal and tax policy, Switzerland is a strong driver of global tax competition, and an increasing “race to the bottom” for corporate taxation, with the gravest consequences for the poorest and least influential population worldwide.

If Switzerland wants to play a future key role as a financial centre, whose business model is not in contradiction with the objectives of the 2030 Agenda, it will not be sufficient to merely implement the OECD or G20 minimum standards with regard to tax transparency. As a prominent global player in the financial industry, Switzerland instead needs to assume a leadership role for a more just and fair global redistribution of private wealth and corporate profit. This will require the promotion of global enforcement of tax transparency; both in the field of public accounting (i.e., various aspects of information exchange between tax authorities), and in the area of corporate (country-by-country) reporting. This would directly benefit the developing countries also.

### Political prospects

The parliamentary elections in October 2015 led to a strong shift towards the political right. A de facto right shift also occurred through the replacement of one of the seven Federal Councilors in December 2015. The political will towards strengthening of sustainable development concerns, and thus the implementation of the 2030 Agenda in and by Switzerland, will face an aggregated hard stand. Especially in the area of social equity and more stringent environmental measures, no big steps appear feasible, at least before 2020, when the current legislative term will end. The sobering debate and ultimately negative final vote on the urgently needed revision of the outdated Environmental Protection Act (from 1984) at the end of last year – which would have initiated an (still rather mild) transition towards a more “green economy” – is a bitter foretaste of what can be expected still.

The current, almost singular focus of the Swiss Parliament on austerity measures, tax cuts (particularly benefitting wealthy private and corporate business owners), appears in stark contrast to the relatively favourable economic position of wealthy Switzerland in the international context. Precisely because of its economic supremacy, Switzerland should lead the engagement for a more sustainable, equitable and inclusive “world inner development policy” in the sense of the 2030 Agenda. Yet, this risks remaining a concession on paper.

Alas, in domestic terms there are growing challenges for wealthy Switzerland to be tackled: For instance, every twelfth resident of Switzerland (around 500,000 people) is affected by poverty. The inequality gap is growing continuously. Half of the nation's wealth is in the hands of the richest 2 percent of the population, while the bottom half of the population has no assets at all. In particular, wage inequality between male and female workers is far from being resolved, despite existing laws. Access to justice, work, public services and especially to political rights for the 24 percent of residents without a Swiss passport is much more constrained compared to other European countries. And finally, consumption and production patterns need to be addressed much more urgently, so as to align Swiss consumer practices to the finite availability of resources. As a telling example: around one third of food in Switzerland is currently being wasted.

On the other hand, there are emerging (political) opportunities that can and must be better seized. For example, in the current revision of the federal law on public procurement, the proposal submitted by the Federal Council for consultation lacks any criteria pertaining to environmental impact and respect for human rights in the supply chain. Price considerations are the prevailing key criterion for public procurement, which tends to disadvantage socially and environmentally sustainable manufacturers. This, because compliance with basic labour laws and human rights, as well as prudent handling of resources, often – at least as long as external costs are not fully internalized – come at a higher price.

Another opportunity offers itself in the currently ongoing debate around the revision of the Swiss Climate and Energy Strategy 2050, which also represents an important policy area for implementing the 2030 Agenda (and the 2015 Paris Climate Agreement) by Switzerland. The current political circumstances, however, stifle any hope for truly ambitious approaches and adequate proposals to relevant legislative reforms coming from the Federal Council; let alone for any success in the subsequent parliamentary debate.

### Conclusions

The implementation plan for the 2030 Agenda, as submitted by the Federal Council to the High Level Political Forum, including the timetable for further analysis and identification of key areas for action, appears realistic-- at least on paper. The successful adoption and implementation of the SDGs in and by Switzerland however will depend on the effective anchoring of the 2030 Agenda in the administration (at all levels), combined with sufficient resources and stronger political will for the enactment of concrete measures. This in turn will require as a prerequisite a much more forward-looking political spirit and approach.

The continuation and strengthening of effective and transparent participation of civil society will therefore be essential in the months and years to come. For that, it will not be sufficient to call for periodic all-inclusive stakeholder dialogues (like the official “2030 Dialogue” that combines government with private, non-profit and science representatives). Rather will it be crucial to provide for target group specific stakeholder exchanges.