Identifying Development Dividends along the Belt and Road Initiative: Complementarities and Synergies between the Belt and Road Initiative and the Sustainable Development Goals

Balazs Horvath
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Executive summary

The Agenda 2030 was chosen in a consultative and collaborative process with over 100 country consultations facilitated by the United Nations Development Group, direct inputs from citizens namely through the MyWorld survey, and ultimately adopted by UN Member States in September 2015. This global agenda takes a comprehensive approach, including the three aspects of sustainable development (economic, social, environmental), as reflected across the Sustainable Development Goals (SDGs). Its realization depends on integrated approaches that account for the connections across the goals, forceful national action, but also international collective action that generates global public goods. Sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Over the past decade, the world has witnessed the rise of China—the world’s most populated country, second largest economy and powerful engine of global growth and trade—to become a strong player in advancing sustainable development. Consequently, the direction of the country’s future development and the degree of its commitment to the provision of global public goods will have a significant impact on the entire international community.

This paper argues that the alignment of China’s Belt and Road Initiative (BRI), an economic framework covering more than 70 countries, with the 2030 Agenda and the implementation of the SDGs holds the promise to confer substantial development benefits and to position BRI as an accelerator for the SDGs and the expansion of global public goods. The paper highlights areas where tangible opportunities for gains exist from aligning BRI and SDG implementation, and mentions where UNDP can effectively assist, including through the use of data to provide observable information for monitoring and evaluation of BRI implementation, based on the 2030 Agenda architecture of goals, targets, and indicators.

The five priorities of BRI have a marked overlap with the global sustainable development framework, and the associated set of SDGs. Moreover, the 2030 Agenda complements the BRI by highlighting sustainability—a critical aspect for BRI’s credibility, which will be boosted by being seen as an important instrument for furthering sustainable human development across a range of countries. Aligning the 2030 Agenda and the BRI can generate many strengths and opportunities, most notably by enhancing the recognition of China as a critical player in global development cooperation, strengthening the ability of the BRI to address environmental and social risks, building policy coherence and social cohesion along the BRI, facilitating effective dialogue among stakeholders, and bolstering monitoring and evaluation.

In short, the synergies and complementarities between BRI and SDGs can help create a win-win outcome. Filling the SDGs with local content and enhancing their coordination
will open the way for BRI projects positively impacting critical social issues such as inequality and inclusiveness. This linkage can also move BRI toward attaining a critical mass by encompassing all key aspects of human development, ensuring that it is seen by all partners to transcend short-term commercial or political interests, helping it ‘win the hearts and minds’ of other countries. Implemented this way, the BRI can also enhance China’s image as a leading country in South-South Cooperation.

UNDP can play a strategic role in SDG implementation as a reliable partner for BRI countries. The UN system, and in particular UNDP in collaboration with other members of the UN Development Group, has been supporting China for more than three decades in its endeavors to achieve its development aspirations. This collaboration has brought some good results, and forms the basis for expecting the alignment of the BRI with the SDGs to not only accelerate the implementation of the SDGs but also to maximize the BRI’s positive impact and long-term success.
Introduction

Global governance towards inclusive and sustainable development remains a core issue of the international agenda. In 2015, UN Member States reached major agreements which set the course of global development for a generation – across the 2030 Agenda, the Paris Climate Agreement, the Sendai disaster risk reduction framework, and the Addis Ababa Action Agenda on financing for development. Different players from across the world demonstrated their commitment to the Sustainable Development Goals. In this context, China has increasingly emerged as a responsible player in global development cooperation and governance, whose future development and the degree of commitment to the provision of global public goods will have a significant impact on the entire international community.

The world has increasingly recognized China’s rise—the world’s most populated country, second largest economy and powerful engine of global growth and trade. Having registered annual GDP growth of nearly 10% for many years, it contributed 12% to global GDP in 2013 (UNDP, 2015). In the same year, it became the world’s largest trader, with total value of imports and exports reaching $4 trillion. Accompanying its rapid economic ascendance, China has achieved remarkable development progress as well, attainment major Millennium Development Goals (MDGs; UNDP, 2015). Most notably, 439 million poor were lifted out of poverty between 1990 and 2011 in China (calculated at the World Bank’s poverty line of $1.25/day).

China’s economic status is complemented by its commitment to international development and common prosperity. Having earlier benefited from large inflows of foreign direct investment (FDI), China now is a net exporter of FDI and an emerging donor of development aid. Between 2010 and 2012, China provided $14.4 billion foreign aid—just over a third in grants, the rest in concessional loans—to 121 countries (Xinhuanet, 2014).

South-South Cooperation (SSC) is gaining prominence in China’s development agenda. Multi-cooperation mechanisms such as G77, BRICS, and FOCAC; South-South summit diplomacy (APEC, ASEAN plus three, or the CELAC-China Forum), and more recently, the China-led establishment of multilateral institutions, such as the BRICS New Development Bank (NDB) and the Asian Investment Infrastructure Bank (AIIB), demonstrate China’s long-term pledge to advance sustainable development.

China has committed to advance global governance. Its G20 Presidency placed the issue of development and enhancing development policy coordination in a prominent position in the G20’s global policy framework. It is the first time that G20 members have jointly drafted a collective action plan on the 2030 Agenda, injecting political impetus into its implementation.

With the Belt and Road Imitative, the country has proposed an ambitious and innovative development framework with intra-regional features and a wide-ranging coverage. A remaining challenge, however, is to ensure and maximize BRI’s long-
term positive development impact, raising the question how sustainable development outcomes can best be ensured. In China’s National Plan on the Implementation of the 2030 Agenda for Sustainable Development, China is advancing the “Belt and Road” Initiative. It also calls for supporting efforts by regional commissions and specialized agencies of the United Nations to formulate actions plans for the goals and targets that fall within their respective regions or fields.

This paper emphasizes that tangible opportunities for gains exist from aligning BRI and SDG implementation, and draws attention to where UNDP can effectively assist, including through the use of SDG indicators to provide observable data for monitoring and evaluation of BRI implementation. It argues that aligning the BRI, an economic framework covering more than 70 countries, with SDG implementation can confer substantial development benefits and position BRI as an accelerator for the SDGs and for the achievement of global public goods.

1. The 2030 Agenda for Sustainable Development and the SDGs

1.1. Sustainable development as a global policy framework

Since the Millennium Declaration and the adoption of the Millennium Development Goals in 2001, the world has made significant progress in terms of poverty reduction, access to education, reduced child and maternal mortality, and access to basic sanitation. To a considerable extent, that progress has reflected development gains achieved in China. However, food, health, energy, environmental issues and geopolitical tensions have highlighted the challenges of interconnectedness and systemic weaknesses in the world economy, culminating in the global financial crisis of 2008-2009. It has become clear that making progress sustainable in all aspects of human development is a critical plank that needs emphasis.

The United Nations 2030 Agenda for Sustainable Development has been developed to provide such sustainability to the way countries of the world address global challenges. It is a broad, overarching framework, with the Sustainable Development Goals (SDGs)—pragmatic, transformative goals in key areas of sustainable and inclusive human development—at its core. The Agenda defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It calls for achieving SDGs in each of the three core dimensions of sustainable development: economic, social, and environment. All are crucial for the well-being of individuals and societies, and are intimately interconnected in the sense that failure to achieve sustainability in any one dimension will trigger failure in the others.

Social and environmental sustainability are core features to global societal wellbeing. This is captured by prominent scholars over the years, such as Joseph Stiglitz and Thomas Piketty who make a compelling case that non-inclusive growth is socially corrosive and hence undermines long-term sustainability. Thomas Piketty analyzes the evolution of inequality, its main driving forces, the negative socioeconomic
impact, and examines the evidence. He covers inequality stemming from the
distribution of income between capital and labor, and also that within labor income.
His main point is that the former is on a fundamentally skewed path: as long as the
rate of return on capital exceeds the rate of growth, the income (and hence wealth) of
the rich will grow faster than the typical income from work. Joseph Stiglitz argues
that inequality in the US and elsewhere is not an inevitable consequence of market
outcomes, globalization and technological progress, but a choice that follows from
policies. Stiglitz notes that 91% of income growth between 2009 and 2012 was
enjoyed by the wealthiest 1% of Americans. He argues that reining in inequality must
start with curtailing rent-seeking—the practice of increasing wealth by taking it from
others rather than generating any actual economic gain—and must follow through
with policy changes in taxation, expenditure policy, corporate and financial
regulations, and retirement savings.

While Stiglitz and Piketty make their case for developed countries and advocate the
necessity for income distribution as a path towards improved development outcomes,
Amartya Sen links human development to people’s capability to lead the kind of lives
they have reason to value. In his view, human development involves attaining a
growing range of freedom in economic and political choices and protections, social
opportunities, transparency guarantees, and protective security. While he sees free
markets as essential for achieving economic freedom, he calls for policies that look
beyond raising average per capita income and aim to also reduce deprivation and
enhance individuals’ ability to help themselves. In his view, therefore, initiatives that
underpin progress in not just the economic dimension are more conducive to
sustainable human development. This approach goes beyond the focus on income
distribution advocated by Stiglitz and Piketty. Sen’s capability framework
underscores that income distribution can be variable and conditioned by different
circumstances, such as personal heterogeneities; variations in social climate;
differences in relational perspectives; intra-household distribution of income within
the family; and environmental diversities, such as climatic conditions.

Finally, the Stern Review underscores that addressing climate change is a prerequisite
for sustainable economic growth. It characterizes climate change as the greatest,
widest-ranging market failure ever seen, which threatens the basic elements of human
life around the world—access to water, food production, health, and use of land and
the environment. Business-as-usual emission paths imply serious, irreversible impacts,
with the poorest countries and people suffering earliest and most. The Report calls for
a prompt transition to a low-carbon economy to avert escalating future costs and
social disruptions and for coordinated policies at the level of individual countries, as
well as at regional and global levels. Such a balanced approach is feasible and
compatible with continued growth if it comes with adaptation policies for dealing
with the unavoidable impacts of climate change, a broadly similar carbon price signal

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2 He cites weak worker protections and family support systems, a tax system that rewards short-term gains over
long-term investment, lenience toward too-big-to-fail financial institutions, and policies that shift income away
from labor toward capital.
around the world, and suitable carbon finance to accelerate action in developing countries. This would cause substantial structural changes in the world economy—posing major challenges, but also offering opportunities for growth. Kenneth Arrow adds that despite uncertainty, the need for insuring humanity against the risk of catastrophic outcomes justifies prompt action.

When it comes to developing countries, economic growth and material improvement of well-being alone is not sufficient for resolving persistent inequalities. To comprehensively address these inequalities, income inequality has to be addressed alongside other core social challenges, such as health, nutrition and education, which could be tackled through effective public spending, governance and the reduction of prejudice, discrimination and social exclusion (UNDP, 2013). A powerful point in UNDP’s 2013 Humanity Divided report is that development paradigms should incorporate deeply intertwined material inequalities with relational ones. In practical terms, development policy must address equally the inequality of opportunities and the inequality of outcomes, responding to the specific needs and circumstances of each country. (UNDP, 2013:18).

1.2 The guiding principles of the 2030 Agenda

The 2030 Agenda was adopted after a highly consultative and collaborative process with over 100 country consultations facilitated by the United Nations Development Group. This global agenda takes a systems approach, capturing all aspects of human development, accounting for connections among SDGs and aiming to generate global public goods. The approach reflects national, regional and global externalities—both in the form of gains in technological and management know-how, improved access to seamless transport infrastructure, and learning by doing; but also, on the downside, in the form of biodiversity loss, rising greenhouse gas emissions, or intensified cross-border social pressures.

SDGs reflect three broad principles, building on lessons learnt from MDG implementation:

- **Universality.** The SDGs are applicable to all countries, while allowing for nationally adapted approaches for delivering on common and collective responsibilities.

- **Integrated approach.** SDG implementation needs to consider constraints and linkages—including synergies and trade-offs—across targets; to ensure policy coherence through cross-sectoral collaboration, rather than pursuing SDGs on a goal-to-goal basis; and to cover all three main sustainable development dimensions: social, economic and environmental. The 2030 Agenda calls for transformative changes that will also require a commitment to addressing shared global challenges.
Leaving no-one behind: Emphasis is on covering the ‘last mile’ through SDG targets that aim for full attainment of goals. Eradicating poverty in all its forms and dimensions is an indispensable requirement for sustainable development. To this end, there must be promotion of sustainable, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion, and promoting integrated and sustainable management of natural resources and ecosystems.

SDGs can be achieved with strong national leadership backed by global solidarity and collective action. Building a more peaceful, inclusive and sustainable world requires a whole-of-government approach with coordinated action at local, national and global levels. To make the global agenda work, SDGs need to be incorporated into national and local plans, policies, and budgets. This in turn relies on stakeholders recognizing that development pursued through policies that damage the natural environment or widen inequality is unsustainable. International—including South-South—cooperation through sharing best practices, knowledge and technologies will play a key role.

Government action needs to be complemented by support to SDG achievement from Parliaments, civil society, and media to make development inclusive and sustainable. Government also needs to maintain a conducive environment for the private sector and effective channels of interaction with it. In addition, all available sources of finance—domestic and international, public and private—must be optimally drawn on for attaining the SDGs.

2. Linking the Belt and Road Initiative to the SDGs

2.1 The BRI’s potential

Chinese President Xi Jinping presented the Belt and Road Initiative during visits to Central and Southeast Asia in September-October, 2013. The Government’s “Vision and Actions” document in March 2015 spelled out the initiative’s aim to create shared growth around the world based on the broad concept of connectivity as epitomized by the ancient Silk Road. It defined five priority areas—policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people linkages—and provided implementation details. Conceptually, BRI aims at linking different geographical regions through infrastructure construction (e.g., transport/economic corridors), and bridging China with the rest of the world in varied ways; physically,

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3 The Belt and Road Initiative aims to connect Asia, Europe and Africa along five routes. The Silk Road Economic Belt focuses on (1) linking China to Europe through Central Asia and Russia; (2) connecting China with the Middle East through Central Asia; and (3) bringing together China and Southeast Asia, South Asia and the Indian Ocean. The 21st Century Maritime Silk Road, meanwhile, focuses on using Chinese coastal ports to: (4) link China with Europe through the South China Sea and Indian Ocean; and (5) connect China with the South Pacific Ocean through the South China Sea. The Belt and Road will encompass international transport routes, core cities and key ports to further strengthen collaboration and build six international economic co-operation corridors: the New
financially, digitally and socially. Bilateral cooperation mechanisms include MoUs, implementation plans and roadmaps.

BRI implementation has been progressing well. Outbound direct investment made by Chinese companies to BRI countries reached $12 billion in the first three quarters of 2015, growing by 66% from same period a year earlier (Zhong 2015). Trade (exports plus imports) between China and the BRI countries reached about $1.1 trillion in 2014, a quarter of China's total foreign trade. The BRI will be the world's largest economic corridor covering a population of 4.4 billion and an economic output of $21 trillion in more than 70 countries (Xinhua Net, 2015).

Table -1. Potential Geographical Scope: Countries Interested in Joining the BRI

<table>
<thead>
<tr>
<th>Region</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast Asia:</td>
<td>Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Vietnam</td>
</tr>
<tr>
<td>South Asia:</td>
<td>Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri-Lanka</td>
</tr>
<tr>
<td>Central and Western Asia:</td>
<td>Afghanistan, Armenia, Azerbaijan, Georgia, Iran, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, Uzbekistan</td>
</tr>
<tr>
<td>Middle East and Africa:</td>
<td>Bahrain, Egypt, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi-Arabia, Syrian Arab Republic, Turkey, United Arab Emirate, Yemen</td>
</tr>
<tr>
<td>Central and Eastern Europe:</td>
<td>Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine</td>
</tr>
</tbody>
</table>

These developments reflect the emergence of China as a major actor in finance and investment. Financial backing of BRI is over US$90 billion, of which US$40 billion alone are from the Government’s Silk Road Fund (SRF). Other institutions include the Asian Infrastructure Investment Bank (AIIB), the New Development (BRICS) Bank (NDB), amongst others. The Asian Development Bank may also support the initiative (Gu, 2015).

A key strength of BRI is that it strategically targets recipient countries’ development gaps. Total demand for infrastructure investments in agriculture, water management,
electric power, communications, transport, buildings, industrial facilities and forestry will reach US$5 trillion through 2020 (WEF, 2013). In the Asia Pacific Region alone, annual low-carbon infrastructure investment needs will reach US$80 billion (World Bank, 2012).

Thus, BRI is a globally important initiative that has the potential to substantially shape the landscape of international cooperation. In addition to direct demand and supply effects, the BRI can contribute to economic growth by acting as an enabler of key gains for partner countries stemming from more actively participating in the global division of labor. These include strengthened backward and forward linkages within the partner country and across borders, enhanced network effects, greater access to supply chains and alleviated financing constraints, complemented by returns to scale driven by access to the much larger global markets, and by benefits associated with inflows of technical and management know-how.

2.2 Main risks associated with the BRI

Managing risks is vital for BRI to achieve sustainable development objectives. BRI-related projects encounter political, regulatory, macro-economic, social and environmental risk factors throughout their lifecycles, which encompass planning, development, construction, operation and termination phases. Risks can materialize at local, regional, national and transnational, but also sectoral level:

Table – 2. BRI Risks

<table>
<thead>
<tr>
<th>RISK</th>
<th>SPECIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political/regulatory risks:</td>
<td>Political instability; absence of or uncertainty about a legitimate, coordinated institutional, political, legal and regulatory framework with sufficient capacity</td>
</tr>
<tr>
<td>Social risks</td>
<td>Lack of social acceptance or inclusiveness of the project; inadequate regard for labor and working conditions, community, health, safety, and security, indigenous peoples’ rights, cultural heritage, land property rights and rules of voluntary resettlement</td>
</tr>
<tr>
<td>Environmental risks</td>
<td>Environmental degradation, loss of biodiversity, lack of sustainability or efficiency in natural resource management, in adequate pollution prevention</td>
</tr>
<tr>
<td>Macroeconomic risks</td>
<td>Financial instability such as inflation, exchange rate and interest rate volatility; growing financial imbalances; fragility of financial systems</td>
</tr>
<tr>
<td>Reputational risks</td>
<td>Adverse reputation or perception of China and its motives; concerns about international partners’ role</td>
</tr>
</tbody>
</table>

BRI-related activities in recipient countries could lead to the materialization of adverse environmental, social, reputational or sustainability risks. Managing these risks requires coordinated action. Governments need to act in line with recipient countries’ sustainable development needs, generate national and international public goods, and foster a conducive environment for private sector activity to do the same. Responsible business conduct, actively engaging in domestic or regional supply

when many western donors and businesses are retreating, helps build the roads, rails and ports needed to kick-start development, and can free up domestic resources for spending on health and education (Bloomberg, 2015).
chains, and reliably creating stable, decent jobs are pivotal for the private sector to contribute significantly to minimizing risks. All stakeholders need to pre-emptively and effectively identify, assess, and contain risks.\textsuperscript{6}

To achieve a low-risk environment and act as described above, the BRI can draw on studies on Special Economic Zones (SEZ)\textsuperscript{7} to help realize their potential to play a catalytic role in industrialization, diversification and trade integration in partner countries. A road map to transform Jilin City in northeast China to the first low-carbon SEZ shows how decision-making with a sustainability focus can bring long-term socioeconomic, environmental, health and climate benefits.\textsuperscript{8} BRI projects firmly linked to social and environmental frameworks from the outset can effectively contribute to mitigating risks while delivering positive development outcomes, upgraded infrastructure and structural transformation.

The development impact of investment will depend on both its quality and quantity. In this regard, the role of environmental and social safeguards for infrastructure projects is pivotal for securing the overall vision of BRI. Using the Environmental and Social Framework recently adopted by the Asian Infrastructure Investment Bank (AIIB)\textsuperscript{9} in conjunction with the overall framework provided by SDGs, China could make sustainability a core focus of the BRI. This would have clear benefits for competitive advantage, the initiative’s reputation, and substantially boost the integration of sustainable thinking into the decision-making processes of all BRI stakeholders.

\subsection*{2.3 Connecting BRI and SDGs}

The BRI is intended as a commercial, rather than geo-political, framework relying primarily on the private sector and reflecting comparative advantages under market rules and international laws. Yet, its success will critically depend on the ability of projects undertaken to bring broad, sustained improvements in economic, social and environmental aspects of human development. It is in this sense that the BRI holds the promise of serving as a platform for sustainable economic growth, enhanced regional cooperation and coordination, and as an accelerator for achieving the SDGs. It represents an opportunity to generate development dividends tied to market-based investments and economic growth initiatives, while promoting inclusiveness and win-win cooperation. It can help create sustainable development gains in the social and

\textsuperscript{6} For further references on cross-border investments an intra-regional connectivity, initiatives such as the Master Plan on ASEAN Connectivity (MPAC) or the ‘African Strategic Infrastructure Initiative Managing Transnational Infrastructure Programmes in Africa – Challenges and Best Practices’, by the World Economic Forum can provide further input.

\textsuperscript{7} See Farole & Akinci (2015).

\textsuperscript{8} To improve development outcomes, SEZs must be embedded in a broad development framework that optimizes connectivity to the rest of the national economy without imparting negative externalities on it; and envisages unified treatment for the entire country in the long run.

\textsuperscript{9} AIIB has confirmed its commitment to international standards in financing and social and environmental safeguards. It signed cooperation agreements on this with the World Bank, Asian Development Bank, European Investment Bank, and the European Bank for Reconstruction and Development in 2016. It envisages applying common social and environmental standards and safeguard policies and ensuring common access to accountability mechanisms with these institutions in co-financing.
environmental spheres, and generate global public goods, thereby strengthening the quality and sustainability of growth.

The five priorities of BRI have a marked overlap with the global sustainable development framework, and the associated set of SDGs. Moreover, Agenda 2030 complements the BRI by highlighting sustainability—a critical aspect for BRI’s credibility, which will be boosted by being seen as an important instrument for furthering sustainable human development across a range of countries. In today’s globalized world, economic and social linkages inevitably transcend individual countries, and environmental sustainability is by definition a regional and global, as well as national, issue. SDGs inherently encompass all these aspects. Thus, they naturally round out the long-term vision of sustainably enhancing integration of economies and societies along the ancient Silk Road.

The BRI’s intrinsic alignment with Agenda 2030 can make it more than an initiative. It can be a crucial coordinating device for drawing up infrastructure development plans—critical, because the cost of misallocating resources in infrastructure investment can be huge. BRI can provide the framework for a large set of countries to organize trade, investment, social and environmental interaction with the greater good and long-term human development in focus. The SDGs are a succinct statement of these overarching objectives that need to be coordinated, since single-country optimization of interrelated goals is suboptimal, and at times impossible. Such coordination is also a centerpiece of BRI implementation.

In sum, linking BRI and SDGs is a win-win strategy. It holds the promise of filling SDGs with local content and enhancing their coordination, opening the way to BRI projects positively impacting critical social issues such as inequality and inclusiveness. This linkage can also move BRI toward attaining a critical mass by encompassing all key aspects of human development, ensuring that it is seen by all partners to transcend short-term commercial or political interests, helping it ‘win the hearts and minds’ of other countries. Implemented this way, the BRI can also enhance China’s image as a leading country in South-South Cooperation that places partner country development above other considerations and supports countries in adapting to the shifting patterns of multilateral development financing, ODA, and other funding sources.

3. Tangible opportunities offered by aligning the BRI and SDGs

Aligning the 2030 Agenda and the BRI can generate many strengths and opportunities, most notably in the following areas:

- **China as a responsible player in global development cooperation**

China is a rising power, reflected in its increased global engagement at various levels. Throughout its various bilateral and multilateral activities, China has strategically aimed at filling existing gaps within intergovernmental structures in a wide range of policy areas, guiding the international development architecture toward finding durable
solutions. However, China’s increasingly proactive international role has elicited criticisms and at times led to tensions. The BRI as a key China-led initiative has also created enthusiasm as well as some concerns. The alignment of the 2030 Agenda with the BRI can contribute to building China’s profile as a leading and responsible player in global development cooperation, with the United Nations as a partner. This would help alleviate geopolitical tensions and strengthen international cooperation.

- **Enhanced ability of the BRI to address environmental and social risks**

Environmental and social risks can arise at the community level, including the vulnerability of individuals and social groups, but also at country, regional or global level, notably in the case of climate change and other transnational or global issues (e.g., violent extremism). Large BRI infrastructure projects will need to be implemented using a risk-informed decision-making process to contain social and environmental risks which could impact disproportionately on disadvantaged or vulnerable groups. The SDGs can serve as a framework of orientation and evaluation to BRI-associated decision making at all levels, by providing orienting principles to planning, implementation, monitoring and accountability. Proper evaluation can help ensure that adverse social and environmental impacts are minimized and beneficial opportunities for human development are utilized.

- **Policy coherence along the BRI, with strengthened institutions and governance**

The BRI aims for win-win situations, engaging with different stakeholders at bilateral, multilateral and local levels. Strong institutions and mechanisms informing sound political decision-making in all BRI countries are fundamental to guarantee a mutually beneficial outcome. Aligning the BRI and SDGs can enhance the cross-regional coherence of BRI initiatives with the locally adapted SDG agenda while improving institutional capacities to maximize the BRI’s sustainable development impact.

- **Effective dialogue facilitated among stakeholders to enhance communication**

Formal and informal arrangements for dialogue between governments, as well as among private and public actors representing central government and local communities are critical for effectively engaging stakeholders. As a global, multilaterally adopted agenda, the SDG policy framework can facilitate dialogue and enhance communication on the BRI, and can also help effectively align different national development strategies with global and regional development goals. Building strong ties in and among BRI countries ensures buy-in and commitment to common sustainable development objectives.

- **Building social cohesion: addressing risks of migration flows, demographic changes**

Social cohesion depends on the nature and extent of social and economic divisions within society at both the micro and macro levels. It is a fundamental indicator of social integration both in the national context and on a regional scale. Throughout the recipient countries, BRI implementation can significantly affect host societies’ social
structure. The SDGs can provide a framework for shaping interventions to enhance the benefits of the BRI by contributing to sustainable improvements in equity and social sustainability.

- **Monitoring and evaluation**

Monitoring and evaluation provides feedback on progress, results and lessons learnt. As an innovative and ambitious regional development strategy, BRI offers the opportunity to maximize development outcomes. But policymakers and the public will need to assess whether, to what extent, and at what cost the BRI is meeting its stated objectives. This is where a suitably chosen subset of SDG indicators can play a particularly useful role. Since these were designed for covering all main aspects of sustainable human development, they can help monitoring, evaluation and assessment of the effectiveness and efficiency of BRI implementation in the human development space. They can also provide a rich and timely evidence base for making further refinements in BRI strategy and implementation modalities, and for informing the public of progress under the BRI in a credible manner.

4. **The way forward**

4.1 **Facilitating BRI implementation through UNDG’s MAPS approach for SDGs**

The support offered by the UN development system to countries’ SDG implementation efforts is guided by the UNDG MAPS (Mainstreaming, Acceleration and Policy Support) approach. It aims to help governments anchor the Agenda at national and local levels in their plans and strategies (‘mainstreaming’); target resources at root bottlenecks and interventions that leverage progress across the SDGs (‘acceleration’); and make the thematic expertise housed in different UN entities available in an effective and coherent way (‘policy support’). MAPS is an approach which can be adjusted to each development context and set of challenges faced. Supporting partnerships, the availability of quality data and analysis, and accountability are themes which cut across all three components.

A number of tools are available to support Member States to put MAPS into action, notably general and country-specific guidelines, methodologies for in-depth analysis of bottlenecks and for adapting SDGs to national circumstances, as well as descriptions of financing opportunities, risk mitigation, institutional dynamics, and crisis response.

4.2 **UNDP’s strategic role in SDG implementation as a reliable partner for BRI countries**

China has been championing the voluntary national reviews process, and was one of the 22 countries that participated in the first round of discussions in July 2016.
Moreover, China’s G20 Presidency this year put development at its core, marking a crucial achievement with the adoption of the Action Plan to further align G20 work with the 2030 Agenda for Sustainable Development. This signifies an unprecedented long-term commitment to advance sustainable development.

The UN system, and in particular UNDP working with others in the UN Development Group, has been supporting China for more than three decades in its endeavors to achieve its development aspirations. This collaboration has brought some great results, and forms the basis for expecting the alignment of the implementation of the BRI with the SDGs to not only accelerate the implementation of the SDGs but also maximise the BRI’s positive impact and long-term success.

UNDP is mandated to support the implementation of the 2030 Agenda. It has the analytical capability, the conceptual framework, and substantive presence on the ground in over 170 countries to make it happen. UNDP has ample experience in policy formulation, implementation, and monitoring of progress toward attaining global development goals. It is also among the leading players in implementing projects financed by environment-related vertical funds such as GEF, GCF, etc.

More broadly, the UN system can bring the necessary depth, global viewpoint, and practical knowledge to facilitate effective and efficient SDG implementation, as well as play an international coordination role. The UN supports national and global efforts to achieve the SDGs, notably in aligning national plans with SDGs; localizing SDGs in sub-national plans and budgets; supporting national level monitoring and reporting; and assessing gaps in data availability and statistical capacity. Finally, the UN system can play a productive complementary role in the social and environmental area to that in financing played by global and regional IFIs and bilateral Chinese aid.

4.3 Specific policy recommendations for China and the other BRI countries

Based on the considerations outlined above, this scoping paper puts forward the following specific policy recommendations for implementing the BRI:

- Seize the synergies stemming from aligning the BRI and SDG implementation to reap substantial development benefits. Devise a transparent governance mechanism for implementing BRI to reassure all stakeholders and the rest of the world that the key objective is furthering sustainable human development.

- Work on adapting SDGs to national needs early on in each partner country, keeping the context of BRI implementation in mind. This will help identify (i) prioritization; (ii) groups of Goals that substantially interact/affect each other; (iii) optimal sequencing.

- Acknowledge that a “dirty development pathway”—involving high pollution, carbon emission and biodiversity loss in the initial stage followed by cleaning up later—is not simultaneously available for newly emerging/developing countries, and adapt policies accordingly. The ethical imperative to allow these countries to
enter a phase of sustained development implies that more developed countries need to ensure that advanced technologies and know-how is made available to countries now catching up. This needs to happen in a market-conform manner, without creating disincentives for invention and innovation. One way to do this is to assign a significant part of available development aid to cost-effectively purchase rights for these technologies, and make them available on a concessional basis, with the degree of concessionality inversely related to the attained level of development (as measured by the Human Development Index, or per capita PPP GDP levels).

- Identify and quantify the impact of joint effects (stemming from externalities, public goods, network effects, increasing returns to scale) at country, regional and global levels—including dynamic feedback loops set in motion by BRI activities that amplify either positive or negative aspects of development. Define a way for keeping these in focus and for jointly dealing with them in a timely manner by devising channels and measures that can reinforce or contain them, as needed for ensuring sustainable development. This involves:
  - Timely monitoring through relevant indicators to “know where we are”;
  - Finding the binding constraints—which may differ across countries/regions;
  - Harnessing geographical flows of knowledge, technology to apply efforts to those that offer the highest returns if eliminated;
  - Identifying instances where technological leapfrogging is feasible and brings substantial net benefits; then find ways to make it happen in a market conform way that does not create adverse incentives, adverse selection or moral hazard. Financing to facilitate this should involve a blend of loans and grants, recognizing that this can be a better investment of aid resources than some traditional ODA uses. Private companies’ corporate social responsibility aspirations can also provide a notable positive contribution.

- Recognize and capitalize on the direct synergy between SDG 17—calling for international cooperation to realize Agenda 2030—and the BRI. BRI is a framework for international cooperation for (currently) about 70 countries. It naturally lends itself to collective action and cooperation on jointly implementing activities that hold the promise of significantly furthering human development. Efforts to concretize the synergies at the level of individual BRI activities and to inject sustainability into those activities can have large payoffs.

- Identify key avenues for South-South Cooperation (SSC) in BRI implementation. Focus should be on prioritizing aspects that best further SSC. Specific examples include:
  - Harmonization and coordination of regulation and policies with a view to lowering risks for foreign investors while reducing their rent-seeking behavior through the elimination of regulatory/policy arbitrage opportunities,
and allowing capital to be allocated to activities offering the highest long-run returns.

- Make BRI a credible and effective framework for common carbon pricing reflecting true costs of carbon emission for mankind. A commitment from BRI countries as a block could provide the critical mass for reaching a tipping point on this. It could significantly contribute to reversing the global dynamics of containing climate change and markedly tip the balance toward sustainable development.

The points above are in line with the Addis Ababa Agenda for Action’s call for placing the private sector at the center of efforts to attain sustainable development and marshal affordable financing for it. In particular, getting carbon pricing right in a credible manner, expected to remain effective for good would (i) rapidly reduce waste; (ii) considerably reorient investment and financing flows away from sectors and activities known to harm the planet; and (iii) would add a strong self-reinforcing element to quantitative targets that rely on governments to enforce them and lack micro-level enforcement mechanisms.

These steps jointly would contribute greatly to fulfilling the Agenda 2030 promise of leaving no one behind. They would also position the BRI as the framework for many countries adapting to the “new normal”: developing through adapting their structure of production to gain efficiency and productivity in a sustainable manner. BRI would contribute by setting incentives right; eliminating infrastructure bottlenecks that contribute to waste and blocked opportunities; creating regional/global public goods that the private sector tends to undersupply; helping countries capture gains from enhanced infrastructure corridors and from trade; and opening up opportunities for and fostering lucrative inventions and innovative activities while enhancing social stability and environmental sustainability.

5. Conclusion

The role of China in development governance is the subject of intense debate. Today, the country is an increasingly responsible player and performs a major role in actively supporting, participating and shaping the Agenda 2030. Without any doubt, the direction of its future development and the degree of its engagement to sustainable development outcomes will have a significant impact on the entire international community.

The Belt and Road Initiative has emerged as an innovative and ambitious regional development strategy and could be a powerful platform for economic growth. The BRI offers the opportunity to maximize development outcomes, but it has to ensure that its impact is positive and fosters long-term sustainable outcomes. Managing risks is vital for BRI to achieve sustainable development objectives.

How to ensure and maximize the positive impact of BRI? The paper highlighted areas where tangible opportunities for gains exist from aligning BRI and SDG implementation,
and mentioned where UNDP can effectively assist, including through the use of SDG indicators to provide observable data for monitoring and evaluation of BRI implementation.

In sum, the role of BRI and SDGs as mutual accelerators in implementation holds the promise of attaining inclusive and sustainable development outcomes along the BRI. It also represents a chance to generate greater development dividends tied to market-based investments and economic growth initiatives.

Therefore, the synergies stemming from aligning the BRI and SDG implementation provide the opportunity to:

- Enhance the full recognition of China as an increasingly responsible player in global development cooperation,
- Contribute to the ability of the BRI to address environmental and social risks,
- Strengthen policy coherence along the BRI countries,
- Further effective dialogue facilitated among stakeholders and intra-regional cooperation,
- Enhance communication and the exchange of knowledge and ideas,
- Build social cohesion and human development, and
- Bolster development planning, implementation, monitoring and accountability.

Looking ahead, this alignment would mean a global step toward achieving sustainable human development, and help position China as global reference in ensuring innovative development outcomes along a development path of mutual benefit.
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