

International Spillover Effects

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Why it takes spillover analysis to make SDG monitoring honest and meaningful

In an interconnected world, actions of one country can have positive or negative impacts on other countries concerning their ability to reach the SDGs. These impacts are called 'international spillover effects'.



Figure 1: *Spillover is a metaphor for impacts imposed by one country on another regarding their ability to reach the SDGs*

Examples of spillover effects

One example of an international spillover effect is a T-shirt which is produced in Bangladesh and worn in Germany. The garment is consumed in Germany without tainting the national SDG ranking, while all the negative environmental and social impacts associated with production remain on Bangladesh's balance sheet.

Another example are rare earth metals extracted in Congo or Zambia and further processed in the electronic devices that accompany our everyday lives, such as mobile phones or computers. Though the whole world relies on these products, the environmental and social damage associated with the extraction of the necessary raw materials is only attributed to the countries of origin.



Measuring the SDGs

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity¹.

The progress towards these goals is monitored and published annually² by the Sustainable Solutions Development Network (SDSN), together with the Bertelsmann Stiftung, in the Sustainable Development Report. The report, formerly the SDG Index & Dashboards, is a worldwide study to assess where each country stands with regard to achieving the SDGs.

But: SDG rankings can only be properly interpreted if seen in conjunction with a spillover analysis.

The consequence: A huge weak point

Consequently, SDG monitoring generally looks good for countries in the Global North, as they are systematically passing many difficult problems on to countries in the Global South. This aspect is not a small statistical detail, but a huge weak point – it can literally turn the SDG ranking upside down.

	SDG ranking ³ : Best in Class	Negative spillover impacts on other countries ⁴ : Among the Worst
Finland	1	135
Sweden	2	141
Denmark	3	150
Germany	4	151
Belgium	5	147
	(of 165)	(of 165)

Table 1: *Countries with excellent SDG rankings tend to be among the worst with regard to spillover impacts*

In other words: How we currently measure SDG progress in Germany – and elsewhere – does not reflect reality – we are not being honest to ourselves, because essential information is missing.

As a result of this weak point, countries which generate harmful spillover effects do not see these clearly and therefore policy makers do not address them properly.

Spillover analysis – a powerful tool

Fortunately, there is the powerful tool of spillover analysis. By analyzing flows of materials and money, geophysical interactions, and other factors between countries – while also considering qualitative factors such as labor standards – you can come up with a spillover analysis that gives you a much clearer picture of reality when using it to complement conventional SDG ratings.



Figure 2: *Spillover analysis works by analyzing flows of materials and money between countries while also considering impacts of production*

Then, and only then, can you start to make informed policy decisions concerning resource allocation and priority setting.

For this reason, we support the SDSN, which mobilizes scientific expertise to implement the SDGs and is the leading body in advancing research on international spillover effects.

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Key take-aways:

What you can do to improve correct interpretation of SDG progress

The need for change of existing, unsustainable practices is even greater than what most stand-alone reports make it look like; in other words: In SDG rankings, countries of the Global North tend to look *much* better than they actually perform.

→ **Don't make decisions based on SDG rankings alone. Always include a spillover analysis** when assessing a situation. You may find out it puts the SDG ranking upside down.

→ Please support our work by **raising awareness** about the importance of complementary spillover analysis when interpreting SDG rankings and reports correctly.

→ To limit the harmful impacts of spillover effects, effective policies which are based on a comprehensive understanding of the underlying data are needed.

Our collaboration with the GIZ-community:

International spillover effects may occur in many if not most development projects. Therefore, it's always worthwhile to consider the question: 'How does my project influence not only the respective partner country's ability to reach their SDGs, but also: How does it influence other countries?'

→ If you are interested to dive deeper into the topic, **please reach out** to our project *SDSN III*. Together we can explore a possible collaboration with our working group via the Sustainable Development Solutions Network.

→ You can contribute to a better understanding of international spillover effects by **sharing valuable data** with us.

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¹ <https://www.undp.org/sustainable-development-goals>

² <https://www.sdindex.org>

³ <https://dashboards.sdindex.org/rankings>

⁴ <https://dashboards.sdindex.org/map/spillovers>