



## Strengthening international cooperation for the post 2015 era\*

### 1. Introduction

As 2015 nears and the international community considers new approaches to accelerate the implementation of the Millennium Development Goals by the agreed date, attention is increasingly focused on the conceptualization of the global development agenda beyond 2015. In 2011, the Committee for Development Policy initiated a research programme to contribute to the discussions on the formulation of that agenda<sup>1</sup>. In its deliberations, the Committee also underlined the need for the international community to firmly re-engage in the other (unfinished) agendas adopted at the various United Nations summits and global conferences of the past 15 years, which set out principles, commitments and goals beyond those expressed in the Millennium Development Goal framework.

However, this will not be enough. The Committee also stressed the urgency of moving from global goals to policies and strategies that allow for the realization of those goals and, in particular, of enabling the adoption of comprehensive sustainable development strategies that address all three of its dimensions (economic, social and environmental). Hence, there is a need for development models that promote economic growth that is socially inclusive and environmentally sustainable and tackle the various crises affecting the global economy, namely, economic and financial crises and their impacts, the food security crisis, the emerging climate change crisis and persistently high inequalities. In this regard, the method of measuring progress needs to move away from gross domestic product (GDP) to measures that capture additional factors such as the distribution of income, the environmental costs and associated depreciation of natural capital, and the adverse effects on human capital generated by, inter alia, malnutrition, preventable ill health and atrophy of skills generated by unemployment.

<sup>1</sup> See The United Nations Development Strategy Beyond 2015 (United Nations publication, Sales No. E.12.II.A.3).

### 2. Alternative development strategies

The development model underlying the Millennium Development Goals has not worked as intended and needs to be reconsidered both at the country and the international levels. While there is no single recipe for promoting broad-based growth with job creation and guaranteeing social and environmental sustainability, the Committee's analysis points to the following ingredients: greater reliance on domestic resource mobilization and savings; equitable growth, including through investment in human capital; the adoption of sectoral policies that are compatible with open economies; the promotion of sustainable agriculture; low-carbon energy policies; and macroeconomic policies that promote stability and equity.

Historical experience and research suggest that the most significant reductions in poverty and the attainment of a wide range of social objectives are best served by policies that ensure universal access to quality social services for all, which may be supplemented by assistance programmes targeted at groups experiencing extreme poverty and vulnerability. In the absence of universal provision, however, targeted programmes have limited effectiveness, and their effective implementation may pose severe administrative challenges for many developing countries. It is also important to recall that the Millennium Development Goal framework was developed in a context in which social policy played a residual role and did not impinge on the prevailing macroeconomic policies. What has worked, on the one hand, is broad-based, universal social policies and, on the other hand, economic growth and structural change that supports more productive activities and technological upgrading.

The implementation of development strategies does not take place in a vacuum. National strategies affect, but are also affected by, the wider global context in which they operate, particularly more so in a world characterized by increasing interdependence.

\* Excerpt from Committee for Development Policy, Report on the eighteenth session, See Official Records of the Economic and Social Council, 2013, Supplement No. 13 (E/2013/33)

The new development approach should be universal and applicable to all countries. Its focus should be on reforms needed to improve global governance for a more equitable distribution of opportunities among countries and people, a more efficient provision of global public goods and a reduction in the human, environmental and financial risks currently afflicting the international system.

The current globalization process tends to accentuate interdependencies among countries, widening the scope of global public goods. A strong relationship exists between global public goods and development agendas: failures in one domain can produce setbacks in the other. For example, the lack of technologies providing basic social services to the poor, clean energy, affordable transport and higher-yielding and drought- and pest-resistant food crop varieties indicates gaps in global public goods that have an important bearing on the ability of national Governments to provide essential services.

Among the global public goods with developmental impacts, the most challenging is the threat of climate change. This threat makes it imperative to review existing economic growth patterns and internalize the environmental costs. The characteristics of public goods imply that the market is incapable of ensuring their efficient provisioning and that some form of collective action is required. In the international sphere, the response must be carried out through coordination and voluntary cooperation formulas among the relevant players.

Moving forward, the Committee is of the view that international cooperation should deliver more effectively on its three basic objectives: (a) managing the growing interdependence of countries; (b) promoting the reach of social and environmental standards already adopted by the international community (economic, social and cultural rights, associated conventions and access to minimum social services for all); and (c) correcting the large differences that remain in the levels of economic development of countries. In this regard, problems associated with the frameworks regulating international relations (trade, investment, technology, etc.) need to be addressed to ensure that they guarantee a better distribution of development opportunities, including penalizing practices hindering that objective (such as illicit financial flows and fiscal paradises).

### **3. Challenges ahead**

This is not an easy task. On the one hand, there is a need for global rules and improved governance to manage global challenges and increase the positive spillover effects while reducing the negative spillover effects (externalities) that some countries can generate in others in an interdependent world. On the other hand, global rules need to be developed in a way that maintains the necessary policy space at the national level, within the limits of interdependence.

International regulations or the absence thereof may affect the capacity of national Governments to implement appropriate policies. International trade rules that allow for agricultural export subsidies in rich countries affect the livelihoods of smallholders in developing countries. Similarly, the lack of adequate international financial regulations implies greater volatility in international capital markets, contributing to the occurrence of crises that have negative consequences for the livelihoods of the poorest and most vulnerable. Some international rules also constrain Government actions to promote productive transformative changes in the economy. At the same time, while compulsory education, minimum wage, access to health care, unemployment insurance and other social standards are defined at the country level, universal standards are required to underpin international regulation and cooperative action if human rights are to be guaranteed at the global level.

The complexity of improving global governance, including through the adequate provisioning of global public goods, is further compounded by a few noticeable emerging trends. First, the persistence of global inequalities and rising domestic inequalities has led to a polarization of positions between current “winners” and “losers” and blocks progress in developing a more just and fair system of governance. Despite some progress, inequalities remain pervasive at the global level. According to data from the United Nations Conference on Trade and Development (UNCTAD), the average income per capita in developed countries was still more than 55 times higher than the average income per capita in the group of least developed countries in 2010<sup>2</sup>. At the country level, wage shares in national income have been stagnant or declining in most parts of the world and income differentials among different types of workers (particularly between skilled and unskilled) have widened. This trend was reinforced by the adoption of inequitable macroeconomic policies, including the erosion of redistributive elements of national tax and transfer systems. Rising domestic inequalities should be recognized as one of the most adverse trends the world has experienced in recent decades.

Second, the level of heterogeneity among developing countries has significantly increased. While a group of countries, mainly located in Asia, has managed to drive successful growth processes that have allowed them to significantly reduce the gap between their income levels and those of the developed countries, another group, the least developed countries, has maintained or increased its income gap with the developed world, and some of them seem to be caught in a poverty trap. A third group, situated between these two extremes, includes countries that have followed very disparate growth paths over the past few decades. A dual divergence seems to have emerged during the period: (a) growing distance between the extremes (least developed countries and high-income countries); and (b) increased heterogeneity among developing countries. As a result of these trends, a single,

<sup>2</sup> UNCTADStat, accessed on 25 March 2013.

shared diagnosis and development path is no longer valid. Moving forward, there is a need to maintain an integral perspective and to work through a differentiated agenda in accordance with the diversity in the conditions of developing countries.

Lastly, the bipolar world that characterized the international reality during the cold war is vanishing. Instead, a more complex and multipolar world is emerging. New global powers from the developing world are becoming a significant factor in global politics alongside the traditional powers. These new powers are highly dynamic, with a notable capacity to project their influence. The main growth poles of the global economy are located in developing regions, and this trend is likely to continue in the near future. The increased diffusion of global power opens a window of opportunity for building more inclusive and democratic governance at the international level. At the same time, while there is acceptance of the principle of common and differentiated responsibilities, it is far from clear how a global compact will actually evolve. Lack of progress in this area delays the introduction of much-needed reforms, with serious implications for the further progress and sustainability of development in general.

#### **4. Moving the research programme of the Committee for Development Policy forward**

The trends described above present new challenges for the international community. Addressing these issues demands an enabling international environment, based on cooperative commitments from both developing and developed countries. The global partnership for development, Millennium Development Goal 8, was the least concrete goal of the international development agenda. In fact, it was poorly defined, incomplete and without clear targets. Without an enabling international environment, many national development efforts will be fruitless. In the Committee's view, there is a pressing need to complement its existing analysis with a consideration of the impact of global rules and global governance on some crucial areas of development. In this connection, the Committee's current research initiative will focus on how to strengthen international cooperation in order to fulfil the three main objectives described above more effectively. A related concern is to avoid neglecting agreed initiatives and compacts and to guarantee effective monitoring, accountability and, in critical areas, the enforcement of international commitments. The results of this initiative will be submitted to the Council in 2014.