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POST-2015 POLICY BRIEF

UNCTAD AND THE POST-2015 AGENDA

The post-2015 development agenda will play a central role in shaping development thinking over the coming years. It is therefore vital to secure an outcome which gives due weight to economic challenges and the changes to the global economic system necessary to meet those challenges. A commitment to the eradication of extreme poverty is expected to be one such challenge. This would be a welcome step forward and accords with UNCTAD's founding principles. The opening paragraph of the Final Act of the first United Nations Conference on Trade and Development (UNCTAD I) reads in part: "The States participating in the Conference are determined… to find ways by which the human and material resources of the world may be harnessed for the abolition of poverty everywhere." It goes on to recognize that "if privilege, extremes of wealth and poverty, and social injustice persist, then the goal of development is lost," and that "national exertions [of developing countries to raise the living standards of their peoples] will be greatly impaired if not supplemented and strengthened by constructive international action based on respect for national sovereignty".

UNCTAD thus has a key role in the post-2015 process. Specifically, as "the focal point in the United Nations for the integrated treatment of trade and development, and interrelated issues in the areas of finance, technology, investment and sustainable development" (Doha Mandate, para. 18), it falls to UNCTAD to take a leadership role in integrating economic development and related global economic issues into the United Nations-led post-2015 agenda.

Economic development: Still the missing dimension?

Sustained improvements in living standards depend on rising productivity and per capita incomes, good jobs and reliable public services. These, in turn, require long-term investments and a supportive system to finance them. Creative market forces are essential, but these can be countered by restrictive macroeconomic policies and wage cuts which stifle demand. More active industrial policies are needed to encourage production in areas of rapid productivity growth, develop the infrastructure needed for increased and diversified production, and adapt and develop essential technologies. Policies to encourage a financial sector strongly focused on financing productive investment are essential, and adequately funded universal social programmes need to be gradually rolled out.

To date, most of the discussion of the post-2015 agenda has continued the Millennium Development Goals focus on social deprivation (in terms of extreme poverty, health, education, etc.), albeit with a heightened sensitivity to human rights and environmental concerns. However, little attention has been given to the mobilization of resources needed at the national and global levels to meet any new goals, and almost none to the systemic constraints on inclusive growth and development. In the Millennium Development Goals, global economic issues were restricted to Millennium Development Goal 8 on the global partnership for development, which was much weaker and less specific than the Goals for social outcomes. Goals, and even discussion of policy options, for economic development were largely absent (except for the belated addition of employment in Millennium Development Goal 1).

As a result, while aid flows have increased (though remaining less than half the target level of 0.7 per cent of gross national product, and falling in real terms since 2010), a broader package of financing initiatives and reforms to the financial architecture has gained little traction even (somewhat paradoxically) since the very serious setbacks following the international financial crisis. On trade issues, and even more on technology, commercial interests have trumped multilateral efforts to level the playing field in support of poorer countries and communities and they now threaten the workings of the international trading system.

A vacuum has also been left in terms of development policy options. The international community seemed ready at the Millennium Summit to reject a one-size-fits-all policy prescription. In practice, however, particularly at the level of international development agencies, conventional policy advice went largely unchallenged, despite its poor record in promoting inclusive economic development. Further, as the global and national policy changes needed to realize the Millennium Development Goals failed to materialize, the main response was a diversion of limited aid resources to palliative uses (for example, disease-specific health programmes).

Partly for this reason, and despite coinciding with a period of strong growth across the developing world, most of the Millennium Development Goals, apart from the headline Goal of halving extreme poverty, are almost certain to be missed. Even the Goal on poverty reduction has been met in large part due to the strong performance of China, while progress in sub-Saharan Africa has been limited, and the other major reservoir of extreme poverty, India, may also miss the goal (see UNCTAD Post-2015 Policy Brief series, No. 2, forthcoming).

Getting "rights" right

A goal of eradicating extreme poverty is clearly more ambitious than Millennium Development Goal 1. However, the $1.25-a-day poverty line cannot realistically be seen as fulfilling the right to "a standard of living adequate for health... and well-being" (Universal Declaration of Human Rights, art. 25.1) or, therefore, as the final objective for a new development agenda. A rights-based approach in the post-2015 agenda must also include a higher poverty line which might be considered as representing an adequate standard of living. There is a need for a more open discussion here than has thus far taken place, but halving the number of people living on $5-a-day might be a place to start.

Neither is it enough merely to ensure that everyone receives $1.25 per day, irrespective of the source. The right to work (Universal Declaration of Human Rights, art. 23) and "to participate in [and] contribute to" economic development (Declaration on the Right to Development, art. 1.1) signify a right to the opportunity to earn an adequate income through one's own efforts, rather than merely to rely on financial transfers, externally funded interventions or charity. Likewise, the rights to fair wages providing a "decent living" for workers and their families, safe and healthy working conditions and "reasonable limitation" of working hours (International Covenant on Economic, Social and Cultural Rights, art. 7) mean that it is not just employment and incomes that matter, but also hourly incomes and working conditions.

From environmental sustainability to development sustainability

While the language of "sustainable development" has underpinned much of the discussion of the post-2015 agenda, this has been based on a narrow concept of environmental sustainability. This is a very important part of the challenge, but for a developing country, the question is whether its development can be sustained – not only environmentally, but also economically, financially, socially, politically and so forth.

A true development agenda can only be based on this broader, developmental concept of sustainability – ensuring that development can be sustained in all its dimensions, rather than only seeking to minimize environmental impacts. This again points to a more integrated agenda, encompassing both more viable and inclusive national development strategies and changes in the global economic system to accommodate and support them. If progress towards social and environmental goals is not underpinned by effective national strategies for sustainable and inclusive development, or if the global economy is incompatible with such strategies, that progress will not be sustainable beyond 2030.

Doing development differently

Moving beyond a development framework centred on deprivation and aid requires a break with business as usual, that is, seeing development as a process of transformation in the economic and social structures around which wealth is created and distributed. But, in an interdependent world, these structures are not only a reflection of national efforts and actions.

The evolution of the international economy over the last 50 years has sometimes supported and sometimes hindered more inclusive and sustainable growth in developing countries. UNCTAD has shown, in particular, how unregulated financial markets and unrestricted capital flows have often been an impediment to stable and inclusive growth. After 2000, however, relatively favourable external economic circumstances provided the space for some countries to explore a wider range of policies than had been allowed by the prevailing orthodoxy, leading to a period of relatively strong growth in developing countries.

However, the tendency to project growth rates from the past 15 or 20 years in to the future is likely to be misleading, given the change in international economic conditions that many developing countries are likely to face in the coming years. Events since the financial crisis of 2007/2008 have confirmed the urgency of breaking with the business-as-usual model of finance-led globalization – and this need is further underlined by the imperative of reversing the continued growth in global carbon emissions, as well as the need for a major reorientation of the distribution of the benefits of global growth if the goal of poverty eradication is to be achieved (see UNCTAD Post-2015 Policy Brief series, No. 2, forthcoming).

Achieving the ambitious goals envisaged for the post-2015 agenda will require a major reorientation of development policy, and this in turn implies the need for a much more development-friendly international economic framework, providing both more stable external conditions and the policy space for all developing countries to pursue such goals effectively.

Rejuvenating global economic governance

Achieving an inclusive and sustainable pattern of structural transformation will require major improvements in global economic governance. The massive build-up of global imbalances over the past two decades or more – whether in greenhouse gas emissions, levels of indebtedness or access to food and energy – serve as a reminder not only that today's interdependent world is facing new threats and challenges, but also that stronger collective action at the multilateral level is needed to improve the effectiveness of global decision-making.

The origins of the current international economic architecture are rooted in a very different era. But despite a broad recognition that the growth of global interdependence poses greater problems today, the mechanisms and reforms adopted over the past 30 years have not been up to the challenge regarding coherence, complementarity and coordination of global economic decision-making and actions. The post-2015 negotiations provide an opportunity to address these problems in an open, frank and purposeful manner.

But there is also an urgent need to introduce stronger democratic principles into how international decisions are taken. Indeed, without this, there can be little hope that global decisions will reflect the needs of the majority of humanity who live (by any reasonable definition) in poverty in the developing world, or therefore that they will achieve the ambitious outcome goals envisaged for the post-2015 period.

From development narrative to goals and targets

Whatever the limitations of an approach focused on goals and targets, in practice this will form the basis of much of the discussion on the post-2015 agenda. It is thus critical to consider how UNCTAD's objectives can be translated into such a framework.

Beyond an expanded poverty goal, including explicit goals for economic development at the global level is complicated by the major differences in starting points and circumstances of developing countries. On the other hand, specifying economic development goals at the national level risks returning to (or being seen as returning to) external management of national economies via detailed performance criteria, as was the case under structural adjustment programmes. This is also at odds with the right of States to formulate their own development strategies.

A better approach would be to include a goal of "broad transformation and sustainability", for example:

> All countries attain, by 2030, a sufficient level of economic development to ensure that the progress (and rate of progress) achieved towards social and environmental targets can be sustained indefinitely beyond 2030.

This could be supported by a more detailed set of criteria by which progress would be assessed at the national level.

For the global economy, given the rights framework underlying the discussion of the post-2015 agenda, it would be helpful to base goals on specific articles of the Universal Declaration of Human Rights, ideally with a specified time frame, for example:

> To establish, by 2030, an international trade/financial/technology system which actively supports sustainable development and is designed to allow the rights set forth in the Universal Declaration of Human Rights to be fully realized by 2050.

For development finance, a key target remains the fulfilment by donors of their existing commitments on the quantity and quality of official development assistance (the 0.7 per cent and 0.15–0.2 per cent targets, commitments to climate finance and the Paris Declaration commitments on aid effectiveness), along with a restoration of the share of official development assistance going to economic infrastructure and productive sectors to its 1980s level (around 50 per cent). The contribution of new "development partners" could be calibrated to these commitments and tied to their fulfilment by a specified date.

But the challenge of development finance goes well beyond aid and includes financing both for short-term adjustments and for long-term infrastructure investment. Possible goals in this respect could include:

> A commitment to expand multilateral financial resources in line with the growth of cross-border transactions, bringing them to a level sufficient to undertake effective countercyclical financing and to deal with payment difficulties that emerge on the capital account.

And also include a more ambitious target on long-term financing that combines the 0.7 per cent aid target with a concessional loans target for the new goals adopted under the post-2015 agenda.

Beyond the question of resource flows, institutional reforms will also be required to address gaps in the system that could hold back an agreed development agenda. This is likely to have a number of dimensions but a possible commitment could include:

> The establishment by 2020 of a formal and balanced approach to sovereign debt restructuring, including arrangements on sharing the burden of adjustment more equitably between borrowers and creditors.

On the international trading system, its incompatibility with the post-2015 agenda is likely to come from system fragmentation through the proliferation of bilateral and regional agreements which compete with and, at times, undermine multilateral rules and procedures. Equally important, in order for developing countries to pursue inclusive and sustainable development strategies, is not just a rules-based system, but also the support and space to use policy instruments to promote structural transformation and to manage the adjustments that this implies. There must therefore be an effort to ensure that existing agreements ensure sufficient policy space. A possible goal in this regard would be:

> To establish, no later than 2020, a formal and strong agreement on special and differential treatment which is applicable at the bilateral, regional and multilateral levels.

Finally, for global economic governance more generally – a conspicuous gap in both the Millennium Development Goals and post-2015 discussions – a reasonable goal would be:

> The establishment, by 2030, of a global governance system which fully reflects accepted democratic standards of representation, accountability and transparency, and operates in the interests of all countries on an equal basis.

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