

Presentation to G15 on Development Agenda

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28 July 2013

Key Challenges

- Learning lessons from the actual experience
- International cooperation
- Danger of new obligations on part of developing countries
- Not matched by obligations on the part of developed countries
- Global enabling environment
- Means of implementation
- Accountability and Performance

Structure of the SDGs

1. Principles and Modalities
2. Goals, targets and actions **at the international level** to support achievement of SDGs
3. Sections on Economic, Social, and Environmental Goals
4. Section on Means of Implementation (finance resources, technology transfer, . . .)

Watch out: The Sachs report wants to add a 4th goal: Good Governance

- Could result in new set of obligations for developing countries
- Only important is the point of SDGs is to trigger ODA
- The Monterrey commitment (paragraph 4) good governance at all levels
 - Good governance and rule of law in the international level has not been achieved

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- Voting weights in IMF WB not consistent with the economic structure of the world, still heavily reflective of 1944
- International Debt resolution – role of the IMF-WB in the Paris Club – as secretariat of debt resolution is rife with conflict of interest, since the IMF and WB are themselves creditors
- Aid effectiveness – conditionality by donors under question as a matter of principle but practice still highly conditional
- Rule of law violated in WTO governance over IPR

International Level Reforms and Actions

1. The need to strengthen compensatory finance for commodities-dependent developing countries;
2. Strengthening special and differential treatment in WTO rules and enlarging the non-reciprocal content of trade agreements, including FTAs to permit developing countries greater ability to diversify their domestic economies;
3. Restoring flexibility in the setting of tariff rates, within reasonable ranges, to enable developing countries to raise or lower tariff rates in line with shifting priorities to develop specific sectors, as opposed to permanently bound tariff ceilings;
4. Need for effective arrangements to reduce the probability and size of international financial crises
5. Establishing orderly and equitable international financial crisis resolution mechanisms.

Policy Space Reforms and Actions

1. Revising the structure of international commitments so that, based equity and common but differentiated responsibilities, developed countries take a greater burden than at present on international obligations and restrictions in the area of domestic subsidies, aid conditionalities, and macroeconomic adjustments; the most problematical of these are developed countries' agricultural subsidies;
2. Reforming current approaches to bilateral investment treaties and free trade agreements which limit the ability of developing countries to undertake changes in policies and regulations which might change the profit expectations of foreign investors;
3. Restoring the capacity of developing countries to regulate their capital account.

Principles

1. The SDGs should be based on Agenda 21 and Johannesburg Plan of Implementation, (and also Rio+20 outcome and other UN conferences oneconomic, social and environmental issues).
2. The formulation and implementation of SDGs shall fully respect all Rio Principles, taking into account different national circumstances, capacities and priorities,
3. The SDGs are to be consistent with international law.
4. The SDGs should build upon commitments already made, and contribute to the full implementation of the outcomes of all major Summits in the economic, social and environmental fields, including Rio+20.
5. These goals should address and incorporate in a balanced way all three dimensions of sustainable development and their inter-linkages.
6. They should be coherent with and integrated in the United Nations Development Agenda beyond 2015.
7. They should contribute to the achievement of sustainable development and serve as a driver for implementation and mainstreaming of sustainable development in the United Nations system as a whole.
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9. The development of these goals should not divert focus or effort from the achievement of the Millennium Development Goals.

Sample of Economic Goals

- 1) Adequate rate of economic growth, which is inclusive, sustainable and sustained.
- 2) Financial stability, with adequate regulation and a reformed global financial architecture.
- 3) International financing for development.
- 4) Effectively addressing debt problems of developing countries, including through an international debt restructuring mechanism.
- 5) Trade in service of development
- 6) Technology transfer and development, and re-orienting the IPR regime towards sustainable development.
- 7) Promoting industrialization in developing countries.
- 8) Promoting sustainable agriculture in developing countries.
- 9) Commodities: prices and revenues; adding value through processing and industry; speculation in commodity markets
- 10) Policy space and instruments to put into effect policies in the above mentioned areas.

Sample of Social Goals

- 1) Poverty eradication.
- 2) Redistribution policies and measures.
- 3) Policies and measures to reduce inequalities at national and international levels
- 4) Objective of full employment and adequate livelihoods.
- 5) Access of the poor to affordable health, food, water and sanitation, energy, education.
- 6) The global food crisis and food security.
- 7) Social protection measures
- 8) Importance of international environment and partnership and support to enable developing countries to achieve the above, through finance, technology transfer, trade policies.

Areas for Environmental Goals

- 1) Atmosphere and climate.
- 2) Oceans and seas.
- 3) Water.
- 4) Forests
- 5) Biodiversity
- 6) Toxic chemicals and waste.
- 7) Sustainable Agriculture
- 8) Sustainable consumption and production patterns.
- 9) Importance of international environment, partnership and support (international system and policies of developed countries that can support and achieve the above).

Integration of Goals

- In formulating each goal, the three dimensions of sustainable development should be integrated. Thus, though an issue may be primarily economic (eg. Agricultural development), the social aspects (eg. Access to land and credit for small farmers) and environmental aspects (ecologically sound techniques) will also be considered.

Responsibility of Developed Countries

- Developed countries must also accept goals and targets. These targets must not have negative effects on developing countries and guarantee developing countries' environmental and development space. A key broad goal that is important for developed countries is sustainable patterns of consumption and production.

The Way Ahead

- At the beginning of the process
- Outcome might be not as detailed or elaborate as Agenda 21 but all basic elements and comprehensive approach needed
- Possible convergence later on with MDGs and SG High Level Panel outcome
- Accountability → Need to establish monitoring, reporting, verification processes – reliable data and rigorous analysis

IPR

Trade

Appendix
Example from Agenda 21
(paragraph numbers from Agenda 21)

A. Promoting sustainable development through trade Basis for action

2.5. An open, equitable, secure, non-discriminatory and predictable multilateral trading system that is consistent with the goals of sustainable development and leads to the optimal distribution of global production in accordance with comparative advantage is of benefit to all trading partners. Moreover, improved market access for developing countries' exports in conjunction with sound macroeconomic and environmental policies would have a positive environmental impact and therefore make an important contribution towards sustainable development.

2.6. Experience has shown that sustainable development requires a commitment to sound economic policies and management, an effective and predictable public administration, the integration of environmental concerns into decision-making and progress towards democratic government, in the light of country-specific conditions, which allows for full participation of all parties concerned. These attributes are essential for the fulfilment of the policy directions and objectives listed below.

2.7. The commodity sector dominates the economies of many developing countries in terms of production, employment and export earnings. An important feature of the world commodity economy in the 1980s was the prevalence of very low and declining real prices for most commodities in international markets and a resulting substantial contraction in commodity export earnings for many producing countries. The ability of those countries to mobilize, through international trade, the resources needed to finance investments required for sustainable development may be impaired by this development and by tariff and non-tariff impediments, including tariff escalation, limiting their access to export markets. The removal of existing distortions in international trade is essential. In particular, the achievement of this objective requires that there be substantial and progressive reduction in the support and protection of agriculture - covering internal regimes, market access and export subsidies - as well as of industry and other sectors, in order to avoid inflicting large losses on the more efficient producers, especially in developing countries. Thus, in agriculture, industry and other sectors, there is scope for initiatives aimed at trade liberalization and at policies to make production more responsive to environment and development needs. Trade liberalization should therefore be pursued on a global basis across economic sectors so as to contribute to sustainable development.

2.8. The international trading environment has been affected by a number of developments that have created new challenges and opportunities and have made multilateral economic cooperation of even greater importance. World trade has continued to grow faster than world output in recent years. However, the expansion of world trade has been unevenly spread, and only a limited number of developing countries have been capable of achieving appreciable growth in their exports. Protectionist pressures and unilateral policy actions continue to endanger the functioning of an open multilateral trading system, affecting particularly the export interests of developing countries. Economic integration processes have intensified in recent years and should impart dynamism to global trade and enhance the trade and development possibilities for developing countries. In recent years, a growing number of these countries have adopted courageous policy reforms involving ambitious autonomous trade liberalization, while far-reaching reforms and profound restructuring processes are taking place in Central and Eastern European countries, paving the way for their integration into the world economy and the international trading system. Increased attention is being devoted to enhancing the role of enterprises and promoting competitive markets through adoption of competitive policies. The GSP has proved to be a useful trade policy instrument, although its objectives will have to be fulfilled, and trade facilitation strategies relating to electronic data interchange (EDI) have been effective in improving the trading efficiency of the public and private sectors. The interactions between environment policies and trade issues are manifold and have not yet been fully assessed. An early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations would bring about further liberalization and expansion of world trade, enhance the trade and development possibilities of developing countries and provide greater security and predictability to the international trading system.

Objectives

2.9. In the years ahead, and taking into account the results of the Uruguay Round of multilateral trade negotiations, Governments should continue to strive to meet the following objectives:

- a. To promote an open, non-discriminatory and equitable multilateral trading system that will enable all countries - in particular, the developing countries - to improve their economic structures and improve the standard of living of their populations through sustained economic development;
- b. To improve access to markets for exports of developing countries;
- c. To improve the functioning of commodity markets and achieve sound, compatible and consistent commodity policies at national and international levels with a view to optimizing the contribution of the commodity sector to sustainable development, taking into account environmental considerations;
- d. To promote and support policies, domestic and international, that make economic growth and environmental protection mutually supportive.

Activities

(a) International and regional cooperation and coordination Promoting an international trading system that takes account of the needs of developing countries

2.10. Accordingly, the international community should:

- a. Halt and reverse protectionism in order to bring about further liberalization and expansion of world trade, to the benefit of all countries, in particular the developing countries;
- b. Provide for an equitable, secure, non-discriminatory and predictable international trading system;
- c. Facilitate, in a timely way, the integration of all countries into the world economy and the international trading system;
- d. Ensure that environment and trade policies are mutually supportive, with a view to achieving sustainable development;
- e. Strengthen the international trade policies system through an early, balanced, comprehensive and successful outcome of the Uruguay Round of multilateral trade negotiations.

2.11. The international community should aim at finding ways and means of achieving a better functioning and enhanced transparency of commodity markets, greater diversification of the commodity sector in developing economies within a macroeconomic framework that takes into consideration a country's economic structure, resource endowments and market opportunities, and better management of natural resources that takes into account the necessities of sustainable development.

2.12. Therefore, all countries should implement previous commitments to halt and reverse protectionism and further expand market access, particularly in areas of interest to developing countries. This improvement of market access will be facilitated by appropriate structural adjustment in developed countries. Developing countries should continue the trade-policy reforms and structural adjustment they have undertaken. It is thus urgent to achieve an improvement in market access conditions for commodities, notably through the progressive removal of barriers that restrict imports, particularly from developing countries, of commodity products in primary and processed forms, as well as the substantial and progressive reduction of types of support that induce uncompetitive production, such as production and export subsidies.

(b) Management related activities Developing domestic policies that maximize the benefits of trade liberalization for sustainable development

2.13. For developing countries to benefit from the liberalization of trading systems, they should implement the following policies, as appropriate:

- a. Create a domestic environment supportive of an optimal balance between production for the domestic and export markets and remove biases against exports and discourage inefficient import-substitution;
- b. Promote the policy framework and the infrastructure required to improve the efficiency of export and import trade as well as the functioning of domestic markets.

2.14. The following policies should be adopted by developing countries with respect to commodities consistent with market efficiency:

- a. Expand processing, distribution and improve marketing practices and the competitiveness of the commodity sector;
- b. Diversify in order to reduce dependence on commodity exports;
- c. Reflect efficient and sustainable use of factors of production in the formation of commodity prices, including the reflection of environmental, social and resources costs.

(c) Data and information

Encouraging data collection and research

2.15. GATT, UNCTAD and other relevant institutions should continue to collect appropriate trade data and information. The Secretary-General of the United Nations is requested to strengthen the Trade Control Measures Information System managed by UNCTAD.

Improving international cooperation in commodity trade and the diversification of the sector

2.16. With regard to commodity trade, Governments should, directly or through appropriate international organizations, where appropriate:

- a. Seek optimal functioning of commodity markets, inter alia, through improved market transparency involving exchanges of views and information on investment plans, prospects and markets for individual commodities. Substantive negotiations between producers and consumers should be pursued with a view to achieving viable and more efficient international agreements that take into account market trends, or arrangements, as well as study groups. In this regard, particular attention should be paid to the agreements on cocoa, coffee, sugar and tropical timber. The importance of international commodity agreements and arrangements is underlined. Occupational health and safety matters, technology transfer and services associated with the production, marketing and promotion of commodities, as well as environmental considerations, should be taken into account;
- b. Continue to apply compensation mechanisms for shortfalls in commodity export earnings of developing countries in order to encourage diversification efforts;
- c. Provide assistance to developing countries upon request in the design and implementation of commodity policies and the gathering and utilization of information on commodity markets;
- d. Support the efforts of developing countries to promote the policy framework and infrastructure required to improve the efficiency of export and import trade;
- e. Support the diversification initiatives of the developing countries at the national, regional and international levels.

Means of implementation

a. Financing and cost evaluation

2.17. The Conference secretariat has estimated the average total annual cost (1993-2000) of implementing the activities in this programme area to be about \$8.8 billion from the international community on grant or concessional terms. These are indicative and order-of-magnitude estimates only and have not been reviewed by Governments. Actual costs and financial terms, including any that are non-concessional, will depend upon, inter alia, the specific strategies and programmes Governments decide upon for implementation.

b. Capacity-building

2.18. The above-mentioned technical cooperation activities aim at strengthening national capabilities for design and implementation of commodity policy, use and management of national resources and the gathering and utilization of information on commodity markets.