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## **South Centre and G-15 Consultation on Post-2015 Development Agenda**

### ***Joint Outcome Document***

A joint consultation organized by the [South Centre](#) and the Group of Fifteen (G-15)<sup>1</sup> on 'The state of play of the Post-2015 Development Agenda and potential opportunities for the Global South', was held at the South Centre in Geneva on 24 November 2014. The event took place in pursuance of the mandate given by the G-15 Foreign Ministers in New York on the sidelines of the UNGA on 26 September 2014, which underscored the importance for G-15 to play a prominent role in shaping the international Development Agenda through South-South coordination during the Post-2015 period.

Ambassador Ravinatha Aryasinha, Sri Lanka's Permanent Representative to the UN in Geneva and Chairman of the Personal Representatives of G-15, co-chaired the event, along with Dr Martin Khor, Executive Director of the South Centre. Dr Mariama Williams, Senior Programme Officer, Global Governance for Development Programme; Dr Montes Manuel, Senior Advisor, Finance and Development; and Mr. Vicente Paolo B. Yu III, Head of Administration and Coordinator, Global Governance for Development Programme delivered presentations on the topic. Ambassador Amr Ahmed Ramadan, Permanent Representative of Egypt to the UN in Geneva and delegates from other G-15 countries participated in the discussion.

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<sup>1</sup> Established as a Summit Level group of developing countries in 1989, following the conclusion of the Ninth Non-Aligned Summit gathering in Belgrade, the G-15 comprises 17 developing countries from Asia, Africa and Latin America and the Caribbean (Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Senegal, Sri Lanka, Venezuela and Zimbabwe). The aims and objectives of the Group are to harness the latent potential of the member states for mutually beneficial cooperation, besides serving as a forum for the conduct of regular consultations in pursuance of their common agenda.

Initiating the discussion Ambassador Aryasinha said both the South Centre and G-15 share a commitment to South-South solidarity and in promoting South-South and North-South cooperation. He recalled that during a preliminary briefing at the South Centre in July 2013, well ahead of many of the processes that sought to chart the Post-2015 [Sustainable Development Goals](#) (SDGs), he had highlighted the need for Developing countries to engage more actively and collectively in framing the Post-2015 Development Agenda, to prevent it from being imposed on them as a *fait accompli*. Sixteen months later, he said this need was even more pronounced as countries moved into its final lap. He said the Global South must continue to reflect on 'how' development is done, not just 'what' is done in implementing the SDGs. He noted that G-15 believes all countries must adhere to the criteria agreed upon in Rio+20, namely that the operationalization of the SDGs must be based on the principle of 'common but differentiated responsibility' (CBDR), and should not place additional restrictions or burdens on Developing countries. He also stressed that true development requires a genuine global partnership and called on Developed countries to honour their international commitments, especially those related to financial resources, technology transfer and capacity. Ambassador Aryasinha stated the consultation would help both parties to consider various options on the way forward and to prepare possible actionable recommendations to improve the Post-2015 Development Agenda process, which could be shared with G-15 capitals, as well as with like-minded countries, who will be negotiating the Post-2015 Development Agenda.

Dr Khor detailed the state of play of the Development Agenda at the New York level. He said although there was much focus on New York, the "real development agenda" was being negotiated in Geneva - within UNCTAD, WTO, WHO, ILO, WIPO and other institutions given that the agreements they negotiate are legally binding and have greater bearing on international development. Dr Khor said, South-South cooperation is becoming even more important today, and called on G-15 to "reclaim its initial central role" in this process by providing a non-UN platform where South-South dialogue can expand. He recalled that G-15 was historically created as a counter Group to the G-7 to protest the unilateral decisions taken by Developed countries and imposed on the rest of the globe. He said as the Development Agenda is being negotiated, G-15 should play a leading role. Dr Khor also emphasized that North-South cooperation must continue, as Western countries bore a postcolonial/historical responsibility to Developing countries.

Attached is a summary of the core issue areas discussed at the consultation and some key guidance for actions by the Global South and by Missions/International Organizations based in Geneva.

## **Summary of the core issue areas discussed at the consultation**

### ***MDGs to SDGs***

During the discussion, the achievements in meeting the [Millennium Development Goals \(MDGs\)](#) targets were discussed and it was noted that some countries have made remarkable strides to keep pace with achieving the goals of the MDGs. It was emphasized that Developing countries should maintain the momentum in pursuit of these goals, even as they approach a new phase of the Development Agenda. Dr Williams observed that the significant progress attained was however being jeopardized as a result of the debt crisis and the after effects of the financial crisis, as well as adaptation to climate change. She further stressed that MDGs should not end after 2015 but rather, the 17 identified Sustainable Development Goals (SDGs) should be a continuity of the MDGs. Concern was raised with regard to the possibility that the SDGs determined in July 2014, following year-long negotiations in the Open Working Group (OWG), was sought to be re-opened for negotiation by the Developed countries. Many Developing countries are of the opinion that re-opening the SDGs text may risk weakening elements in it that were in favour of the Developing countries and hence must be resisted.

### ***Industrialisation Model and Climate***

The briefing also highlighted the challenges of global carbon emissions and noted that the standard industrialization model is inappropriate to ensure the required transition to a low carbon development model. Climate negotiations in Lima, Peru (1-14 December, 2014) and in Paris, France (30 November- 11 December 2015), will attempt to address challenges concerning the national contribution to such goals. Many Developing countries have stressed that the [Climate Change Conference of COP 20 Lima](#) could potentially be an input to the final report of the Development Agenda. Dr Khor stressed that SDGs are much more than a set of goals; they are addressing fundamental challenges for the Developing world. He further added that CBDR must apply to carbon emissions, as Developed countries account for much of the environmental degradation that has taken place in the planet, and hence insisted that North-South cooperation must continue in the development process.

### ***Migration and Remittances***

On Migration, Mr. Yu noted that, though an important element of development, it is currently discussed outside the UN system, and has not been a core area in the SDGs. For instance, the [Global Forum on Migration and Development](#) (GFMD), endorsed in Brussels in 2007, is a voluntary, informal, non-binding and government-led process open to all States Members and Observers of the United Nations, to advance understanding and cooperation on the mutually reinforcing relationship between migration and development and to foster practical and action-oriented outcomes<sup>2</sup>. The process is multilateral and led mostly by governments, who invite NGOs. Every two years, a global ministerial meeting is held and the Republic of Turkey took over the Chairmanship of the GFMD as of July 2014 until December 2015. With regards to the International Organization for Migration (IOM) and International Labour Organization (ILO), Mr. Yu explained that their collaboration on the topic is unclear and discussions remain diffused and decentralized. ILO is continuing to request the infusion of “decent work” ideas into the targets and goals of the Post-2015 Development Agenda through the UN Task Team. Mr. Yu also regretted that Developed countries have declined to address the issue of migration not engaging on the issues of visas or quotas, which is unhelpful in an era where freedom of movement is being upheld as a fundamental right. The issue of remittances was also discussed and it was noted that one of the goals is to reduce, by 2030, the cost of remittances to 3%, and eliminate remittances corridors which accounts for more than 5%. Observing that remittances received in Developing countries, even though presently higher than Official Development Aid (ODA) actually represent earned labor income of developing country citizens, suggestions by Developed countries to include these figures when re-defining Aid, are highly inappropriate.

### ***Debt Restructuring:***

On Debt Restructuring and its mechanisms, Dr Khor and Dr Montes both observed the topic was crucial and requires the serious attention of Developing countries. It was noted that South Centre was invited to present a document on *Elements of Debt Restructuring Mechanism*<sup>3</sup> at UNCTAD on September 2014. Subsequent to the presentation, the issue evolved rapidly and is currently being debated at the New York level and UNCTAD. If

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<sup>2</sup> Source: <http://www.gfmd.org/process>

<sup>3</sup> Source: Brief Note on Current UN Issues and Negotiations

adopted, the resolution could provide an international rules-based process to allow indebted countries to restructure their debt and restart their growth. The current framework in place involves unfair and ineffective options, including procyclical International Monetary Fund (IMF) conditionality; or unilateral debt restructuring leading to highly unpredictable outcomes and costly vulture funds litigation. During the meeting, the South Centre also presented a document on *“The Rational for and Objective of Debt Restructuring Mechanism”*<sup>4</sup> which discusses the reasoning behind orderly debt restructuring approaches. Certain institutions, such as the IMF or Multilateral Developments cannot serve as neutral arbiters since they are themselves creditors to debt distressed countries. Dr Khor saw more potential in independent mechanisms of international arbitration. Unmistakably, Developed countries do not favor such proposals and advocate instead for debt restructuring mechanisms to remain in financial institutions they dominate, such as the IMF.

### ***Financing for Development***

As the world prepares for the [Financing for Development \(FfD\) Conference in Addis Ababa](#), 13-16 July 2015, delegates also expressed concern about the newly introduced idea of “global partnerships” - a term recently coined to include unaccountable entities such as the private sector and civil society that represent their own interests. While no one can dispute the importance private entities play in the economy of Developing countries, their capacity to undertake highly risky and costly development projects without state support is questionable. Developed countries are also seeking to redefine the meaning of aid to include subsidies to their own private companies to operate in developing countries. This approach does not lead to structural transformation in developing countries, which requires upgrading the capabilities of the indigenous private sector. Counting such subsidies towards meeting the 0.7% ODA of Gross National Income (GNI) commitment is a travesty. Dr Montes added that the FfD conference is taking place at a very embarrassing time for the Developed countries, given the state of their financial system. According to him, Developed countries are attempting to hide three elements from Developing countries. 1) Developing countries are net investors into the Developed countries because they have been buying reserves. An amount of almost 600 Billion is reported to have moved from Developing to Developed countries in 2013, after including remittances, capital flight, aid and other flows. 2) Developed countries are touting

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<sup>4</sup> Source: Ibid

the private sector as a way to finance development. Dr Montes inquired about the legal enforceability of state actors committing financing for development on behalf of their private entities. He added that the short maturity and volatility causes many problems in macroeconomic management. 3) Despite the enormous increase in the scale of private financing flows until the crisis of 2008, there has been no appreciable increase in the rate of fixed capital investment which is what matters most for development. Raising the rate of fixed capital investment depends on policy space and steady increase in domestic demand in developing countries. Hence, he stressed there is a dire need for Developing countries to develop policies to develop their own program of development.

## **Guidance for action**

### *For the Global South in approaching the negotiations*

- MDGs and SDGs: At a minimum, a new Development Agenda must complete the unmet targets of the MDGs in all countries. Given the financial crisis, Developed countries have equated Development agenda to the SDGs and attempt to distract from systemic actions needed for development including growth, availability of financing for development, inequality, industrialization, technology transfer. The majority of the Developing countries are of the opinion that the SDGs should not be reopened but should instead be used as the core of the Post-2015 Development Agenda.
- Means of implementation (MOI): MOI is the weakest topic in each SDGs. Hence the majority of the Developing countries are requesting a time bound commitment for financial targets and clear MOI.
- North-South Cooperation must continue, as Western countries bear a postcolonial responsibility to Developing countries.
- ODA: 0.7% agreed ODA must continue and not be redefined to include remittances and South-South cooperation.
- Global Partnership: As the private sector is becoming more dominant in the Post-2015 Development Agenda negotiations, especially in the FfD negotiations, the Developing World should question the nature of the developmental contributions of such entities. The recently introduced idea of multi-stakeholders responsibility ought to be challenged, especially given the ambiguous accountability, roles and responsibility of non-state actors in the development agenda.

- Debt restructuring: Making significant progress toward a legal multilateral framework for resolving sovereign debt is crucial. Developing countries negotiators and analysts based in New York and Geneva should work closely and coordinate.
- Preservation of 6 Chapters for FfD: Developing countries must demand the preservation of all the 6 Chapters during the FfD conference. More specifically, on the following chapters: Chapter 2: Foreign Direct Investment - where Developing countries should demand more accountability and completion of the process to re-regulate private investment flows in order to get more long term private investment from abroad to upgrade their capital stock. Chapter 6: Systemic Issues - are crucial to the Developing world. Reforms of the international financial system, including reduction in the heavy dependence of the global economy on the use of the US dollar, which allows the US to run deficits and get free resources from outside, is a crucial element to be examined by the Global South as it undermines the stability of exchange rate of all other countries, including the most vulnerable Developing ones. Replacing the US dollar dependency with a more globally controlled currency and reforming the governance of the IMF are in the core interest of Developing countries which seek a more stable international financial system and greater volumes of long term financing for.
- Trade: The expertise in this area is in Geneva and caution must be exercised in having too many detailed trade-related obligation.

***For Geneva-based Missions:***

- Hold whole-of- delegation (combined UN and WTO) briefings in order to:
  - 1) Get a complete picture of Post-2015-related activities and discussions taking place in different Geneva-based agencies,
  - 2) Develop a comprehensive and coherent set of recommendations for country positions with respect to each Geneva agency's approach or contribution to the Post-2015 Development Agenda.
- Ensure that Geneva-based missions are involved in capital-level based discussions and in discussions with New York missions on Post-2015- related issues, in order to bring in expertise, views and perspectives or missions experts involved in Post-2015-related discussions in Geneva.

- Continue to do more briefings and discussions with other Developing countries' missions in Geneva (through groups such as G-15, G-77 in UNCTAD and its sub-groups, NAM, AU, LAS, ACP, etc), with technical inputs from Developing country research institutions like South Centre, in order to develop Geneva-based common positions that could then be sent to counterparts in New York involved in the Post-2015 Development Agenda process.
- Develop arrangements for Geneva - New York discussions among experts of Developing countries' missions who are directly involved in Post-2015-related issues to take place, either through email list, electronic face-to-face, or a series of physical meetings in Geneva or New York. The network can also subsequently expand to include other participants from UN centres in Nairobi, Rome, Vienna and Paris.
- Strengthen individual and group involvement in the different Post-2015-related activities taking place in different Geneva-based agencies in order to influence agency positions and recommendations that they will be bringing to the UN Task Team in New York.