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Overview

José Antonio Alonso and José Antonio Ocampo

1. Introduction

The world is undergoing a period of profound changes and facing challenges that will condition the future progress, security and well-being of humanity. While the effects of some current trends can be forecasted (e.g., population aging), others are only partially known (e.g., climate change). Overall, those changes will mean that the world in 2030, the reference point for the development agenda, will be very different from the one in which we currently live. To a large extent, we could say that the world's future will crucially depend on how the international community tackles the major challenges that those trends bring with. Given the nature of some of those problems, we know that individual country actions, while absolutely necessary, will be insufficient: in most cases, efficient international cooperative is essential. That is why the international community must show perceptiveness in its diagnoses and ambition in its determination to tackle the future.

The range of problems that need to be tackled is much wider today than in the past. There are problems inherited from the past that still need to be resolved, like continued poverty and hunger, the exclusion of significant sections of the world's population from access to basic services or the denial of basic rights to women and some ethnic groups in many parts of the world. Alongside those problems, others have emerged—or become more pronounced—that have been subject to limited or no action, such as the uncertainty of future supplies of water and energy, the threat of climate change, rising income inequality in most countries, the demographic pressures emanating from a growing but aging world population, and the challenging levels of international risk and insecurity. Some of these problems are a result of unresolved severe shortages, while others stem

from the inadequate management of the wealth of a world that is increasingly interdependent but remarkably unequal.

Given the severity of these threats, a “business as usual” response is not viable. There is no possible excuse for indifference or passivity. We have more resources and capabilities than ever before to tackle the aforementioned problems: what is needed is the right approach and determination to tackle them. The definition of a new development agenda when the current one expires in 2015 is a unique chance to come up with a concerted international response. The goal has to be about laying the foundations for moving toward a development model that is socially and environmentally sustainable, both nationally and internationally.

National responses are essential because the basic responsibility for the development process lies with the political community of each country. Public resources are mainly gathered and managed at a national level where there are the political mechanisms required for aggregating the preferences of an entire society and for implementing procedures of social accountability—mechanisms that many times break down, however, leading to paralysis or, even worse, confrontation. Without the effective involvement of governments and the societies they represent, it is impossible to build an inclusive and credible agenda for international change.

Important though this is, it should not be concluded that developmental strategies designed to address the aforementioned issues can be focused solely on building local and national responses. The nature, magnitude, and effects of many of these problems mean that no country can resolve them adequately by itself. Even problems that are national ones require an enabling international environment to allow countries to respond efficiently. In an increasingly interdependent world, domestic and foreign policies have become inextricably intertwined.

It is crucial, therefore, to define the global rules and systems of governance needed to create an international environment that favors the development of countries and promotes efficient global cooperation. Discussion about these components should form part of the process of defining the post-2015 development agenda. Unfortunately, the matter does not seem to have received sufficient attention in the official documents being drawn for the Post-2015 Agenda. This book aims to contribute to that task.

This book complements the analysis carried out in the recent publication *Alternative Development Strategies for the post-2015 Era*. In that work, an independent group of development specialists, brought together through the UN Committee for Development Policy (CDP), set out to study the options

for feasible new development pathways promoting a broad-based economic growth and, at the same time, able to guarantee social equity and environmental sustainability. That book adopted a mainly national perspective, trying to draw some inspiring patterns from the study of successful national experiences in order to build a more effective international development agenda.

The present book adopts an international perspective. We critically analyze global rules and governance mechanisms that currently condition international cooperation for development. The purpose is to propose rules for global governance that lead to a more equitable distribution of development opportunities among countries and peoples, a more efficient provision of global public goods and a reduction of human, environmental and economic risks currently afflicting the international system. To do so, we need to analyze first the main changes faced by the international system.

2. Main changes in the international landscape

The world has changed significantly over the past few decades. The future development agenda needs to take those changes into account in order to identify goals and assign responsibilities for collective action. Some of the changes mentioned deserve special attention because they are long term in character and may condition the future configuration of the world system.

2.1. Shifting balance of economic power: Heterogeneity and growing multipolarity

Over the last few decades, there has been a major change in the distribution of global wealth. As a result of the economic dynamism of a growing number of Asian economies, there has been a visible *tilting of the balance toward the East* in terms of the centers of economic activity. In 1990 the contribution of Eastern and Southern Asia to world GDP (in PPP) was 25 percent; in 2012 that share reached 38 percent, while the combined contribution of the European Union and North America fell from 47 percent to 35 percent. This is a trend that is set to continue over time since world GDP is moving toward the Pacific basin (Subramanian, 2011).

This process has been accompanied by a sustained growth in a significant number of developing economies, leading to an *unprecedented convergence* of countries' income levels. Convergence has mainly benefited a group of successful

emerging economies but has also reached—though more selectively—some low-income countries. It is not the first time that the world's emerging economies have lived similar episodes of accelerated growth which later proved relatively ephemeral, leading countries to subsequent periods of stagnation. This is what has been identified as “middle-income traps,” asymmetries and bottlenecks in the process of structural change that make countries become stuck on the path toward economic convergence (Agenor et al., 2012; Aiyar et al., 2013; Alonso, 2007). Keun Lee and John Mathews refer to these traps, specifically in the sphere of technological knowledge in Chapter 3 of this volume.

There are reasons, however, to think that this time around a significant number of countries (again, many of them in Asia) have managed to overcome those traps, maintaining the process of economic convergence over time (Spence, 2011). In fact, in a way that has never been seen before, low- and middle-income countries have grown in the last fifteen years at a faster rate than developed economies. During the last decade, emerging economies were responsible for 70 percent of the world economic growth (while developed economies for only 17%) (IMF, 2014). The 2008/9 crisis only accentuated that trend since developed countries were worse hit by the recessionary effects of the crisis.

However, the convergence process has been unequally distributed among developing countries. As a result, *levels of heterogeneity in the developing world have grown substantially* (UNDP, 2013). While in the past we could talk of a dual world, characterized by a sharp North-South divide, today the reality is very different. Deep international inequality continues but developing countries are more diverse and face, therefore, diverse challenges and unequal opportunities for progress. Diversity will require different policy agendas. Therefore, if we want to create a universal development agenda that involves everyone, that heterogeneity needs to be recognized and the range of areas we address must be broadened to take into account the different priorities of countries at diverse stages of development.

Along with the changes described, *new powers have emerged in the developing world*, alongside traditional powers, opening up the possibility of a transition toward a more multipolar world. The more central role now played by the G-20—rather than the G-7—, as a mechanism for international cooperation is symptomatic of that change, however imperfect the G-20 may be. Additionally, there is a broader spectrum of actors in the international arena. Alongside governments, there are a multitude of private sector actors—international nongovernmental organizations, foundations, unions, corporations—that have acquired a more central role as global players, taking part—albeit in

an unequal way—in the processes of setting the international agenda and holding public authorities to account. As a result of the changes mentioned, the international system has become more complex while also becoming more unstable. That new environment requires more inclusive and democratic systems of governance than in the past. This obliges us to understand global governance as a multilayered, multidimensional, and multiactor system (Held and McGrew, 2002).

The new composition of the international system should result in changes in the *distribution of tasks and responsibilities* for the new development agenda. As the world becomes ever more heterogeneous, with a new group of developing countries taking a more prominent role in the international system, countries' commitments and efforts should be adapted to the new distribution of wealth and capacities. The simplistic split between “developed” and “developing” countries should be replaced with a more complex and gradual distribution of responsibilities at the international level. The new development agenda necessarily has to take this new distribution of capacities among countries into account.

2.2. Less extreme poverty but growing domestic inequalities

The continued growth of some developing countries has also affected poverty incidence. Over the past two decades there *has been a significant decrease in the number of people who live on less than \$1.25 a day* (and the same could be said for people under \$2 a day). The intensity of this reduction is subject to debate: the most moderate forecasts see a continuous reduction in the poverty rate to 16.3 percent in 2015 (Ravallion, 2012), while optimistic estimates forecast 9.9 percent (Chandy and Gertz, 2011). Bearing in mind that in 1990 (baseline year for the MDGs) poverty affected 43 percent of the world's population, we can understand the significance of the progress made up to now. It is important to emphasize, however, that the bulk of the population that has managed to cross the poverty threshold has an income of between \$US 2 and \$US 10 a day. In fact, there are now over 4 billion people located in that range of income (Edward and Sumner, 2013). These are people living in highly vulnerable conditions with a risk of falling back into poverty if any negative change takes place.

While absolute poverty has reduced, the trend of the *number of relatively poor people has hardly changed* over the last twenty years. Chen and Ravallion (2012) present a measure of “weakly relative” poverty that takes into account

each country's level of development (and its consequent national poverty line). In their measure the poverty line rises with the mean national per capita income above some critical value, which can be interpreted as the minimum cost of social inclusion. In accordance with their estimates, the ratio of weakly relative poverty (in terms of total population) decreases from 65 percent in 1990 to 47 percent in 2008, but the amount of people affected grows from 2.4 billion to near 2.7 billion in the same period.

This result is consistent with the *increase of domestic inequality* in an ample group of countries, including most OECD members. More precisely, from 1990 to 2010, domestic inequality grew in two-thirds of the countries with available data. The fact that we are dealing with a general trend suggests that it is at least partly the result of factors that are common to most countries. Those factors include the unequal impact of economic liberalization on productive factors, the increase in wage differences according to labor skills, and the loss of redistributive capacity of national tax systems (Piketty, 2013). That said, there are exceptions to this trend, most of which are found in Latin America, showing that it is possible—even in a highly globalized world—to develop public policies that correct the levels of inequality that exist (Cornia, 2014).

In addition to those processes, we have seen a period of change in the characterization of those countries where the bulk of the world's poor population lives. Due to their recent economic growth, a large group of low-income countries (LICs) have graduated to the middle-income category according to the World Bank's classification. This process has affected some populous countries with an ample volume of poor people (particularly China, Indonesia, India, Nigeria, and Pakistan). As a result, *most poverty (almost two-thirds) is currently located in middle-income countries, MICs* (and not in LICs as before). This shift in the geography of global poverty defines a new reality that will continue in the near future (Edward and Sumner, 2013).

In summary, we live in a world with less absolute poverty and more relative poverty; a world in which, according to the data, global poverty is not merely, or even predominantly, an issue for LICs but also affects MICs—no doubt with higher capacities. Both facts suggest that the eradication of absolute poverty is now more feasible than before, but that will create a burgeoning mass of vulnerable population in the \$2–\$10 range, creating new challenges. Beyond extreme poverty, fighting inequality has emerged as crucial objective if social cohesion is to be preserved. Achieving these objectives will require active redistributive policies, not only internationally but also within countries.

2.3. A growing and aging population

A third important challenge comes from some current demographic trends. We are moving toward *a world with a still increasing and aging population*, increasingly living in cities, but with contrasting demographic dynamics between regions and countries and sharp migratory tensions. These are all changes that affect the composition and behavior of societies.

When the MDGs were agreed upon, the planet's population was a little more than 6 billion people; in 2030, that will be just over 8.3 billion. The demographic projections point to the progressive stabilization of the planet's population by the end of the current century but the trend varies between countries and regions. The annual rate of growth in the developing world is four times that of developed countries. In fact, *industrialized countries and some emerging countries are suffering a process of shrinking and aging populations*, which affects their potential for economic growth, the vitality of their societies, and the financial sustainability of their welfare systems. This is particularly true for many public pensions systems conceived as pay-as-you-go systems where the young productive generation pays contributions which are then handed out to the retired.

By contrast, *developing countries are still experiencing fast population growth and have high young cohorts*. In these cases, countries will need to address overcrowded labor markets, huge educational demands, and disorderly urbanization processes. The larger share of young people in developing countries creates a demographic dividend in terms of potential growth that will require new national and international policies in order to be exploited fully. In any case, growing population in ecologically fragile environments puts extra pressure on essential natural resources like water and energy, and also increases problems stemming from waste and pollution.

These processes are especially *severe in the case of cities, which are absorbing migration from rural areas*. The limited resources of local institutions and the speed of the process mean that inner-city areas soon become environmentally degraded and people may lack infrastructure and basic services, accentuating their vulnerability. That is one side to poverty and environmental deterioration to which the development agenda needs to respond.

The disparity in North-South demographic dynamics, coupled with persistent inequalities in living conditions between different regions *exacerbate international migratory pressure*. The generalized use of restrictive border measures has proved ineffective in halting that process: it has only made the

human costs associated with emigration much more painful and driven up the numbers of undocumented people in host countries. As José Antonio Alonso suggests in Chapter 6, a better management of those migratory flows would entail recognizing the ongoing needs of the migratory population in developed countries and the opportunities that process can offer to citizens from the South. Offering regular routes of access for that population to enter developed countries, protecting their rights, needs to be part of that recognition. It is also the responsibility of countries of origin to design efficient development strategies to offer their respective populations possibilities for progress without the need to abandon their countries. Beyond national solutions, the international community needs to make progress on defining minimum standards to help better manage migratory flows and protect migrant rights.

2.4. Widening the domain of regional and global public goods

One of the most striking trends experienced over the last five decades has been the clear drive toward greater integration in the world economy. There is, therefore, an increased prevalence of externalities and cross-border spillovers among countries and regions in the international arena. The *specific domain of international public goods (IPGs) has emerged from those externalities*: a type of public goods whose effects spread beyond national borders (regionally or globally). International Public Goods are of a very diverse nature. Some of them—such as international law and justice, and global rules—are essential for managing interdependence. Others—like peace, the prevention of transmissible illness or environmental protection—are minimum safety requirements for preserving life. Finally, there are IPGs such as financial stability, the spread of knowledge, and trade integration that improve the possibilities of progress throughout the world. All together, *they form a collection of goods, services, and regulatory frameworks that condition the level of well-being of the world's population.*

The characteristics of public goods are such that often the market alone is unable to ensure their efficient provision; some form of collective action becomes necessary to supply them, either through coordination, cooperation, or coercion. Within each country, that response is mainly directed by the state. By contrast, at the supranational level there is no institution similar to the state, so the response has to be based on various forms of voluntary coordination and cooperation. In order to manage this cooperative response, it is necessary *to correctly define the framework of rules and incentives in which agents and*

countries operate (Kaul et al., 1999). Multilateral organizations offer the best institutional framework to fulfill this task, but there is a widespread feeling that—as they stand—they lack the legitimacy, ability, mandate, and resources to carry out that function efficiently.

Achieving an appropriate provision of regional and global public goods is all the more important at a time when the international community is determined to accomplish a series of shared sustainable development goals. Important objectives that should form part of the post-2015 development agenda have public goods characteristics, such as those related to conditions for the preservation of life (basic health, peace and security, and environmental protection) or those that promote stable and fair opportunities for economic and social progress (such as financial stability, macroeconomic policy coordination, and affordable access to technology and knowledge). The insufficiencies in the provision of IPGs needed by society reveals the limited investment countries have made in international cooperation matters. As a result of this failure, the world is more unstable, less safe, more unequal, and less wealthy than it could be.

3. The Post-2015 Agenda

3.1. Learning from the MDGs

The approval of the Millennium Declaration and the subsequent setting of the Millennium Development Goals (MDGs) was one of the *most successful and influential initiatives promoted by the international community* in the last half century (Jolly et al., 2009). As a result, human rights and the fight against poverty was given significant international attention, encouraging international institutions and national governments to be held to account for their contribution to those goals.

There are a wide range of achievements associated with the definition of the MDGs, but three seem particularly notable. First, the broad-based agreement reached on those objectives *mobilized action internationally*: it has galvanized political commitment around some developmental goals as never before in history. Second, the MDGs were conceived as a *shared commitment* by the international system, which assumed that the fight against poverty, in all its forms, was a shared responsibility. Finally, while some goals and targets may be subject to debate, the fact that *quantitative goals* were defined, and associated to a precise deadline for implementation, helped both the monitoring of progress and the focus of national efforts.

If the achievements of the MDGs are well known, so are some of their limitations. First of all, unintentionally, the MDGs led to a *simplification of the development agenda*. The emphasis and focus on fighting extreme forms of poverty contributed to that without an awareness that, while eradicating poverty should be a main goal, it should not be the only component of a development agenda. Secondly, the process of defining the MDGs was chiefly deployed in the sphere of bureaucracy and international organizations. *Open consultations with society and governments barely existed* during the process of defining the MDGs. Lastly, the MDGs, although supposedly universal, were *clearly imbalanced*. Many of the goals set challenges for developing countries but they imposed hardly any commitments on developed countries. The targets included in Goal 8, to build a global partnership for development, were particularly vague and its targets were imprecise and partial.

The new post-2015 development agenda seems to aim at tackling these limitations. First, it is being created around *one of the most complex and ambitious participatory, opinion-gathering exercises ever run by the United Nations*. The process has included an interagency working group of UN agencies, a High Level Panel of Eminent Persons designated by the Secretary-General, an intergovernmental open working group on the sustainable development goals and a working group on development finance, various thematic consultation processes, as well as national and regional consultations, seeking the opinion of private sector firms through the Global Compact, and an open internet poll ("My World") carried out to canvas public opinion. The process may have been somewhat disorderly but there is no doubt that the United Nations has sought public participation in an unprecedented way.

Second, from the moment discussion on the new agenda began, there was an emphasis on the need for the *new agenda to be far more comprehensive than the MDGs*, tackling the fight against poverty and the promotion of more inclusive and sustainable development in many dimensions. The changes in the international context and the experience gained from the MDGs suggested the need to take into account a number of elements that were omitted from or relegated in the previous agenda: among them, aspects like environmental sustainability, the fight against inequalities, economic growth and employment generation, the transparency and quality of institutions and the provision of regional and global public goods.

Lastly, it was agreed early on that *the agenda needs to be universal in the sense of involving the entire international community and not only the developing world*. All countries are called upon to make a balanced and shared effort.

That is an additional reason why the agenda should be more comprehensive. The new agreed goals have to motivate everyone's efforts and interests in an increasingly heterogeneous world in which countries have differentiated needs and urgencies.

3.2. The Post-2015 Agenda

In summary, the new agenda will be necessarily broader and more ambitious than the one defined by the MDGs. The main official documents looking at the potential scope of the agenda make this clear. They include the Reports from the Secretary-General, *A Life of Dignity for All*, by the UN Task Team on the Post-2015 Development Agenda, *Realizing the Future We Want* and *A Renewed Global Partnership for Development*, from the High Level Panel of Eminent Persons, *A new global partnership: eradicate poverty and transform economies through Sustainable Development*, and the most recent *Proposal of the Open Working Group for Sustainable Development Goals* and the synthesis report from the Secretary-General *The Road to Dignity by 2030: Ending Poverty, Transforming All Lives and Protecting the Planet*.

It is true that more effort has been applied on defining the new goals and targets than on building a broader narrative about the world we jointly want to create. It is worth underlining that “agenda-setting for development cannot be reduced to mere target-setting” (Vandemoortele, 2014), important though this process is. In any case, there is still work to do in defining the goals, as well as the targets and indicators, to guarantee that the agenda is focused and realistic. That said, an analysis of those documents, especially that presented by the Open Working Group for Sustainable Development Goals, shows that the agenda as a whole will be made up of three large components: (i) the work required to make MDGs mandate a reality; (ii) commitments for supporting countries' transition toward sustainable development; and (iii) a better provision of crucial regional and global public goods.

3.2.1. Unfinished business

The first element embraces those objectives that set out to complete the task started by the MDGs and which were focused on the fight against extreme poverty in all its forms. Despite being the part that is closest in content to that of the MDGs, it goes beyond what was drawn up back then because it both broadens the range of elements considered and in some cases sets more ambitious goals.

For example, the MDGs in Goal 1 concentrated efforts on reducing hunger and extreme poverty by half. Here, the SDGs propose to “*eradicate extreme poverty* for all people everywhere” and to tackle *weakly relative poverty*, cutting “at least by half” the proportion of people of all ages living “in poverty in all its dimensions according to national definitions.” In the same way, the SDGs propose to end hunger and malnutrition and ensure access by all people to “safe, nutritious and sufficient food all year round.” These measures are accompanied by a demand to strengthen national “appropriate social protection systems and measures for all,” with the aim to achieve substantial coverage for the poor and the vulnerable by 2030.

A similar broadening of goals is envisaged in the fields of health and education, two central subjects of the MDGs. On *health*, for example, the MDGs had clear targets for three specific areas: child mortality, maternal health, and communicable diseases. By contrast, the SDGs call for healthy lives and the promotion of the well-being of people of all ages. They also state the goal to “achieve universal health coverage, including financial risk protection and access to safe, effective, quality, and affordable essential medicines and vaccines for all.” The range of health problems mentioned in the goals is also wider, including the “prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol,” the goal to “halve global deaths and injuries from road traffic accidents” by 2020 and the “substantial reduction of the number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination.”

There is a similar increase in the degree of ambition proposed for the *education* sector. The MDGs concentrated their attention on achieving universal access to primary education. The SDGs go further, talking about “ensuring inclusive and equitable quality education and promoting life-long learning opportunities for all.” This goal deals with “complete, free, equitable and quality primary and secondary education,” but also with “early childhood development, care and pre-primary education,” and “equal access for all women and men to affordable quality technical, vocational and tertiary education, including university” or the promotion of relevant skills “for employment, decent jobs and entrepreneurship.”

As well as greater ambition in its objectives, there has also been an increase in the fields to be addressed. Two are particularly relevant. The first is the fight against extreme inequality, both within countries as well as between countries. Although this goal was mentioned in the Millennium Declaration, it never became part of the MDGs. The SDGs are now ambitious in this regard. Among

other aspects, they mention the need to “achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average”—an objective that the World Bank had already set for itself—, to promote “the social, economic and political inclusion of all” without any discrimination, to “ensure equal opportunity and reduce inequalities of outcome,” and to “adopt policies especially fiscal, wage and social protection policies and progressively achieve greater equality.”

The second is the profound revision of the treatment of gender equality. The MDGs focused on equality in the education system, an improvement in maternal health, universal access to reproductive health services, and the elimination of gender inequalities at work and in political representation. The goal now extends to spheres that were previously neglected. The SDGs propose the need to end “all forms of discrimination against women and girls,” to “eliminate all forms of violence” against women and other “harmful practices, such as early and forced marriage and female genital mutilations.” In addition, and even more ambitiously, it proposes to “recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies.”

3.2.2. Transition toward sustainable development

The most important novelties introduced by the SDGs are related to this second group, which aims to encourage countries to pursue inclusive and sustainable development strategies. Environmental goals play a central goal in this sphere. In the MDGs, those aspects were limited to areas related to access to water and sanitation, the protection of biodiversity and the generic appeal for applying principles of sustainability at the national level. Such an approach proved clearly insufficient. While the world made significant advances in the fight against poverty after the year 2000, that was not the case with respect to the environmental goals where the deterioration has significantly worsened. Moreover, the advance made in scientific knowledge on the degradation of environmental balances and its consequences for humans has only accentuated the priority that should be accorded nowadays. As a consequence, it is essential to place all these issues at the center of the new agenda.

In fact, what was barely a goal in the MDGs is transformed into seven goals in the proposal of the open working group; environmental goals are also included in a large part of the rest of the agenda. Some of the specific environmental goals include: to “ensure availability and sustainable management of water and

sanitation for all,” “make cities and human settlements inclusive, safe resilient and sustainable,” “conserve and sustainably use the oceans, seas and marine resources,” and to “protect, restore and promote the sustainable use of territorial ecosystems,” including sustainable management of forest, combat desertification, and halt and reverse land degradation and biodiversity loss. However, perhaps the most ambitious goals are those that demand substantial modifications to current growth models. These include the aim to ensure access to “affordable, reliable and sustainable” energy for all, including a substantial increase of the share of renewable energy in the global energy mix and an improvement in energy efficiency. In the same vein are goals related to “ensure sustainable consumption and production patterns,” which implies decoupling economic growth from environmental degradation. There is also a goal aiming for “urgent action to combat climate change and its impacts,” although acknowledging the UNFCCC’s primacy on this issue.

Two other issues that were excluded from the MDGs also form part of this large section of new proposed goals: economic growth and the promotion of good government. There are two goals that explicitly form part of the economic growth dimension. The first refers to promoting “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.” In this sphere, the proposal to increase productivity levels is supported by productive diversification, inclusive and sustainable industrialization, technological upgrading and innovation, entrepreneurship, creativity and innovation, “quality reliable, sustainable and resilient” infrastructure. Also included is the goal to maintain GDP growth in the LDC of at least 7 percent annually, something that will mark an important change to the previous historic trends—though it is not stated as to how it will be achieved.

In addition, the economic growth objectives state the explicit objectives of promoting decent job creation and reducing the number of young people not in employment, education, or training. They also include the aim of promoting an increasing access of small-scale enterprises to financial services.

In terms of good governance, the aim is to achieve “peaceful and inclusive societies,” promoting the rule of law at the national and international levels, fighting corruption and promoting effective, accountable, and transparent institutions. A large part of this chapter handles the goal of ensuring equal access to justice for all, guaranteeing public access to information, protecting fundamental freedoms and providing legal identity for all, including birth registration.

3.2.3. Providing regional and global public goods

The third component of the new agenda deals with improving the provision of some international national public goods considered crucial for development. In the MDGs this part of the agenda was concentrated in Goal 8—global partnership for development—as well as the chapters devoted to treating transmissible diseases and to protection of biodiversity. In the SDGs the presence of goals related to the provision of IPGs is broader and they are referred to in several aspects of the agenda. In many of the goals there are components that refer to international areas that have partial IPG characteristics. That is the case, for example, of “correct trade restrictions in agricultural markets” in the goal about achieving food security; it is also the case in “supporting research and the development of vaccines and medicines” in the goal focused on health and the aim to “improve regulation and monitoring of global financial markets” in the goal of reducing inequality within and among countries. Components that are more clearly related to public goods (national, regional, and global) form part of the environmental goals, linked with obtaining a sustainable management of water, ensuring a sustainable use of the oceans, seas, and marine resources, protecting the sustainable use of territorial ecosystems, building resilient infrastructure, making cities and human settlements resilient and sustainable, and taking actions against climate change.

Just as in the MDGs, the agenda dedicates a goal to “strengthen the means of implementation and revitalize the global partnership for sustainable development.” This goal is in line with Goal 8 of the MDGs apart from a few relevant inclusions on the need to “strengthen domestic resource mobilization,” including the support for improving domestic capacity for tax and other revenue collection, to “enhance international cooperation on and access to science, technology and innovation,” as well as the need to promote the “development, transfer, dissemination and diffusion of environmental sound technologies to developing countries on favorable terms.” The references to the need to increase international aid are maintained, including the target of providing 0.7 percent of GNI in ODA to developing countries, of which 0.15–0.20 to LDC. The SDGs also underscore the need to move toward a rules-based trade system, which is open and nondiscriminatory; and the implementation of duty-free, quota-free market access on a lasting basis for all LDCs, as well as ensuring that the rules of origin associated with the preferential treatment of LDCs are transparent and simple.

One component that is relatively new refers to so-called systemic issues. This groups goals that aim to “enhance global macroeconomic stability, including through policy coordination and policy coherence.” The same chapter states aptly the need to “respect each country’s policy space and leadership to establish and implement policies for poverty eradication and sustainable development.” Finally, the agenda recognizes the necessity of enhancing the multi-stakeholder partnership that mobilizes and shares knowledge, expertise, technologies, and financial resources to support sustainable development strategies, particularly in developing countries.

4. Global rules and governance

4.1. Global governance

Although the works still need to be completed, what we know about the goals being proposed for the Post-2015 Development Agenda suggests it will be ambitious. Probably it will be necessary to consolidate goals and targets to avoid an overloaded and vague wish list. But, even after that work, the agenda will still be highly demanding for countries and international players. It will be difficult to make progress in its implementation if, aside from the singular effort of each and every country, a thorough *revision of the global rules and governance mechanisms* is not made, in order to create a climate that maximizes development possibilities, encourages a switch toward sustainable models of progress, and stimulates cooperative action to address common problems. In short, we need to improve the conditions of international governance. This issue has never been given the attention it deserves in the MDGs nor has it so far in the SDGs. It is true that both, and to a greater extent the SDGs, contemplate proposals that affect the frameworks regulating international relations (trade, technological cooperation, financial regulation, external debt, and international aid). However, these are one-off measures that only very partially meet the reform needed in some of these spheres if we want to put global governance at the service of inclusive and sustainable development.

It is worth mentioning that both the MDGs and the SDGs have opted for entrusting the viability of the agenda to the creation of *global partnerships for (sustainable) development*, in which multiple stakeholders unite resources, capabilities, and knowledge to implement the agreed objectives. The option of global partnerships is doubtlessly attractive and potentially fruitful, particularly

in the current complex international environment in which the international institutional framework is weak. Some successful experiences, particularly in the field of health, show what can be achieved by finding ways to put together many different participants with their respective resources and capacities. This is the approach on which the viability of the financing of the Post-2015 Agenda is primarily based in some of the most influential and best-read studies on the matter (Sachs and Schmidt-Traub, 2014).

However, while multi-stakeholder partnerships have potential, we need to remember that creating such mechanisms is not exactly the same as responding to the governance needs created by the globalization process. It is clear that these partnerships can play a role in global governance, but governance has tasks and a scope that a voluntary alliance of participants cannot possibly carry out, however large and efficient it may be. Governance structures need to have proper criteria on representativeness, accepted rules for aggregating constituencies' preferences, a capacity to define binding commitments, and mechanisms for monitoring and accountability. It would be difficult for those demands to be met, through voluntary commitments and the self-regulation of self-nominated participants.

The solution of giving a new role to "*trans-governmental networks*" that perform governance functions (Slaughter, 2004), proposed by some academics, is not a satisfactory response to the demand for good governance either. The argument is that the "unitary state" is an obsolete concept and is being substituted by "trans-governmental networks," made up of lower-level public sector agents that work in a concerted, and sometimes informal way in the transmission of information, in the shared implementation of knowledge and in the definition of solutions in the specific spheres. Supposedly those networks would usher a new era of "trans-governmental regulatory cooperation" and represent a new form of global governance, horizontal rather than vertical, composed of national government officials rather than international bureaucrats, decentralized rather than hierarchical and more informal than traditional governance structures. The examples given of these networks are financial, like the International Organization of Securities Commissions (IOSCO) and the Basel Committee on Banking Supervision. These are networks that have a limited institutional structure and lack enforcement power, but they do facilitate coordination and influence the setting of agendas, the dissemination of information, and the drawing up of rules. They are, therefore, part of a global governance system that is today necessarily more complex and dense than in the past.

While recognizing their contribution, it is again important to underscore that it is difficult for these networks to substitute the need for governance that is

based on mechanisms of representation, the generation of commitments, and proper accountability. Global governance necessarily needs to go beyond that offered by exclusive—and often opaque—clubs of regulators and technocrats, even if the contribution of those networks may be useful in certain fields.

The above approaches—multi-stakeholder partnerships and trans-governmental networks—point to a true phenomenon: global governance is today a complex process involving a dense network of agreements, institutions, regimes, and trans-governmental networks that play a role in the generation of rules and the production of solutions to international problems. As a result, a global public policy necessarily has to be developed today within an array of different kinds of networks and with the participation of several types of participants. In some way, the “embedded liberalism” on which the postwar order was built, is destined to become an international system that necessarily has to embrace the potential contributions to the global public domain from civil society and corporate players (Ruggie, 1982). That is the concept of global governance that the Commission on Global Governance (1995) offered, seeing it as “the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action taken.” The states and their mechanisms of representation and international coordination are part of that complicated network but they are far from being the only elements of it. Even the provision of public goods—including GPGs—can no longer be equated with state-provided goods alone. An ample range of participants, public and private, shape and contribute to their provision; and, as Held (2004) points out “they need to do so if some of the most profound challenges of globalization are to be met.”

Nevertheless, although they are not the only ones, national states are still the central pillars on which global governance is built and will continue to be so in the immediate future. The “stateness,” in the sense of the institutional centrality of the state (Evans, 1997), will still be an essential component of any acceptable global governance alternative. Only the states are capable of producing legitimate mechanisms of citizen representation, of organizing the political processes for aggregating the populations’ preferences, and of guaranteeing the accountability of public sector officials that is at the core of democracy. Global governance needs to be built very centrally—though not exclusively—around coordination and exercises of delegation that states mediate. That underlines the crucial role that multilateral institutions should have in that process, especially the United Nations. At least, the United Nations emerges as an international actor with

distinct advantages, including the equal representation of its member states under a shared normative framework (the UN Charter) (Weiss, 2009).

It is true that this process involves a paradox since “governance is becoming increasingly a multilevel, intricately institutionalized and spatially dispersed activity, while representation, loyalty and identity remain stubbornly rooted in traditional national communities” (Wallace, 1999). However, this is a paradox that is set to last, at least for some time yet, as long as there is not really something that can be considered a “transnational political community” on which those citizens’ mandate and accountability exercises can be built up (Rodrik, 2011). The solution in this case does not lie with an improbable global reconstruction of the principles of “symmetry” and “congruency” between political decision-makers and the recipient of political decisions on which democratic thought is based (Held, 1995). Such a scenario is a little bit fanciful without democratic mechanisms adapted to the global arena. However, nor is an acceptable solution to progressively leave the construction of collective responses to associations composed of volunteers or networks of technocrats.

The required response necessarily involves carefully and selectively defining those areas where global and cooperative responses are needed. The complexities and difficulties of global governance mean that global institutions and responses should be restricted to those issues where this is an absolute requirement. In those cases—and only in those—multilateral rules and procedures should be developed that lock in all powers and agents into a multilateral framework. That framework needs to be accompanied by a parallel one aimed at reinforcing those international institutions that may function efficiently, improving their procedures for representation and public expression, on the one hand, and transparency and accountability, on the other. It is clear that in both areas—representation and political expression and transparency and accountability—, there is a lot of work to be done in order to adapt the multilateral system to the challenges posed by the demands of an ambitious sustainable development agenda. There is a need to clarify roles, remove duplication, and define mandates that enable them to better address contemporary global challenges. Unfortunately, those aspects are not included in the Post-2015 Agenda.

4.2. Global rules

As a part of the problems regarding governance mechanisms, serious reforms need to be made to the global rules regulating the international order. Most of these rules have been developed in ways that do not encourage growth convergence

and environmental sustainability. Among most important shortcomings are the following (Alonso et al., 2013):

- International policies and multilateral regulatory frameworks have been built by and large on the “*level playing field*” principle without considering the extraordinary diversity and heterogeneity of national situations. This approach has had negative effects on countries that have traditionally had fewer resources and capacities.
- In a number of areas, such as trade, finance, and intellectual property rights, multilateral regulatory frameworks have substantially *reduced the space for national policies*, limiting the ability of countries to determine their own destiny.
- The process of *liberalization has been highly imbalanced* with deregulation having been pushed too far in some areas (financial markets, in particular) and costly shortcomings in others (such as international migration). A more balanced and coherent system is needed.
- Several mechanisms of governance lack or have limited *legitimacy*, because of inadequate representation and transparency in decision-making in informal platforms such as the G-8, but also the G20, or because the governance structure inadequately reflects today’s economic realities, such as in the World Bank and the International Monetary Fund.
- There has been a *notable inability to offer the level of security* (human, financial, and environmental) required to globally put highly interdependent development processes onto a more sustainable path. Improving security requires a better provision of some regional and global public goods. That is particular true in the case of some environmental challenges, such as climate change, in which the international community has been so far unable to come up with an appropriate response.

In order to address these shortcomings, major reforms to the global rules are needed. The objective should be to create an international order that pursues the greatest human and sustainable development, rather than promoting liberalization as an end in itself. It should be, first, a *more coherent* system that overcomes the inconsistencies that now exist among the global rules in different areas (finance vs. labor mobility, for example). Second, international rules should be based on the *acknowledgment of diversity*, taking into account the heterogeneity of national situations. That implies establishing the necessary support (based on the principle of common-but-differentiated responsibilities) to enhance development opportunities for the poorest countries. Third, it is

necessary to strike a better balance between international rule-setting and the provisioning of global public goods, on the one hand, and allowing sufficient space for national policies, on the other. The *protection of the national space for the definition of policies* constitutes a crucial area for the reform of global rules. Finally, it is necessary to apply the principle of subsidiarity that suggests that *issues ought to be addressed at the lowest level capable of addressing them*. Not all issues require global collective action: many problems can be effectively managed at a local, national, or regional level. That implies that decision-making should be decentralized as much as possible, maximizing each person's opportunity to influence the social conditions that shape her or his life. A smart interpretation of this principle should drive us to the conclusion that global governance should achieve an adequate balance between global, regional, and sub-regional institutions. Giving regional institutions a greater role facilitates the participation of smaller and poorer countries, strengthens the sense of identity and ownership among members, and makes decisions more adapted to realities on the ground. In short, using regional structures as building blocks for global processes is a way to build *denser and more inclusive international governance* (CDP, 2014).

These two last aspects—national policy space and subsidiarity—are key if we want to overcome the “political trilemma of the world economy” proposed by Rodrik (2011)—the forced choice between two of the following three goals, all of which are desirable: “increased globalization,” “defense of democracy,” and “respect for national sovereignty.” The solution to this trilemma does not lie in a necessary giving up of one of the goals mentioned, but in the precise identification of areas where improvements to rules and global standards are needed versus those in which policy space should be respected so that countries have more room to define their national development strategies. In the first case, global responses are needed because the risks are systemic; in the second, an enabling international order is needed offering countries opportunities for development, taking into account the diversity of capacities and conditions of each one and thus allowing each one to follow its own strategy. The current international framework, however, does not adequately respond to any of those requirements: it is incapable of coming up with global solutions where they are needed (climate change, for example) and it unnecessarily limits the room for maneuver in areas where it should allow countries a broader room to maneuver (trade, finance, and intellectual property, for example).

To explain that difficult balance between global rules and national policy space, it may be useful to look at the different objectives of international cooperation

(Ocampo, 2015). In principle, it seems that international cooperation is spread across three different areas:

- First, the management of interdependence—externalities and all kinds of strong spillovers across nations—, that requires *the provision of international public goods*. In these cases, the aim is to respond to the challenges created by the combination of systemic interdependence and the incentives for free-rider behavior by countries. The only solution is the definition of global rules that involve all those affected in a cooperative effort that leads to a better situation than the one that would result from autonomous responses from individual countries. The fight against climate change or the promotion of financial stability constitute good examples of the areas we are talking about. As Goldin (2014) aptly put it, “solutions for systemic risk go hand in hand with a more inclusive and carefully managed globalization rather than a rejection of it.”
- Second, the *provision of a floor of basic social standards for all world citizens*, which allows them the effective exercise of their basic human rights, including their economic, social, and cultural rights. In this category are all those activities aimed at fighting poverty, defending human rights, and improving social services. Here the basic responsibility falls back onto states: they have the first and major responsibility to respond to the needs of citizens. In this case, international cooperation has a double role: to contribute to the efforts of those countries that have severe shortfalls in resources in order to deliver those social standards and to generate an international context that allows countries to progress and, in doing so, to attend to the needs of their populations.
- Lastly, to encourage *the convergence of the developing, and particularly the poorest countries to higher levels of income and well-being*, correcting extreme international inequalities. For doing that, countries need to have sufficient policy space to draw up their own respective development strategies. International cooperation should define rules that stimulate an equal distribution of development opportunities.

A central role for global governance mechanisms is required if we want countries to be able to manage their interdependencies; however, in the two remaining levels, the diversity of countries needs to be recognized in order to avoid global standards and regulation that can be not just impractical, but also undesirable. In order to move toward new rules and governance structures it is necessary, therefore, for countries not just to properly identify the nature of their challenges

but also for them to assume a new concept of sovereignty—“responsible sovereignty” or, in terms of Kaul (2013), “smart sovereignty”—that is capable of recognizing that international cooperation is the best way to meet national interests in an increasingly interdependent world; and, at the same time, for that cooperative action to be respectful of the sovereignty of other nations so as to fulfill agreed policy outcomes.

5. Reforming global rules: Some key areas

The proposal previously presented about the objectives of international cooperation may help us to order—even if only in a rough way—the particular issues studied in this book, regarding those areas in which serious reforms of global rules and governance are required. Prior to that, it is worth indicating that, although we have highlighted some of the relevant areas, they are not the only ones where reform is needed, and that this brief summary does not do justice to the richness of analysis that the reader can find in the respective chapters.

5.1. Provisioning GPGs

One first group of topics has GPG characteristics. In these cases, the definition of regulatory frameworks globally has been shown to be crucial to tackle the extraordinary externalities that characterize these goods exacerbating countries’ free-rider behaviors. We are talking here clearly about financial stability, tax cooperation, and the fight against adverse environmental phenomena like climate change. In the first case, the standardization of norms has been excessive, limiting the room for maneuver of national policies; in the cases of tax cooperation and, particularly, climate change, by contrast, global standards have not been adopted.

5.1.1. Reforming financial and monetary systems and promoting macroeconomic cooperation

José Antonio Ocampo analyzes in Chapter 1 the *reforms needed to the international financial and monetary systems*. As a consequence of the North-Atlantic financial crisis and under the coordination of the G-20, the international community undertook some reforms in the financial and monetary realm. The reforms aimed at strengthening macro-prudential regulation and supervision,

under the aegis of the Financial Stability Board, and the creation of a larger and better-structured counter-cyclical financing overseen by an overhauled IMF. The strategy also involved creating new regional financial arrangements, the capitalization of multilateral development banks (MDBs) and the recognition of the counter-cyclical role they play, the largest issuance of SDRs in history, and the creation of an elaborate system of macroeconomic policy cooperation among major economies. Nevertheless, the reform momentum has progressively vanished, in part as a consequence of the pressure from major private financial institutions. Therefore, the regulatory framework still faces major gaps, including the regulation of shadow banking and the expansion of derivative exchanges. The IMF continues to face a “stigma” for many borrowers and the undercapitalization of the World Bank undermines its role in terms of providing counter-cyclical financing. And, perhaps most importantly, the elaborate system of macroeconomic policy coordination has not avoided the creation of new global imbalances, the most important of which are the rising surpluses of the European Union and the rising deficits of a large group of emerging economies.

It is true that emerging and developing countries have enjoyed more policy space than before for addressing the effects of the North-Atlantic crisis. But this policy space has depended mainly on the “self-insurance” provided by the accumulation of foreign exchange reserves. This is a costly mechanism that implies a transfer of resources to reserve-issuing countries, and may contribute to the creation of global imbalances and the recessionary bias of the system. Thus, in opinion of the author, policy space should be enhanced by a fuller use of capital account regulations, even with some global features, further improvement in unconditional counter-cyclical financing mechanisms—including through the expansion of regional financing arrangements—, a better system of macroeconomic policy cooperation that avoids beggar-thy-neighbor policies, and the creation of an effective international debt workout mechanism.

The chapter mentions other elements of the institutional architecture that continue to be weak or absent. The first is the unsettled discussion as to the role of capital account regulations, a critical issue to provide policy space to emerging and developing countries in the face of capital account volatility. International monetary reform has not advanced beyond the large issuance of SDRs in 2009 and, in particular, steps have not been taken to strengthen the role of SDRs in the global monetary system. This implies that the system continues to marginalize emerging and developing countries from reserve creation. In spite of the debt crises of some European and developing countries, the world continues to lack a sovereign debt resolution mechanism, which is essential for handling problems

of over-indebtedness in an orderly way. Finally, ongoing reforms have not been matched by changes in the governance of the system. Reforms in this area should involve three elements: the design of a more representative apex organization than the G-20; advancing further in the reform of “the voice and participation” of developing countries in the Bretton Woods Institutions and the Financial Stability Board; and the design of a multilayered architecture, with the active participation of regional and subregional institutions.

5.1.2. Tax cooperation

Issues related to *international tax cooperation* are analyzed by Léonce Ndikumana in Chapter 2. Tax policy is a central element of national policy: it is the main source of revenue mobilization for funding public goods and services, has an important redistribution role, gives support to macroeconomic policies, and is an important tool for the allocation of economic resources. Globalization has affected the capacity of countries to design and implement their taxation policy. The main challenges come from the increased mobility of capital as corporations and individuals take advantage of disparities in institutional and regulatory environments. The proliferation of tax havens, safe havens, jurisdictions of secrecy, and offshore financial centers has made matters even more complicated.

There are four important issues regarding the links between globalization and taxation policy that the author mentions. First, there is increasing evidence that average taxation rates on capital income have declined over time, in part as a means by which countries try to attract foreign capital. Second, with the increasing mobility of capital, there is concern about multinational corporations engaging in profit shifting and mispricing activities, taking advantages of loopholes in tax policy. Third, there is a concern that the least developed countries (LDCs) are substantially disadvantaged in the allocation of capital, while at the same time they face severe hemorrhage through capital flight and other forms of illicit financial flows. Finally, from a global perspective, taxation policy can also play an important role in advancing global initiatives either supporting the financing of “global public goods” (or penalizing the production of “global public bads”).

Existing initiatives at a national, regional, and global level aimed at improving tax cooperation and increasing transparency have produced limited and uneven results. The author underlines that the main problem is the lack of effective implementation and enforcement of existing frameworks. Some measures for overcoming this obstacle are suggested in the chapter. The first is in the area of

exchange of information, which is critical to dismantling the tradition of secrecy. In this respect, in addition to the establishment and enforcement of Tax Information Exchange Agreements, countries should push for the institutionalization of the automatic exchange of information on taxation. Second, countries and international institutions must endorse mechanisms to increase accountability and transparency in the corporate sector. The international community should back efforts to institutionalize rules on country by country reporting as well as unitary taxation of multinational corporations so that all countries are able to duly and systematically collect taxes on all activities taking place in their territories. Third, the implementation of the existing conventions, agreements and frameworks on fighting tax evasion, corruption and other illicit financial activities requires substantial technical capacity. Such capacity is generally in short supply in developing countries. Therefore, improvements on international tax cooperation must include strategies for assisting developing countries to build their technical and administrative capacity to combat tax evasion and associated illicit financial practices.

5.1.3. Environmental agenda

Within the IPGs field, environmental issues have a prominent presence. These issues are discussed by Claudia Sheinbaum-Pardo in Chapter 8. Most environmental degradation is a direct consequence of human activity related to continued population growth, ever-increasing economic activity, and predominantly wasteful and environmentally unfriendly patterns of production and consumption. This process affects not only environmental global public goods (such as biodiversity, the ozone layer, or a stable climate), but also regional and local environmental goods (such as desertification, depletion of groundwater or waste, and handling of pollutants). Climate change is arguably the greatest environmental challenge the international community faces today due to the pervasiveness in terms of its effects on livelihoods and its scale that is inherently global. The costs of inaction will thus be very large, even catastrophic. Other environmental challenges, such as those related to the availability of clean water and energy, will need to be at the top of any new development agenda.

The chapter argues that the formulation of the Post-2015 Agenda requires a new and stronger consensus to incorporate environmental sustainability as an integral part of the development process. Advances in technology to achieve higher efficiency in the use of resources are required and for these advances need to be available worldwide. However, technological progress—important

as it is—is not enough to shift development toward sustainable patterns. A change in lifestyles and in production models, particularly in developed and emerging countries, is needed if we want to significantly reduce the current ecological footprint. Second, environmental law, jurisprudence, and environmental governance are crucial to resolve problems of environmental faults. The recognition of environmental problems in current international justice institutions and even the possibility of an international environmental court should be seen as mandatory components of global governance. Third, we need to move from per capita GDP as the measure of development to other sustainable indicators that express the effect of human activity on some crucial biophysical ecological equilibria. In the same vein, development goals must include environmental sustainability as a component of every developmental objective.

Fourth, environmental problems do not have frontiers, so in this area international responses are essential. In this regard, the international community should develop a system—recognized by the WTO—that promotes and enforces internationally agreed standards, regulations and codes of conduct on FDI, thereby discouraging investment and economic activities based on the absence or weakness of environmental regulation. Fifth, global governance mechanisms for sustainable development should give a proper interpretation to the concept of common but differentiated responsibilities. In this regard, it is necessary to take into account the variety of development trajectories between countries and to determine responsibility based on historical emissions, as well as current and projected emissions. Finally, while estimates vary enormously, there is general agreement that high levels of resources are needed to finance the environmental agenda. Several financing mechanisms have been discussed, but real commitments are still to be made by the international community.

5.2. Universal social standards

The second mission for international cooperation is to establish minimum social standards for people that allow them to enjoy human rights, correcting situations of poverty and extreme shortages and promoting human capabilities. Here the main responsibility falls back on the states, which have to meet the demands and needs of their citizens. However, the international community also has the obligation to: (i) create an international context in which states can meet social goals; and (ii) through international cooperation, provide the complementary means to benefit that process when the state has severe restrictions to do that.

There are three fields that we consider in this volume: human rights, food security, and migration.

5.2.1. *Human rights*

In Chapter 9, Sakiko Fukuda-Parr and Rachael Wyant analyze the international cooperation that is required from the *regulatory perspective of human rights*. There is widespread agreement that the international objectives of development and poverty reduction must be consistent with human rights regulations and principles. Human rights differ from development aspirations in that they incur correlative obligations, notably of states. As stated in General Comment 3 of the Committee on Economic, Social and Cultural Rights, these duties include three-fold responsibilities: to respect the rights of individuals; to protect rights from being infringed upon by third parties; and to fulfill rights by taking proactive action to promote their realization. The international human rights system is mainly based on the responsibility of states to protect people within their borders. While recognizing this principle, the chapter argues that fulfilling rights requires international cooperation to address obstacles that states cannot resolve on their own. This constraint on national governments is often due to one of four reasons: problems require a domestic policy response but the country faces resource constraints; policy response requires addressing problems that originate in actions beyond national borders; problems require reforms of international rules; and investments in global technologies are needed.

This means that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality, and equity at the global level. This role is articulated as obligations of international cooperation in the 1948 Universal Declaration of Human Rights, and is reiterated in several other legal documents. However, it has been slow to develop as standards that can be applied in the international arena. The *Right to Development*, a highly debated concept, introduces three important principles regarding obligations for international cooperation in the domain of human rights: it is associated with a collective obligation; it links human rights to development and poverty eradication; and it defines extraterritorial obligations.

The current structures of global governance do not bring, however, these human rights principles into processes for designing and negotiating international economic policies. The structure and practice of human rights accountability remains state-centric, and procedures such as the Universal Periodic Review

and the reporting to the Committee on Economic, Social and Cultural Rights focus scrutiny of state conduct in terms of domestic responsibilities, not on its international consequences. However, this has been changing and since the 1990s human rights advocates, scholars, and institutions have not only developed norms but engaged in advocacy on economic policy issues, and human rights advocacy on international economic policy has begun to expand.

5.2.2. Food security

Another important issue is *food security* that is studied by Rob Vos in Chapter 7. Worldwide hunger and malnutrition have declined significantly in recent decades and, as a whole, the world produces enough food to feed everyone. Yet today over 800 million people are considered food insecure and undernourished, suggesting abundant supply does not guarantee affordable access to food for all. Continued population growth and rapid urbanization, environmental threats, ever-deepening global integration of food systems and volatile world markets pose critical challenges to the sustainability of food security and the world's capacity to end hunger, malnutrition, and poverty over the next few decades. It suggests sustainable development will not be possible without fundamentally transforming agriculture and food systems. The past ways to increase food supplies (expansion of arable lands, extensive fisheries, intensive use of water, chemical fertilizers, and energy in crop production, etc.) cannot be viable options in the future. Instead, to protect the environment and guarantee the adequate and stable availability of food, most of the growth in food production will need to come from increased yields and productivity while reducing pressure on natural resources ("sustainable intensification").

National policies have been directed at competing objectives, causing significant trade-offs (such as between biofuel production and food security) and by and large have continued in an uncoordinated fashion, without any regard for integrated global value chains. The interdependency of national food-related production systems and markets, and their dependence on the global financial and energy markets, means that national policies alone cannot fully protect countries from risks like inefficiencies and volatility. Cooperation and coordinated multi-stakeholder action is needed at a global level and with a global perspective. Some steps have been taken to improve the global governance of food and agriculture, but the responses have been largely ad hoc and far from adequate to deal with exploding and volatile food prices, looming water scarcity, the notorious under-investment in rural infrastructure and agricultural research

and continued food safety risks. To tackle most of these challenges, there are existing institutions, conventions, platforms and other mechanisms, but there is ample room to scale these up and enhance coherence and effectiveness. International organizations (mostly UN agencies) addressing agriculture, food, and related issues collectively may also need some rethinking and adjustment to meet the challenge of establishing a sustainable global food system.

5.2.3. Labor mobility

The third issue under analysis is related to *international labor mobility* that is studied by José Antonio Alonso in Chapter 6. In 2013 there were about 232 million migrants in the world—3.2 percent of world population. The percentage does not seem exceptionally high, which reminds us that the international mobility of people is taking place in a regulatory context that is limited and fragmented and that gives ample room for recipient countries to impose very restrictive policies. The restrictive tone adopted by migratory policies contrasts with the increasing liberalization of other economic flows, and is not consistent with the need for labor in developed countries and with the pressure on young people to search for personal progress in developing countries. This gap between real needs and the regulative response is at the root of why there are large numbers of immigrants living irregularly in their host countries. Nevertheless, when suitably regulated, migration can potentially improve the efficiency and well-being of the overall international economic system and it is also an effective, although notably selective, means of increasing the possibilities for individuals to better themselves.

In order to achieve that, national responses, mainly based on control efforts, are not enough: coherent regulation of the phenomenon is also needed at an international level. Initiatives undertaken to date in this field have had a very limited success. As a result, what exists is a fragmented set of rules, which are poorly supported, and a group of international institutions with partial competences which overlap one another with informal mechanisms for dialogue and multiple and varied agreements at a bilateral and regional level. The asymmetries of power between sending and recipient countries, on the one hand, and between the beneficiaries and those affected by the costs of the migratory process, on the other, are primary factors in why recipient countries are so reluctant to endorse international agreements. Nevertheless, there is a consensus that more adequate international rules and the governance of migratory processes could increase the positive effects (and reduce the negative ones) of migration, sharing its benefits more fairly and guaranteeing the rights of those involved more effectively.

In order to overcome resistance to the creation of a global regime, a two-track process is suggested in the chapter, combining the definition of a framework of minimum standards at a global level with a dynamic of more committed bilateral and regional agreements. The minimum standards should be based on the principles that previous Conventions on Labor Migration have established. Taking into account these general principles, countries should gradually reduce unnecessary obstacles to migration, allowing the liberalization sequence to be adapted to the circumstances of individual countries. On the other hand, regional agreements on migration should be encouraged: the fact that there is a greater similarity between economies in regional frameworks means that deals on migration would be more feasible. Mechanisms of informal dialogue, both globally and regionally, should also continue to be supported. Finally, regarding the institutional structure to govern labor migration at a global level, the chapter suggests starting with the International Organization for Migration (IOM), changing its mandate and statute to transform it into a multilateral body integrated into the UN system. This change supposes that IOM should add to its current operational mission, a standard-setting and monitoring mandate.

5.3. Promoting convergence in levels of development

It is also the mission of international cooperation to generate the conditions for a better distribution of development opportunities between countries. It needs to create the necessary framework for stimulating economic convergence, providing the necessary space for national policies to implement development strategies for very diverse situations. In this regard, there are two areas that are analyzed in this volume: those related to technology and trade. Some of these issues have also public goods implications.

5.3.1. Science and technology for sustainable development

Advancing a nation's capacity in *science, technology and innovation* (STI) and its effective application in economic activities are essential factors for achieving sustainable development. Keun Lee and John Mathews analyze this issue in Chapter 3. A critical concept in technological upgrading is leapfrogging including stage-skipping whereby the developing country can jump into a new eco-friendly techno-economic paradigm. Technological leapfrogging has been practiced around the world and has had tangible

impacts on the pattern of production and consumption. While developed countries have the most infrastructural inertia in terms of business models based on fossil fuels (carbon lock-in), developing countries have more room for maneuver to leap to new green energy and resource systems. However, if developing countries are to realize this potential, they need to build up technological capabilities, accessing the knowledge store available in the developed world. Various forms of incentive or subsidy provision are needed to correct market failures and to achieve economies of scale. Authors suggest that the international community should consider setting up a global fund to support research and development (R&D) into new environmental-friendly technologies and to promote their diffusion. A renewed discussion of how to reform the international trade rules should be conducted to help the latecomer build innovation capabilities.

In order to further facilitate firm-level technological capabilities in developing countries, the authors suggest the promotion of local-foreign partnerships (LFPs) which can be regarded as a modification of private-public R&D consortium/partnerships (PPPs). While the latter involved private firms and public research units and was quite effective in solving innovation bottlenecks in several successful countries in East Asia, LFPs involve private firms in less developed countries and public R&D units from developed countries promoting new business projects.

Finally, the chapter considers the role of intellectual property rights (IPRs) and argues that IPRs (particularly patents) can be a serious interfering factor in countries' efforts to make a transition into sustainable mode of development. IP systems need to evolve further, from an institution that protects innovations toward one that fosters the dissemination of technology. To this end, each country should be allowed some room to tailor its own IP system to its specific needs. The international community, including the WIPO, should discuss the advisability of a broad research exemption for experimental users and the establishment of judicial power to require nonexclusive licensing in the spirit of public interests. Also, the increasing mobility of knowledge works indicates a need for a reform to the IP regime to guarantee inventors' continuing research, especially noncommercial ones, and activities regardless of affiliation changes. Various schemes, such as the Inter-Institutional Agreement and the Material Transfer Agreement, could be further improved and diffused, together with appropriate rules for benefit sharing.

5.3.2. Trade rules and the national policy space

International trade rules are studied by Ana Luiza Cortez and Mehmet Arda in Chapter 4. In the last decade, developing countries have increased their participation in world trade. Successful experiences have been associated with strategic participation in international trade and tactical association with foreign investors with a view to promoting domestic backward and forward linkages and a structural transformation of the economy from low to higher productivity sectors. These experiences often rested on the adoption of a wide range of policy instruments and innovative institutional arrangements, some of which are no longer allowed by the current regulatory framework. As liberalization proceeds and trade rules move from tariffs into a wide range of areas covering “trade-related aspects,” the policy space developing countries have to support the dynamic transformation of their economies has been reduced. Beyond WTO, regional and other free trade agreements and bilateral investment treaties have also been reducing policy space in developing countries as well as creating problems of fragmentation, consistency, and coherence in the global trade regime.

In general terms, trade rules seem to move away from differential treatment for developing countries as a group to preferential treatment based on specific, individual needs. While this may be a practical solution in view of the greater diversity among developing countries, the new approach has not yet been tested. Another source of concern is the enhanced reciprocity that the new trend entails, particularly if rules are not flexible enough to accommodate different country needs. These trends suggest that the principle of less than full reciprocity, which has been one of the pillars of the multilateral trade regime, is being eroded. The above notwithstanding, there seems to be an implicit contradiction in the way that the system operates: WTO rules aim at improving the welfare of all but deviations from the rules are necessary. If deviations are needed, then some of the rules may not necessarily be in synchrony with developing countries’ interests.

The traditional response to the issue of diversity among WTO members has been the introduction of special and differential treatment (SDTs). However, the current SDT architecture is not ideal and has not been delivering as anticipated. SDTs are in fact the second-best solution to the development quest. The solution seems to lie not in having SDTs, which are deviations from the rules, but in negotiating trade rules that are flexible and supportive of development and from which no deviation is needed. To achieve that, however, many developing countries, LDCs in particular, will need to enhance their negotiating capacity,

including strengthening their presence in Geneva, where negotiations are conducted. To that end, enlightened and innovative development cooperation is necessary not only from developed countries but also from developing countries with proven trade negotiating skills.

In Chapter 5, Keun Lee, Wonkyu Shin, and Hochul Shin come back to the effects of trade rules on the national policy space, based on the analysis of international dispute settlement cases on industrial policy measures. The asymmetries in the use of trade disputes suggest that possible asymmetries exist in the use (or abuse) of industrial policy between developed and developing countries. In a total of 419 WTO dispute cases or in a total of eighty-six disputes involving subsidies and countervailing measures (SCM), more than half have been raised by developed countries. In the SCM dispute cases, which are closely related to industrial policies, half of the cases were between developed countries, and a quarter of the cases were between developed and middle-income countries. There has been no single case against low-income countries that implies that these countries may not have to worry too much when they use various tools of industrial policies. Developed countries do use various industrial policies, but only a few cases have been brought to the WTO by developing countries. This result can be explained by the fact that developing countries usually have insufficient legal capacities for pursuing disputes and have limited resources and retaliatory power to enforce the remedies.

Reducing asymmetries and arbitrariness is imperative with regard to the access and actual use of remedies (retaliatory measures) against faulty parties. The authors suggest establishing a third party that will enforce remedies not only through the resources of the involved parties, but also through resources and penalties at international level. In addition, developing countries, especially low-income ones, should take advantage of any allowed room by the WTO regime for implementing industrial policy. At the same time, developing countries will be able to use some “non-specific” subsidies, available on the basis of objective criteria (not limited to certain enterprises or industries), because they are not prohibited by the WTO. A new kind of “industrial policy”—called “program portfolio profile”—could be based on this opportunity, stimulating the development of indigenous technology. The WTO rules on permitted (“green light”) subsidies, such as those for R&D, regional development, and environmental compliance expired in 2000. To extend these rules and/or establish new rules on such subsidies, a broad consideration of the interests of the developing countries is necessary. A good additional step would be to establish international guidelines for subsidies or government assistance in

several areas in which public intervention is justified. The chapter suggests that a strong international agency (such as a “global fair trade commission”) should be established to monitor the market dominance of or distortion caused by a few large players. This agency should also have authority over international mergers and acquisitions, which could have anti-competition implications. Finally, measures to enhance the resources and capabilities of the South to understand and use WTO rules and procedures should be implemented, such as training sessions and technical assistance.

5.4. World heterogeneity and the proliferation of country groupings

Chapter 10, by José Antonio Alonso, Ana Luiza Cortez, and Stephan Klasen, analyzes the *consequences of the proliferation of country grouping* on the international cooperation system. In the last two decades, the international community has tried to tackle the increasing heterogeneity of developing countries by establishing categories for classifying countries to better organize the complexity of the international system. The level of success of this process is, however, very limited. In some of the categories, the level of diversity among countries belonging to a single group has progressively grown, reducing the relevance of the classifications themselves. In other cases, the problem is not so much with the diversity within a given group but with the progressive loss of relevance of some of the categories. And, what is more, most, if not all, of existing available systems of classifications are based on fragile analytical and doctrinal foundation.

In general terms, classifications could be grouped into two types: (i) systems that classify every country of the world in accordance with wide development criteria (the authors call them “comprehensive classification”); and (ii) systems based on identifying a relevant development issue and selecting those countries that suffer from it (they call them “selective or issue-based classification systems”). The *LDCs classification* is somewhere between these two systems, because it is based on identifying a specific type of problems (extreme structural impediments to development) but the issues considered are highly comprehensive.

Using comprehensive classifications in the process of aid allocation present serious problems. First, equity issues: two countries in a very similar development stage can receive different treatment because they are on either side of a threshold that in many cases is arbitrary; second, wrong incentives: international support measures are removed in association with “graduation” associated with

achievements in the level of country's development (which means that success is penalized); and, finally, lack of coordination: many donors share the same eligibility criteria for support measures; so, reaching the eligibility triggers simultaneous withdrawal from providing support measures, which could affect the stability and progress of a country's development.

The problems that adversely affect the comprehensive systems do not affect selective classifications, particularly when the issue is important and well defined and the support measures are specifically designed to address the problems that define the category. The issue-based systems are, however, not free from problems. The major drawbacks are the possible fragmentation of the international support system, on the one hand, and the loss of a comprehensive approach to issues that are tightly interconnected, on the other.

In that sense, the chapter suggests that the creation of new comprehensive, country-based classification systems should be avoided (or seriously considered). Donors can identify development issues that deserve international support, without defining new categories. If they are needed at all, selective classifications are more useful and special support should be targeted to that issue. In order to have a comprehensive classification that allows making a comprehensive approach to developmental issues, the authors believe that the LDC category has clear advantages over other country-based groupings. They include clear indicators and a transparent process for inclusion or graduation with a good track record and high legitimacy, and an independent body to monitor its implementation. In this regard, difficulties linked to graduation decisions in the intergovernmental process need to be addressed in order not to undermine the legitimacy of the category. At the same time, in view of the continuous or gradient nature of most development challenges, the authors suggest that there should be no sharp distinctions made between those on the list, and those who are slightly better off or have recently graduated. Instead of applying the "graduation" logic, a "gradualness" logic should be applied to address some of the equity and incentive problems mentioned above.

6. New rules and governance for the post-2015 era

We are at a crucial moment of change in which the international community needs to tackle significant challenges that require not only the effort of individual countries but of joint work. To facilitate that response, the creation of an international framework is necessary: one that stimulates national efforts

to move toward sustainable development, and that encourages quality collective action at an international level to tackle shared problems. Therefore, we need new global rules and governance. Those rules need to be built on a recognition of the diversity of national circumstances and the aim of ensuring an equal share of opportunities (and costs) from the globalization process under way. That governance needs to be based on institutions that are considered legitimate by those affected by their decisions and those institutions need to be inclusive in the sense of guaranteeing an adequate representation and voice of the participants involved. Having said that, for global action to be effective there must be some degree of *accountability and enforceability* for international commitments and rules. This is not easy in a world with hardly any international body with an executive mandate (Ocampo and Arteaga, 2014). Intergovernmental reviews and peer pressure among governments is one of the avenues to encourage countries to meet international commitment and follow rules. The other avenue is public pressure when failure to do so is brought to light by the media, by civil society organizations, or by public institutions. The enforcement of global action therefore requires a high degree of transparency and social participation. These issues will be crucial for making the SDGs a reality. Regrettably, the Post-2015 Agenda is not giving sufficient attention to these aspects. This volume tries to modestly shed some light on these crucial issues related to global rules and governance for the post-2015 era.

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