

## Sustainable Development Goals: Views from the South

### Post-2015 Development Agenda & Sustainable Development • Pages 2-4



BBC

Poverty amidst modernity: Development should also reduce inequalities.

### South Centre Papers on Sustainable Development Goals • Pages 5-11

- SDGs: Overall Conceptual Framework
- SDGs: Poverty Eradication
- SDGs: Food Security and Sustainable Agriculture

### Elements We Should Have in the High Level Political Forum • Pages 17-19, 25

### De-colonizing the MDGs

- Page 20

### South Leaders Brainstorm South-South Cooperation



- Pages 21-23

### G77 Statements on SDGs

- Each SDG Must Include International Dimension
- Subsidies of Rich Countries and Commodity Speculation Must Be Curbed
- G77 on SDGs and Poverty Eradication
- Pages 11-16

### Solar Trade Wars Threaten the Fight Against Climate Change • Pages 24-25

### South Centre Chair Calls for Re-thinking of Europe's Trade Pact with Africa

- Page 26

# Post-2015 Development Agenda and Sustainable Development

The United Nations' Post-2015 Development Agenda should not simply extend MDGs, or reformulate the goals, but focus instead on global systemic reforms to remove main impediments to development and secure an accommodating international environment for sustainable development. This is a big, ambitious agenda which cannot be acted on overnight. An action plan for systemic reforms could be supplemented, but not substituted, by specific goals in some areas of economic and social development. This paper was presented to a brainstorming workshop of the G77 and China held in the UN in New York in February.

By Yılmaz Akyüz

## 1. Moving away from MDGs to development proper

The Millennium Development Goals (MDGs) were not developed as a global agenda for development. They were pulled out of the Millennium Declaration by UN staff in an *ad hoc* fashion. It is not the outcome of intergovernmental negotiations on a global development agenda, properly integrating its international and national dimensions.

MDGs are based on a donor-centric view of development with a focus on poverty and aid. They do not embrace a large segment of the population in the developing world, notably in middle-income countries, which fall outside the thresholds set in MDGs but still have their development aspirations unfulfilled.

We should not repeat this process if we want a genuinely global development agenda, drawing on the lessons from the development experience in the past few decades of growing international interdependence. This is all the more so if we want change. MDGs were set according to what was seen feasible on the basis of global trends observed in the two decades preceding the Millennium Summit. But if we want change, we should not simply reset targets for similar objectives on the basis of current underlying trends. Rather, we should set a framework that should move the trend by altering the main parameters of the international economic system in support of development.

It would be agreed that develop-

ment is much more than the sum total of MDGs or any such arbitrary collection of a limited number of specific targets. But it is not possible to reach an international agreement on all important dimensions of economic and social development and environmental protection. Any international agreement on such specific development targets would naturally be selective, leaving out many dimensions to which several countries may attach particular importance. Thus, instead of focusing on selective specific targets in the areas of economic and social development

and environmental protection, we should aim at creating an enabling international environment to allow each and every country to pursue developmental objectives according to their own priorities with policies of their own choice.

## 2. Economic growth and development

We all know what development means - we do not need to reinvent the wheel. The primary objective of developing countries is economic development. Social dimension is and has always been a built-in component of economic development.

Sustained economic growth is absolutely necessary for progress on the social front. No country has ever achieved constant improvements in living standards and human development indicators without sustaining a rapid pace of economic growth.

Without this, progress in human and social development would naturally depend on external and domestic transfer mechanisms - that is, aid and redistribution of public spending, respectively. Since there are limits to such transfers, social progress cannot go very far without an adequate pace



Slum houses in an unhealthy environment co-existing with modern high-rise buildings is a stark contrast that depicts poverty and inequality -- two issues that should have priority in the Development Agenda.

of income and job generation.

This was most clearly expressed by Raúl Prebisch, the first Secretary-General of UNCTAD, in the remarks he made in 1979 on the “meagre results achieved since the first United Nations Conference on Trade and Development”:

Another idea has now appeared which fires the enthusiasm of some Northern economists, that of eradicating poverty – a phenomenon which, apparently, they have just discovered. Who could refuse to fight against poverty? ... But, is this possible outside the context of development and an enlightened international co-operation policy?

Industrialization is essential for reducing income, productivity, technology and skill gaps with more advanced economies since there are limits to growth and development in commodity-dependent and service economies. It takes different shapes at different levels of development. But, it is not beyond reach even for relatively small economies such as Taiwan (23 million), Switzerland (8 million) and Singapore (5 million). On the other hand, many resource-rich economies (e.g. United States and Sweden) closed income gaps with more advanced economies of their times only through industrial development.

### 3. Social development

We also know that there is no automatic trickle down from economic growth to human and social development. Policies and institutions are needed to translate economic growth to social development.

Job creation holds the key to improvements in living standards and to human development. But economic growth is not necessarily associated with creation of jobs at a pace needed to fully absorb the growing work force. Thus, active policies are needed to provide secure and productive job opportunities.

Equity is an important ingredient of social cohesion and development. Prevention of widened inequality in income distribution calls for intervention in market forces, targeted policies and correctives.

### 4. Environment

Finally, we all know that protection of

the environment is essential for the sustainability of economic growth and development. In designing industrialization and development strategies and policies, attention needs to be paid to their environmental consequences. In fact, environmental sustainability is an integral part of industrial policy.

### 5. Key developmental objectives

These together give the key policy objectives for development:

- i. *Rapid and sustained economic growth*
- ii. *Industrialization*
- iii. *Full employment*
- iv. *Greater distributional equity*
- v. *Environmental sustainability.*

These encompass all three areas of sustainable development – economic and social development and environmental protection.

### 6. National policies

Prime responsibility for economic development lies with the countries concerned. Success depends on effective design and implementation of industrial, macroeconomic and social policies as well as an appropriate pace and pattern of integration into the global economic system. This calls for a genuine departure from policies fashioned on the Washington Consensus over the past two decades.

Industrialization and development cannot be left to market forces alone and least of all to global markets. Successful development is associated neither with autarky nor with full integration into world markets dominated by advanced economies, but strategic integration in trade, investment and finance designed to use foreign markets, technology and finance in pursuit of national industrial development.

### 7. The international context

To succeed in development, developing countries need to have adequate policy space. However, their policy space is considerably narrower than that enjoyed by today's advanced economies in the course of their industrialization because of the tendency of those who reach the top to “kick away the ladder” and deny the followers the kind of policies they had pursued in the course of their development.

It is necessary to reform multilateral and bilateral arrangements to allow developing countries as much economic policy space as those enjoyed by today's advanced economies in the course of their industrialization and development.

Developing countries also enjoy much less environmental space than that enjoyed by today's advanced economies in the course of their industrialization, and hence face greater constraints in attaining growth and development without compromising future generations' well-being. Centuries of industrial development in advanced economies have left very little carbon space and much of it is still being used by advanced economies because of a very high per capita emission of carbon dioxide and other harmful gases. Developing countries thus face the dilemma of either sacrificing growth and development or incurring large costs of mitigation to cope with the limited carbon space.

In the same vain, global warming and increased instability of climatic conditions are already inflicting significant costs on several poor developing countries, including those dependent on agricultural commodities and small-island economies.

Thus, action is also needed at the international level in order to ease the environmental constraints over economic growth and development in developing countries and to compensate the costs inflicted on them by environmental deterioration resulting from years of industrialization in advanced economies.

Finally, there is a need for a development-friendly global economic environment. We need mechanisms to prevent adverse spillovers and shocks to developing countries from policies in advanced economies or destabilizing impulses from international financial markets.

### 8. Systemic reforms

Adequate policy space and a development-friendly global economic environment call for action at the international level on several fronts:

- i. Review multilateral rules and agreements with a view to improving the policy space in developing countries in pursuit of economic growth and social development.

ii. Attention to the international intellectual property (IP) regime with a view to facilitating technological catch-up and improving health and education standards and food security in developing countries.

iii. Industrial, macroeconomic and financial policies of developing countries are severely constrained by bilateral investment treaties (BITs) and free trade agreements (FTAs) signed with advanced economies. These agreements are designed on the basis of a corporate perspective rather than a development perspective and they give considerable leverage to foreign investors and firms in developing countries. They need to be revised or dismantled.

iv. Remove terms unfavourable to commodity-dependent developing countries in contracts with transnational corporations (TNCs) to enable them to add more value to commodities and obtain more revenues from commodity-related activities.

v. Establish and effectively implement a legally binding multilateral code of conduct for TNCs to secure social responsibility and accountability and prevent restrictive business practices.

vi. Introduce multilateral mechanisms to bring discipline policies in advanced economies to prevent adverse consequences for and spillovers to developing countries, including agricultural subsidies, restrictions over labour movements and transfer of technology and beggar-my-neighbour monetary and exchange rates policies.

vii. Establish mechanisms to bring greater stability to exchange rates of reserve currencies and prevent competitive devaluations and currency wars, such as those seen during the current crisis.

viii. Reduce global trade imbalances through faster growth of domestic demand, income and imports in countries with slow growth and large current account surpluses in order to allow greater space for expansionary policies in deficit developing countries.

ix. Full employment should be declared as a global objective, to be pursued by all countries without resort to beggar-my-neighbour exchange rate, trade and labour-market policies.

x. Reversal of the universal trend of

growing income inequality should also be a global goal. This calls for reversing the secular decline in the share of labour in income in most countries. This goal could be pursued through various means to establish a level playing field between labour and capital, including greater international mobility of labour, regulation of international financial markets and capital movements, more equitable taxation of wage income and incomes from capital and financial assets, prevention of tax competition and a code of conduct for TNCs. Pursuit of such a goal calls for breaking the dominance of finance and corporate interests in the formulation of policies and operation of the global markets. No single country alone can do this – it should be pursued collectively at the global level.

xi. Regulate systemically important financial institutions and markets, including international banks and rating agencies and markets for commodity derivatives with a view to reducing international financial instability and instability of commodity prices.

xii. Establish impartial and orderly workout procedures for international sovereign debt to prevent meltdown in developing countries facing balance-of-payments and debt crises.

xiii. Compensate costs inflicted on developing countries by global environmental deterioration and climate change.

xiv. Secure a fair and equitable allocation of usable carbon space between advanced economies and developing countries, taking into account cumulative contributions of advanced economies to atmospheric pollution. Even then, developing countries should not incur additional costs to accommodate the tightened carbon space constraints such as those involved in developing and using cleaner technology or energy sources. Transfer of technology for these purposes should be greatly facilitated and provisions in the international IP regime impeding such transfers should be revised.

xv. Introduce international taxes in areas such as financial transactions or energy to generate funds for development assistance as well as for financing the costs of climate change mitigation and adaptation in developing countries.

xvi. Reform international economic governance in ways commensurate with the increased participation and role of developing countries in the global economy. Re-examine the role, accountability and governance of specialised institutions such as the IMF, the World Bank and the WTO, and the role that the UN can play in global economic governance.

It is not possible to classify these systemic reforms under the three components of sustainable development as economic, social or environmental goals because in most cases they affect more than one component of sustainable development. The sum total of such measures should constitute an action plan to create an enabling environment for sustainable development.

## 9. The way forward

Post-2015 agenda for development should not simply extend MDGs, reformulating the goals, dropping one or two and adding a few in areas such as environment and human rights. It should focus, instead, on global systemic reforms to remove main impediments to development and secure an accommodating international environment for sustainable development.

This is a big, ambitious agenda which cannot be acted on and achieved overnight. It should be prioritized and taken up in an appropriate sequence.

If found necessary, an action plan for systemic reforms could be supplemented, but not substituted, by specific goals in some areas of economic and social development. Such goals should better be set for the principal drivers of development, notably growth, employment and distribution, rather than for specific areas of human development as in MDGs.

International action for systemic reforms should be formulated as explicit commitments with appropriate time frames, going well beyond the generalities of Goal 8 of the MDGs. Without this, global partnership for sustainable development would remain an empty rhetoric.

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# SDGs: Overall Conceptual Framework

This paper of the South Centre on the overall concept of the SDGs was presented by its Executive Director Martin Khor during the expert panel at the opening day of the first session of the UN's open working group on SDGs held in the General Assembly hall on 14 March 2013. It had also been presented to a meeting of the G77 and China in New York as part of its preparation for the meetings of the UN working group on SDGs.

The Sustainable Development Goals (SDGs) process should be coherent with the Development Agenda process in that the design, structure and choice of SDGs should be in line with what developing countries want to achieve in the Development Agenda.

The SDGs should not be a set of goals for only developing countries to undertake as a kind of conditionality or new obligations applying only to them and only at national level. The Rio plus 20 outcome decided that the goals are "universally applicable to all countries", including the developed countries.

Since this is being formulated in the UN in the context of international cooperation, the **international cooperation aspects are crucial**. While the developing countries also take on national goals, they should be supported by:

(a) corresponding actions of developed countries that support (and not be a barrier to) developing countries' efforts;

(b) actions at the level of the international economic, financial, trade, technology and social systems, to support and enable developing countries' actions/efforts;

(c) provision of finance and technology and other means of implementation.

It is proposed that the **structure of the SDG framework** should comprise:

(1) Principles and modalities.

(2) A section or sections on goals, targets and actions at the level of the international system that will be supportive of the developing countries' achievement of SDGs. This will be a more elaborate and systematic version of Goal 8 (Global Partnership for De-

velopment) in the Millennium Development Goals (MDGs). This will be a general section not necessarily categorized as economic, social or environmental.

(3) Sections on Economic, Social and Environmental Goals.

a. In each section, there should be a number of goals. In order to have balance between the three pillars/dimensions of sustainable development, there can be an equal number of goals in each pillar. Each goal will be accompanied by a number of targets.

b. For each goal, there can be differentiation between developed and developing country goals and targets. There can be a preambular part in each goal that explains the issue and perhaps the actions required.

c. For the goal pertaining to developing countries, there can be the following structure: (a) The goal; (b) The international factors or targets that have to be

established or reformed or removed in order to enable the developing countries' goals and targets to be met, including providing sufficient policy space for national development; (c) National Sub-goals or Targets; (d) The means of implementation (finance, technology) required by developing countries.

(4) A general section on means of implementation (especially financial resources and technology transfer and development).

### Categories of Issues that Can Be Basis for Formulating the Goals:

In the Rio+20 process, much attention was centered on environmental goals. In order to implement a balanced approach, it is imperative for developing countries to put forward goals under economic and social pillars in order to provide an overall balance. Also, developing countries can put forward their own views on what the environmental goals and targets will be.

On the economic pillar, the following are categories of economic issues for developing countries from which goals could be drawn:

1) Adequate rate of economic growth, which is inclusive, sustainable



The UN open working group on SDGs had its initial meeting at the General Assembly room in New York. South Centre's Executive Director Martin Khor was invited to speak in the expert panel on conceptual aspects of the SDGs in the afternoon of the opening day of this first session.

and sustained.

2) Financial stability, with adequate regulation and a reformed global financial architecture.

3) International financing for development.

4) Effectively addressing debt problems of developing countries, including through an international debt restructuring mechanism.

5) Trade and development.

6) Technology transfer and development, and orienting the intellectual property rights (IPR) regime towards sustainable development.

7) Promoting industrialization in developing countries.

8) Promoting sustainable agriculture in developing countries.

9) Commodities: prices and revenues; adding value through processing and industry; speculation in commodity markets.

10) Importance of developing countries having adequate policy space and instruments to put into effect policies in the above mentioned areas.

In relation to social issues, the following categories of issues were raised:

1) Poverty eradication.

2) Redistribution policies and measures.

3) Policies and measures to reduce inequalities at national and international levels.

4) Objective of full employment and adequate livelihoods.

5) Access of the poor to affordable health, food, water and sanitation, energy, education.

6) The global food crisis and food security.

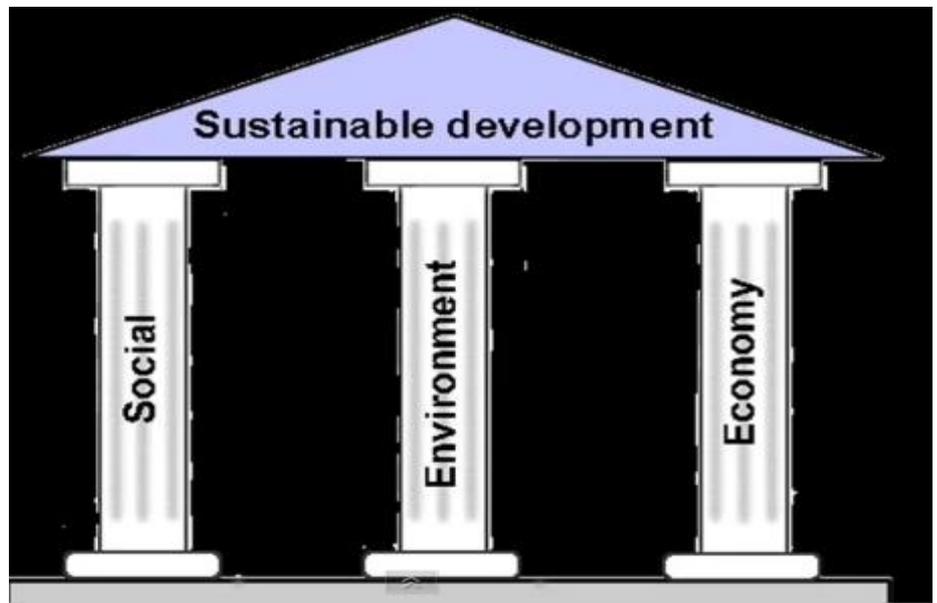
7) Social protection measures.

8) Importance of international environment and partnership and support to enable developing countries to achieve the above, through finance, technology transfer, trade policies.

On environmental issues, the following categories can be used:

1) Atmosphere and climate.

2) Oceans and seas.



3) Water

4) Forests

5) Biodiversity

6) Toxic chemicals and waste.

7) Sustainable Agriculture

8) Sustainable consumption and production patterns.

9) Importance of international environment, partnership and support (international system and policies of developed countries that can support and achieve the above).

In formulating each goal, the three dimensions of sustainable development will be given consideration. Thus though an issue may be primarily economic (e.g. promoting agriculture sector), the social aspects (e.g. access to land and credit for small farmers) and environmental aspects (ecologically sound techniques) will also be considered.

Developed countries will also be obliged to undertake goals and targets. In establishing these, the interests of developing countries will be fully taken into account, e.g. that there not be negative effects on developing countries; and that the targets are adequate in order that developing countries have more environmental and development space. A key broad goal that is important for developed countries is sustainable patterns of consumption and production.

Especially since the goals will be applied to all countries, the principle of common but differentiated responsibility (CBDR) must be applied in a central

way when formulating the goals and targets.

**Principles of SDGs:** The principles will guide the entire SDG process. These principles should be drawn from the Rio plus 20 outcome (especially paragraphs 246, 247). This can be supplemented by the March 2012 G77 position. In accordance with the Rio+20 outcome (para 246), the principles should include:

(a) The SDGs should be based on Agenda 21 and Johannesburg Plan of Implementation (and also Rio+20 outcome and other UN conferences on economic, social and environmental issues).

(b) The formulation and implementation of SDGs shall fully respect all Rio Principles, taking into account different national circumstances, capacities and priorities.

(c) The SDGs are to be consistent with international law.

(d) The SDGs should build upon commitments already made, and contribute to the full implementation of the outcomes of all major Summits in the economic, social and environmental fields, including Rio+20.

(e) These goals should address and incorporate in a balanced way all three dimensions of sustainable development and their inter-linkages.

(f) They should be coherent with and integrated in the United Nations Development Agenda beyond 2015.

(g) They should contribute to the achievement of sustainable develop-



Sustainable development, a rich and complex concept, should be operationalized to give a safe and sound future for our children.

ment and serve as a driver for implementation and mainstreaming of sustainable development in the United Nations system as a whole.

(h) The development of these goals should not divert focus or effort from the achievement of the Millennium Development Goals.

Other agreed features of the SDGs (as taken from para 247) are that the SDGs should be action-oriented, concise and easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries while taking into account different national realities, capacities and levels of development and respecting national policies and priorities. The goals should address and be focused on priority areas for the achievement of sustainable development. Governments should drive implementation with the active involvement of all relevant stakeholders, as appropriate.

On the **interface between the SDGs and the development agenda**, there are at least two schools of thought. One is that there should be a convergence of the MDGs, SDGs and the post-2015 development agenda up front (i.e. now or as soon as possible). Another view is that it is too early to decide on the issue of convergence as there are various processes taking place at the same time, and it is not possible at the moment to ascertain whether it would be positive or possible to combine the processes. Moreover, the history, background and principles and understandings underpinning the SDG process may differ from those of the Development Agenda and the MDG processes, thus creating difficulties in a marriage of the two. It is clear that developments in one stream of work should inform and influence the other stream, and modalities should be established

for such interaction. The two different processes can also converge in two future places: the outcomes of both can be launched at the envisaged Development Summit in 2015, as two separate outcome documents. Conver-

gence can also take place if the follow up activities for the outcomes of the SDGs and the Development Agenda are both located in a common home, such as the High Level Political Forum on Sustainable Development.

On the **Open Working Group (OWG)**, the presence and participation of the G77 and China and its Chair is vital not only to advocate the views of the Group but as an essential contribution to reaching an agreement. The common positions of the Group would also be an important guideline for the members of the working group. The OWG's deliberations should be opened for the presence and participation of all Member States, as far as possible, and as a rule rather than an exception.

## Example of SDG using proposed structure: Food and Agriculture

Goal: Promote sustainable agriculture and small farmers' livelihoods/incomes in developing countries.

Explanation: Agriculture is a vital sector in developing countries, as it employs a large section of their populations, and there is a high concentration also of poverty, while the countries' food security relies on the growth of this sector. However, there are many problems including international issues such as imbalances in the global agricultural trade (including high subsidies in developed countries), inability of small farmers to compete with often subsidized imports due to lowered tariffs, and inadequate international funding for agriculture. National level problems facing small farmers include lack of access to land, lack of credit, and high costs of inputs leading to indebtedness. Due to the spread of chemical/industrial agriculture, which is environmentally harmful (including as a major source of greenhouse emissions) there is also a need for a transition to ecologically sound farming, in many areas.

Examples of Subsidiary Goals and Targets to be developed for:

1. Changes in rules of global trade and commodity markets required for achieving sustainable agriculture and food security
2. Reduction of agricultural subsidies in developed countries: (Targets with dates/figures)
3. Trade policy in developing countries that promote small farmers' livelihoods, food security and rural development (three principles accepted in WTO Doha negotiations)
4. Increase in international funding including aid to agriculture in developing countries
5. National goal for increase in production of food, and assistance to farmers for production
6. Access by small farmers to land and security of land tenure
7. Access by small farmers to credit and marketing facilities
8. Target for development of and transition to ecological farming and for rehabilitation of soils, irrigation, etc.
9. Means of implementation (international finance and technology transfer) to support national policies in developing countries

## SDGs: Poverty Eradication



Anjum Naveed/AP

For some families in the developing world, home is a shack and kitchen is in the open compound. Poverty eradication must be a central concern of the SDGs, and the global factors must also be addressed to make the national policy measures possible.

This is a brief paper on conceptual aspects of poverty eradication as an issue for the SDGs.

In line with our overall approach to the SDGs, the issue of poverty eradication should have goals and targets for countries but also for the international dimension, which includes the Global Partnership for Development (that involves policies relating to global macro-economics, debt, trade, finance, and access to technology) and the means of implementation (i.e. finance and technology for developing countries).

Poverty eradication has economic, social and environmental dimensions. We should have an overall goal of eradicating poverty as soon as possible. One priority is to eliminate extreme poverty altogether by a certain date to be determined. Another is to very significantly reduce poverty (measured for example by income of two dollars a day) by a target date. To do this, we need to tackle the economic roots of poverty. There should also be social and environmental related measures.

On the economic pillar, poverty eradication requires generation of employment, which includes jobs in the urban areas and livelihoods in the rural areas. This requires job-intensive economic growth. Economic growth in turn requires: (1) macro-economic policies that are oriented towards

growth and job creation, including fiscal and monetary policies that place highest priority on growth, employment and development; (2) longer-term development policies that involve the development of productive capacity of developing countries in industry, agriculture and services; (3) the development, transfer and access to affordable technology in developing countries.

However developing countries can implement such economic policies only if they are supported by a positive and enabling international environment.

The international environment or international institutions and factors had previously placed conditions or rules that had adverse impacts on developing countries. This had been done through loan conditionalities (that included structural adjustment policies), aid conditionalities, and some of the rules in WTO and bilateral trade and investment agreements. Some examples of international factors that have impacted on poverty in developing countries are as follows:

- In the past many developing countries had been affected by structural adjustment policies that included growth-contracting macro-economic policies, better known today as austerity measures including severe budget cuts that depressed effective demand and prevented spending for social de-

velopment; these austerity measures are still advocated by the IMF to many developing countries.

- The structural adjustment policies also included sudden and extreme trade liberalisation policies that reduced tariffs in developing countries, which led to the closure or reduction of small farms and local industries in many developing countries. The loss of jobs and livelihoods was a major cause of poverty. This extreme import liberalisation is still on the agenda of free trade agreements, that asks the developing countries to cut 80 to 100 per cent of all their tariffs to zero, over a ten-year implementation period, with a significant number upfront.

- The TRIPS agreement in the WTO also mandated that developing countries introduce strict IPR regimes, that affected prices of essentials especially medicines, making some of them beyond the reach of the low and middle income groups.

- The global financial crisis in 2007-2010 that originated in the Western countries had a significant adverse effect on developing countries through reduction in exports, fall in commodity prices, reduced tourism, and reduced commercial credit. The growth rates of most developing countries were significantly reduced.

Therefore there should also be goals at the level of the international system that include: (1) loan and aid conditions including during bailouts that provide policy space to be provided to developing countries to have macro-economic policies and fiscal policies that give priority to growth and social development, and not one-dimensional in inflation-targeting or "austerity policies" and steep cuts in budgets; (2) a favourable trading system including multilateral trade rules and bilateral/regional trade arrangements, that are oriented towards the needs of the poor (such as small farmers and the urban poor) in developing countries; thus goals such as promoting small farmers' livelihoods, food security and rural development and permitting subsidies for poor farmers in developing countries in trade rules are important; (3) sufficient financing for development, including during periods of external shocks or unfa-

avourable conditions such as commodity price declines and natural disasters; (4) establishing an effective system for resolution of external debt problems in developing countries; (5) international mechanism to assist developing countries address significant falls in commodity prices; (6) international mechanisms to assist developing countries affected by the global recessionary conditions.

On the social pillar, poverty eradication can be addressed by high priority to be given to social development. This includes public-sector spending on health, education, food security, water and a policy to employment generation and rural livelihoods. There should be adequate supply of social services. An aspiration is the universal access of the public to basic services such as health care and education, and to food. A method is for the government to provide income transfers or the provision of food and health care which are targeted at the poor families, as introduced in some countries. However we must recognise that such an aspiration to universal access to services or to such transfers is dependent on the governments of developing countries having (1) adequate policy space that is not hindered by inappropriate loan and aid conditionalities, including austerity measures; and (2) the required funds. If such funds are not available, then the international dimension becomes critical. Thus there should also be goals for the international system to support and enable developing countries to address the social dimensions of poverty eradication. The setting up of an international social fund to finance social programmes in developing countries, such as that proposal by the Special Rapporteur on the right to food, is worth considering. Another proposal is to develop or expand international initiatives to enable access to affordable medicines, and access to knowledge and information.

On the environmental pillar, we should recognise that the poor are often most vulnerable to the effects of pollution and resource depletion or scarcity. We could therefore consider the issue of sheltering the poor and vulnerable groups from the effects of environmental damage. However many developing countries do not have the adequate resources to adequately address environmental issues

as they do not want to divert scarce funds away from social development or economic goals. Therefore the means of implementation are also crucial for them to address the environmental dimension of poverty eradication.

Besides these issues above, which combine goals for countries to aspire to, and global-level goals to support the efforts of developing countries, we believe there should also be a separate

section in the issue of poverty eradication devoted to means of implementation, i.e. the provision of international financial resources and technology access and transfer. This section could include the issues raised above such as sufficient financing for development, debt issues, meeting the financing shortfall of countries affected by the global economic recession, as well as the provision of technology to support the growth of productive capacity and thus the generation of jobs.

## What Rio+20 said about poverty eradication

105. We recognize that, three years from the 2015 target date of the Millennium Development Goals, while there has been progress in reducing poverty in some regions, this progress has been uneven and the number of people living in poverty in some countries continues to increase, with women and children constituting the majority of the most affected groups, especially in the least developed countries and particularly in Africa.

106. We recognize that sustained, inclusive and equitable economic growth in developing countries is a key requirement for eradicating poverty and hunger and achieving the Millennium Development Goals. In this regard, we emphasize that national efforts of developing countries should be complemented by an enabling environment aimed at expanding the development opportunities of developing countries. We also emphasize the need to accord the highest priority to poverty eradication within the United Nations development agenda, addressing the root causes and challenges of poverty through integrated, coordinated and coherent strategies at all levels.

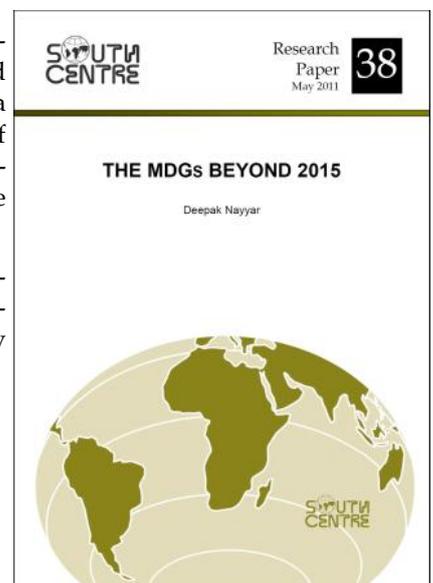
107. We recognize that promoting universal access to social services can make an important contribution to consolidating and achieving development gains. Social protection systems that address and reduce inequality and social exclusion are essential for eradicating poverty and advancing the achievement of the Millennium Development Goals. In this regard, we strongly encourage initiatives aimed at enhancing social protection for all people.

## The MDGs Beyond 2015

The South Centre has published a Research Paper on "The MDGs Beyond 2015" written by Prof. Deepak Nayyar, a renowned Indian economist, former chief economic advisor to the Indian government and presently Vice Chair of the South Centre Board.

The paper provides a comprehensive critique of the MDGs approach and proposes the way forward in designing a new Development Agenda.

Download the paper from the following URL:  
[http://www.southcentre.org/index.php?option=com\\_content&view=article&id=1563%3Athe-mdgs-beyond2015&Itemid=335&lang=en](http://www.southcentre.org/index.php?option=com_content&view=article&id=1563%3Athe-mdgs-beyond2015&Itemid=335&lang=en)



# SDGs: Food security and sustainable agriculture

The attainment of food security and the move towards sustainable agriculture, including increased food production in developing countries, are among the most important issues in the SDGs.

In line with the conceptual approach taken by the G77 and China, as in the statement at the second session of the Open Working Group on SDGs on 17 April, it is important that in considering this issue, the international factors linked to enhanced global partnership are taken into account, as well as the means of implementation, together with the national actions to be taken by countries.

This approach is essential because the formulation of laudable goals at the national level would not be attainable unless the structural factors, including international factors, are addressed. Similarly, developing countries require international cooperation in finance, technology transfer and capacity building (the means of implementation) if they are to achieve the goals in these issues.

The Future We Want, ie the outcome of Rio + 20, deals with food and agriculture issues in its paras 108-118. Many of the points we need can be drawn from there.

### International factors

On the international factors, the following points are important. First, the world trading system remains in need of reform in respect of agriculture, the sector where significant distortions are still very significant and where the rules are skewed against the developing countries. Para 118 recognises the need for an open and equitable multilateral trading system that promotes rural development and food security. Therefore there should be goals and targets in the trade area.

There are still massive amounts of subsidies and supports provided by the developed countries. According to OECD estimates, the subsidies given to farm producers in all OECD countries



Issouf Sanogo/AFp/Getty Images

Farmers in Ivory Coast hand pick cotton. These poor cotton farmers would have a better income if cotton subsidies in rich countries are reduced or eliminated.

totalled US\$252 billion in 2009, which is 22% of the value of gross farm receipts in that year, a level similar to 2007 and 2008. (In some commodities the support is very high; in the case of rice, commodity specific support amounted to 60% of total producer rice receipts.) If other supports are also counted, such as infrastructure, marketing and consumer support, the total support estimate rises to \$384 billion in 2009 for the OECD countries.

Developing countries can never match that kind of subsidies, which are unfair to them, because cheaper imports coming from some OECD countries compete with and overwhelm their local products, and furthermore the developing countries are also unable to compete in third markets. The case of cotton is well known. Many farmers in developing countries have lost their market share and even their livelihoods due to the unfair system. Many countries, including LDCs that were self sufficient in food or exporters of food have become dependent on imports.

**Therefore one of the targets in a SDG for food and agriculture is that the export subsidies in developed countries should be eliminated as soon as possible (in fact the 2005 WTO Ministerial agreed on an elimination target year of 2013) and that trade distorting subsidies in developed countries should be very drastically reduced as soon as possible too.**

Meanwhile, the WTO has agreed on the principle that developing countries should be allowed to take measures to promote their food security, farmers' livelihoods, and rural development. However, there has not been agreement yet on how to translate these principles into concrete rules and measures. Therefore another goal or target should be **that concrete measures and rules should be established as soon as possible to put into effect the principle that developing countries be enabled to promote food security, farmers' livelihoods and rural development in the multilateral trade rules, as well as in other trade agreements.**

Another international factor is the need for increased international priority and financing to be provided to supporting food security and agriculture production in developing countries. In previous decades, this priority and funding had declined very significantly. Therefore another goal or target should be that **international funding for developing countries to develop their agriculture production and to improve their food security situation should be significantly increased.**

Another major issue recognised in paras 116 and 117 is the need to curb excessive food price volatility and to address its root causes including structural causes. There is growing evi-

*(Continued on page 11)*

# G77: Each SDG Must Include International Dimension

Below is the statement on behalf of the Group of 77 and China by its Chairman, Ambassador Peter Thomson of Fiji, at the second session of the General Assembly Open Working Group on Sustainable Development Goals (SDGs) (New York, 17 April 2013).

The Group of 77 and China has proposed that in the formulation of Sustainable Development Goals (SDGs) in the United Nations, there must be a significant section on a strengthened Global Partnership for Development which incorporates global commitments to support developing countries in implementing the SDGs.

Moreover, each SDG that is agreed to should be linked to the strengthened international factors in the Global Partnership for Development. They include the means of implementation 'which must be supported by actions from developed countries at the international level, such as time-bound financing targets, associated trade and economic policies, technology transfer and other resources to assist and enable developing countries' efforts.'

This position of the group was presented by the Chair of the G77 and China, Ambassador Peter Thomson of Fiji, at the opening part of the second

session of the open working group on SDGs held in the United Nations in New York on 17 April. The following is the statement.

The conceptual debate we are having now aims to determine the priority areas of sustainable development under an integrative approach. This debate should be guided by a vision of 'transformation' and an ambition to bring in a new development paradigm, which is people-centred, aspires for universal human development while respecting human dignity and protecting our planet, Mother Earth.

Before engaging in this conceptual debate, the Group of 77 emphasises that the guiding principles of the SDGs must be based on those enumerated in Agenda 21 and Johannesburg Plan of Implementation (JPOI), be consistent with international law, and should fully respect all Rio Principles and the sovereignty of States over their natural resources, including the need for all states to cooperate in a spirit of global part-



Ambassador Peter Thomson, Chair of G77

nership to conserve, protect and restore the health and integrity of the Earth's ecosystem and that States have Common But Differentiated Responsibilities (CBDR).

It is important that the SDGs reflect the different national realities, capacities and development priorities of all members of the United Nations and do not place additional restrictions or burdens on the national priorities and development plans of developing countries. On the contrary, SDGs should contribute to the fulfillment of the right of development for developing countries.

Moreover, in fulfilling their SDGs, developing countries should be supported by an enabling international environment, which includes a supportive and just international system where the rules are fair and pro-development, as well as a genuine global partnership to enable develop-

## ***SDGs on food and agriculture***

*(Continued from page 10)*

dence that speculation in the commodity markets is a significant cause of such food price volatility. Therefore there should be a target or goal to address food price volatility and its structural and root causes, including speculative practices in the commodity markets.

Moreover, another target is that developing countries should be given adequate policy space, including in conditions for loans and aid, to support their agriculture sector and their farmers through various measures such as credit, marketing, storage, processing, provision of agricultural inputs, land reform and land improvement measures, and measures to make agriculture more sustainable through improved sustainable agriculture methods. This reminder of the

need for policy space is because in the past decades, many developing countries faced conditionalities and rules that prevented them from providing such supports to their agriculture sector.

## **Means of implementation**

Developing countries should also be assisted through finance and technology as well as institution building and capacity building, in implementing national level SDGs on food and agriculture. The modalities for this should be worked in concrete ways and included as an integral part of the SDGs.

## **National level measures**

At the national level, there can be goals and possible targets that are derived firstly from the Rio plus 20 outcome.

These include:

- The right to adequate food and freedom from hunger, with targets for

improving the food and nutrition status of the population (to be drawn from para 108).

- Promoting food production and addressing needs of rural producers through enhancing access, credit, markets, secure land tenure, health care, social services, affordable technologies (para 109).

- Boosting productive capacity of small farmers in developing countries through proper functioning of markets, storage, rural infrastructure, research, post harvest practices, etc. (Para 110).

- Promote and enhance sustainable agriculture practices in crops, livestock and the marine sector including through ecological processes that support food production systems and research and extension work among farmers for environmentally sound production systems (Paras 111-114).

ing countries to achieve the SDGs. This should be done through the provision of new and additional financing resources, technology transfer in concessional terms, capacity building, pro-development trade policies and effective means of implementation to developing countries.

A good starting point for this debate is to examine the link between the MDGs and the SDGs. With an overarching objective to eradicate poverty in the context of sustainable development, the SDGs should build on what has been achieved so far in implementing the MDGs while at the same time renewing and strengthening our commitment towards addressing the implementation gaps and unrealised targets.

It is important to learn the lessons from the MDGs. This means that it is critical to get the content of the SDGs right at the beginning. For example, sustainable development agenda has to place the global economic and financial crisis at its heart in order to be relevant, and include the social and environmental crises as well. It must address the structural factors and root causes that give rise to these crises.

As the SDGs are to be formulated in the UN in the context of international cooperation, effective global partnership will be crucial for their success. In this regard, the Group of 77 is of the firm view that in the context of formulating the SDGs, there must be a significant section on strengthening the Global Partnership for Development that is to be conceived and designed in a systematically adequate manner.

The SDGs also need new indicators that will measure the degree of success. Each SDG should be linked with the strengthened Global Partnership for Development. These means of implementation must be supported by actions from developed countries at the international level, such as time-bound financing targets; associated trade and economic policies; technology transfer and other resources to assist and enable developing countries' efforts.

The Group of 77 is of the view that the future development framework, including the articulation of SDGs, should take into account issues that are not adequately addressed or not at all included under the MDG framework. The Group of 77 believes the following



The second session of the Open Working Group on SDGs was held in New York from 17-19 April 2013.

issues should constitute key elements of the three pillars of sustainable development, which should be formulated in a balanced manner.

We believe we should focus our attention not only on those areas identified in the Rio+20 outcome document but also, inter alia, those development areas identified in Agenda 21, JPOI and other major development summits.

### **The Economic Pillar**

Accordingly, the economic pillar could include the achievement of an adequate rate of inclusive economic growth; employment opportunities and decent work; financial stability; international financing for development; external debt restructuring; trade and development; technology transfer; industrialization in developing countries; sustainable agriculture; address the problem of speculation in commodity markets; productive capacity, infrastructure development and sustainable transport; having adequate policy space and instruments for sustainable development, as well as ensuring increased voice for developing countries in global economic governance.

The world financial and economic crisis of 2007-8 has underscored the gaps and failures in global economic governance, including within the International Financial Institutions (IFIs). The current turmoil in the world economy demonstrates that the international arrangements lack mechanisms to prevent financial crises with global repercussions. It is clear that the international monetary and financial arrangements need deep-set systemic reforms. It is fundamental for instance that developing countries be equitably represented in these IFIs and have an increasing voice in global economic governance.

In the context of structural reform of the IFIs, there is an urgent need for macroeconomic coordination in order

to achieve a long lasting recovery. Disciplines of the macroeconomic order must be applied to all countries, and not just applicable only to developing countries. The international financial institutions must take concrete steps to democratise their actions, including increasing the participation of developing countries. Moreover, it is critically important that the financial sector is transparent and properly regulated so that the capital markets can be mobilised to achieve sustainable growth.

### **The Social Pillar**

On the social pillar, it could include the multidimensional character of poverty; promote social protection measures; promote greater equality at national and international levels; gender equality and empowerment of women; ensure access of all particularly the poor to affordable health, food, energy, water and sanitation, and education beyond the primary level; access to an effective justice system; and policies and measures to mitigate food security problems.

### **The Environmental Pillar**

On the environmental pillar, this should include, among others, atmosphere and climate change; natural hazards; toxic chemicals and waste; forests; oceans and seas; water; biodiversity; sustainable cities and human settlements; sustainable agriculture; desertification and land degradation; and sustainable consumption and production patterns.

In conclusion, the Group of 77 supports the view that the SDGs process should be coherent with, and integrated into, the United Nations Development Agenda beyond 2015. In this regard, the SDGs should contribute to the achievement of sustainable development and serve as a driver for implementation and mainstreaming of sustainable development in the United Nations system as a whole.

# G77 on Food and Agriculture: Subsidies of Rich Countries and Commodity Speculation Must Be Curbed

The G77 and China made a statement on SDGs and food security and sustainable agriculture as well as health, stressing the need for developed countries to cut rich countries' agriculture subsidies and for curbing speculation in commodity markets that result in price volatility. Many developing countries that were self sufficient in or exporters of food now depend on imports. Below are excerpts of the statement presented by Ambassador Peter Thomson of Fiji, Chair of the G77 and China, on behalf of the Group, at the third session of the UN working group on SDGs, on 22 May 2013.

In formulating the SDGs relating to food security and nutrition, sustainable agriculture, desertification, land degradation, drought, water and sanitation, the Group holds the view, that it is critically important to ensure that we adhere to the criteria agreed to by countries in Rio+20, namely that the SDGs must be "global in nature and universally applicable to all countries while taking into account different national realities, capacities and levels of development and respecting national policies and priorities".

In this regard, we underscore the importance of linking international factors to an 'enhanced global partnership', the critical role of means of implementation, together with national actions and efforts to be taken by countries at the national level. The three-component approach is essential because the formulation of laudable goals at the national level will not be attainable unless structural factors, including international factors, are addressed. Similarly, developing countries require international cooperation in finance, technology transfer and capacity-building if they are expected to achieve the SDGs. The G77 and China is of the view that the OWG should discuss means of implementation of each of the topics that we discuss as well as more concrete elements that could be part of a specific goal.

Food security and nutrition are essential dimensions of sustainable development. Despite progress over the past decades, it is estimated that one in eight people in the world today or a total of 868 million people are undernourished and approximately two billion suffer from micronutrient deficiencies. Yet, globally, more than 1.4 billion

adults are overweight. The challenges of malnutrition, coupled with the negative consequences of obesity, accentuate the urgent need for a 'people-centered' approach to food security and nutrition.

The attainment of food security and the move towards sustainable agriculture, including increased food production in developing countries, are important issues to be discussed in the SDGs framework. Agriculture, which is broadly understood to include crop and livestock production, fisheries, and forestry, is the most important sector in many developing countries and is central to the survival of millions of people.

## Eliminate North's harmful agriculture subsidies

It is also important to stress that agri-

cultural subsidies and other trade distortions by developed countries have severely harmed the agricultural sector in developing countries, limiting the ability of this key sector to contribute meaningfully to poverty eradication, rural development and sustainable, sustained, inclusive and equitable economic growth. Elimination of such subsidies is a fundamental part of the global effort to promote agriculture, rural development and eradicate poverty and hunger. Equally important is market access to developing country agricultural products.

In this regard, we stress the necessity of a timely conclusion of the Doha Round of multilateral trade negotiations, which must fully respect its development mandate and take into account the needs and priorities of developing countries. A successful outcome of the Doha Round will help to ensure growth in global trade and create new market access opportunities for developing countries.

As long as current conditions prevail, it is difficult for developing country agricultural producers to implement a paradigm shift towards sustainable agriculture. Many developing countries, particularly the LDCs that



In many parts of the developing world, agriculture is the sector providing the most employment and is the mainstay of food security. Yet small farmers face unfair competition from subsidised food imports. The trade rules and aid conditionalities must be changed to enable small farmers and sustainable agriculture to thrive in developing countries.

were once self-sufficient in food or were exporters of food, have become dependent on food imports as a result of significant distortions in developed countries' farming sector as well as international trading rules which are skewed against the developing countries.

The challenges facing agriculture in the next few decades are complex. With increased global population growth, there will be increased demand for food, feed, fuel and fibre. While increasing food production is vital to meet these new demands, the G77 and China holds the strong view that the current practice of wasting one-third of food produced -- 1.3 billion tonnes per year -- is not sustainable and must change. Agriculture systems worldwide must become more productive and less wasteful. Sustainable agricultural practices, including both production and consumption, must be pursued from a holistic and integrated perspective encompassing, at various scales, from the local to the international level, the economic, social and environmental dimensions of sustainable development.

In Agenda 21, the outcome of the Rio Earth Summit of 1992, nations acknowledged the need for "major adjustments in agricultural, environmental and macroeconomic policy, at both national and international levels, in developed as well as developing countries, to create the conditions for sus-



The third session on the UN General Assembly's open working group on SDGs taking place in New York in May 2013. It addressed the issues of food security, sustainable agriculture, land degradation, drought and water.

tainable agriculture and rural development". This statement is still relevant 21 years later and we cannot afford to postpone our collective efforts any further.

At the international level, subsidies in developed countries that act as disincentives to the transition to sustainable agricultural practices in developing countries must be modified, to ensure an expansion of local food production (in the latter). Rome-based UN agencies, the FAO, WFP and IFAD, with mandates and programmes to promote sustainable agricultural practices, should provide relevant technical support to enable developing countries to prioritise sustainable agricultural practices.

Public financing and transfer of appropriate technology by developed countries are needed not only for the adoption of sustainable agriculture but also to put in place the required infrastructure, communications and other enabling conditions.

### Tackle the speculation in commodity markets

The increasing involvement of non-commercial actors in the market of food and food-related commodities, or the so-called financialisation of the sector, has played a major role in the emergence of the problem of the excessive food price volatility. This large inflow of speculative capital to commodities, particularly food and other agricultural commodities, contributed to a large extent to the worsening of food insecurity. Vulnerable populations in developing countries have had their economic and social right to food and nutrition threatened, reinforcing inequality and exacerbating poverty.

It is imperative therefore, that the root causes of excessive food price volatility, including structural causes must be addressed seriously. The G77 strongly believes that commodity markets should operate in a properly regulated manner that avoid excessive volatility and speculative activities and serve the real needs of both producers and consumers.

### Vital developmental role of the state

Most agricultural production in developing countries involves small land holdings, mainly producing for self-consumption. Smallholdings account



Speculation in the commodity markets (like the Chicago Board of Trade above) has magnified the volatility of food prices, adversely affecting food security. The G77 and China statement asks for commodity markets to be regulated properly to avoid speculation and volatility of prices.



Land degradation and drought have to be addressed to enable sustainable agriculture to take place in many poor countries.

for approximately 85% of the world's farms. To support the economic viability of smallholder agriculture and thus reduce their vulnerability, policy actions are required to enhance smallholder producers', particularly women, indigenous people and people living in vulnerable situations, access to credit, markets, secure land tenure and other services.

In terms of policy and investment choices at the national level, eliminating hunger involves investment in agriculture, rural development, decent work, social protection and equality of opportunity. Other enablers include, among others, sustainable agriculture, infrastructure, education, water, health, the empowerment of women and gender equality.

In this regard, the developmental role of the State is vital. The State needs to play a pro-active developmental role in investing and building infrastructure conducive to sustainable agriculture, such as water supplies and rural roads that facilitate access to markets. It can also assist smallholder producers, through developmental friendly policies to enhance production capacities, and encourage efforts to diversify and increase the value-added of agricultural products.

### Desertification, land degradation and drought

Desertification, land degradation and drought (DLDD) corrodes the three pillars of sustainable development. Addressing this will enable countries to deal with challenges, such as food security and adaptation to climate



Water scarcity has emerged as an immediate urgent problem and the crisis of water resources and access to water will continue to increase unless more coordinated actions are taken.

change. While parties to the UN Convention to Combat Desertification (UNCCD) should fully support the implementation of that Convention, the promotion of exchange of knowledge on best practices and lessons learned from global, regional and cooperation in combating desertification, land degradation and drought should be encouraged. Sustainable development goals and targets on DLDD should address the drivers of DLDD. They should also look at the preventive and corrective aspects of DLDD. Sustainable land use by all and for all could be the goal with targets on sustainable land and forest management, preservation, and regeneration or restoration of degraded lands.

Emphasis should be given to the mobilization and channeling of adequate and predictable financial resources to help address the effect of desertification and improve the livelihoods of vulnerable people affected by them. The Group supports commitment to achieve a land-degradation neutral world in the context of sustainable development and the establishment of an intergovernmental scientific panel on desertification, land degradation and drought.

### The Water Challenge

It is of great concern that today, about 2.5 billion people still live without improved sanitation, and over 800 million people, are without access to an improved water source and many more remain without safe and sustainable water supply. The water challenge

goes beyond access to water, sanitation and hygiene. The vital importance of water to sustain habitat and species' survival and human existence was also acknowledged in the Muscat Declaration on Water, adopted by the First Ministerial Forum on Water of the G77 in 2009. Improving and promoting easy access to water and sanitation production, irrigation and hydro-energy production will lead to tremendous progress in the eradication of poverty and food insecurity, in accordance with the Millennium Development Goals and Integrated Water Resources Management.

In formulating the SDGs, consideration must be given to equitable and universal access to safe drinking water, sanitation and hygiene, while ground and surface water should be developed and managed sustainably in an integrated manner to satisfy human needs while respecting the fragilities of our ecosystem and its limitations. Also, in order to provide access to water, all states benefiting need to contribute to the costs involved in water infrastructure and maintenance.



# G77 on SDGs and Poverty Eradication

The G77 has stressed that efforts to eradicate poverty at national level have to be supported by global trade and investment rules to address developing countries' constraints and marginalization as well as reform of the international financial institutions. Below are extracts of the G77 and China statement at the open working group on SDGs on 19 April, presented by Fiji's deputy permanent representative Mr. Luke Daunivalu.



Small markets like the above selling food produced by small farmers play an important role in linking agriculture with food supply to ordinary consumers in developing countries.

On 5 April 2013, the United Nations kicked off the countdown of the last 1,000 days for achieving the MDGs by 2015. With less than 1,000 days to go, it is clear from all indications that there is a need to intensify efforts and accelerate actions on the MDGs. Despite the laudable achievement of the global MDG target on extreme poverty, there are still significant variations and inequalities across regions and within countries. Moreover, a disproportionately large number of people around the world continue to be extremely vulnerable, particularly those living below the \$2.00 per day poverty line.

While an indicator of income poverty may be retained as part of SDGs related to poverty eradication, the Group of 77 underscores the importance of addressing the multiple dimensions of poverty. As we seek to meaningfully and effectively eradicate poverty, the inter-linkages between the multi-dimensional aspects of poverty vis-à-vis the opportunities and capabilities of governments and people must be taken into account while devising international cooperation efforts and national policies.

Understanding poverty eradication in the context of its multiple dimensions helps to frame the nature of challenges to

be faced and what needs to be done to escape poverty as we design and formulate the SDGs. The Group of 77 calls for holistic and integrated approaches to sustainable development which will guide humanity to live in harmony with nature and lead to efforts to restore the health and integrity of the Earth's ecosystem.

Whilst robust, stable economic growth is necessary to reduce poverty, it is not sufficient in and of itself. Economic growth must be sustainable, inclusive, equitable, and create decent work and livelihood opportunities for all, especially the poor and vulnerable members of society. It must lower inequalities within and between countries. Significantly, the benefits and opportunities of economic growth must be shared amongst and extended to include marginalised and minority groups in society.

Policies and development efforts targeted at poverty eradication must be responsive to the challenges as well as opportunities of sustainable development at both international and national levels. In this regard, a supportive, fair and enabling economic and financial architecture as well as a genuine global partnership for sustainable development are crucial to complement the efforts of national governments.

For example, global trade and investment rules should be designed and implemented with the objective of addressing pro-actively the specific constraints faced by developing countries, including the effective operationalisation of the principle of special and differential treatment for developing countries, especially those facing increasing marginalization in the globalising world economy. In addition, efforts to reform the international financial institutions must be strengthened to ensure the full participation and increased voice of developing countries in international financial and economic decision-making and norm-setting.

In order to enable governments of developing countries to effectively eradicate poverty, they must have ownership of their development agenda, which entails the enjoyment of adequate policy space backed by a strong political commitment to reduce poverty in line with their national priorities and circumstances. As such, governments of developing countries must formulate their own development strategies to assist the poor through policies and actions including, but not limited to, the provision of universal and affordable access to basic services; provision of a well-designed social protection system; empowerment of individuals to seize economic opportunities; and measures to ensure the protection of ecosystems.

Poverty eradication requires consolidated efforts by all stakeholders. National governments working in partnership with the international community have a duty and obligation to eradicate poverty in all its manifestations, taking into account and bringing together the three dimensions of sustainable development in mutually supportive ways. While national governments are mainly responsible for implementing the SDGs, the international community must also live up to its responsibility of making the world a better place to live. A renewed and strengthened global partnership for development in the context of sustainable development, which builds on the strengths of the current global partnership for development, while going beyond and addressing the weakness of its present framework, would be a positive step in the right direction.

# Elements We Should Have in the High Level Political Forum on Sustainable Development (HLPF)

One of the key follow-up issues from the Rio+20 Summit of June 2012 is the establishment of a new High Level Political Forum on Sustainable Development (HLPF). It is meant to replace the present Commission on Sustainable Development (CSD) with a stronger and more effective organisation to coordinate the United Nations' work on sustainable development. There is however a danger that the HLPF will be weaker than the CSD and thus be unable to fulfill the functions mandated by the Rio Summit.

This paper by the South Centre presents the case for a strong HLPF and makes proposals on its structure and programme of work.

**Introduction:** The HLPF is one of the most important outcomes of Rio+20, and perhaps its most important. It provides UN Member States with the opportunity to set up an architecture that is effective and that can meet up to the present challenges in sustainable development (including the present multiple crises in the economic, social and environmental areas) and the even larger challenges that loom in the future. This concept note examines the functions mandated by Rio+20 for the HLPF and how these functions can be implemented, including the structural issues (high-level events, committees, secretariat, etc), the types of meetings and time required for them, the need for a dedicated body, the national and regional institutions and activities, and the arrangements for meeting the mandated functions. The areas required to be covered are many; this concept note is a preliminary attempt to provide views on some of the issues.

**HLPF is mandated to have many important functions:** Before deciding on structures of the HLPF, it is important to consider the functions of the HLPF. The Rio+20 Outcome Document (para. 85) affirms twelve important functions including for the HLPF to be a dynamic platform for regular dialogue, stocktaking and agenda setting; to have an action-oriented agenda including considering new and emerging sustainable development challenges; to follow up and review the implementation of commitments contained in Agenda 21, JPOA,

the outcomes of other major UN conferences and summits as well as their respective means of implementations; to provide system wide coherence on sustainable development; provide political leadership, guidance, and recommendations for sustainable development; enhance integration of the three dimensions of sustainable development at all levels; enable consultations with Major Groups and stakeholders; enhance decision-making at all levels and capacity building for data collection and analysis in developing countries.

**Regular High-level Events:** The HLPF is envisaged to hold a high level event during the High Level segment of the UNGA regularly to attract the participation of heads of state and government and/or Ministers. The meeting at level of heads of state could be once in two years or so; and in the year or years in between it could be at the level of Ministers of the relevant Ministry or Department, depending on the main theme for that year. For this high level event to be successful, it is necessary to have many meetings (backed by an adequately funded and well-structured secretariat) over regular intervals during the year to discuss substantive issues relating to sustainable development. Ministerial-level meetings can also be organised during the course of the year on issues that emerge from the regular work during the year, i.e. when important issues or developments demand such a Ministerial meeting of the Ministers from the relevant departments or Ministries.

**Follow up to the High-level Events:** Given the important functions as agreed in the Rio Summit, the HLPF must not be just a "talk shop" made up of roundtables or panel discussions, without taking decisions and devoid of decision-making authority. Rather, the high-level event with high political involvement should provide the leadership and the catalytic role to enable actions, that are earlier planned by representatives, or that are proposed by the leaders themselves, to proceed. Thus there also has to be follow up actions after the high-level event.

**Decision-making function:** The HLPF should therefore have the mandate to make decisions, through an intergovernmental mechanism and process. This has been provided for in the functions of the HLPF agreed to in the Rio+20 outcome.

**Types of Meetings and Allocation of Time for Meetings:** There should be enough time allocated for meetings during each year. Meetings should be carried out over a sufficient period of time to cover its mandated functions, including meetings:

- to prepare the annual high-level event
- to provide a platform for regular dialogue, stocktaking and agenda setting
- to discuss and decide on critical and emerging sustainable development issues
- on implementation of Rio plus 20, Agenda 21, and outcomes of other UN conferences
- on the follow up to outcomes of SDGs and the Development Agenda
- meetings on each of the pillars or dimensions of sustainable development (economic, social and environmental), which could be structured according to working groups or committees
- on finance, technology and other

## Means of Implementation

- to provide political leadership, guidance, and recommendations

- on coordination and coherence of UN system activity on sustainable development.

The number of days to allocate for the HLPF to meet during the year should depend on the functions and activities of the HLPF, as mandated by the Rio plus 20 outcome and as subsequently developed by member states. It would have to be more than the number of days that the CSD has been meeting (two or three weeks in a year). It should be noted that the Human Rights Council meets for over 200 days in the year.

**Secretariat:** The HLPF needs the support and the servicing functions of a strong Secretariat. At the least the present staff of the CSD (about 60 staff positions) should be re-allocated to the HLPF, as and when the CSD closes. It is important that there should be no loss of CSD staff positions, as these will all be required to serve the HLPF which clearly has more functions as well as enhanced functions compared to the CSD. It should be noted that the Rio+20 outcome mandates that the HLPF will build upon the strengths and resources of the CSD.

**Structures of the HLPF:** In line with the 3 pillars of sustainable development, the HLPF could have 3 committees, one focusing on economic issues, one on social issues and one on environmental issues. There should be an additional general committee focusing on cross cutting issues and the integration of the issues of the three committees. Sufficient time should be allocated for the meetings of the committees. The Forum could also have a Bureau comprised of members nominated by the UN regional groups.

**Means of Implementation:** The key development issues including Means of Implementation (MoI) should be given prominent place in the structures of the HLPF and in its priority issues, meetings, and implementation mechanisms. Working groups on finance and technology could be established.

**SDGs and Development Agenda:** The HLPF should be the institutional venue to discuss and decide on the follow up for the Rio plus 20 summit

(including the SDGs) and the Development Agenda outcome.

**CSD and the HLPF:** The Rio+20 outcome states: "We decide to establish a universal intergovernmental high level political forum, building on the strengths, experiences, resources and inclusive participation modalities of the Commission on Sustainable Development, and subsequently replacing the Commission." The first difference between HLPF and CSD is that HLPF is a universal body whereas CSD had limited membership. The second difference is that HLPF is envisaged to be higher-level in that it will have regular events at high political level. Then it is envisaged that HLPF will **build upon** the CSD, including its resources, implying that it is envisaged to be stronger (and more effective) than the CSD. Thus the HLPF should have resources in terms of Secretariat strength and the time for meetings that are larger than CSD. It is also important that the CSD must not be prematurely closed until the HLPF is established and operational to avoid an institutional gap.



**Dedicated Body with clear structures of its own:** The HLPF should be a dedicated body or organ, with its own clear identity, and with the ability to take decisions. One of the strengths of the CSD is that it has been a dedicated body (a UN Commission) with a recognisable identity with its own meetings, an inter-governmental structure that takes decisions, and a Secretariat servicing it. In the UN experience, processes which do not take decisions or have its own dedicated body have had low profile, faded away or are relatively ineffective (for example, the FFD). This should not happen to HLPF. The characteristic of having its own dedicated body and structures is an issue to consider when determining where and how to locate the HLPF within the UN system.

**Universal Membership:** The Rio+20 Outcome has decided that the

HLPF would be a universal inter-governmental body. This is a clear and important difference with CSD, which has a limited membership. ECOSOC also has a limited membership. The decision to make the HLPF a universal body is presumably to enable it to be more inclusive, as all UN member states can participate as a single tier. The issue of universal membership is a key aspect to consider when deciding where to eventually locate HLPF (GA, ECOSOC, hybrid).

If decision making is an important element of the HLPF, and the HLPF is a universal body, then that universality requires GA rules at least with regard to processes or events with a decision-making component. The preparatory process (for the high-level event) and the decision making process for other issues would be under GA rules. Other aspects of the HLPF work that do not involve decision-making (eg sharing of experiences; reporting) can also be carried out under ECOSOC structures.

**National and Regional Activities:** Design, planning and implementation of sustainable development at the national level is critical to the real effect for sustainable development. Thus the HLPF should allocate adequate personnel and financial resources and advisory services to the promotion and enhancement of the institutional structures and policies at national level. The regional institutions, especially the UN regional commissions, should also play a leading role in supporting the national efforts as well as having regional meetings to bring the countries together and to promote regional analyses and activities that are in line with regional realities and priorities. The national and regional activities should be informed by the international-level processes, and in turn their outcomes should also input into the international-level meetings and processes.

**Inclusiveness and participation of stakeholders:** Stakeholders should be given appropriate space and opportunity to take part in various meetings. The Rio+20 outcome mandates that the HLPF builds on the "inclusive participation modalities of the CSD" (para 84). It also mandates that the HLPF "promote transparency and implementation through further enhancing the consultative role and participation of Major Groups and other relevant

stakeholders at the international level in order to better make use of their expertise" (para 85 h). The implication is that the HLPF should inherit the CSD interaction modality and structures with the 9 major groups, and enhance these.

**Implementing or arranging for the mandated functions:** The HLPF should allocate time, resources and meetings and arrange the modalities for implementing the functions mandated by the Rio+20 outcome, including in the following areas:

**(a) Political leadership and guidance:** The Rio +20 outcome states that the forum could "provide political leadership, guidance and recommendations for sustainable development". Modalities should be worked out on how to organise the high-level political events and how to follow up on the conclusions of the events;

**(b) Agenda setting for new, emerging challenges:** According to the Rio+20 outcome, the HLPF should "have a focused, dynamic and action-oriented agenda, ensuring the appropriate consideration of new and emerging sustainable development challenges";

**(c) Review and Implementation of Commitments and Outcomes:** The Rio+20 outcome mandates the HLPF to follow up and review progress in the implementation of sustainable development commitments contained in outcomes of UN summits and conferences (from Rio 1992 to Rio+20) and their respective Means of Implementation. To this should be added the Development Agenda. As is now widely accepted, implementation of outcomes and commitments is a major weakness; and the HLPF has an important opportunity to allocate the required resources and time to implementation and to work out mechanisms to make these more effective;

**(d) Better coordination of the UN system:** The Rio+20 outcome mandates that HLPF "improve cooperation and coordination within the UN system on sustainable development programmes and policies". The HLPF should obtain UN system support for sustainable development through an effective inter agency coordination mechanism. This should include participation of the entities of the UN system (funds, programmes, agencies and MEAs). The HLPF and the inter-agency mecha-

## The Future We Want (Rio plus 20 outcome) on the High Level Political Forum

The following are the paragraphs in the Rio+20 outcome addressing the High Level Political Forum.

84. We decide to establish a universal intergovernmental high level political forum, building on the strengths, experiences, resources and inclusive participation modalities of the Commission on Sustainable Development, and subsequently replacing the Commission. The high level political forum shall follow up on the implementation of sustainable development and should avoid overlap with existing structures, bodies and entities in a cost-effective manner.

85. The high level forum could:

(a) provide political leadership, guidance, and recommendations for sustainable development;

(b) enhance integration of the three dimensions of sustainable development in a holistic and cross-sectoral manner at all levels;

(c) provide a dynamic platform for regular dialogue, and stocktaking and agenda setting to advance sustainable development;

(d) have a focused, dynamic and action-oriented agenda, ensuring the appropriate consideration of new and emerging sustainable development challenges;

(e) follow up and review progress in the implementation of sustainable development commitments contained in Agenda 21, Johannesburg Plan of Implementation, Barbados Programme of Action, Mauritius Strategy for Im-

plementation and the outcome of this Conference and, as appropriate, relevant outcomes of other UN summits and conferences, including the outcome of the Fourth United Nations Conference on the Least Developed Countries, as well as their respective means of implementation;

(f) encourage high-level system-wide participation of UN Agencies, funds and programmes and invite to participate, as appropriate, other relevant multilateral financial and trade institutions, treaty bodies, within their respective mandates and in accordance with UN rules and provisions;

(g) improve cooperation and coordination within the UN system on sustainable development programmes and policies;

(h) promote transparency and implementation through further enhancing the consultative role and participation of Major Groups and other relevant stakeholders at the international level in order to better make use of their expertise, while retaining the intergovernmental nature of discussions;

(i) promote the sharing of best practices and experiences relating to the implementation of sustainable development, and on a voluntary basis, facilitate sharing of experiences, including successes, challenges, and lessons learnt;

(j) promote system-wide coherence and coordination of sustainable development policies;

(Continued on page 25)

nism can focus on how individual UN organizations can better integrate economic, social and environmental dimensions in their work, and help countries implement the Rio+20 outcome document, the SDGs and the Development Agenda outcome;

**(e) Science-policy interface:** The Rio +20 outcome also mandates the HLPF to "strengthen the science-policy interface through review of documentation, bringing together dispersed information and assessments, including in the form of a global sustainable development report,

building on existing assessments". A series of meetings could be arranged during the year for the interaction of scientists and policy makers on a range of sustainable development issues, with conclusions and possible follow up actions;

**(f) Sharing best practices:** "promote the sharing of best practices and experiences relating to the implementation of sustainable development, and on a voluntary basis, facilitate sharing of experiences, including successes, challenges, and lessons learnt".

# Development-led Globalization Requires De-colonizing the MDGs

By Manuel Montes

The big attraction of the eight Millennium Development Goals (MDGs), or at least the first seven of these, was their near universal acceptability. It mobilized both resources and politics, both nationally and internationally, in pursuit of reducing poverty, hunger, gender inequality, malnutrition and disease.

Since they were introduced, the excitement over the MDGs fully occupied the space for development thinking. The MDG discourse - in international agencies and in national settings - appears to have crowded out the basic idea that development is about economic transformation.

The MDG discourse forgot that, while development can provide the means to reduce poverty and deprivation, development policies directed at reducing poverty do not necessarily lead to moving people permanently from less productive to more productive jobs. Poverty reduction is not the same as economic transformation. Economic development requires a new global deal which requires that countries have the policy tools to transform their economies. This is what development-led globalization entails.

Take the question of setting health targets. A debate has broken out about whether universal health coverage should be a goal. First of all, some developed countries, such as the United States, do not themselves have universal coverage as a goal in the health sector. Like many other facets of the global economy, such a goal would apply to developing countries but could exempt rich countries from a similar obligation.

Secondly, setting a goal of universal health coverage, even if possibly a basic human right, does not address the actual determinants of health outcomes, which include the usual indicators of deprivation including household poverty, but must also include affordable access to medicine and an effective domestic health care system.

The availability and cost of medicine, the overwhelming proportion of which is still sourced from developed countries, has been a sore point for developing countries for a long time. Moreover, too much (as compared to the afflicted population) research and medical production are oriented toward diseases and maladies in the developed countries. Should there be agreed global goals in terms for the "right" kinds of medicines and their affordability? Which parties should accept these goals as their obligation?



Children take part in Independence Day celebration in Togo in 1960: The struggle for de-colonization continues in many developing countries. (Photo: CNN)

Building capabilities in producing medicines in developing countries could certainly be transformative - moving the labor from less productive to more productive jobs. But this will require developing countries to have affordable access to technology, which will require easing the monopoly rights over the use of technology now being granted to those recognized as their inventors.

Building effective domestic health systems will require upgrading domestic human resources and government capacities in building, maintaining, regulating, and financing the health sector. Historically, these new capabilities have involved many of the most important aspects of economic transformation. Otherwise these health systems must forever rely on

the goodwill of foreign donors and private foundations.

At this point, it is really important to restore a genuine development discourse and the global community must seize this opportunity.

In fact, the idea that developed countries need only worry about poverty and the well-being of the populations in other countries, and not their development, dates from colonial times.

In the 1930s, as the scramble for colonies from the late 19th century ended, colonial powers sought to justify external control by proposing a new note of responsibility for "native welfare" which economist Arndt in 1987 described as "quite distinct from that of economic progress or development." For example, the Colonial Development and Welfare Act adopted by the UK government in 1939 provided for minimum standards of nutrition, health, and education in territories and trusteeships. In the same analysis, Arndt refers to a W. Arthur Lewis critique of a World War II British economic plan for Jamaica, for a failure to distinguish between "social welfare" as raising the standard of living in the colony and "economic development."

De-Colonizing the MDGs is necessary if the agreed post-2015 global goals are to be truly developmental. In the framework of development-led globalization, Africa is not just a continent whose extreme poverty the international community must focus on but a diverse set of countries, each with their own human and natural resources, which can be deployed toward their own development. This diversity creates enormous space for regional cooperation in pursuit of overcoming dependence on commodity exports - whose earnings are highly unstable - and establish domestic industries to provide productive jobs.

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# South Political Leaders Brainstorm South-South Cooperation in Fiji Meeting



The G77's South-South cooperation Eminent Personalities meeting taking place in Fiji.

By Martin Khor

On 7 May the idyllic Pacific island of Fiji became the venue of some political leaders and thinkers of developing countries to brainstorm about the future of South-South cooperation.

It was held in Fiji as this South Pacific island state is the Chair of the Group of 77, the alliance of over 130 developing countries that operate in the United Nations and beyond.

Its government decided to host "eminent personalities of the South" to reflect on the state of the developing world and on South-South cooperation.

The theme may not be original, but the personalities discussing it were colourful, most of them being Presidents or Prime Ministers, and mainly from the South Pacific island countries.

The host, Fiji's Prime Minister Josaia Bainimarama, presented the rationale for the meeting at the opening session.

He said that the past decade has seen the decline of North-South cooperation. Negotiations in trade, environment, and funding of development have stalled, and the rich countries are attempting to modify the principles of development cooperation and their commitments to it.

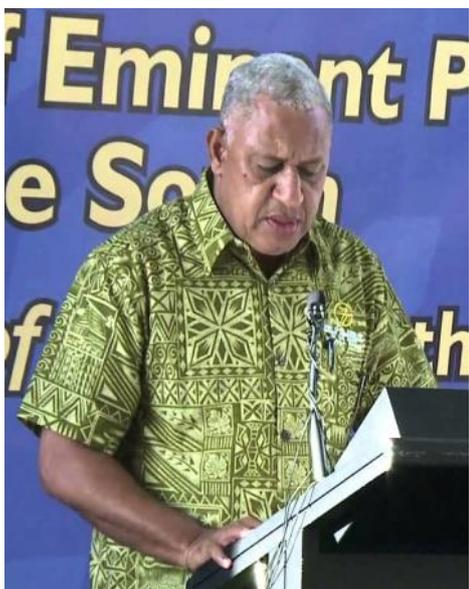
But meanwhile, he added, there has been unprecedented growth in developing countries, and new dynamism in South-South cooperation through trade, finance, technology and shared management of natural resources.

The time has thus come to rethink existing development patterns, and realise the full potential of South-South cooperation.

The chief guest, Bolivia's President Evo Morales, said he is the first Bolivian leader to visit the South Pacific and wanted to share his experiences from the other side of the Pacific.

Morales is the first indigenous person who has become a recent leader of a South American country and his passionate speech made a deep impression.

He spoke about the Bolivian respect for humanity and life, and the importance of reclaiming land and natural resources for the nation. Bolivia did this through some nationalisation



Fiji's Prime Minister Josaia Bainimarama who was the host and Chair, speaking at the G77 eminent persons' meeting.



Bolivian President, Evo Morales, speaking at the meeting. He was the chief guest at the meeting. (Photo: [foreignaffairs.gov.fj](http://foreignaffairs.gov.fj))



Group photo of the Presidents and Prime Ministers and other eminent personalities of the South, in front of the beach at venue of the meeting in Fiji.

of oil resources and the re-negotiation of contracts with foreign companies in order to get a bigger share of revenues from natural resources.

The greatly increased revenues have been used to fund social development, enabling poverty and child mortality to decline. Bolivia has ensured that the poor have access to essential services like water, electricity and health care. For Morales, these services are human rights that the government has to provide and they should not be privatised, a message he wants to share with the South.

He also criticised the failed model of the North, where finance and banks were given priority over people's interests, and called for the South to collectively seek new pathways in which people are given the priority.

President Morales' focus on getting the most out of resources resonated with the Pacific island leaders, whose countries are also resource-dependent.

Kiribati's President Anote Tong spoke about how the region's fishery resources were so exploited that it obtained only 5% of the revenues while the rest is taken by others.

Developed countries consume far more than their fair share of the world's depleting resources. There is need for fair allocation, and this is made more acute by the threat of climate change.

There is need to address the ownership of resources and to rationalise the rights and use over resources; and the South should form alliances to find solutions.

Advancing the same theme, Prime Minister Gordon Darcy Lilo of the Solomon Islands said the South was the source of raw materials used in the North, but developing countries do not have power over the prices and revenues they receive for their resources.

For example the South Pacific countries should get a fair share of revenues from tuna fish -- but this requires a new world order which the South has to build.

Leonel Fernandez, until recently the President of the Dominican Republic, referring to Morales' policies of regaining control over natural resources to fund social policies, said there has been a change from the old paradigm that the markets can regulate themselves.

Instead, an alternative model is developing in which social policies are in the centre and governments need to ensure there is a balance between the state and the market.

With the North in decline, South-South cooperation is now more important. An example of the solidarity that can underlie this is the preferential terms of oil supply that former Venezuelan President Hugo Chavez gave to neighbouring countries that

helped them cope with financial problems.

Fernandez also highlighted the role of speculators as a new element, causing high volatility of commodity prices, which is an issue that the South should collectively address.

The Prime Minister of Vanuatu, Moana Carcasses Kalosil, called for an even more fundamental change--that of lifestyles. The Pacific islands are disappearing due to climate change. The world cannot afford the growth of money, cars, and material things. It is the way of life that needs to be addressed, and this requires the South to jointly fight for this.

China's special envoy to the Pacific Islands Li Qiangmin said South-South cooperation was different from North-South aid as the South-South relations are based on equity and mutual benefit.

With the decline in aid and rising financial instability, South countries have to rely more on themselves for growth, trade and investment.

The executive secretary of the UN's Economic and Social Council for Asia and the Pacific, Dr Noeleen Heyzer, said it was perhaps time for a second Bandung Conference, referring to the historic meeting of Asian and African leaders in 1955.

She said it is important for the South to address the multiple shocks that developing countries are being subjected to, including economic crises and natural disasters, that had grown in recent years. She also spoke about the importance of the role of the developmental state and South-South cooperation in the areas of greater connectivity, investing in agriculture, monetary cooperation, poverty eradication and coping with natural disasters.

The meeting concluded with the adoption of a formal document giving proposals on how to advance South-South cooperation.

But it was the free flow of ideas and reflections of the colourful political leaders, that made the lasting impressions, together with the paradise-island background of the meeting.

*Martin Khor is Executive Director of the South Centre.*

# South Centre's Views on South-South Cooperation

The following points were made by the South Centre's Executive Director Martin Khor at the meeting of the G77 Eminent Personalities Panel in Fiji.

South-South cooperation is basically and qualitatively different from North-South cooperation. S-S cooperation is based on a voluntary cooperation among equal countries based on the principles of solidarity and mutual benefit. On the other hand, North-South cooperation (as in aid and trade preferences) is based on historical responsibility and on the differences in economic levels between North and South. While we promote and advocate South-South cooperation, it cannot be a substitute for N-S cooperation. S-S cooperation principles and practice should also be a matter for countries of the South to determine.

## Areas of S-S cooperation

South-South cooperation can be in a number of areas: policy coordination in international negotiations, the sharing of experiences and good practices, and concrete South-South programmes and projects.

## Policy coordination in international negotiations and affairs

This is important because the developing countries need to unite and have common positions in order to be effective in international negotiations that involve N-S relations. The G77 has a crucial role in such coordination. The following are some key areas for the G77 to further develop:

- On trade, the South needs to promote a multilateral trading system that is oriented towards development, with the interests of developing countries in the centre. The Doha Round negotiations should be revived in this regard, with the focus on effectively reducing agricultural subsidies and high tariffs of developed countries, while recognising the needs of small farmers livelihoods and food security of developing countries; on strengthening special and differential treatment and resolving the implementation issues put forward by developing countries; and

giving priority to the needs of LDCs especially in the extension of their transition period in the TRIPS agreement (as stated in their request) and duty-free quota-free market access.

- On bilateral free trade agreements between developed and developing countries, these should be balanced and oriented to development needs of developing countries, which cannot be expected to provide reciprocal obligations as trade preferences should be provided to developing countries. There should also not be obligations on non-trade areas such as investment, services and intellectual property, in ways that are WTO-plus.

- Bilateral investment agreements should be reviewed to ensure that they meet the needs and interests of developing countries. In particular, there are concerns about the investor-state dispute system and arbitration system that has resulted in legal suits being taken against developing countries by foreign investors, some resulting in hundreds of millions or even billions of dollars of claims. Developing countries should share experiences in order to take appropriate action in this regard.

- Developing countries should be able to have fair agreements and contracts with transnational companies and foreign investors, including in relation to extraction and development of natural resources, so that due benefits accrue to the developing countries. Capacity building and advice to developing countries should be developed to enable them to negotiate effectively.

- In various fora where IPR issues are being negotiated, developing countries should coordinate their policies more effectively to enable a development-oriented international approach and framework. This includes further developing a Development Agenda in WIPO, and negotiations in CBD, FAO and WTO.

- Negotiations in sustainable development issues, including the Rio+20 follow up processes such as the SDGs, high level political forum, finance and technology.

- The UN post-2015 development agenda.

## S-S cooperation in programmes and sectors

This could be developed further in the following areas:

- S-S trade in a manner that is mutually beneficial to all parties.

- Commodities trade among developing countries, that is more fair and balanced as between consumer and producer countries as compared to N-S commodities trade.

- Also, developing countries should take coordinated action to address speculation in the commodity markets that have caused volatility in prices adversely affecting developing countries.

- S-S investments that are mutually beneficial to all parties, including the local communities.

- Promotion of generic medicines in developing countries, including trade among developing countries and investments including through joint ventures and technology transfer.

- South-South cooperation in mutual benefits in the use of genetic resources and biodiversity.

- S-S cooperation in sharing experiences and assisting one another in climate change and other environmental issues.



Fiji's President Epeli Nailatikau with South Centre director Martin Khor, at the G77 eminent persons' meeting.

# Solar Trade Wars Threaten the Fight Against Climate Change

**Big strides have been made to promote solar energy, but a trade war of the US and Europe against China threatens the global action to combat climate change.**

Amidst the gloomy news in the deteriorating climate change situation, is this bright spark -- the cost of solar energy has been going down dramatically.

This source of clean and renewable energy is seen as one of the major saviours that could help power the world without emitting greenhouse gases.

The drawback is that solar energy has traditionally been more expensive to use than carbon-intensive coal or oil.

But in recent years solar power has become much cheaper. Energy experts predict that its cost could match that of conventional fuels in the next few years in some areas.

Solar cell prices have been falling, from US \$76 per watt in 1977 to about US \$10 in 1987 and only 74 cents in 2013. Between 2006 and 2011, Chinese cell prices dropped 80% from US \$ 4.50 per watt to 90 cents per watt.

Factors for this include a drop in price of the main raw material polysilicon (due to oversupply), the increasing efficiency of solar cells, manufacturing technology improvements, economies of scale and intense competition.

The use of solar energy has shot up as the cost has gone down. Global installed capacity jumped by 28.4 Gigawatts in 2012 to reach 89.5 GW. The 100 GW milestone will be crossed sometime this year.

All this is good news for the fight against climate change. Now comes the bad news. The growing global demand has prompted the rise of solar panel manufacturers, and the competition is fierce, with a number of companies facing closure. China's biggest solar energy company Suntech is in serious trouble.

But China has even bigger problems. The United States government, receiving complaints from American solar panel manufacturers, has slapped

high anti-dumping tariffs on Chinese imports.

Now the European Commission is also planning trade action against Chinese solar products which it claims are selling below cost.

China is taking these threats seriously. Premier Li Keqiang in a visit to Europe last week took up the issue with European leaders. Senior trade officials say China will retaliate. A full-scale trade war is thus imminent.

In a surprising turn of events, Germany and 16 other European countries have told the European Commission they are against its move.

Despite this, on 4 June the EC Trade Commissioner Karel De Gucht slapped on tariffs averaging 11.8% and threatened to raise this to 47.6 per cent in August if China does not act to the satisfaction of the EC. The next day, China announced it was investigating why some imported European wines are selling so cheaply in China, undermin-



gonakesolarpanels.com

ing domestic wines.

So the solar wars between China with Europe and the US will likely proceed for some time. This is a real pity, as the commercial interests of the countries are coming in the way of rapid progress in solar energy and the fight against climate change.

The expansion of the solar panel industry in China has played a crucial role in getting prices down, making solar energy more and more competitive, and driving its explosive growth.

Yes, China subsidises and promotes its solar industry. But the US and Europe also provide massive subsidies and supports. The US has provided its solar companies with loan guarantees, research grants and tax deductions including investment tax credits and accelerated value depreciation.



conserve-energy-future.com

Solar energy is becoming increasingly viable economically as the cost of solar panels has gone down dramatically, making solar more competitive with coal and oil.



Employees inspect solar panels at a factory in Hangzhou, China. The expanded production in China has brought costs down but also raised tensions with the US and Europe.

European countries have given subsidies to consumers using solar energy, and incentives to producers including through the feed-in tariff scheme, in which solar energy providers are paid prices higher than what is charged to electricity users with the price difference being met by government.

Without the subsidies, the solar industry would not have grown. Trade protectionist measures taken by one against the other, or by all against others, would be a recipe for disaster -- for trade, the solar industry and the environment.

Well known solar energy advocate and chairman of Solarcentury Jeremy Leggett uses the following analogy to illustrate the trade war: "A planet faces an asteroid strike. Its inhabitants manu-

facture rockets with which to head off the threat. But, as the rock nears, they descend into international bickering over who pockets what from rocket-making."

No one wins in this trade war, because of the global solar supply chain, explains Leggett. Solar ingots, the upstream feedstock, are mostly made in Europe and America. The midstream products, cells and modules, are mostly made in China.

If China is hit on the mid-stream products it exports, it could retaliate with tariffs on the upstream products it imports. "Downstream, the many companies installing solar at scale can only watch in horror. Everybody loses," says Leggett.

For example, in Europe, the tariffs

against China would wipe out thousands of jobs because most are not in manufacturing but in the companies that install the modules, regardless of where they are made.

The solution, he adds, is for the leaders of the few countries where most solar is manufactured to make a deal that coordinates the subsidies required in the various parts of the solar chain, and which is required for the few years that some countries need to bring the price of solar energy to parity with that of conventional energy.

An apt conclusion is made by Leggett: "The world will have to embrace common security on a bigger scale. Engaging in international competition while clinging to the illusion that markets always work will never solve our common problems of energy insecurity, poor air quality and resource depletion, never mind development. We will keep on maiming industries that can save us."

*By Martin Khor*

### ***The Future We Want on the HLPF***

*(Continued from page 10)*

(k) strengthen the science-policy interface through review of documentation bringing together dispersed information and assessments, including in the form of a global sustainable development report, building on existing assessments;

(l) enhance evidence-based decision-making at all levels and contribute to strengthen ongoing efforts of capacity building for data collection and analysis in developing countries.

86. We decide to launch an inter-governmental and open, transparent and inclusive negotiation process under the General Assembly to define the high level forum's format and organizational aspects with the aim of convening the first high level forum at the beginning of the 68th session of the General Assembly. We will also consider the need for promoting inter-generational solidarity for the achievement of sustainable development, taking into account the needs of future generations, including by inviting the Secretary General to present a report on this issue.



China's leading solar panel producer, Suntech, filed for bankruptcy in March 2013. Thus, it is not only Western companies that are affected by the strong growth in supply of solar panels.

# South Centre Chairperson Calls for Re-thinking of Europe's Trade Pact with Africa



Chairperson of the South Centre Board, Mr. Benjamin Mkapa

The Chairperson of the South Centre and former Tanzanian President, Mr. Benjamin William Mkapa has requested European members of the InterAction Council to press on their governments to ensure that the Economic Partnership Agreements (EPAs) they are negotiating with African countries do not threaten the development aspirations of Africa.

Mr. Mkapa made this request while participating in the debate on the economic situation in the present state of the world at the InterAction Council meeting in Manama, the Kingdom of

Bahrain held on 11 May. President Mkapa said the European Union (EU) proposals seriously impede the development path of the African countries. In particular, they would lead to the deindustrialization, stop the value addition on their primary goods exports and deny them market success, while by insisting on removal of import tariffs and export taxes, deny government revenue for effective fair governance.

He pointed out that the EU - EPA proposals placed production risks for locally produced products at 51.3% in East African Community countries, 54.1% in ECOWAS countries and 80.5% in SADC countries.

Weighing gains against cost of signing the EPAs for Sub - Saharan African countries, he said under the most favoured nation clause (MFN), the countries would gain annually \$ 946 million on average against costs of \$ 3,385 million. In every instance he affirmed, the cost of EPA is higher than the benefit.

He told the Council that African countries had been given the deadline of October 2014 to sign. The underlining principle of this deadline and the proposals is the principle of equal undifferentiated responsibilities, and the imperative of reciprocity. Additionally, the EU has now come up with new issues for reciprocal action including: services, investment, intellectual prop-

erty, labour and environment.

In the Final Communiqué, the Council called on “the international community to recognize the centrality of the African Union on issues of African development and to encourage regional economic integration. Trade with investment is the most important factor to states seeking to reduce poverty and improve living standard of their people.”

“The IAC calls on entities negotiating new economic partnerships, such as the EU and other development partners, to ensure market access for African exports consistent with the realization of the Millennium Development Goals and promotion of an agreed post 2015 agenda”.

The InterAction Council (IAC) is an independent international organization comprising more than 30 former heads of state or government. It aims to foster international cooperation and action in areas of peace and security, revitalization of the world economy and the nexus of development, population and environment and universal ethics.

The Council is co-chaired by former Canadian Premier Jean Chretien and Dr. Franz Vranitzky, former Chancellor of Austria.



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