

As we approach 2015, immediate policy steps need to be taken to hurdle the challenges of the global economic crisis. At the same time, discussion about a post-2015 international development agenda that goes deeper and beyond the Millennium Development Goals is in order.



A Development Agenda for **2015** and **Beyond**

Some serious challenges stand in the way of achieving the development targets embodied in the Millennium Development Goals. The global financial and economic crisis that erupted in 2008 is the worst to afflict the world since the Great Depression of the 1930s. This is exacerbated by the food crisis and climate change, whose impacts fall disproportionately on poor and vulnerable communities in underdeveloped countries. This convergence of crises clearly indicates a need for fundamental rethinking in the development paradigm that governments and global institutions have been pursuing up to now.

But the response of official institutions to these systemic crises has been severely inadequate and even aggravating. For instance, the main response to the global financial and economic crisis has been to bailout failing private financial institutions whose destabilizing activities have precipitated the crisis in the first place. Meanwhile, increased lending by international financial institutions (IFIs) to developing countries experiencing budget and debt strains remain attached to draconian neoliberal policy prescriptions such as cuts in public services, social security and public pensions, as well as regressive tax reforms. They only worsen the adverse impacts of the downturn on developing countries and their poor working majorities.

Concrete policy steps can be taken to get the development effort back on track. Among them are policies that redirect the economy towards creating decent jobs for all and ensuring universal access to essential services.

Even the G8's pledge to mobilize \$20 billion in three years for agriculture is no assurance that the global food crisis will be staunched. There is little reason at present to expect that new funds will address what the UN's Special Rapporteur on the Right to Food, Olivier de Schutter, acknowledges as "the structural causes of hunger and malnutrition, or more broadly, underdevelopment: an inequitable multilateral trading system, an international division of labor that locks countries into the production of raw commodities and does not allow them to climb the development ladder"—deep imbalances that, by Schutter's own admission, more money cannot simply solve.

Meanwhile, despite human induced climate change reaching an alarming stage, there is little political commitment among governments particularly of the largest economies to make deep emissions reductions. Even farther from reach is the commitment to restructure the global economy along more sustainable and equitable patterns of energy and resource use. They remain wedded to the model of development anchored on profit-driven expansion, accumulation and rising commodity consumption regardless of environmental limits. And the solutions on the table such as emission trading and geo-engineering remain embedded in this framework and do not address the basic unsustainability inherent in the global economy.

In the interim, concrete policy steps can be taken to get the development effort back on track. These should address the continuing impacts of the global economic crisis and respond to the urgent needs of the people.

Mobilize domestic resources to support expansion of public investments and redistributive measures

Among them are policies that redirect the economy towards creating decent jobs for all and ensuring universal access to essential services. This means greater reliance on public employment and public expenditures on labor-intensive services like education, health, water, housing, public infrastructure and green investments. This also entails expansion of public ownership or public control over critical sectors that cannot be left to the market such as finance, (renewable) energy, mass transportation, etc, along with redistributive measures such as agrarian reform. These measures require greater domestic resource mobilization through progressive tax reforms, controls on capital flows, plugging tax leakages and illicit financial flows, reallocating military budgets and introducing new sources of finance such as a financial transactions tax (FTT).

Explore new sources of finance, such taxes on international financial transactions and multinational firms

New sources of finance also need to be explored for financing development in the South as well as global public goods including the MDGs and climate change mitigation and adaptation measures. A FTT should be adopted immediately as it can raise from under \$10 billion to \$1 trillion annually, depending on the rates and coverage of the tax, and part of the proceeds be used for international development. At the same time, the FTT can discourage speculative financial trading and reduce financial volatility.

A global tax on multinational corporations should also be explored along with the establishment of internationally coordinated mechanisms for fighting tax evasion and tax havens. A temporary moratorium on all external debt service payments of developing countries should also be adopted immediately. This would easily free up additional

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Suspend debt service payments and establish a fair sovereign debt workout mechanism

resources for the world's most indebted countries and would represent an effective way freeing up extra funds for critical social investment, while ensuring that no additional debt would be incurred. This should be accompanied by the establishment of a fair and transparent mechanism for sovereign debt arbitration to facilitate the orderly, predictable and rapid restructuring of unsustainable sovereign debt, taking into account the interests of creditor and debtor nations; and linking repayment conditions to economic, social and cultural rights, as well as environmental conditions.

Reform international institutions through policy reorientation and democratization

These proposed reforms should go hand-in-hand with meaningful changes in multilateral institutions including the international financial institutions—both in terms of orientation and governance. These institutions must pursue policies that promote the interests of people and the planet instead of profits. At the same time, global governance structures must become more inclusive and more representative of, and accountable to, the needs, interests and views of all countries, not just the wealthy and powerful states.

These reforms should serve as first steps towards more far-reaching changes that fundamentally reshape the global economy and global governance post-2015. Conversation about what should constitute the post-MDG international development agenda is already taking place, and agreement is emerging around three interrelated and positively reinforcing ideas, namely:

Turn to a paradigm of development based on sustainability, human rights, and democratic participation

- 1) leaving behind the straitjackets of neoliberal economics, and anchoring the post-MDG development effort on sound, diverse, and locally-oriented development strategies that actually deliver sustained productivity growth, expanding employment opportunities, and better living standards, all within safe ecological limits;
- 2) putting the achievement of equity, human rights, and social justice at the heart of the development effort, which would require transforming unequal power relations between countries, classes, and genders, and other forms of social and political organization that reproduce conditions of poverty, control and exclusion, and;
- 3) emphasizing the agency of citizens, communities and marginalized groups in constructing their own paths to development by giving more space for locally-defined goals and locally-led strategies that better reflect people's aspirations, practices and knowledge, and allow for greater democratic participation.

Evaluate prospects for an international treaty operationalizing the Right to Development

Concretely, this new agenda can be the subject of a new, legally-binding global convention that operationalizes the Right to Development. This could spell out shared but differentiated responsibilities and obligations among developed and developing countries as well as global institutions such as the UN and the IFIs, with quantitative and qualitative indicators, time-bound targets, and mechanisms to ensure democratic ownership of the development process and accountability of all development actors.

This new agenda can be the subject of a new, legally-binding global convention that operationalizes the Right to Development. This could spell out shared but differentiated responsibilities and obligations among developed and developing countries as well as global institutions such as the UN and the IFIs. A central feature of this new architecture should be a multilateral and multi-stakeholder forum at the international level that can help enhance harmonization in development cooperation policies in line with human rights obligations and internationally agreed development goals while respecting democratic and local ownership of the development process.

In terms of international development cooperation, there is a need to place greater emphasis on mandatory and redistributive mechanisms for mobilizing financial resources for development such as financial transactions taxes, carbon taxes, climate debt payments, and so on. This should be accompanied by changes in the global governance of aid and international development cooperation that tilts the weight of ownership and control to the side of developing countries rather than donors.

Ensure policy coherence through a multilateral and multi-stakeholder forum

A central feature of this new architecture should be a multilateral and multi-stakeholder forum at the international level that can help enhance harmonization in development cooperation policies in line with human rights obligations and internationally agreed development goals while respecting democratic and local ownership of the development process. This should also enhance policy coherence in order to ensure that the broad range of development-related policies implemented by donors and program countries—in foreign investment, trade, migration, industry, agriculture, energy, environment and so on—are mutually supportive and development effective in the sense that they contribute to and not undermine human rights, equity, justice and ecological sustainability.

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