A dialogue on trade and development in South Asia

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# TRADE insight

## POST-2015 DEVELOPMENT AGENDA


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editors' note

# Making post-2015 agenda realistic

**WITH** the 2015 deadline for the Millennium Development Goals (MDGs) fast approaching, and possibility of many of the MDGs being unmet by then, discussions are going on at the national, regional and international levels to devise a development agenda after the expiry of the MDGs. The MDGs have been partly successful in that they have played an important role, among others, in getting countries focus on national development efforts and making development strategies more results-oriented. At the same time, however, they have not fully reflected national priorities, and have sometimes emphasized the quantity of outputs over the quality and sustainability of outcomes.

The post-2015 development agenda should not ignore the MDG altogether; but rather build on its strengths, taking into account new challenges facing the world today. In so doing, it should keep poverty eradication at the core of the agenda, which should be built upon the three pillars of sustainable development—economic development, social development and environmental sustainability. Development issues such as health, education, etc. should continue to be included in the new agenda, but new issues such as "technology" and "migration" should also find due space. That is because of their increasing importance to the economic development and welfare enhancement of migrant-sending countries.

The new agenda should give special attention to the concerns and issues of the most vulnerable countries, mainly the least-developed countries, where poverty is pervasive and deep-rooted. That includes not just focusing on their human and social development, but also enhancing their productive capacity to ensure their meaningful participation in the global economy.

Realizing the development goals calls for a global partnership. Goal 8 of the MDGs, in which rich countries committed to help poor countries overcome their financial and technological needs, and increase their share in international trade by providing different support measures, however, has remained the most contentious since the very beginning. Barring some exceptions, the rich countries have not fulfilled their commitment of providing 0.7 percent of their gross national income as official development assistance to poor countries. On trade, the Doha Development Agenda is still in a limbo. Complying with these commitments should be strongly reemphasized in the new agenda. Moreover, the goal on global partnership should be devised through proper assessment of the resource requirements of poor countries, and gaps in aid commitments and disbursements should be bridged.

To translate the post-2015 vision into a reality, it is imperative to obtain the commitment and ownership of national governments to adopt the ongoing review process of the MDGs. In that regard, local think tanks can provide independent analysis to inform national policy from a global perspective, and encourage their governments to move in this direction. While think tanks in the North are already playing that role, those in the South should also leverage this opportunity to make the voices of the poor and the vulnerable heard in the post-2015 development agenda formulation process. ■

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# Faster progress in human development in low and median HDI countries

**RAPID** progress in human development in the developing world has been one of the most promising developments in recent years. According to the Human Development Report 2013—*The Rise of the South: Human Progress in a Diverse World*—transformation of many developing countries into dynamic economies is driving the global rise in human development.

"Over the past decades . . . all groups and regions have seen notable improvements in all Human Development Index (HDI) components, with faster progress in low and median HDI countries," says the Report. Although most developing countries made significant progress, a few have done particularly well, mainly India. Its HDI value of 0.410 in 1990 rose to 0.554 in 2012.

India's per capita income growth during 1990–2012 was 4.7 percent on average. This helped the country reduce the proportion of its people living on less than US$1.25 a day from 49.4 percent in 1990 to 32.7 percent in 2010. In 2010, India's trade to output ratio was 46.3 percent, up from 15.7 percent in 1990. Foreign direct investment to India also reached 3.6 percent of its gross domestic product in 2008, up from less than 0.1 percent in 1990. All these contributed to India's progress in human development.

Other South Asian countries like Bangladesh and Sri Lanka also made significant progress in human development. During 1990–2012, per capita income growth of Sri Lanka and Bangladesh, on average, were 4.4 percent and 3.9 percent, respectively. Their HDI also increased from 0.608 and 0.361, respectively, in 1990 to 0.715 and 0.515 in 2012.

Despite the significant progress made by a few South Asian countries, the progress of the region as a whole, however, is far from impressive. The region still shelters most of the world's poor. The proportion of poor people living in South Asia reduced from 61 percent in 1981 to 36 percent in 2008, but more than half a billion people still live on less than US$1.25 per day. Furthermore, in 2012, the region had the second lowest HDI value (0.558), better than only that of sub-Saharan Africa (0.475). South Asia also had an average gross national income per capita of only US$3,343 compared to the global average of US$10,184.


Clearly, human development progress and economic growth in India—South Asia's biggest economy—has not yet translated into the overall progress of the region. While India, Sri Lanka and Bangladesh are reshaping ideas about how to attain human development, other countries in the region like Nepal and Pakistan have made little contribution to the rise of the South.

Through regional trade, finance and technology transfer, India can provide other South Asian countries with affordable capital goods and investment funds. In fact, the Reserve Bank of India recently announced a US$2 billion swap facility for members of the South Asian Association for Regional Cooperation. South Asian countries need to realize that the most important source of economic growth in the future is their domestic market. The middle class in South Asia is not only growing in size but also in median income. It is estimated that by 2025, the developing world will account for three-fifths of the one billion households earning more than US$20,000 a year.

Going forward, it is important for South Asian countries to make policy and structural changes in preparation to deal with long-term environmental challenges. The Report argues that environmental threats such as climate change, natural disasters and deforestation are likely to have a greater negative impact on poor developing countries. Under the "environmental challenge scenario" which accounts for adverse effects of global warming on agriculture production, access to clean water and pollution, the average regional HDI value in South Asia is estimated to be 12 percent lower than the world average.

Similarly, an accelerated progress scenario suggests that by 2050 aggregate HDI in South Asia could rise by 36 percent, given that countries commit to policy changes aimed at enhancing equity. However, the cost of inaction will rise, especially for low HDI countries, including India, says the Report. According to the Report, India is also likely to face many demographic and social challenges in the coming decades which could have a negative impact on the overall development of South Asia *(Based on Human Development Report 2013)*. ■

# Novartis loses landmark patent case on cancer drug


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**THE** Supreme Court of India dismissed Swiss drugmaker Novartis AG's attempt to win patent protection for its cancer drug Glivec, which is seen as a blow to Western pharmaceutical firms targeting India to drive sales, and a victory for local manufacturers of cheap generics.

The decision sets a benchmark for intellectual property cases in India, where many patented drugs are unaffordable for most of its 1.2 billion people. It cements the role of local companies as big suppliers of inexpensive generics to India's rapidly growing US$13 billion-a-year drugs market and also across the developing world.

Among the chief beneficiaries of the Supreme Court ruling will be India's Cipla Ltd. and Natco Pharma Ltd., which already sell "generic" Glivec in India at around one-tenth of the price of the branded drug. Novartis India Ltd., the firm's locally listed unit, has said it would refrain from research and development activities and will be cautious about investing in India, especially over introducing new drugs, and seek patent protection before launching any new products.

The United States industry trade group Pharmaceutical Research and Manufacturers of America has said the decision reflected a deteriorating environment for innovation in India.

Healthcare activists have asked the government to make medicines cheaper in India where many patented drugs are too costly for the people, a large number of whom earn less than US$1.25 a day, and where patented drugs account for under 10 percent of total drug sales. Indian law bans firms from extending patents on their products by making slight changes to a compound, a practice known as "evergreening"

The Supreme Court's decision comes after a legal battle that began when Novartis was denied a patent for Glivec in 2006. India has refused patent protection for Glivec on the grounds that it is not a new medicine, but an amended version of a known compound. Novartis can, however, file a review petition *(www.in.reuters.com, 02.04.13)*. ■

## Bangladesh India's largest trade partner in South Asia

**BANGLADESH** has overtaken Sri Lanka as India's largest trade partner in South Asia. The total trade volume between the two countries is expected to be more than US$5 billion in the current financial year, says an Indian Commerce Ministry official. Between April 2012 and January 2013, India's trade with Bangladesh rose to US$4.5 billion from US$3.3 billion during the same period a year earlier. India's trade with Sri Lanka during the same period fell to US$3.5 billion from US$4.2 billion.

There has been a rise in exports of agriculture products from India to Bangladesh, while imports to India from Bangladesh have also increased due to duty concessions on textiles. On the other hand, the fall in trade with Sri Lanka has been attributed to the increase in customs duty by Sri Lanka on Indian automobiles since April. Sri Lanka has also substantially increased the excise duty on automobiles *(www.theindependent.lk, 13.03.13)*. ■

# Untapped potential in India–Pakistan trade and investment

**ESTIMATING** the India–Pakistan trade potential at US$19.8 billion, the Indian Council for Research on International Economic Relations (ICRIER) has called for an investment treaty to promote economic engagement and improve the confidence of businesses to invest in each other's country. The study "Enhancing India–Pakistan Trade" conducted by ICRIER has found that investment flows are important for trade links to become deeper and stronger. India has permitted investments in and from Pakistan. "If a bilateral investment treaty is put in place, it will improve business confidence," it says. According to the study, the trade potential between the two countries is 10 times larger than the current US$1.97 billion in official trade, and there is an additional potential of US$10.7 billion in the trade of mineral fuels.

whennoodlesdream.wordpress.com

The categories with the largest export potential (54 percent) from India are machinery, mechanical appliances, electrical equipment, chemicals and textiles. Items with the largest potential among these categories are cell phones, cotton, vehicle components, polypropylene, xylene, tea, textured yarn, synthetic fibre and polyethylene.

The three categories with the largest import potential from Pakistan are textiles, jewellery and precious metals and base metals, accounting for 45 percent. Jewellery, medical instruments and appliances, cotton, tubes and pipes of iron and steel, polyethylene terephthalate, copper waste and scrap, structures and parts of structures, terephthalic acid and its salts, medicines and sports equipment are the items in these categories having the largest import potential.

The study points out that a substantial proportion of India's export potential—around 58 percent—is in products that are on Pakistan's negative list for India or on the sensitive list applicable to India under the Agreement on South Asian Free Trade Area. Likewise, of the potential items that India can import from Pakistan, 32 percent are on India's sensitive list for Pakistan.

There are also opportunities in the services sectors such as information technology and business process outsourcing, health care, and entertainment *(The Hindu, 31.01.13)*. ■

# Farmers studying climate change effects

**FARMERS** in the southern belt of the Kanchanpur district in Nepal have set up an Agro-Meteorological Centre to collect information about temperature, rainfall and humidity after climate change impacts were seen in agriculture. The Centre is equipped with various devices to assess climatic conditions, and farmers are provided with necessary training about proper temperature, soil moisture, crops and crop cycle. It also coordinates with the field office of the Department of Hydrology and Meteorology to provide information about weather conditions to farmers.

Ever since the farmers in the region have been receiving technical support based on the climate study they have been undertaking through the Centre, they have experienced rise in their agriculture production *(The Himalayan Times, 26.02.13)*. ■

# Poverty reduction slower in India

**ALTHOUGH** India has made impressive progress in overall human development, it is lagging behind its neighbours Nepal and Bangladesh in reducing poverty, says a study by the Oxford University. Nepal and Bangladesh were among the best performers out of 22 countries that reduced their multidimensional poverty index (MPI), which reflects deprivation in health, education and living standards rather than on income levels.

India's MPI reduced by 1.2 percentage points between 1999 and 2006, whereas Nepal saw its percentage of poor people drop by 4.1 percentage points a year between 2006 and 2011, the report found. Similarly, Bangladesh's poverty rates were down by 3.2 percentage points a year between 2004 and 2007. Researchers described India's performance as "positive" but said, "progress has been made at less than a third of the speed of some of its neighbours, which are significantly poorer in terms of income". According to the World Bank, India has a gross national income per capita of US$1,410, against US$780 in Bangladesh and US$540 in Nepal. The study found that the share of deeply poor people in India decreased from 26.4 percent in 1999 to 19.3 percent in 2006—the latest year for which data was available.

India's MPI reduction was especially slow in the nation's poorest states and among the poorest groups such as tribes, Muslims and households headed by women. "Nearly a fifth of the Indian population—more than 200 million people—were still deeply poor in 2006," said the report, which stressed that the success of low-income countries proved that progress was possible. According to researchers, in Nepal and Bangladesh, an active, vocal and at times disgruntled civil society, as well as strengthened women's voices have clearly played important roles in making progress on MPI.

The MPI is calculated by looking at 10 indicators at the household level. It is also used in preparing the Human Development Report by the United Nations Development Programme *(The Economic Times, 19.03.13)*. ■

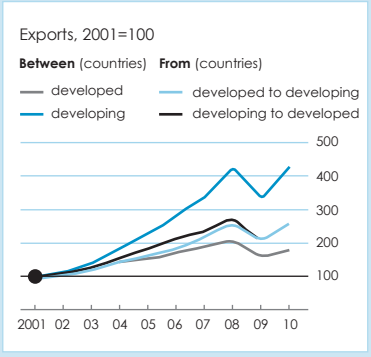
# Increasing South-South trade

**ANOTHER** milestone in the long shift of economic power from rich, industrial economies to middle-income and developing ones has been passed. According to new figures from the World Bank, the value of exports from developing countries to other developing countries (South-South trade) now exceeds exports from poor countries to rich ones (South-North trade).

In 2002, developing countries bought only 40 percent of total developing-country exports; the rest went to rich nations. In 2010, the share was split evenly. Now the developing-country share is larger. Their share of world trade doubled from 16 percent in 1991 to 32 percent in 2011, increasing by an average of 0.8 percentage points a year.

Since 2008, the rise has been twice as fast, at 1.5 percentage points a year. The most dramatic recent shift came in China. During January–October 2011, Japan's exports to China slumped by 12 percent, even while China continued to suck in imports. The reason was political: the fall came amid a diplomatic spat. But it symbolizes a wider change. As rich economies falter, middle-income ones grab more of their export markets. And poor ones occupy the less-crowded space of low-wage manufacturing as middle-income countries move up the chain.

Figure
Global Trade




*Source: The Economist, 19.01.13*

For all the talk of "decoupling", developing countries are still dependent on the economic health of the rich world. Developing countries' trade was hit hard by the euro crisis: their imports fell at an annualized 6 percent in the second quarter of 2012, the period of sharpest euro-area contraction. In that sense, they depend on the North.

But the North also depends on them. Since 2001, trade among industrialized countries has risen by only 7 percent a year and is 15 percent below the high point it reached in 2008. Not only is the South more important to the poor; it is more important to the rich, too *(The Economist, 19.01.13)*. ■

# Pakistan prepares Climate Change Policy

**PAKISTAN** might be in a position to boast its very first National Climate Change Policy, but the road to its effective implementation is long and arduous. The policy, which was officially launched by the Ministry of Climate Change in Islamabad, provides a framework for coping with the threats of climate change through adaptation and mitigation measures. The policy was approved by the Cabinet in September. The policy focuses on development sectors such as water resources, agriculture and livestock, forestry, human health, disaster preparedness, transport and energy. Some of the measures that the policy has envisaged to undertake for climate adaptation and mitigation include flood forecasting warning systems, local rainwater harvesting, developing new varieties of resilient crops, assessing health impacts of changing weather patterns, promoting renewable energy, and developing efficient mass transport systems.

According to the policy, a National Climate Change Fund will also be set up to manage and provide funds for climate adaptation and mitigation in the country. The *National Economy and Environment Development Study 2011* has predicted that climate change adaptation measures in Pakistan from now until 2050 will cost around US$6 billion to US$14 billion, and mitigation efforts during the same period will cost US$7 billion to US$18 billion.

Now that the policy has been launched, the relevant ministries and departments as well as provincial and local governments will come up with their own strategies and plans to get to work. However, implementation is seen as the biggest challenge the policy faces *(The Express Tribune, 27.02.13)*. ■

# Sri Lankan garments losing market share

**DESPITE** an increase in earnings from garment exports to the United States (US) and the European Union (EU), Sri Lanka is losing market share in these economies to competitor countries Bangladesh, India, Vietnam, Pakistan and Cambodia. This is stated in the report *Sri Lanka: State of the Economy 2012* published by the Institute of Policy Studies of Sri Lanka.

According to the report, Sri Lanka's market share in garment exports to the US steadily declined from 2.3 percent in 2005 to 1.8 percent in 2011. Pakistan's share in the US apparel market was significantly below that of Sri Lanka in 2005 at 1.8 percent, but is now ahead at 2.1 percent. Diversification of its product range, marketing and large investments in value-added sectors, including sewing machines, stitching, knitting, finishing and knitting processing have contributed to Pakistan's progress.

Sri Lanka's market share in the EU declined marginally in 2010 and 2011 compared to 2009. Moreover, it is bound to lose its foothold further after the EU's Generalized System of Preferences (GSP)-plus concessions will erode in 2014.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Bangladesh has been particularly successful in penetrating the EU market. Its market share of 6.2 percent in 2009 increased to 11.2 percent in 2011. Bangladesh is already a beneficiary of the GSP-plus concessions, and Pakistan will also become eligible for the concessions under the new reforms. Additionally, India is scheduled to sign a free trade agreement with the EU in 2014, which could provide tariff preference to garment exports from India. "With competitor countries gaining from such tariff concessions, securing market share in the EU would be a challenging task for Sri Lanka in 2014 and beyond. Therefore, it is imperative that market diversification takes place in Sri Lankan garment exports. In this respect, Sri Lanka has made rapid inroads into new markets such as Turkey and the United Arab Emirates," the report states *(www.island.lk.com, 05.02.13)*. ■

# LDCs and the post-2015 development agenda

The post-2015 development framework must ensure that the three pillars of sustainable development are dealt with in an integrated and holistic manner, keeping poverty eradication at its core.

Gyan Chandra Acharya

The United Nations (UN) approaches global development issues and challenges in an inclusive manner. It is a universal institution guided by the fundamental principles of sovereign equality, solidarity and justice, and is entrusted with the responsibility of promoting peace and security, development and human rights. It is called upon to ensure that the interests and issues of all, including those of the most vulnerable member states, are also fully reflected in its vision, work and programmes of action. Giving priority attention to the challenges and concerns of these countries is not only a moral imperative, but also an effective way of contributing to the promotion of a stable and peaceful global order. In today's globalized world, solutions to international problems are in the national interest of each and every country, irrespective of its size and strength.

In order to alleviate poverty and promote development as a global agenda with specific goals and targets,

in 2000, the international community agreed on the Millennium Development Goals (MDGs) to be attained by 2015. As we begin to look at the sustainable development goals (SDGs)—an outcome of the Rio+20 Summit—and the post-2015 development agenda, we should build upon the solid foundation of the progress made in meeting the MDGs by all, and also analyse and incorporate persistent as well as new challenges of the contemporary world.

The deep-rooted and multifaceted structural constraints of the most vulnerable countries like the least-developed countries (LDCs) have many dimensions. They include a high proportion of the poor in their total population; predominance of rural population and women with extensive deprivation; lack of opportunities due to deficiencies in access to health, education, finance and markets; low level of productivity with large infrastructure deficits; limited access to modern energy; and high vulnerability to internal and external shocks, including those resulting from climate change and disasters. In addition to their exposure, the most vulnerable countries also have limited capacity to deal with these shocks and constraints.

Therefore, the post-2015 development agenda must ensure that all the three pillars of sustainable development—economic development, social development and environmental sustainability—are dealt with in an integrated and holistic manner, while keeping poverty eradication at its core. The concerns and issues of the most vulnerable countries, where poverty is pervasive and deep-rooted, deserve special attention in the context of the formulation of a new global development framework. Sustainable development of vulnerable countries like the LDCs is a necessary condition for a sustainable global order. Therefore, it is important to take into account the following perspectives while setting up a new development agenda.

First, MDGs are essential development imperatives as they put a strong emphasis on human and social development. The goals related to human survival, health and education are key to development of every country in the world. Even in the LDCs, an important headway has been made towards reducing the poverty rate, ensuring access to safe drinking water, reducing maternal and child mortality rates, improving education, and empowering women. There has also been some progress towards ensuring good governance, rule of law, protection and promotion of human rights, and democratic participation.

Yet, the LDCs, as a group, lag behind all the other groups in meeting many of the MDGs. Inequality within and across countries is a major concern. In those areas where progress has been scant, there is a need to analyse and remedy the specific bottlenecks in order to accelerate progress in the next two years and a half. That should be the first priority for the next two years.

It is clearly visible that the LDCs will continue to face the challenges in meeting and sustaining the MDGs even after 2015. Moreover, even if they are able to meet all of them, they will still face challenges in these areas because of their initial situation. Therefore, some of the core MDGs would remain an unfinished agenda for the post-2015 period.

Second, the focus of the MDGs on human and social development is necessary, but not sufficient, for rapid, inclusive and sustainable economic growth around the world. This is more relevant for the LDCs, which are characterized by a low level of per capita growth, limited structural transformation and a high level of deprivation. Thus, they are trapped in a vicious circle of poverty and a low level of equilibrium. It is for these reasons that the Istanbul Programme of Action came out very strongly with building productive capacity, including through infrastructure, energy and sustainable agriculture, and promotion of trade as key priorities for the LDCs. Similarly, a higher level of value addition and processing of their

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The manufacturing sector of the LDCs should be promoted through higher level of value addition and processing of their natural and other resources.

natural and other resources need to be ensured in order to promote their manufacturing sector. Likewise, the services sector needs to be consolidated, including through the development of tourism and information and communication technology. Inclusive, rapid and sustainable growth in these countries is key to their better future. Even sustaining progress in human and social development requires a stronger and sustainable economic base. The new development agenda must, therefore, make sure that the economic development pillar focusing on productive capacity building, including infrastructure, sustainable energy and sustainable agriculture development, gets the strongest attention. This will also contribute to bringing the private sector in the global development discourse and processes.

Third, the unsustainable production and consumption patterns, degradation of the environment, and depletion of natural capital are challenging our development models in a fundamental way. A new development paradigm is needed to ensure that people and planet are protected together, and we take due account of our natural capital alongside gross domestic product. The poor in the most vulnerable countries do not see a dichotomy between development and environmental sustainability. Those living in a rural setting are starkly aware of how closely people's livelihoods and nature are interdependent, as people are part of the natural ecosystem. Thus, they best understand the need for sustainable use of natural resources. It is clear that access to infrastructure, modern energy, and poverty eradication would substantially contribute to promoting economic growth as well as environmental protection in these countries.

As the LDCs have a limited number of traditional brown industries, they can leapfrog onto a new green growth path much more easily, with limited dislocation of their current economic structure. There is a golden opportunity to provide the means, including financing and technology, to avoid an unsustainable development path in these countries. Necessary support measures have to be in place to accelerate this process as indicated in the Rio+20 outcome document. This should also find a strong reflection in the post-2015 development agenda.

Fourth, the means of implementation and mutual accountability mechanisms are essential to make progress in all the three areas. While national will, leadership and good governance are critical, no less important for the LDCs is a comprehensive and enhanced level of international support and cooperation to meet the new global development goals. In that respect, official development assistance (ODA) to the LDCs will be indispensable. While it is true that many countries require global cooperation and support to accelerate the progress, those with the least capacity and the lowest domestic resource base should receive the highest priority in allocation of resources from the international community.

Similarly, looking beyond the immediate horizon and considering the growing number of new and persistent challenges and vulnerabilities the LDCs face, including those related to climate change and natural disasters, the support measures should go beyond ODA. Development cooperation should be made more effective in the spirit of the outcomes of the Fourth High Level Forum on Aid Effectiveness held in Busan in 2011.[1]

The current economic crisis should not be a pretext not to fulfill the international commitments made to the LDCs. Specific and targeted facilitatory measures for promoting foreign direct investment and private sector development, ensuring effective and meaningful benefits from trade and productive capacity building by increasing their share of international trade, promotion of technology transfer and innovation, and enhanced level of South-South and triangular cooperation and innovative financing should be included in the new agenda. Building domestic resource base would be an important part of financing for development in the LDCs in the long run. Hence, continued cooperation is needed to consolidate their efforts towards this end.

Fifth, the post-2015 development agenda should also ensure that there is coherence among all the development, trade and financial institutions on these important issues, and that there is a strong, holistic and integrated approach to sustainable development. Respect for human rights, development and peace are integral to global progress and prosperity. Similarly, it is important not to lose sight of the nexus between the various sectors of sustainable development, such as water, energy and food on the one hand, and development policy, institutions and resources, on the other. Appropriate consideration to these issues from the point of view of the people in the most vulnerable countries like the LDCs is necessary to frame the development debate in a proper context.

Finally, there cannot be a separate development agenda in today's highly integrated and globalized world. There is a need for ambitious, implementable, integrated and universal global development agenda for all. But it is equally important that a differentiated approach is taken to deal with specific concerns and different initial conditions of the vulnerable countries. That would help create an inclusive, equitable and sustainable development for all. A world without extreme poverty, and a world with equity and shared prosperity for all, including those in the LDCs, is a goal worthy of pursuit by the international community in the early half of the twenty-first century. ■

*The author is Under-Secretary-General, United Nations, and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.*

## Note

[1] Details of the Busan meeting are available at http://www.oecd.org/dac/effectiveness/fourthhighlevelforumonaideffectiveness.htm


# Southern Voice on post-2015 Development Goals

Debapriya Bhattacharya

The Millennium Development Goals (MDGs) constitute one of the United Nations (UN) ideas that have changed the world. While the state of actual delivery on the MDGs remains a matter of intense debate, with the 2015 deadline drawing near, the international development community is pre-occupied with reflecting on the MDGs' future. An explicit understanding seems to have emerged that the MDGs are going to continue beyond 2015 in one form or another. Consequently, a discourse is evolving around the articulation of an international framework that will replace the MDGs in 2015.

A cursory review of the global literature on the post-MDG debate indicates that the overwhelming share of these originates from experts from the North. Even when an expert of Southern origin writes on these issues, (s)he is usually located in a Northern institution. Thus, an "asymmetry of knowledge" seems to pervade the evolving discourse on post-MDG. This knowledge asymmetry is reinforcing the "power asymmetry" which characterizes the current nature of deterring international development goals.

In this context, 48 think tanks from Africa, Latin America and South Asia have come together to launch the Southern Voice on Post-MDG International Development Goals (Southern Voice, in short) to contribute to the ongoing post-MDG dialogue. This open platform aims to provide quality data, evidence and research-derived analyses in the countries of the global South to inform the discussions on the post-2015 framework, goals and targets to help shape the debate itself.

## Framework issues

Southern Voice recognizes that one of the greatest strengths of the MDGs has been its ability to communicate to a broad audience the abstract idea of a global responsibility for eradicating poverty. This has been achieved, thanks to a simple framework with limited goals, and targets that are in many cases measurable. The future framework must retain these attractive features. Any attempt to overload the core agenda ought to be discouraged. A set of contingent indicators may be considered to accommodate concerns not explicitly addressed within the core agenda. The post-2015 development agenda needs to retain its focus

on accelerated poverty eradication. It must also strengthen this focus by drawing lessons from recent research findings, and it must build on policy analyses that highlight aspects of international development which are amenable to coordinated global actions. To this end, the focus should be on ensuring distributive justice in developing countries by way of ending poverty, promoting greater equity, and empowering and encouraging the participation of the resource-poor people.

In addition, the post-2015 development agenda must contribute towards promoting a more just world order. To do so, the new framework should contain effective mechanisms to enhance the voices of the South, in particular of the marginalized populations. Facilitating South-South cooperation is critical to attaining new goals and targets associated with the framework. By doing so, the accountability mechanism of the new framework can actually be strengthened. Addressing the dual tasks of promoting distributive justice at home and a more just global order should precipitate a process of inclusive and sustainable economic growth geared towards the structural transformation of developing economies. This may also contribute to the reduction of inter-country disparity.

While the relevance of incorporating an environmental agenda into the future framework is recognized, an attempt to universalize the international development goals should not obscure the particular development challenges of low-income countries. Indeed, attempts have to be made to tease out the poverty implications of the environmental agenda.

The post-2015 goals and targets have to be integrated with a resource framework from the very beginning. This dimension is particularly important in the aftermath of the recent global economic and financial crisis, during which additional and predictable resource flows to disadvantaged countries have become increasingly scarce. In an attempt to forge a global consensus on post-2015 international development goals, important post-MDG targets may become diluted by political considerations and asymmetry in power relations. Such problems must be addressed and mitigated.

The post-2015 development framework should contain effective mechanisms to enhance the voices of the marginalized populations.

While articulating post-2015 international development goals, adequate attention must be paid to the availability, collation and use of relevant real-time data and information.

## Reflections on the unfinished agenda

Since the launch of the MDGs in 2000, discernible progress toward attaining the goals and targets has been observed in developing countries. However, the magnitude of such accomplishments varies significantly across indicators, countries and regions, and population groups. Moreover, country studies have established that progress towards the MDGs has slowed since 2007 in the wake of the multiple global crises. Thus, the post-2015 international development goals will inherit a large set of unfinished business.

While the eradication of extreme poverty is considered to be a prime area of success for the MDGs, a closer look at the data reveals a significant lack of progress in achieving full and productive employment and decent work for all. This is particularly true for women and young people. Reduction in the proportion of the population living below US$1 a day, in purchasing power parity (PPP) terms, has not been accompanied by a commensurate reduction in the share of people suffering from hunger and malnutrition. Malnourishment of children under five years of age remains pervasive. Regarding the achievement of universal primary education, despite achieving a high net enrolment rate, a high incidence of drop-outs has affected the completion rate.

Gender parity in education is further undermined by the fact that dropping out of schools is more common for girl students. Lack of progress in closing the gender gap remains the most visible in tertiary education. In the area of employment, while one observes some increase in women's participation in the labour force, jobs going to women are usually the least remunerative ones. It is also observed that violence against women is a major impediment to achieving gender parity. Targets set for the reduction of infant mortality as well as under-five mortality have tended to be off the mark. Progress is particularly unimpressive in the area of reducing neo-natal deaths. In the case of reducing maternal mortality, there has been some improvement, although it is modest. Adolescent childbearing remains an area of concern. The critical area of deficiency in this regard had been a serious lack of availability of skilled health personnel attending births. With regard to combating HIV/AIDS, malaria and other diseases such as tuberculosis, there has been some improvement. However, progress has not been even across countries and regions.

The goals and targets related to ensuring environmental sustainability are one of the least achieved. Critical performance indicators such as the proportion of land area covered by forests, keeping fish stocks within safe biological limits, and limiting the share of total water resources used did not see sufficient progress. The proportion of the urban population living in slums has seen notable growth over the last decade.

As is widely maintained, Goal 8—strengthening global partnership for development—remains the weakest link in the implementation of the MDGs. For example, the development of an open, rules-based, predictable and non-discriminatory trading system remains stalled by the deadlock

in the Doha Round negotiations of the World Trade Organization (WTO), and is undermined by the proliferation of regional trading arrangements. Full implementation of the duty-free and quota-free regime for the least-developed countries (LDCs) is yet to occur. Flows of official development assistance (ODA) remain underachieved, barring some exceptions, and they are set to decline further in the coming years. The distribution of ODA has also been skewed, and concerns have been raised over policies of Aid for Trade in support of the LDCs.

Accelerated and targeted efforts need to be set in motion for the remaining period of the MDGs so that countries in the Global South can embark upon the post-2015 phase with improved benchmarks. National governments, reinforced by meaningful support from international development partners, have to play a lead role in this regard. Nationally rooted think tanks can provide quality research- and evidence-based policy advice to their respective governments in designing and implementing a 2015 completion programme.

## Identification of issues for the future

While continuing with a strengthened poverty elimination focus, the post-2015 development goals must revise upward the poverty threshold. Extreme poverty has to be redefined in terms of income equivalent of less than US$2 (PPP) per day. An integral part of the poverty focus of the post-MDG framework must be on the reduction of vulnerability of the poor. It is critical to address the needs of the groups that are systematically excluded from the development processes, including minorities, women and youth. Targets related to the reduction of growing inequalities—particularly in the areas of income and consumption—must be incorporated. The reduction of hunger and malnutrition should be separated from the poverty goal.

The critical issue in the area of education in the post-MDG world is improving the quality of education. Indicators concerning completion rates and gender parity must be strengthened, and targets have to be set for universal secondary education. The need to improve the quality of healthcare services should also be given a prominent place in the post-MDGs and targets. Emphasis on reproductive health needs to be strengthened. While revisiting the targets regarding the attainment of gender parity, inclusion of the reduction of gender violence has to be considered. Along with an explicit reference to the attainment of inclusive and sustainable economic growth, the generation of more gainful employment opportunities should receive separate mention. The creation of productive capacity should be delineated as a stand-alone target with a view to accelerate the structural transformation of developing economies. Issues surrounding labour markets, including migration and migrants' rights, should be considered in the next phase of the MDGs. Indicators related to building capacity in science, technology and innovation should be reflected in the post-2015 agenda. Given the increase in the number of fragile states and states in conflict, the next set of international development goals should make a special mention of these countries.

Addressing the development challenges emanating from climate change should find a prominent place in the next set of international development goals. Targets relating to environmental sustainability should include a number of measurable indicators related to greenhouse gas emissions, renewable and low carbon energy sources, the reduction of chemicals and hazardous wastes, and improved air quality.

Concerns about participation and representation, as well as transparency and accountability, should be embedded in the post-2015 development agenda. This is pertinent to both domestic and international domains of governance. Southern think tanks can play a central role in this regard by disseminating their research findings through a robust outreach mechanism.

## Partnership and resource mobilization

The post-2015 development agenda will be framed within a global partnership agreement. Thus, there is a need to delineate the boundaries of national and international actions in the context of implementing the new goals and targets. This aspect becomes particularly pertinent in the context of the very weak delivery on Goal 8 of the MDGs. One can foresee a future challenge regarding the integration of the concepts and processes concerning the post-2015 development goals and the Sustainable Development Goals (SDGs). It remains to be seen how the global community will agree on a set of SDGs, in view of the absence of any demonstrated progress at the Rio+20 Conference. As the SDG formulation process undergoes a reality check, an agreement on post-2015 development goals may be considered as an autonomous option.

The implementation process for the post-2015 development agenda must receive adequate support based on credible estimates of resource requirements. With this in mind, a target relating to domestic resource mobilization in developing countries through the expansion of the tax base should be incorporated in the post-2015 goals. The reduction of illicit financial flows from developing countries must be equally considered. Compliance with the commitment of allocating 0.7 percent of the gross national income of the Development Assistance Committee countries to ODA must be strongly emphasized in the new agenda.[1] Currently, only five donors are on track to reach that level and only three bilateral donors have enhanced their aid flow in the face of the global economic and financial crisis.

Concurrently, measures have to be incorporated to reduce the gap between aid commitment and disbursement, to improve the skewed distribution of aid flow among countries, and to enhance the quality of sectoral aid allocation. Financing related to climate change must be considered as an additional allocation. Debt conversion

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Ongoing consultations on the post-2015 development agenda present a unique opportunity for Southern think tanks to inform national policy.

and debt swaps should not be counted as additional flows. Finally, the quality of aid must improve.

While some progress may be noted under the Heavily Indebted Poor Countries initiative and the Multilateral Debt Reduction Initiative, debt overhang continues to remain a development challenge for many low income economies in the South. Because of the paralysis of the WTO Doha Round, not many market access-related benefits have accrued to the low income countries of the Global South in the recent past. For example, average tariffs on textiles and clothing have not declined, and the level of trade distorting subsidies for agriculture products in the Organisation for Economic Cooperation and Development (OECD) countries has not been reduced by any notable extent. These have affected the export performance of developing countries, including the LDCs. Therefore, the post-2015 agenda should contain deliverable commitments in the area of trade.

New interventions have to be devised to tap innovative sources of financial resources for the implementation of post-2015 development goals. These may include carbon taxes, taxes on financial transactions, creation of vertical funds, global philanthropy, and Corporate Social Responsibility expenditures. One of the important elements of the future international partnership framework has to be South-South cooperation. This arrangement may include concessional financial assistance, preferential market access, investment promotion, transfer of technology, and other capacity building measures.

## Potential of Southern think tanks

The ongoing consultative process on post-MDGs should include a space for identifying and customising goals and indicators relating to national priorities. The challenge of implementing global goals, while being mindful of national priorities, can be adequately addressed by the Southern Voice think tanks because of their professional exposure to both national and international contexts. Inclusiveness of the national consultation process is of paramount importance to reflect the aspirations of marginalized stakeholders. At the same time, given the capacity deficit afflicting many state agencies, national governments may fruitfully collaborate with their local think tanks in preparing their country reports on the post-2015 international development agenda. These think tanks can be a formidable independent source of analysis in this regard.

Obtaining the commitment and ownership of national governments to adopt the ongoing review process and its products is imperative for translating the post-2015 vision into a reality. Independent analysis provided by the local think thanks may encourage governments to move in this direction. Networking and partnerships are critical in the run-up to 2015 and beyond, so that citizen and community voices can be optimally and effectively leveraged.

The ongoing consultation process on the post-2015 development agenda presents a unique opportunity for Southern think tanks to inform national policy from the global perspective and, at the same time, to feed local-level knowledge into global discussions and debates. Southern Voice is prepared to take advantage of this opportunity through a work programme that includes a combination of relevant research, policy analysis, and strategic outreach towards this end. ■

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## Note

[1] Current allocation is a meagre 0.32 percent.

# Migration and the post-2015 development discourse

Migration should be included in the post-2015 development agenda by tying migrant-specific targets with each of the pillar/goal.

Asish Subedi

The United Nations Millennium Development Goals (MDGs) have been at the forefront of the global development agenda since the dawn of the new Millennium. The 2015 deadline of the MDGs is approaching, and with some of the MDG targets sure to remain unfulfilled by the deadline, discussions are ongoing on the framework for the development agenda after 2015. This is an opportunity to contemplate on how to devise more inclusive development approaches to address the pressing development challenges of our time. In view of the immense contribution of migration to the developmental needs of the developing world, it emerges as one of the important topics to be included in the post-2015 development agenda.

## Migration today

There are an estimated 215 million international migrants in the world; also, there are about 740 million internal migrants, most of whom have moved for work.[1] About 50 million people are living and working abroad with irregular status.[2] With about 60 percent of the migrants moving either between developing or between developed countries, it has been observed that most migration occurs between countries in the same category. Of the remaining 40 percent, only 37 percent move from developing to developed countries and 3 percent move from developed to developing countries.[3]

Table 1 (next page) presents the status of migration and remittances for South Asian countries and select country groups. Remittances have become a major source of foreign exchange earnings for most South Asian countries. They have been larger than foreign direct investments and official development assistance (ODA). For some countries like Nepal, remittance income has been so large that in 2009, it was 22.9 percent of the country's gross domestic product (GDP).

## Is migration good or bad?

The issue regarding the impacts of migration and remittances is contentious. As De Haas (2010)[4] writes, the debate on migration and development has swung back and forth like a pendulum in which the developmentalist optimism in the 1950s and 1960s turned to neo-Marxist pessimism over the 1970s and 1980s, which again grew more optimistic in the 1990s and 2000s. In fact, a number of studies show that the impacts of migration and remittances are so heterogeneous that they can be positive for some societies and countries while negative for the others.

### The positive side

On the positive side, migration has been viewed as an opportunity, creating a win-win situation for both migrant-sending and -receiving countries. The sending countries benefit from remittances, while the receiving countries gain skills and labour. At the individual level, migrants have opportunities for their economic betterment.[5] The World Bank (2006)[6] reports that remittances can reduce poverty, even where they appear to have little impact on measured inequality; help smooth household consumption by re-

Table
A glance at the dynamics of migration and remittances in South Asian countries and select country groups

| | Population (million), 2011 | Labour force (million), 2010 | Unemployment rate, % of labour force (year) | GNI per capita, Atlas method (US$), 2011 | Poverty headcount ratio at national poverty line, % of population (year) | Emigrants, 2010 | | Remittances | | Net FDI inflows ( US$ billion), 2008 | Net ODA received ( US$ billion), 2008 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Stock ('000) | % of population | US$ million (2010[e]) | % of GDP (2009) | | |
| Afghanistan | 35.32 | 9.05 | 8.5 (2005) | 470 | 36.0 (2008) | 2,348.7 | 8.1 | – | – | – | – |
| Bangladesh | 150.5 | 7.23 | 5 (2009) | 780 | 31.5 (2010) | 1,085.3 | 0.7 | 11,050 | 11.8 | 1.0 | 2.1 |
| Bhutan | 0.73 | 0.36 | 4 (2009) | 2,130 | 23.2 (2007) | 44.6 | 6.3 | – | – | – | – |
| India | 1,241 | 472.61 | 4.4 (2005) | 1,410 | 29.8 (2010) | 11,357.5 | 0.9 | 55,000 | 3.9 | 41.2 | 2.1 |
| Maldives | 0.32 | 0.152 | 14.4 (2006) | 5,720 | – | 2.0 | 0.6 | 3 | 0.2 | – | 0.1 |
| Nepal | 30.49 | 16.03 | 2.7 (2008) | 540 | 25.2 (2011) | 982.2 | 3.3 | 3,513 | 22.9 | – | 0.7 |
| Pakistan | 176.7 | 59.69 | 5 (2008) | 1,120 | 22.6 (2005) | 4,677 | 2.5 | 9,407 | 6.0 | 5.4 | 1.5 |
| Sri Lanka | 20.87 | 8.518 | 4.9 (2010) | 25,80 | 8.9 (2010) | 1,847.5 | 9.1 | 3,612 | 7.9 | 0.8 | 0.7 |
| South Asia | 1,656 | 638.758 | 4.5 (2005) | 1,301 | – | 26,700 | 1.6 | 82,600 | – | – | – |
| LDCs | 843.8 | 363.749 | – | 748 | – | 27,500 | 3.2 | – | – | – | – |
| World | 6.974 | 3219.87 | 6.14 (2005) | 9,511 | – | 215,800 | 3.2 | – | – | – | – |

*Notes: e=estimated; GNI=Gross National Income; FDI=Foreign Direct Investment; ODA=Official Development Assistance.*
*Source: Migration and Remittances Factbook 2011, The World Bank; World Development Indicators, The World Bank.*

sponding positively to adverse shocks; ease working capital constraints on farms and small-scale entrepreneurs; and lead to increased household expenditures in areas considered to be important for development, particularly education, entrepreneurship and health. As stated in the Human Development Report (HDR) 2009, migration is at best an avenue that complements broader local and national efforts to reduce poverty and improve human development. When development is viewed from a broader perspective, as Sen (1999)[7] defines it as the process of expanding the substantive freedoms that people enjoy, migration has positive impacts on the welfare of the sending countries and communities, thus contributing to their development.

According to HDR 2009, migrants moving from countries with low human development index (HDI) to a higher HDI experienced a 15-fold increase in income; a doubling in education enrolment rate; and a 16-fold reduction in child mortality, on an average. Moreover, it is estimated that internal remittance flows are more important for poverty reduction as they typically go to the rural poor.

Officially recorded remittances to developing countries reached US$406 billion in 2012, and the size of remittance flows to developing countries is now more than three times that of ODA.[8] Therefore, migration and remittances are having enormous developmental impacts, especially in the developing world.

## The negative side

On the negative side are the costs, both monetary and non-monetary, associated with migration. For example, adverse health, low security and overall ill-being of migrants arise due to the so-called "dirty, difficult and dangerous" jobs that the migrants are typically assigned to. For those who are not able to migrate, the major negative aspects of migration are the barriers to their mobility, which range from credit-constraints, unfriendly legal and institutional apparatuses at home, to restrictive procedures and visa regimes in the destinations. Such barriers are especially high for people with low skills, although the demand for their labour is high in the rich countries due to their shrinking labour-base. At the same time, policies generally favour the admission of the better educated, for instance by allowing students to stay after graduation, and inviting professionals to settle with their families. Evidences show that the policy and economic barriers are much higher for poor people to surmount than for the relatively wealthy.[9] The seminal study by Hamilton and Whiley (1984)[10] estimated that the removal of all forms of barriers in migration would more than double world GDP. Moses and Letnes (2004)[11] show that even a partial decrease in labour barriers can yield high GDP gains, and the removal of migration barriers could generate long run efficiency gains[12].

Migration also entails socio-economic costs such as lost labour and brain drain on the sending countries.

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Migrants should be able to smoothly integrate themselves in destination countries when they migrate, and at home when they return.

There are reports about the negative psychological impacts on the left-behind, especially children, due to the long absence of parents—one or the both—from the family.[13]

Amid such debates, there is a growing realization and consensus that migration is an inevitable human process, and it is happening in an unprecedented scale. Now, this has to be transformed into a tool for the greater good of the humankind, especially for those in the developing world.

## Making migration a development tool

Notwithstanding the positive impacts of migration, it is high time that the costs associated with it be taken care of, if migration is to be a development tool. Also, there is lack of adequate and reliable data on migrants, which needs to be addressed with urgency. We should be able to determine the number of people that move from villages to cities, and across the borders. One good immediate step in that respect would be to accelerate and coordinate the works of the different United Nations (UN) agencies and multilateral agencies like the World Bank, International Organization for Migration (IOM) and International Labour Organization (ILO), working on migration issues at the global level. There is also need for coordination between the sectoral and line ministries at the national level. Where data collection is weak, especially in developing countries, institutional mechanism for data collection is a must.

Migrants should be able to smoothly integrate themselves in destination countries when they migrate, and at home when they return. For that, the whole migration cycle from pre-departure until their return has to be socially and legally protected. Also, costs of remittance transfers, especially in Africa, are still high, which have to be lowered substantially if the informal channels of such transfers are to be discouraged. That will help the money go to national account records, and get channeled to national development works. It is estimated that lowering the cost of international remittance transactions by five percentage points could lead to gains in the order of 16 billion dollars a year.[14] It is equally important to channelize both the money and knowledge that come to the origin countries from the migrants into enhancing productivity of the recipient countries.

## Migration in the post-2015 development agenda

Against this backdrop, and keeping in mind that the positive or negative outcomes of migration depend on its good governance, migration should be integrated into the post-2015 development agenda. This is also because the 2012 Report of the UN System Task Team on the Post-2015 UN Development Agenda to the Secretary General states that the central challenge of the post-2015 development agenda is to ensure that globalization becomes a positive force for all the world's peoples of present and future generations, and migration and mobility are important enablers for inclusive and sustainable development.[15]

Migration should be included in the post-2015 development agenda for two main reasons. The first is to make migration part of the development agenda to take care of the problems within the migration process itself. The second is to recognize it as a cross-cutting issue within the other pillars/goals of the post-2015 development agenda to make it a tool for the advancement of those pillars/goals. The post-2015 development agenda should directly target the migrants, and the institutions and policies relating to the migration process.

In fact, migration is an integral part of the other development issues that are being put on the table for the post-2015 agenda. For example, it relates to the issue of inclusive growth and employment creation for the growing world population; managing new global risks such as reducing vul-

nerability to shocks and disasters, and adapting to climate change as climate change impacts have already forced mass migration in many parts of the world; and mobilizing financing for development in a world of decreasing aid. In fact, any post-2015 development goal should be viewed through the lens of migration by examining its potential in the advancement of that goal, or the constraint it could create in achieving the goal.

## How to bring migration onboard

Many have called for the inclusion of migration as a stand-alone pillar/goal in the post-2015 development framework. But this seems impractical. That is because migration is a multifaceted process dealing with people, with whom the other goals such as those pertaining to health, poverty or hunger are related to. Therefore, rather than keeping migration as a stand-alone goal, it would be better to tie migrant-specific targets with each of the pillar/goal in the upcoming development agenda. For example, a target can be put to achieve full and productive employment and decent work for all, including women, young people[16] and migrants[17] under the goal of eradicating extreme poverty and hunger. In fact, mainstreaming migration in development planning has already been in practice. UN (2012)[18] reports numerous sectoral programmes with close linkages to migration such as those covering social protection, health services and financial services.

That said, inclusion of migration as a cross-cutting issue rather than a stand-alone goal poses a challenge in taking care of some migration-specific problems. For example, the issue of liberalizing human mobility or the issue of lowering migration barriers both at the host and origin countries, has to be dealt with separately from issues pertaining to poverty or hunger, for example. To overcome this problem, a suitable target can be kept under, say, MDG 8—global partnership for development. That would enable all countries take joint responsibility to make migration a more organized and mutually beneficial phenomenon.

## Conclusion

Migration fits in well in the post-2015 development agenda for it is a concern of not only the developing world, but also of the developed world. Internal and international mobility of human beings qualifies to be a serious issue at this juncture when we are aspiring to tackle the big challenges facing the world. All eyes are set to the upcoming UN High Level Dialogue on International Migration and Development going to be held in October this year. This event could provide a roadmap for the inclusion of migration in the post-2015 development framework.

It is the right time to ponder on what John K. Galbraith said about three and a half decades ago: "Migration is the oldest action against poverty. It selects those who most want help. It is good for the country to which they go; it helps break the equilibrium of poverty in the country from which they come. What is the perversity in the human soul that causes people to resist so obvious a good?"[19] ■

## Notes

1 http://www.iom.int/files/live/sites/iom/files/What-We-Do/docs/Final_input_paper_IOM-UNDP_HLP_Stockholm_26Feb2013.pdf (accessed 3 March 2013).

2 UNDP. 2009. *Human Development Report 2009: Overcoming Barriers: Human Mobility and Development*. New York: United Nations Development Programme.

3 *ibid*.

4 De Haas, H. 2010. "Migration and Development: A Theoretical Perspective." *International Migration Review* 4(1).

5 Global Commission on International Migration. 2005. "Migration in an interconnected World: New Directions for Action." Switzerland: Global Commission on International Migration.

6 World Bank. 2006. *Global Economic Prospects 2006: Economic Implications of Remittances and Migration*. Washington, D.C.: The World Bank.

7 Sen, Amartya. 1999. *Development as Freedom*. New York: Anchor Books.

8 World Bank. 2012. "Migration and Development." Brief No.19, November.

9 For example, HDR (2009) reports that the transaction costs of acquiring the necessary papers and meeting the administrative requirements to cross national borders are often high. They tend to be regressive (proportionately higher for unskilled people and those on short-term contracts) and can also have the unintended effect of encouraging irregular movement and smuggling. One in ten countries have passport costs exceeding 10 percent of per capita income.

10 Hamilton, Bob and Whalley John. 1984. "Efficiency and Distributional Implications of Global Restrictions on Labour Mobility: Calculations and Policy Implications." *Journal of Development Economics* 14(1).

11 Moses, Jonathon W. and Bjorn Letnes. 2004. "The Economic Costs to International Labor Restrictions: Revisiting the Empirical Discussion." *World Development* 32(10).

12 Klein, Paul and Gustavo Ventura. 2009. "Productivity Differences and the Dynamic Effects of Labour Movements." *Journal of Monetary Economics* 56(8).

13 See, for instance, Save the Children. 2006. *Left Behind, Left Out: The Impact on Children and Families of Mothers Migrating for Work Abroad*. Sri Lanka: Save the Children.

14 http://remittanceprices.worldbank.org/ (accessed 3 March 2013).

15 http://www.un.org/millenniumgoals/pdf/Post_2015_UNTTreport.pdf (accessed 3 March 2013).

16 Second target under the first MDG: "Achieve full and productive employment and decent work for all, including women and young people".

17 HDR (2009) reports faster increase in unemployment among migrants than that of other groups between 1998 and 2008 in the 14 European countries that experienced recessions. OECD (2008a) cited in HDR (2009) reports that the migrants within the Organisation for Economic Co-operation and Development (OECD) were concentrated in highly cyclical sectors that have suffered the largest job losses—including manufacturing, construction, finance, real estate, hotels and restaurants—sectors that employ more than 40 percent of immigrants in almost every high-income OECD country.

18 UN. 2012. "Realizing the Future We Want for All." Report to the Secretary General. UN System Task Team on the Post-2015 UN Development Agenda.

19 Galbraith, J. 1979. *The Nature of Mass Poverty*. Cambridge, MA: Harvard University Press.

# An approach to framing the post-2015 development agenda

Susann Roth

Two years from now the 15 year period given to fulfill the promises of the Millennium Declaration will come to an end. The Declaration had raised hopes of the world's poor that in one and a half decades they would be living in a world free of extreme poverty and deprivation. Their hopes have not been shattered, but they have not come true fully either. For instance, Asia halved the incidence of extreme poverty, but still most of the world's poor live in Asia and the Pacific. A number of Millennium Development Goals (MDGs) set at that time are yet to be met by many countries, and it will be difficult to meet all of them in the remaining two years. Moreover, ever since the MDGs were put in place, the world has witnessed new and emerging challenges, which can be addressed only through concerted efforts of all countries. Accordingly, since early 2012, a wide range of consultations are being conducted on the post-2015 development agenda to identify stakeholders' interests. The Overseas Development Institute, for instance, supported a survey entitled "My world", led by the United Nations, aiming to reach as many stakeholders as possible. Similarly, the Asian Development Bank, United Nations Economic and Social Commission for Asia and the Pacific and the United Nations Development Pro-

gramme carried out sub-regional and expert consultation to solicit Asia-specific perspectives on the lessons learnt from the MDGs and views on the new development agenda.

The MDGs were designed to stimulate progress across a wide range of goals and to increase development assistance for countries in need. It is difficult to measure whether the development achievements have been due to the MDGs, or national policies, or both, for two reasons: i) We cannot compare countries since their development stage and context are different; and ii) Countries started from very different starting points, and for some, the targets were realistic while for the others they were not.

Nevertheless, one thing in common about the MDGs in all countries is that they have played a very important role in focusing national development efforts, facilitating dialogue and making development strategies more results-oriented. Still, the MDGs do not fully reflect national development priorities, and sometimes distort them by emphasizing the quantity of outputs over the quality and sustainability of outcomes.

The Millennium Project's 2005 Report to the Secretary General "Investing in Development: A Practical Plan to Achieve the Millennium Development Goals" has identified several reasons for the failure of MDG achievements in different countries. They are: i) poor governance, marked by corruption, poor economic policy choices, denial of human rights, failure to uphold the rule of law, weak civil society engagement and participation; ii) a poverty trap (or low economic growth); iii) persistent pockets of poverty even in countries that have made progress; and iv) specific policy neglect despite adequate overall governance, mainly due to policymakers' unawareness of the challenges, unawareness of what to do, and neglect of core public issues.

The main lesson that the past 13 years have taught us is that the actual ability to succeed in achieving development goals such as the MDGs depends on the country. Financial support is crucial, but how, for what purpose, and in which context the funds are spent, are equally important. This article discusses the contours of the post-2015 development framework from the perspective of Asian countries.

## The wish list

Asia is rapidly changing and evolving into the world's most dynamic region. Some of the Asian countries have the highest growth rates of gross domestic product (GDP) in the world. They are the engines of the global economy at present. But Asian countries also have the fastest growing inequalities. Few of them are also among the largest emitters of greenhouse gases. It is a region coping with major development challenges, and where the nexus between poverty and climate change is increasingly visible. Natural disasters have become frequent phenomenon in Asia causing huge displacements and infrastructure losses. Thus adapting to and mitigating climate change, which is directly linked to natural disasters, should be a major focus area.

Environmental threats disproportionately affect the poor in Asia, and climate change is making the situation worse. Rapid economic growth has reduced the number of people living in absolute poverty, but the number of people living on less than US$2 a day is decreasing very slowly. Inequalities among the people are also felt when it comes to the impacts of climate change since it is the livelihoods of the poor that are threatened the most by climate change.

Economic growth has proved important in reducing poverty in the Asia-Pacific region, but the expected "trickle down effect" has not taken place in many cases. Hence, the post-2015 development agenda needs to tackle Asia's challenges of persistent lack of opportunities, rising inequality, increasing vulnerabilities, jobless growth and the impact of climate change, particularly on the most vulnerable. It should reflect the need for transformative change and serve multiple purposes, including being an advocacy tool, policy guide for national and global policies and an instrument for policy coherence.

The best way forward is to adopt the new agenda as a continuum of the MDGs with some revisions.

Asia is a hugely diverse region. Therefore, the development priorities of different countries might vary. However, the general view seems to be that the post-2015 development agenda should, in line with the MDGs, continue to focus on strengthening enabling environments for the poor to help them escape poverty. In other words, the focus should be to ensure inclusive economic growth through which the poor can derive equal opportunities.

While poverty eradication should be the overriding goal of the new development agenda for Asia and the Pacific, country-specific needs should be identified and addressed in the process. The new agenda should move away from a "one size fits all" approach and acknowledge the specific national goals, which drive national development plans. Country-specific multidimensional character of poverty needs to be addressed in the new development agenda more systematically. Also, inequality is acknowledged as a major impediment to development in Asia and the Pacific, and therefore, it is perceived as a priority issue to be addressed in the new development agenda.

The post-2015 development agenda should enshrine a vision of well-being—as a measure for quality of life, which would include equal access to opportunities, services and jobs—for all. Equity and sustainability should be the overriding principles of the new agenda. Participants of a number of regional consultations held in Asia and the Pacific to solicit opinions on the post-2015 development framework

have suggested that "social protection" should feature prominently in the post-2015 development agenda. They view that increasing access of a majority of people to decent jobs (preferably "green jobs") is important and that could ensure the creation of sustainable social protection systems.

Hence, the new agenda should specifically focus on labour market programmes. Equally important are targeted social assistance programmes for the poor. Also, strengthening the quality of basic education, providing vocational trainings and emphasizing technological innovations should also feature in the post-2015 development agenda. Above all, however, are strengthening governance and peace and security, which are pre-requisites to address these priorities and implement a post-2015 development agenda.

## Common but differentiated development priorities

Development priorities of countries differ due to several factors. For the middle-income group, eradicating the pockets of poverty and closing the rural-urban disparities in terms of access to services and opportunities is a priority. Urban poverty and urban slums are also their major challenges. Therefore, for these countries, improving the quality of education and linking education with labour market programmes to ensure decent jobs for all is important.

Regarding economic growth, there is the need to pave a growth path for middle-income countries by way of which they could adapt to lower $CO_2$ emissions. This requires the use of advanced technologies, which is lacking in low- and middle-income countries. Hence, there is a need to transfer technologies from high-income countries to these countries.

Low-income countries emphasize that the MDGs should stay at the core of the post-2015 development agenda, but unlike in the past, their effective implementation should be ensured. Strengthening social protection as a tool to decrease vulnerabilities of the poor is crucial. Strong focus should be on eradicating extreme poverty. A less resource-intense growth model should be followed through the use of new technologies and knowledge, and transition to a green economy should be expedited.

Landlocked countries and Small Island Developing States in Asia put high emphasis on the urgency to address climate change in the post-2015 development framework. They highlight the need to take shared responsibilities for sustainable development through regional cooperation and regional agreements. They also emphasize that the post-2015 development agenda should strengthen national and regional governance and increase the acceptance of the quasi-binding character of existing agreements, especially on environmental protection.

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## Approaches to the post-2015 development agenda

The idea of converging all development goals—economic, social and environmental—under one rubric was conceived as appealing, logical and having many advantages. These development goals influence each other in various degrees. For example, the economic objective of raising per capita income growth could affect the environment and also affect human welfare if it is achieved through unplanned urban growth leading to creation of congestion, slums and pollution. Pursuing one set of development objectives independently without considering their impact on the others is inefficient as resources used to promote one set of goals could also be needed to offset the harm it may cause on the others.

Similarly, pursuing rapid growth regardless of the consequences would fritter away a society's savings and investible resources if households end up running huge health costs as a result of pollution. It has been estimated, for example, that the health costs of air and water pollution in the Peoples' Republic of China amount to about 4.4 percent of its GDP.[1] A major report on managing the health effects of climate change, launched jointly by The Lancet and University College London,[2] has declared that climate change is the greatest health threat facing the world today. Therefore, it is essential that countries plan their growth in a "greener" way taking into account the influences that pursuing one set of objectives has on the other.

Pursuing the three development goals together would also help in practical terms. For instance, ministries used to working in silos would

be forced to work in coordination with each other. The same applies for development agencies that work on one issue without considering the others. There would be better coordination within the government and among development partners. Budgets would have to be allocated for programmes that take care of the three sets of objectives together, and all programmes would have to take a "cluster approach" encompassing all of them.

If taken to a more transformative level, the people-centred sustainable development agenda can be pursued in the sense of the "doughnut" approach (Figure 1) propounded by Oxfam.[3] In the figure, "the social foundation forms an inner boundary, below which are many dimensions of human deprivation. The environmental ceiling forms an outer boundary, beyond which are many dimensions of environmental degradation. Between the two boundaries lies an area—shaped like a doughnut—which represents an environmentally safe and socially just space for humanity to thrive in. It is also the space in which inclusive and sustainable economic development takes place."

However, although these two approaches look desirable, they appear difficult to translate into a simple development agenda for some stakeholders. Hence, the best way forward for them is to adopt the new agenda as a continuum of the MDGs with some revisions, in short called the "base case" or "MDG+". This entails tailoring the targets to address the needs of the poor depending on the country context and ensuring inclusiveness at all levels. For that, updating the targets and indicators is necessary. For example, there is a strong demand that the target on poverty should be revised to US$2 per day.

The post-2015 development agenda must have clear goals at the global and national levels with measurable targets, which can be monitored in a timely manner to provide quick feedback to policy makers. The goals need to be linked to national development plans and sector roadmaps. The approach needs to be results-based, and decisions on investments need to be made based on the potential development impact on the national goals.

Figure 1
The doughnut


*Source: Raworth (2012), Note 3.*

One approach, called the ZEN approach (Box, next page), which builds on the "base case" or "MDG+" scenario, could be to identify a minimum floor of goals that apply to all countries, and allow countries to identify "extended" goals according to their needs and level of development.[4] Sustainability would be ensured through the environmental goals, to which all countries would agree and which, at the national level, could be more ambitious.

This approach is appealing since it builds on the MDGs, is simple and would allow countries to decide on the epsilon goals. At the same time, it would keep the focus on fundamental development priorities at the global level, which help achieve universal minimum standard for humanity.

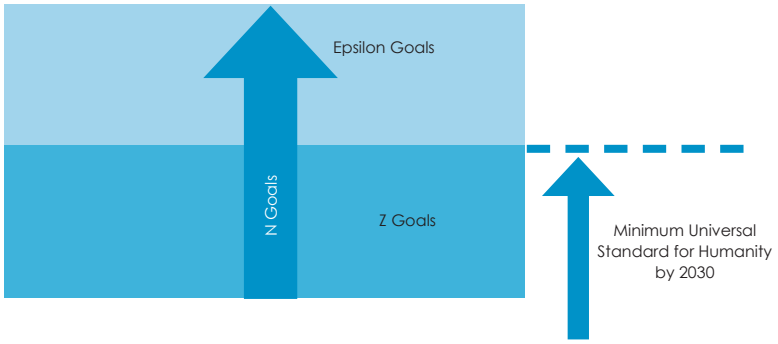
Taking this approach further and integrating the suggestions that came from various discussions , which pointed out that the new development agenda needs to address the multi-dimensional aspects of poverty, the rising inequalities and vulnerabilities while also ensuring sustainability, an approach that can be termed the "Fortune wheel of development" (Figure 2, next page) could be adopted.

In Figure 2, the inner circle comprises all people and their well-being since this is the aim of the agenda. The second circle shows the enablers—good governance, peace and security—which ensure that the wheel will turn. The third circle stands for the global goals, which are aggregated goal areas, and which could be measured in commonly used indices such as multi-dimensional poverty index or environmental sustainability index or human development index. The fourth circle reflects the country goals, which depend on the country needs but which would include social, environmental and economic dimensions. The outermost circle stands for sustainability—similar to the planetary boundaries. This would reflect the planet's capacity to support social, economic and environmental development.

According to this approach, a menu of goals could be developed,

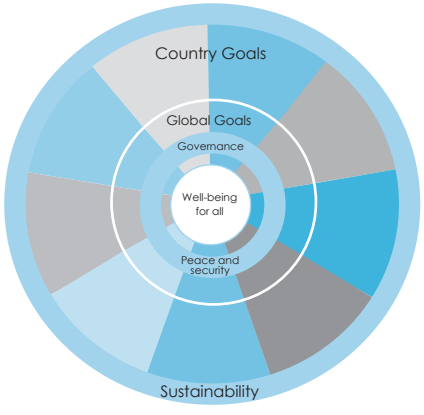
## Box
### The ZEN approach

The ZEN conceptual framework describes three basic types of goals that need to be addressed in a post-2015 policy agenda, rather than focusing on the intricacies, of which specific goals might be added, kept, or dropped. Each letter of the ZEN acronym reflects a central component, or goal, for sustainable development: achieving "zero" extreme poverty in its many forms (Z), tackling country-specific "Epsilon" socio-economic challenges beyond extreme poverty (E), and addressing the environmental or nature imperatives that underpin long term development (N).




*Source: Brooks, D.H. et al. 2013. "A ZEN Approach to Post-2015: Addressing the Range of Perspectives across Asia and the Pacific." ADB Economics Working Paper Series, No. 327.*

## Figure 2
### The Fortune wheel of development




**Global vision**
People centered, well-being for all (equity at the center)

**Goal Areas**
Global goals and country goals with different result levels and dimensions

**Underpinning principles**
Peace and security, and governance

**Sustainability**
The frame of the agenda

which link to globally agreed goal areas. Countries can then choose from this menu of goals as relevant for their national development plans. Country goals will have certain indicators, which will be components of the global goal indices. Thus, global goal indices could draw on indicators from different country goal areas.

The beauty of the wheel is that it shows the linkages of the development goals. It can also be used to visualize the monitored progress of the goals and show linkages between them, for example by drawing in a spider web graph. One can then monitor sustainability together with social and economic development. Moreover, this approach can help to show development impact of investments in, for instance, environmental goal dimension on the global goal area, and thus could attract innovative financing modalities such as accessing global funds or private sector funding.

## Final thoughts

There is still some time to contemplate about the best approach to be taken for the post-2015 development agenda. It is in the interest of the global community to use this time to think and discuss more on what we have learned so far, what we have achieved already, and what has fallen short. ■

*Dr. Roth is Senior Social Development Specialist, Regional and Sustainable Development Department, Asian Development Bank. Views are personal.*

## Notes

1 World Bank and State Environmental Protection Administration, Peoples Republic of China. 2007. *Cost of Pollution in China: Economic Estimates of Physical Damages*. Washington, D.C.: The World Bank.

2 http://www.ucl.ac.uk/igh/research/projects/all-projects/lancet-1

3 Raworth, Kate. 2012. "A Safe and Just Space for Humanity: Can We Live Within the Doughnut?" Oxfam Discussion Paper, February.

4 ADB. 2013. "A ZEN Approach to Post-2015: Addressing the Range of Perspectives across Asia." ADB Economics Working Paper Series No. 327.

# Ending poverty post-2015

The post-2015 development agenda must address the inequalities and exclusions that define much of poverty today.

Claire Melamed

Nearly 15 years ago, the governments that signed up to the Millennium Development Goals (MDGs) agreed to a set of targets that promised huge improvements in the lives of millions of people all over the world. In two years, we will know if those promises have been fulfilled. As the year 2015—deadline for the MDGs—is approaching, discussions have started on the development framework after the expiry of the MDGs.

Ambitions are, rightly, growing. The most recent convert to the high-ambition corner was the United States (US) President Barack Obama, who declared, in his State of the Union address to the US Congress in January that the time has come to eradicate extreme poverty from the world. This is not only a morally right ambition, but an entirely possible one. However, achieving it is not easy. Understanding how to end poverty means understanding why some people remain extremely poor while the world as a whole, and in many cases the countries in which they live, have been getting richer and richer.

Data from household surveys can help bring out some things many extremely poor people have in common, and provide a basis for a common agenda for action.[1] Firstly, most of the extremely poor people in the world do not live in very poor countries. The problem is not that countries lack resources, but how those resources are distributed. This was always true at the global level; now, it is true for countries as well. The poor are not a random group of people within these countries. There are systematic barriers that lock people out of the benefits of growth, and a post-2015 agenda for eradicating poverty should be built around breaking these barriers.

The first of these barriers is geography. Three quarters or more of the extremely poor people live in rural areas. So, a post-2015 agenda has to focus on agriculture. It should also focus on infrastructure—transport to allow the market to come to the village and to enable people to move to the city, and energy and water to boost growth and make people's lives easier.

The second is education. Just under half of all extremely poor people live in households where the head has no education. This confirms the continuing importance of improving access to education as part of a post-2015 agreement. However, the fact that the other half live in households where the head has some degree of education illustrates that education is not providing the route out of poverty. This is partly because, while many more children are now in school than in 2000, many of them are learning very little. The post-2015 agenda has to focus not just on access but also on the quality of education.

The third is jobs. A third of all extremely poor people live in households where the head is without work. Poor people themselves consistently rank "a good job" as among their most important priorities for change. Creating jobs is part of ending poverty, but the fact that two thirds of the extremely poor people live in households where the head is employed indicates that the quality of jobs is a key. Therefore, the post-2015 agenda should help companies to create not just jobs, but jobs which are productive enough to put an end to poverty.

The fourth, and the hardest, barrier is the toxic mix of social inequalities which blight the lives of too many people. Around two thirds of extremely poor people live in households where the head is from an ethnic minority group. Tackling inequalities and social exclusion at the national level by providing all people access to services and economic opportunities will need to be embedded firmly into a global plan to end extreme poverty.

The MDGs have been successful in many ways, but there are still a number of unfinished agendas. The first agenda for post-2015 should be to reach to the people who are still living in desperate poverty and to find ways to enhance their opportunities, their access to services and their connections with the rest of the world. This means not just continuing on the same path, but tackling the inequalities and exclusions that define much of poverty today. This is the challenge for the post-2015 development agenda. ■

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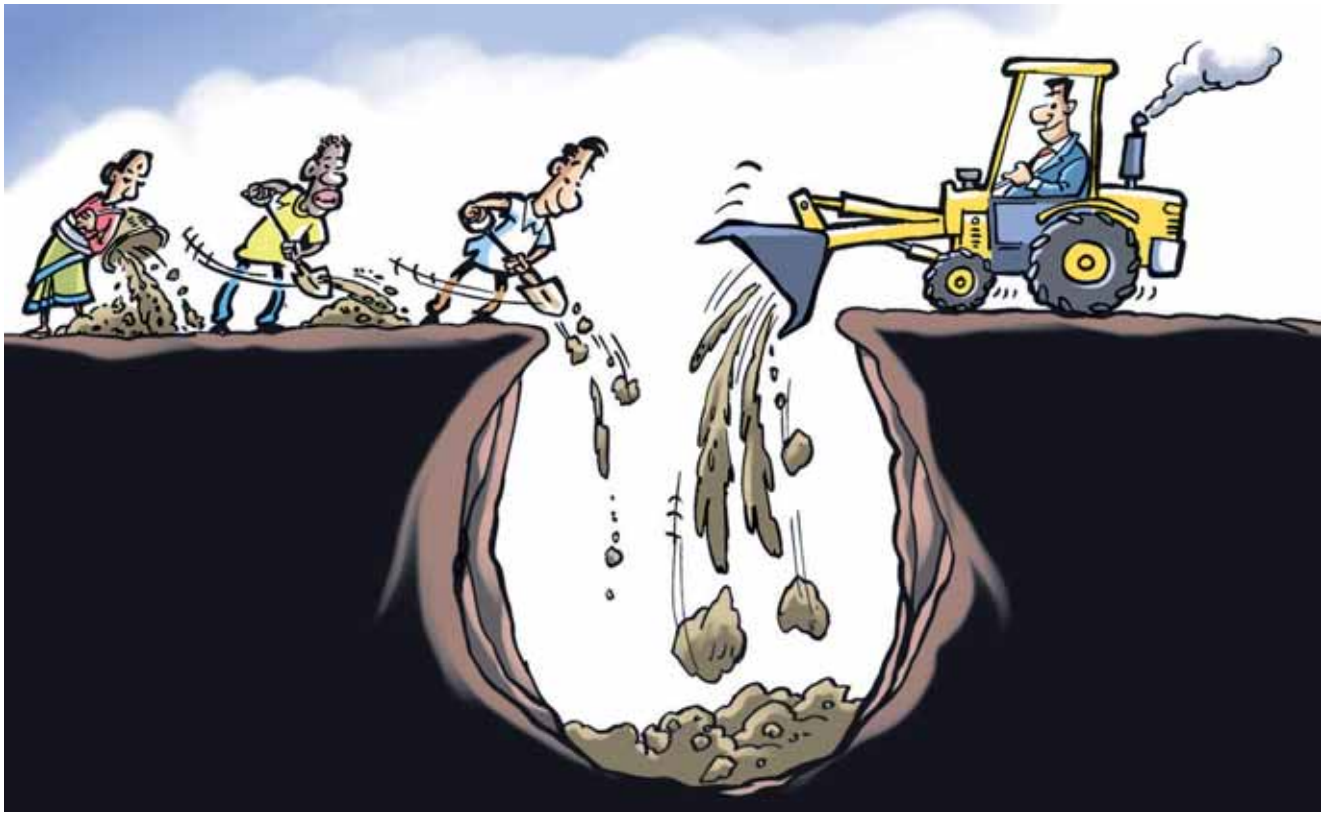
## Note

[1] The analysis which follows is drawn from Melamed, C. 2012. *The Road Ahead*. London: Overseas Development Institute.

# Beyond Goal 8
# The Future of Global Cooperation

Minar Pimple

Since the Millennium Development Goals (MDGs) were adopted in 2000, Goal 8[1] has remained contentious due to its limited scope, non-specificity and absence of clear time-bound indicators. Though the Millennium Declaration accepted solidarity[2] as one of the fundamental values essential to international relations in the 21st century, Goal 8 could not progress to justify it. The *MDG Gap Task Force Report 2012* on MDG 8 has stated that the Task Force has had difficulty identifying areas of significant new progress on Goal 8. Last year, there was a fall in official development assistance (ODA) from member countries of the Organisation for Economic Cooperation and Development by almost 3 percent to US$133.5 billion, which is around 0.31 percent of their aggregate gross national income (GNI)—far below the 0.7 percent they have committed. On trade, although



countries aimed to "develop further an open, rule-based, predictable, non-discriminatory trading and financial system", nothing concrete has been achieved as far as materializing the promises of the Doha Development Agenda (DDA) of the World Trade Organization is concerned.

In one of the conferences held in early 2013, Dr. Rubens Ricupero, a member of the South Centre Board and a former Secretary General of the United Nations Conference on Trade and Development, said that free trade is not a benefit *per se*, but should be an active instrument in promoting development. According to him, trade negotiations should be exclusively judged based on the extent to which they contribute to development prospects in developing countries. He added that the development dimension was the basic argument used to sell the DDA in 2001. Unfortunately, the reasons behind the current deadlock in the negotiations stem from the decision of advanced economies to retract on their promises made at Doha. That said, there has been some progress on the debt issue. It has contributed to achieving MDGs by a number of countries.

The MDGs have been successful in mobilizing the international community around measurable and time-bound development objectives. Less than three years to the deadline, some important targets have already been met at the global level. Notable of them are poverty reduction (MDG 1), gender parity in primary education (MDG 3), and access to improved water sources (MDG 7). Progress is gaining momentum in relation to universal primary education (MDG 2), reducing child mortality (MDG 4), and combating HIV/AIDS, malaria and other diseases (MDG 6). However, given the current trends, the MDGs are set to remain a largely "unfinished business" by 2015 mainly because progress has been slow in relation to improved maternal mortality (MDG 5) and global development partnership (MDG 8). Moreover, hunger and vulnerable employment remain daunting challenges, more so in the aftermath of the global economic and financial crisis.[3]

## A critical observation

It is widely agreed that the MDGs have helped place a broad-based global poverty reduction agenda at the centre of international development policy and discourse. It has contributed to stopping the decline of ODA in most of the years and has helped mobilize more aid to low income countries. However, there are clearly a number of "blind spots".

Major criticisms of the MDGs emerging from various stakeholder consultations include its failure to adequately consider the underlying causes of poverty; failure to incentivize policy changes to address issues such as inequity and inequality, vulnerability and exclusion; unrealization of civil and socio-economic rights; inability to address governance deficits at all levels; incapacity to address climate change and its already felt impacts; and reliance on a technocratic approach, which failed to adequately take account of the political and economic asymmetries of power in the global context.

From a financing perspective, the MDGs had a heavy reliance on ODA. In addition to renewing their pledges to raise aid to 0.7 percent of GNI, donor country governments reassured that "no country genuinely committed to poverty reduction, good governance and economic reform will be denied the chance to achieve the MDGs through lack of finance".

Domestic Resource Mobilization (DRM) was referred to as a source to finance the MDGs "through using broad-based revenue sources, such as value added tax, strengthening tax collection, and redirecting current spending". However, inadequate attention was paid to the factors that would incentivize improved tax collection and spending.

## Changed reality

Global reality has undergone significant changes since 2000. The world is continuing to face quadruple crises—food, fuel, finance and climate—impacting ODA, trade, job security, nutrition, and weather patterns, among others. The growing popular dissatisfaction reflected in the "Arab Spring" and various versions that followed, and which continue to follow, are questioning the role of finance capital and the institutions that benefit from its use and misuse. Many young people are demanding, on the one hand, genuine democracy, and on the other, jobs and a share in the prosperity that has been captured by a few, so that they could live a dignified life.

There has been a phenomenal growth in the role of advanced developing countries such as Brazil, Russia, India, China and South Africa (BRICS) in their respective regions and beyond. They are becoming the engines of growth as well as lenders of first resort. These countries are also setting up their development partnership agencies, and facilitating aid and technology transfer under the rubric of South-South cooperation.

Another changed reality is that the multifold increase in remittances received from workers employed overseas has played significant role in reducing poverty. Hence, traditional ODA, though important from the perspective of global commitments as well as consistent with the value of solidarity as espoused by the Millennium Declaration, was not the only or main driver for many poor countries in the achievement of some of the MDGs discussed above.

## Looking forward

As the post-2015 development agenda cannot encompass everything, it is important to emphasize the emerging consensus in some instances. First, the framework and goals that follow must be universally applicable in the context of the interconnectedness of most issues—from finance to climate. That is because the MDG version, where Goals 1–6 were the responsibility of poor countries, Goal 7 was partly a shared responsibility, and Goal 8 was the responsibility of the rich countries, is no more the relevant frame. Second,

human rights as a framework alongside human development can be an overarching frame. Third, the agenda of Sustainable Development Goals that emanated from the Rio+20 platform and the post-2015 development agenda must become a combined agenda guiding the development policies in the future. Fourth, there is a need to go beyond growth and gross domestic product (GDP) and include issues of equity and well-being of both the people and nature as well as the need to look at global commons alongside global public goods.

In this context, the new contours of global partnership would include elements that need to be addressed outside the post-2015 development agenda. They include, among many other ongoing global negotiations, successful completion of the DDA keeping the original promises at the centre, and the conclusion of a just and fair climate deal.

On the issue of sustainable financing in the post-2015 development framework, a number of issues need to be carefully looked at: i) the role of taxation in financing inclusive development; ii) the opportunities and constraints emanating from the global financial and economic context for DRM in developing countries; iii) the magnitude and causes of illicit flows as a substantial drain on DRM; and iv) the significance that public revenue loses as a result of poorly designed tax and investment policies. In that context, the following agenda for action is worth taking note of.

First, the post-2015 development framework must be built on a robust analysis of the financing requirements necessary to achieve the goals established. This should include international aid commitments and ensure that they are aligned with country priorities. At the national level, goals and targets should seek to incentivize adequate revenue mobilization (such as preparing a national target on tax/GDP ratio).

Second, consideration should be given to the impact of a country's own economic policies on the development efforts of other countries. If countries tackle their own economic and financial problems without taking into account their impact on other countries (for example, the provision of tax incentives and financial secrecy), it could negatively affect the interests of developing countries. More importantly, it could jeopardize the DRM efforts of the latter for their sustained economic growth.

Third, the issue of "policy space" is fundamental to "policy sovereignty" as it concerns countries' independence and flexibility in designing their economic and financial policies and institutions in light of their circumstances, and devise ways and means of aligning domestic policy with international opportunities and constraints. However, countries taking such measures should be cognizant of the impact of these policies on other countries' development efforts.

These issues are succinctly captured by the Center for Economic and Social Rights, which states: "Three key issues for inclusion in the new framework to prevent instability and volatility in development are: the need for more effective and transparent financial regulation, both domestically and globally; the reform of tax systems and policies at the national and international levels to ensure more resources are generated and allocated fairly for the purpose of development and human rights fulfillment; and more truly equitable mechanisms of global economic governance, especially in the trade, debt, monetary and finance sectors."[4]

Oxfam International offers a similar perspective.[5] It states that the post-2015 development framework must include: i) an integrated vision that highlights the interconnectedness of the social, environmental and economic dimensions of sustainable development; ii) a refocus of economic priorities, suggesting that an economy's overarching aim should no longer be just economic growth, but rather environmental safety and social justice, and promotion of increasing human well-being; iii) metrics beyond GDP, which entails assessing economic development by analysing whether an economic activity is leading towards or away from planetary and social boundaries so as to determine how inclusive and sustainable economic development is.

> The new contours of global partnership should include elements that need to be addressed outside the post-2015 agenda.

Hence, as stated in the United Nations Secretary General's Annual Report to the 66th Session of the General Council, a stable climate, biodiversity, a stable international financial system, a fair multilateral trading system, access to knowledge and technologies, and access to social protection should be considered integral to deliberations for the post-2015 development agenda, and for redefining Goal 8—a global partnership for development. ■

*The author is Regional Director, UN Millennium Campaign, Asia and the Pacific Regional Office, Bangkok.*

## Notes

1. Goal 8 is on "global partnership for development", and mainly covers areas of aid, debt and trade.
2. Under solidarity, the Millennium Declaration states, "Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most."
3. UN. 2012. "The Millennium Development Goals Report 2012". New York: United Nations.
4. CESR. 2013. CESR Responds to High-Level Panel Questionnaire on the Post-2015 Development Agenda, 11 January 2013. http://cesr.org/article.php?id=1432 (accessed 31 March 2013).
5. Raworth, Kate. 2012. "A Safe and Just Space for Humanity: Can We Live Within the Doughnut?" Oxfam Discussion Paper, February.


2.bp.blogspot.com

Lessons derived from the failure to implement the Teff Agreement also provide some insights into the implementation of the CBD and the Nagoya Protocol.

Regine Andersen and Tone Winge

Since the adoption of the Convention on Biological Diversity (CBD) in 1992 and its entry into force in 1993, various attempts have been made to establish agreements between providers and recipients of genetic resources on access to such resources and the fair and equitable sharing of the benefits arising out of their use. And there are a few success stories. That makes it important to analyse experiences to date in order to draw lessons for future access and benefit sharing (ABS) agreements. Such lessons will also be useful for the implementation of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization, which was adopted at the 10th Conference of the Parties to the CBD in 2010. The Protocol is to enter into force 90 days after the 50th country has ratified it, and so far, only 15 countries have ratified it.

A recent report[1] of the Fridtjof Nansen Institute (FNI), Norway, focuses on the Agreement on Access to, and Benefit Sharing from, Teff Genetic Resources (the Teff Agreement). This article presents some of the major findings and recommendations of the report.

## The Agreement

Negotiations on the Teff Agreement started in March 2004, and it was signed in April 2005 between the Ethiopian Institute of Biodiversity Conservation (IBC), together with what was then the Ethiopian Agricultural Research Organization (EARO), as one party, and Health and Performance Food International (HPFI), a Dutch company, as the other party. According to the agreement, HPFI could access specified teff varieties and use them to produce a wide range of specified food and beverage products not traditional in Ethiopia. In return, it had to provide monetary (such as shares in royalties, licence fees and profits) and non-monetary (such as research cooperation and the sharing of research results) benefits to Ethiopia. The agreement also stipulated that HPFI should recognize Ethiopia as the origin of teff genetic resources. Moreover, it prohibited access to traditional Ethiopian knowledge or to claiming of rights over such knowledge, or making commercial profits from its use.

## Disappointments and failure

Teff products were considered to have considerable marketing potential in Europe and the United States because teff is gluten-free and has high nutritional value. Thus, there were great expectations regarding the benefits that Ethiopia could derive from the agreement. However, these expectations failed to materialize. When the company was declared bankrupt in August 2009, the benefits that Ethiopia received were a meagre €4,000, and a small research project, which too got discontinued soon.

In the years prior to the bankruptcy, HPFI directors had transferred their shares to new companies. Therefore, even after HPFI's bankruptcy,

these companies continued to produce and sell teff flour and teff products, expanding their activities further to other countries and continents. Since it was the now-bankrupt HPFI that had been the party to the agreement, the other companies, even though operating under the same directors and partly the same owners, could continue selling teff flour and teff products with no obligations towards Ethiopia. After the HPFI bankruptcy, there was no longer any legal counterpart to the Teff Agreement.

## Explaining the failure

An important factor behind the failure of the Teff Agreement was that HPFI had overestimated the market potential for teff and was overly optimistic about potential profits. These miscalculations, combined with the company's lack of knowledge and experience on the subject of ABS, resulted in benefit sharing provisions which the company later found largely unable to fulfill.

Communication problems were another important factor. These problems started when the IBC asked for the upfront payment provided for in the Teff Agreement, which they did not receive. As per the agreement, HPFI was also supposed to provide to IBC its annual reports. But except for one annual report, that too in Dutch, it did not provide its annual reports to IBC. When it became clear to the IBC in 2007 that HPFI did not intend to comply with its obligations under the agreement, the situation worsened significantly. The communication difficulties between the IBC and the HPFI can also be linked to internal problems within the HPFI. Several shareholders left the company due to internal communication problems. Moreover, the HPFI had originally been established because of disagreements among shareholders in the original company, Larenstein Transfer and Soil and Crop Improvements (S&C).

According to HPFI, IBC demanding upfront payment in a situation where no benefits had yet been generated was a root cause of the problem. But the IBC had reasons to expect upfront payments because the agreement, without any reference to the prospects of benefit generation, stated that a fixed minimum amount would be transferred to IBC in advance. HPFI had miscalculated the prospects for benefits and thus found it difficult to provide upfront payment as per the agreement. Nevertheless, when HPFI realized that it was not in a position to implement the provision on upfront payment, it should have made efforts to create better mutual understanding of the situation. Instead, it appeared to be irritated by the demands from IBC.

Coordination problems on the Ethiopian side were also a complicating factor. When S&C first contacted Debre Zeit Agricultural Research Centre of Ethiopia, which had released 18 of the 32 different varieties of teff, it brought in EARO under which it was organized and to which it was accountable. A Memorandum of Understanding with S&C was then negotiated by EARO, without involving the IBC, which was the agency that had been authorized to provide access to genetic resources. That could be because the IBC at that time was a subordinate body of EARO, and so EARO might have deemed it unnecessary to ask its subordinate for permission to provide access to teff genetic resources. There was also very limited flow of information at this juncture. Nevertheless, the IBC was brought in for the Teff Agreement, and from that point onwards, most of the relevant institutions were consulted.

HPFI wanted to export teff for further processing in the Netherlands, but the Ethiopian side did not agree to it and put a ban on its exports, but only since 2006. HPFI considers this as a substantial barrier to implement the Teff Agreement. HPFI had not foreseen that exporting teff from Ethiopia would prove problematic when negotiating the agreement. Nevertheless, it can be argued that the export ban was used partly as an excuse, and was not a central factor in explaining the failure of implementing the agreement. That is because HPFI did not accept the offer from Ethiopia to produce and process teff in Ethiopia for export, and because HPFI had already identified communication problems as a major problem in the collaboration.

A further explanatory factor is professionalism. In light of the miscalculations and communication problems, several stakeholders have argued that HPFI and S&C did not appear to be professional companies. Also, continuous internal conflicts, first in S&C and then in HPFI, indicate a lack of professionalism.

The formulation in the Teff Agreement prohibiting the patenting of genetic resources of teff was problematic. Probably its negotiators, unaware of the details of the patent claims, felt that the formulation in the agreement on this point would be sufficient. However, the patent, which the HPFI received on the processing of teff flour and related products in the Netherlands, from the European Patent Office in 2007, shows that the formulation on its own was easy to circumvent, as the patent in practice covers all ripe grain and all genetic resources of teff in addition to relevant products. Here we see the importance of ensuring that the intention of keeping genetic materials in the public domain cannot be circumvented by formulations, which in practice make the genetic resources in question patentable.

Another important factor is the absence of user-country measures. The responsibility to ensure that HPFI complied with its obligations under the Teff Agreement rested completely with the IBC, on behalf of Ethiopia. However, neither the IBC nor the Ethiopian Consulate in the Netherlands had the capacity or financial resources

An important factor behind the failure of the Teff Agreement was that the market potential for teff was overestimated.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Poor countries have few prospects of getting justice if there are no support measures from user countries.

to follow up on this. Language and lack of understanding of the legal system were central barriers, and hiring of legal experts was costly. Moreover, Ethiopia had already suffered substantial losses connected with the agreement, and the prospects for getting these losses covered were low. A poor developing country has few prospects of getting justice, as long as there are no support measures from the side of user countries. In such a case, an ABS agreement must rest entirely on the mutual trust between the parties.

## Recommendations for provider countries

Failure to implement the Teff Agreement provides some useful lessons for future ABS arrangements. It shows that provider countries need to be more careful and active during negotiations and implementation. Below are some specific recommendations for provider countries:

- Improve coordination and information flow concerning bioprospecting and ABS issues between and within national institutions.
- Assess the professionalism of bioprospecting actors before entering into ABS agreements.
- Establish the language and venues of meetings for ABS agreements explicitly in any agreement texts.
- Include provisions in ABS agreements on how to deal with affiliated companies of the signatories to the agreement.
- Include effective provisions in ABS agreements on the protection of traditional knowledge.
- Ensure efficient mediation at a sufficiently early stage if difficulties arise.

## Recommendations concerning further implementation of the CBD and the Nagoya Protocol

Lessons derived from the failure to implement the Teff Agreement also provide some insights into the implementation of the CBD and the Nagoya Protocol. Below are some recommendations regarding the same:

- The Parties to the CBD may consider strengthening the Clearing House Mechanism, stipulated in Article 18 of the CBD and which serves as a means for sharing of information related to ABS, by introducing a separate entity in charge of assisting provider countries by providing information on bioprospecting applicants in order for provider countries to assess the applicant's professionalism and whether there is sufficient basis for establishing trust.
- The Parties to the CBD may consider establishing an ombudsman facility to assist and support provider countries in cases of alleged violations against ABS agreements.
- As an alternative option to the ombudsman facility, the Parties to the CBD may consider establishing a Third Party Beneficiary, inspired by the model of the Third Party Beneficiary under the Multilateral System on ABS under the International Treaty on Plant Genetic Resources for Food and Agriculture.
- Focal points of ABS in user countries could be vested with the responsibility of providing access to the legal system of their countries to provider countries.
- The Parties to the CBD may consider organizing national workshops on ABS in user countries for companies working with genetic resources and bioprospecting, to inform about the aspects important for successful ABS arrangements. ■

*Dr. Andersen is the Executive Director of Oikos, Oslo, and was Senior Research Fellow at FNI. Ms. Tone is Research Fellow at FNI.*

## Note

[1] Andersen, Regine and Tone Winge. 2012. The Access and Benefit-Sharing Agreement on Teff Genetic Resources: Facts and Lessons. FNI Report 6/2012. Lysaker, Norway: The Fridtjof Nansen Institute. http://www.fni.no/doc&pdf/FNI-R0612.pdf

# SAARC Seed Bank Agreement and Farmers' Rights

## An Indian perspective

Kasturi Mukhopadhyay

India is one of the centres of mega biodiversity in the world, and for generations, Indian farmers have been custodians of traditional agriculture knowledge, which has contributed immensely to agriculture biodiversity. Through careful selection and traditional breeding, they have developed thousands of stable crop varieties which are suited to local agro-climatic conditions and which cater to various local needs.

In India, significant transformation in the traditional seed system took place in the 1960s and 1970s. The introduction of chemical responsive hybrids and high yielding varieties, provision of subsidies in agriculture inputs, and introduction of policy measures to liberalize trade and boost private sector investment in the agriculture sector paved the way for the green revolution. This led to a considerable increase in crop yield and made India self-sufficient in food production, and for a few decades, it increased the political and economic power of the farming community.

However, promotion of hybrids led to unprecedented displacement and extinction of innumerable traditional seed varieties, several of which had various merits such as stress and pest resistance. Also, hybrids, unlike traditional farmers' varieties, could not be saved to re-use in the

next planting season, and therefore, it forced farmers to be dependent totally on the market and purchase seeds every year. It destroyed farmers' self-reliance on seeds and turned them into growers of someone else's proprietary seeds.

Policy emphasis on"yield"over all other parameters neglected many basic agro-ecological principles on sustainability. The hybrids were most often prone to pests, and demanded constant use of pesticides, which resulted in pests developing resistance and the soil losing its fertility. This, in turn, demanded greater chemical intensification. Within 40 years, the unsustainable farming practices destroyed the ecological base on which agriculture depends, leading to sharp drop in yield. Having lost their locally adapted varieties to fall back on, the farmers' only option was, and still is, to progressively increase water and agrochemical inputs, escalating the cost of cultivation and eventually binding them in an ever-tightening snare of debt.[1] The chemical- and water-intensified farming left the ground water-table severely depleted, poisoned and led to increased incidence of cancer among the farming community. Within a few decades, the industrial farming system practically erased the political and economic power of the farming community along with the control they had over their seeds. In the case of cotton, for example, about 90 percent of all cotton varieties available in India today is Bt cotton—a transgenic variety introduced in the country about a decade ago. In 10 years, it has displaced all traditional varieties of cotton. Skyrocketed price of seeds and crop failure, especially in dry-land areas, have forced countless debt-driven farmers to commit suicide.[2]

## Farmers' rights in India

Today, agriculture in India is at crossroads. On the one hand, there has been tremendous growth of the Indian seed industry, while on the other, according to the National Crime Records Bureau, more than 290,000 Indian farmers have committed suicides since 1995 as an outcome of the agrarian crisis.[3] Even this number could be grossly underestimated since women, for example, are often excluded from farmers' suicide statistics because most of them do not have title to land—a common prerequisite for being recognized as a farmer in official statistics and programmes.

> In India, promotion of hybrids led to unprecedented displacement and extinction of innumerable traditional seed varieties.

The Protection of Plant Varieties and Farmers' Rights Act (PPVFRA) that India instituted in 2001 is the first legislation in the world on farmers' rights. Among other things, it gives farmers the right to save, sow, re-sow, exchange, share and sell (except branded varieties) seeds, and register farmers' varieties recognizing them as cultivator and conserver. It also balances the rights of breeders by providing them Plant Breeder's Rights (PBR).

Generally, there are two approaches to defining farmers' rights: i) Farmers' rights similar to intellectual property rights; and ii) Farmers' rights as developmental rights. The first approach poses farmers' rights as a counter to PBR and argues that if commercial breeders can acquire intellectual property over their inventions, then farmers' innovations must also be recognized and rewarded. The second encompasses a range of concerns including food security, livelihood rights, social justice and access to resources. India's policy largely adopts the first approach, which mainly provides political rather than economic benefits, and tends to undermine the second view that ensures greater economic/social advantages. Conversely, new legislations like the much controversial Seed Bill 2004, which tends to dilute the provisions of PPVFRA on farmers' rights, and a new proposed oversight regime for genetically modified organisms in the form of Biotechnology Regulatory Authority of India Bill, which is yet to be presented in the Parliament due to widespread protests, have been formulated. These reflect powerful commercial interests, and the pressure seed companies are exerting on policy makers.

Therefore, formulation of legislation on farmers' rights is insufficient if the overall agriculture policies and practices are not in the right direction. In reality, farmers' developmental rights, which encompass farmers' real well-being, is becoming meaningless in India in the face of many adverse policies and practices. Neither has any consensus emerged on how to implement farmers' rights, nor is it clear how farmers' rights can be practically realized if the very resource base for sustained agriculture is devastated, genetic pool eroded and contaminated, economic security of farmers jeopardized[4] and their physical and mental health shattered.

However, in a new trend, as a result of their bitter experience with industrial agriculture, millions of farmers in many states of India have shifted to sustainable biodiverse ecological/organic farming, which allows ecosystem to recover itself, holds immense mitigation and adaptation potential, and thus reduces farmers' vulnerability. This has helped improve soil health, which is critical for long-term ecological sustainability. It has also helped farmers attain food security and seed sovereignty. Many state policies are showing a major drift from the mainstream national policies as they have declared their organic policies, and many have decided to go fully organic in a few years.

## Role of community seed banks

Community seed banks are playing important roles in these transitions. They are making traditional seed varieties available to farmers, thus helping them become seed sovereign, and re-establishing the desired bio-genetic complexities, which is a guarantee

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against climate change-related crisis. At the local level, women have been playing lead roles in these transitory efforts. They are producing a wider variety of food for themselves as well as for sale at the local markets, which is having positive effects on food security, nutrition, health and education of themselves as well as their family.

Farmers have also lowered the cost of cultivation while maintaining yields, and have been successful in achieving remunerative returns with more profits to invest in livelihood assets. In some areas, community seed banks have become defunct as each farmer has turned into a seed banker, revealing the ultimate success of these banks' mission, which is long-term seed sovereignty and food security. In many cases, local autonomy over seeds has been instrumental in insulating local communities from the ill effects of extreme weather conditions. They have also been bringing positive social changes in the midst of deluge of farmers' suicide. In some places, where women have been actively involved in decision making and spearheading the cause, it has not only led to socio-economic empowerment of women, but has also helped re-balance gender relationships.

Farmers in transition are mainly using traditional seeds, open pollinated varieties and locally adaptable landraces. Farmers' preferences of these varieties have stemmed from the fact that being fairly non-uniform, these varieties have evolved over time; have a strong resilience to the vagaries of climate change, pests and diseases; are compatible with local farming conditions; are environmentally sustainable; and are less intensive in terms of labour and cost management. Uniform seeds developed out of hybridization have never shown such resilience and has much less scope, as it has no history of having evolved in the locality, adapting to local conditions.

## SAARC Seed Bank Agreement and farmers' rights

Recognizing the importance of regional and sub-regional collective self-reliance in agriculture to ensure seed security as a means of ensuring food security, and to cope with the adverse effects of man-made and natural calamities, member states of the South Asian Association for Regional Cooperation (SAARC) have signed the SAARC Seed Bank Agreement. However, the Agreement does not have any focus on farmers' self-reliance, without which achieving the goal of regional self-reliance might be difficult. The Agreement urges member countries to increase the Seed Replacement Rate (SRR) at a faster rate to ensure supply of quality seeds. This offsets farmers' rights and farmers' recognition as breeders by undermining their entire seed system for two main reasons: i) In the official website of the Department of Agriculture and Cooperation, Government of India, the SRR is defined as "...the percentage of area sown out of total area of crop planted in the season by using certified/quality seeds other than the farm saved seeds"[5]; and ii) In mainstream agriculture, almost always, only certified hybrids are considered as "quality" seeds. The seeds that are generally replaced in the process are traditional farmers' varieties, causing their eventual loss. Hence, SRR, in effect, erases in one season millions of years of evolution and thousands of years of farmers' breeding, which occurred due to years of selection and conservation of important traits.[6]

The Agreement proposes member states to undertake quality control measures adopted by the SAARC Seed Bank Board to ensure that earmarked seeds for the reserve meet required quality standards. It also urges members to develop common seed certification system and standard. However, meeting the criteria for certification as established in the Indian Minimum Seed Certification Standard 1988 takes a long time, and is extremely expensive for farmers. Nor do the farmers necessarily consider only branded or certified seeds as quality seeds.

Many community seed banks in India have adopted a farmer-friendly Participatory Guarantee System where farmers' groups themselves certify their seeds and offer a community guarantee for the truthfulness of their certification as against expensive mainstream certification system. Whether the SAARC Seed Bank Agreement harmonizes policies towards a farmer-friendly model of quality control and certification, or takes an industry-friendly stringent approach that suits only private breeders would eventually decide whether or not the Agreement can guarantee inclusion and conservation of local seed system, and guarantee farmers' rights.

As against the Indian government's notion, and what corporates want governments to believe, traditional farmers' variety can also be of good quality when good management practices are followed. Also, due to their important traits such as potent pest and disease resistance and local adaptability, along with traditional diverse multi-cropping practice, they can guarantee better yield even without external inputs. But the SAARC Seed Bank Agreement focuses on the common varieties of major priority crops, while recognizing the need to preserve local/indigenous varieties. Since local varieties are generally understood as heirlooms, landraces or local farmers' varieties, it seems that they are not immediately considered as common varieties for the SAARC Seed Bank Reserve. In the absence of these traditional varieties, the alternative common seeds are only hybrids or transgenic seeds that are developed by the formal sector.

## Conclusion and way forward

Dependence on hybrid or transgenic seeds is not the path towards seed security and sovereignty, which are pre-requisites for long term sustainable agriculture and farmers' developmental rights. If the resource-intensive modern hybrids are considered as the primary common seed for the SAARC Seed Bank Reserve, then the "acute" seed crisis created post-calamity might turn to "chronic" seed crisis as these ill-adapted hybrids would displace adaptable landraces without being able to thrive or maintain yield in post-disaster suboptimal conditions.[7] Hence, the whole exercise of setting up the Seed Bank might turn futile.

With climate change aggressing, more land in the future might probably be classified as "marginal" as resources become scarce and ecological conditions turn suboptimal or adverse. So, locally adaptable and stress-tolerant landraces and heirlooms, or even truly modern stress-tolerant hybrids that are suitable for sustainable ecological agriculture[8], should be considered for the Reserve. The SAARC Seed Bank Agreement does not mention about the role of farmers or community seed banks in making available thousands of such suitable seed varieties, or any recognition of the broad-based ecological wisdom of many traditional farming techniques. Neither does it mention the roles that farmers could play in strengthening the Seed Bank. The Agreement does not provide any roadmap for strengthening the farmers' seed system vital for long term seed security and agriculture sustainability, or any goal towards providing an enabling environment for farmers despite recognizing the "need to preserve local/indigenous varieties".

As experiences have shown, external seed supply has the potential to replace local varieties. Therefore, farmers should be allowed to participate at all levels of policy making related to the SAARC Seed Bank so that they can help develop suitable guidelines to complement their farming practices, including the use of seeds. Currently, the Agreement has a provision of having one farmer representative on its Board, while there will be two members from the private sector. This suggests that the Board will have more influence of the private sector. Also, with the existence of intra-country political and gender inequality in South Asia, a single farmer representative on the Board cannot truly represent the views and demands of the broader farming community, especially those of women farmers. Thus the Agreement needs to undergo major amendments through wider stakeholder consultation, especially with South Asian farming communities. This is crucial to ensure that farmers' rights are kept at the centre, and the operational guidelines are prepared bottom-up, ensuring inclusiveness, equity and fairness if the real concern of establishing the Seed Bank is seed sovereignty and food security for the entire South Asia region. ■

*The author is Consultant, CUTS International, Jaipur.*

The SAARC Seed Bank Agreement needs to be amended through wider stakeholder consultation.

## Notes

1. Deb, D., 2009; "Valuing Folk Crop Varieties for Agroecology and Food Security." *Independent Science News*, 26 October. http://independentsciencenews.org/un-sustainable-farming/valuing-folk-crop-varieties/
2. Incidentally many reports indicate that farmers' suicide is most prominent in areas which cultivated Bt cotton.
3. http://www.indianexpress.com/news/2.90-lakh-farmers-committed-suicide-during-19952011-govt/995981. This is the largest recorded rate of suicide in human history (See Sainath, P. 2009. "The Largest Wave of Suicides in History." http://www.counterpunch.org/2009/02/12/the-largest-wave-of-suicides-in-history/).
4. Ramanna, Anitha. 2006. Farmers' Rights in India: A Case Study. FNI Report 6/2006. http://www.fni.no/doc&pdf/FNI-R0606.pdf
5. http://agricoop.nic.in/faq/faq_seed.htm
6. Shiva, Vandana. 2011. "The Great Seed Robbery." http://www.zcommunications.org/the-great-seed-robbery-by-vandana-shiva
7. For example, in 2009, Hurricane Aila devastated huge agriculture land in the Sunderbans causing acute salinity even after the sea water receded. A study showed that none of the modern hybrid varieties could survive in the extreme saline conditions created after the disaster. They could not match the traditional varieties developed by the ancestral farmers of the region in terms of their salt tolerance capacity.
8. According to an article published in *The Hindu* on 6 April 2012, farmers in India have developed some hybrids like "Mysore Malligae" through cross-breeding which can give more yield, not in presence but absence of chemicals (See http://www.thehindu.com/todays-paper/tp-national/tp-karnataka/article3286268.ece). However, since these varieties are not developed in scientific labs, they are never integrated with or distributed through mainstream distribution channels.

# Clean Development Mechanism

Clean Development Mechanism is a market-based trading system that functions by providing subsidies to developing countries in return for lower emissions of GHGs.

Niraj Shrestha

To tackle the growing problems of climate change, the international community adopted two major agreements: the United Nations Framework Convention on Climate Change (UNFCCC) in 1992 and the Kyoto Protocol in 1997. The Kyoto Protocol follows the fundamental UNFCCC principle of "common but differentiated responsibility", which recognizes that the heaviest burden of responsibility to mitigate climate change should fall on the countries which have historically emitted the greatest amount of greenhouse gases (GHGs). Hence, under the Protocol, industrialized countries and the European Community—Annex I countries—have committed to limit or reduce their annual emissions of GHGs. Besides the policies put in place by these countries at the national and regional levels to fulfill their commitments, there are three market mechanisms, within the Kyoto Protocol, known as flexible mechanisms set for the Annex I countries, which they can use to fulfill their commitments. These mechanisms are:

- Emissions Trading
- Joint Implementation
- Clean Development Mechanism

The focus of this write-up is on the third mechanism.

## What is Clean Development Mechanism?

The Clean Development Mechanism (CDM), defined in Article 12 of the Kyoto Protocol, allows Annex I countries to implement emissions reduction projects in non-Annex I countries. Such projects can earn certified emission reduction (CER) credits, each equivalent to one tonne of carbon dioxide ($CO_2$). These CERs can be traded and sold, and used by Annex I countries to meet part of their emissions reduction targets under the Kyoto Protocol. The main objective of the CDM is to stimulate sustainable development in developing countries, while giving industrialized countries some flexibility in meeting their emissions reduction/limitation targets.

In a nutshell, the CDM is a market-based trading system that functions by providing subsidies to the developing world in return for lower emissions of GHGs. The CDM was designed with a view that the marginal cost of emissions reductions in developing, and especially rapidly developing, countries would be less than for developed ones. The idea was that, paying to build efficient, low GHG emitting industrial and energy facilities in the developing world would be far cheaper than prematurely scrapping or attempting to modify existing developed world capital stock.[1]

## Certified Emission Reductions

CERs are the tradeable units of the CDM or the primary unit of measurement of the carbon reduced by the project. This is issued by the CDM Executive Board for emissions reductions achieved by the project, verifying that the project managed to reduce one tonne of $CO_2$ equivalent per year. CERs can be used by Annex I countries to meet their emissions targets, and can be added to the country's overall quantified emissions reduction commitment. CERs can be held by both government and private entities on electronic accounts with the United Nations and can be purchased from the primary market (from original party that makes the reduction) or the secondary market (resold from a market place).

## Pre-requisites of a CDM project

An Annex I country that wishes to get credits from a CDM project must obtain the consent of the non-Annex I country hosting the project. The host country has to meet some basic requirements, such as adhering to the UNFCCC, and establishing a designated national authority (DNA). The project must ensure that it will contribute to sustainable development in the host country. Then, using the methodology approved by the CDM Executive Board, the applicant must fulfill the additionality constraint (see below) and establish a baseline estimating future emissions in the absence of the registered project. The case is then validated by a third party agency, called a Designated Operational Entity (DOE), to ensure that the project results in GHG reductions that is real, measurable and brings long-term benefits to climate change mitigation. The Executive Board then decides whether or not to register/approve the project. If a project is registered

and implemented, the Executive Board issues CERs/carbon credits to project participants based on the monitored difference between the baseline and the actual emissions, verified by the DOE (Figure).

## Additionality constraint

One of the key factors for approval of a CDM project is the additionality constraint. To avoid giving credits to projects that would have been undertaken anyway, rules are specified to ensure that the project reduces anthropogenic emissions of GHGs more than that would have occurred even in the absence of the CDM project. Currently, the CDM Executive Board deems a project additional if realistic alternative scenarios to the proposed project would be more attractive economically, or if the project faces barriers that CDM helps it overcome.

## Types of CDM projects

CDM projects can be undertaken in many areas such as promotion and use of renewable energy (e.g., hydropower, biomass, wind power, etc.); destruction of GHGs having high global warming potential (methane, nitrous oxide, hydroflourocarbons, perfluorocarbons, and sulphur hexafluoride); efficient use of fossil fuel (e.g., energy efficient construction and transportation); switch to low carbon-intensive fossil fuel; and carbon sinks (e.g., afforestation/reforestation).

## Costs of CDM projects

The cost of a CDM project mainly incorporates project development and implementation costs, transaction costs such as consultant's fee, cost of registration with the DNA, validation and monitoring fee to DOE, CER issuance fee, and contribution to UNFCCC adaptation fund.

## Benefits of CDM

### Benefits to host countries

One of the greatest benefits of CDM to host countries is that they receive additional funds for sustainable development projects. Since Official Development Assistance is not counted as part of the CDM, the additional financial resource they receive under CDM provides a boost to their development. Similarly, through CDM projects, Annex I countries—rich in technology—can transfer relevant technologies to developing countries. Other benefits of CDM for host countries include mitigation of local environmental pollution, jobs creation, and development of infrastructure, among others.

### Benefits to investor countries

CDM provides flexibility to Annex I countries in meeting their GHG emissions reduction commitments. It also offers them an opportunity to invest in and reduce overall mitigation costs.

## Current scenario

The 18th Conference of the Parties to the UNFCCC formally adopted the Kyoto Protocol's second commitment period (2013–2020), which has followed immediately after the expiry of the first commitment period on 31 December 2012. This has reduced the uncertainty of CDM beyond 2012.

According to the UNFCCC, as of 31 March 2013, there were 6,663 registered CDM project activities, of which China holds 52.8 percent, followed by India (18.4 percent), Brazil (4.1 percent), Vietnam (3.5 percent) and Mexico (2.6 percent).[2] Similarly, the United Kingdom (33 percent), Switzerland (21 percent), the Netherlands (8.7 percent), Japan (8.5 percent) and Sweden (6.7 percent) are the top five investor countries in CDM.

In terms of distribution, the Asia-Pacific region houses the largest number of projects (85.2 percent), followed by Latin America and Caribbean (12.1 percent), Africa (2.1 percent) and economies in transition (0.6 percent). Of these, 62 percent are large-scale and 38 percent are small-scale projects. In terms of scope, 74.7 percent of the CDM activities are concentrated in the energy industries.

So far, the total number of CERs issued by CDM projects is 1,270,620,576, which is expected to reach 3,325,007,806 by the end of 2020. China and India have respectively issued 61.8 percent and 13.5 percent of the total CERs. ■

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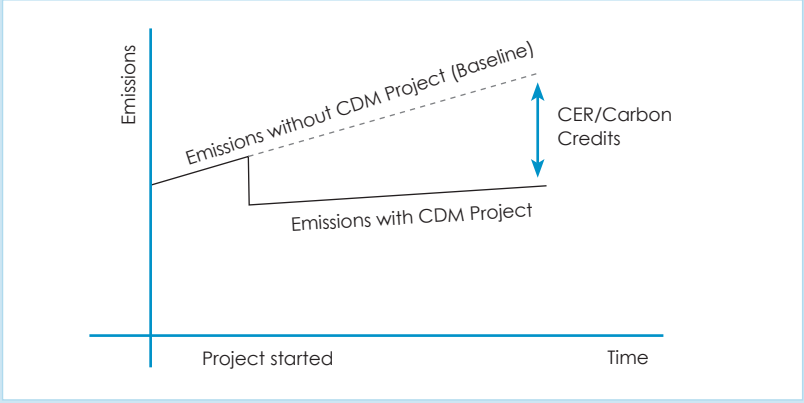
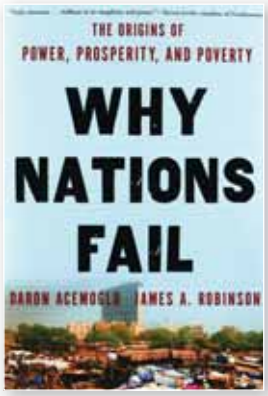
Figure
Earning carbon credits




## Notes

1 Wara, Michael. 2006. Measuring the Clean Development Mechanism's Performance and Potential. Working Paper #56. Stanford: Program on Energy and Sustainable Development, Stanford University.

2 See http://cdm.unfccc.int/Statistics/Public/CDMinsights/index.html




# Why Nations Fail

Title: Why Nations Fail: The Origins of Power, Prosperity and Poverty
Author: Daron Acemoglu and James A. Robinson
Publisher: Crown Publishers
eISBN: 978-0-307-71923-2

Ganga Tilakaratna

The widening gap between rich and poor countries is an issue of global concern. Average income in the United States (US), Japan and the United Kingdom is about one hundred times higher than in Ethiopia, Liberia and Burundi. Citizens of the former group of countries, on average, enjoy higher life expectancy and have access to better quality education, health and transport services while those in the latter group are faced with manifold problems such as persistent poverty, high mortality and widespread diseases. What are the reasons for such inequalities in the world? What make countries rich or poor?

Daron Acemoglu, Professor of Economics at the Massachusetts Institute of Technology, and James A. Robinson, Professor of Government at Harvard University, in their book *Why Nations Fail: The Origins of Power, Prosperity and Poverty* explain why some countries are rich while the others are poor and how economic prosperity of countries with similar geographies and cultures diverge so markedly.

The book begins with the story of the city of Nogales divided in half by a wall—Nogales, Arizona located on the US side of the border and Nogales, Sonora on the Mexican side. The two halves of the city differ enormously in terms of income, life expectancy, health and education services, and the democratic rights of their inhabitants. In explaining the underlying reasons for such differences in economic prosperity across countries, the book also highlights a number of other examples such as the comparison between South Korea and North Korea, and that between Botswana and other African countries like Sierra Leone and Democratic Republic of Congo.

The authors argue that the reason for some countries to prosper and the others to fail is not the differences in their geography, culture or climate, but the differences in their economic and political institutions which create very different incentives for their inhabitants. In their words, "Inclusive economic institutions that enforce property rights, create a level playing field, and encourage investments in new technologies and skills are more conducive to economic growth than extractive economic institutions that are structured to extract resources from the many by the few". They emphasize that "while economic institutions are critical for determining whether a country is poor or prosperous, it is politics and political institutions that determine what economic institutions a country has". As such, inclusive economic institutions arise from inclusive political institutions with broader distribution of power and resources, while extractive economic institutions stem from extractive political institutions that concentrate the power in the hands of a few elite. Drawing on numerous examples such as the experience of Soviet Russia and the history of the Maya city-states, they argue that growth under extractive institutions is not sustainable due to their lack of innovation, fear of "creative destruction" in the power elite, and infighting and instability of extractive institutions.

The authors further argue that interaction between extractive economic and political institutions creates a vicious circle where the extractive institutions persist while interaction between inclusive economic and political institutions leads to a virtuous circle with inclusive institutions. However, "neither the vicious nor the virtuous circle is absolute". Some countries that had extractive institutions in the past have been able to "break the mold and transition toward inclusive institutions". The authors stress that such "major institutional change, the requisite for major economic change, takes place as a result of the interaction between existing institutions and critical junctures".

This is a fascinating book with a good blend of history, economics and politics. One of the striking features of the book is the multiplicity of historical examples drawn from various countries and over several centuries, and the use of interesting contrasts such as Nogales Arizona vs. Nogales Sonora, South Korea vs. North Korea and Bill Gates vs. Carlos Slim. It is an enjoyable and a must-read book for academics, policy makers, students and all who are interested in understanding why countries today differ greatly in terms of their economic prosperity. ■

*Dr. Tilakaratne is Research Fellow and Head of Poverty and Social Welfare Policy Unit, Institute of Policy Studies of Sri Lanka, Colombo.*

# Workshop on the use of TradeSift

**SAWTEE,** in collaboration with the University of Sussex, United Kingdom, organized a workshop on "South Asian Trade Policy" in Kathmandu on 21–25 January 2013. The workshop provided training on the use of TradeSift (Systematic Integrated Framework for Trade Analysis) software developed by the University of Sussex for the analysis of international trade.


The workshop provided policy makers skills to better analyse trade policies before and after their implementation, and prepare negotiating strategies based on actual trade and economic performances using the freely available datasets from various sources. The workshop covered multifaceted issues—both theoretical and empirical—in trade theory.

Ten bureaucrats each from India and Pakistan participated in the workshop. There was also participation of a few officials of the Government of Nepal and the SAARC Secretariat. The workshop has been viewed as being useful and relevant to enhance their knowledge and efficiency. ■

# CREW project meeting held

**AN** inception meeting of a new project "Competition Reforms in Key Markets for Enhancing Social & Economic Welfare in Developing Countries (CREW)", initiated by Consumer Unity and Trust Society (CUTS) International, was held on 13–14 March 2013 in Jaipur, India. The Project will assess the impacts of competition reforms on consumers and producers in two product markets (staple food and passenger transport) in four countries (Ghana, India, Philippines and Zambia).

Benefits of competition are often overlooked by policy makers in many developing countries, and hence competition policy reform is a low priority area. Therefore, one of the main goals of the Project is to demonstrate the benefits of competition reforms in order to garner greater attention and support on this issue. The CREW project endeavours to develop tools/approaches that would help stakeholders better understand and estimate the benefits of competition reforms on consumers and producers. ■

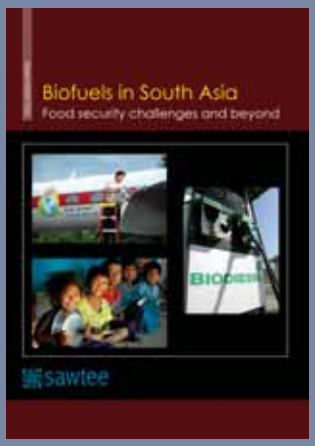
# Connectivity in South Asia

**IN** early March, the Sustainable Development Policy Institute (SDPI) organized a seminar titled "Regional Connectivity and Economic Growth in South Asia" in Islamabad. Experts at the seminar said that enhanced physical, economic and social connectivity can secure a prosperous future for the South Asia region. Arguing that South Asia is the least-connected region in the world, they called for improved connectivity for smooth flow of goods, services, people, knowledge, capital, technologies and ideas throughout the region. They also demanded policy makers in Pakistan to reform laws, develop new business models and encourage the private sector to make investments to promote connectivity and development. ■

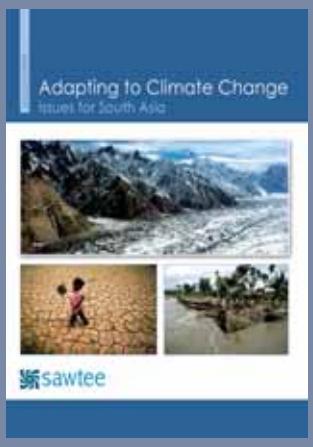
# Sixth SAES to be held in Colombo

**SIX** years after its inauguration in Colombo, the 6th South Asia Economic Summit (SAES) will be held in Colombo again on 2–4 September 2013. The Institute of Policy Studies of Sri Lanka will be hosting the annual event in collaboration with different organizations, including SAWTEE.

With the theme of "Towards a Stronger, Dynamic and Inclusive South Asia", the upcoming SAES will discuss the needs of South Asian nations to strengthen their economic growth prospects while managing risks and challenges in building a stronger region. The main issues that will be discussed at the 6th SAES will be under four broad themes: harnessing human capital; tackling environmental challenges and climate change; managing intra-country growth disparities; and supporting the competitiveness of private-sector enterprises. ■




Discussion Paper: Biofuels in South Asia: Food security challenges and beyond
Author: Kaushik Ranjan Bandyopadhyay and Kasturi Das
Publisher: SAWTEE




Discussion Paper: Adapting to climate change: Issues for South Asia
Author: Fahmida Khatun and Samina Hossain
Publisher: SAWTEE


Briefing Paper: Problems and prospects of business process outsourcing in Nepal
Author: Niraj Shrestha and Puspa Sharma
Publisher: SAWTEE

sawtee

South Asia Watch on Trade, Economics and Environment (SAWTEE) is a regional network that operates through its secretariat in Kathmandu and member institutions from five South Asian countries, namely Bangladesh, India, Nepal, Pakistan and Sri Lanka. The overall objective of SAWTEE is to build the capacity of concerned stakeholders in South Asia in the context of liberalization and globalization.

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