

# Post 2015 Development Challenges

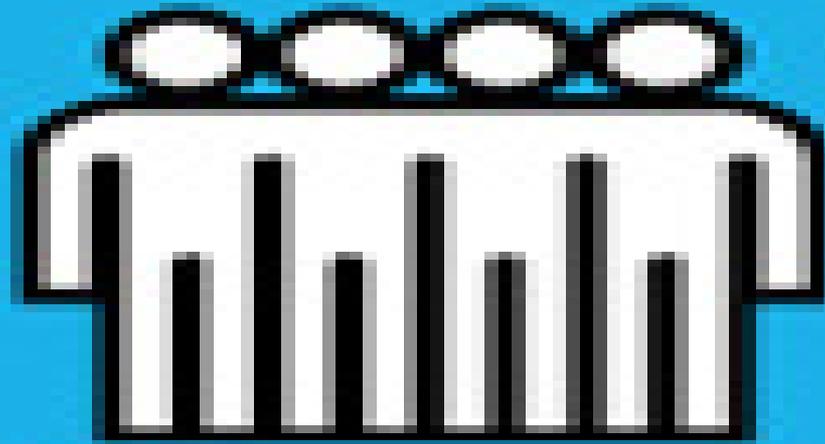
*Sachin Chaturvedi*



**RIS**

**Research and Information System  
for Developing Countries**

# Focus on MDG Eight



8

GLOBAL  
PARTNERSHIP FOR  
DEVELOPMENT

# Targets of MDG 8

| Goal   | Indicator  |
|--|--|
| <b>Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</b> | <p>Developing countries gain greater access to the markets of developed countries</p> <p>Least developed countries benefit most from tariff reductions, especially on their agricultural products</p>                              |
| <b>Address the special needs of least developed countries</b>  | <p>ODA total and to the LDCs</p> <p>ODA for basic social services (basic education, primary health care, nutrition, safe water and sanitation)</p> <p>Untied Aid from OECD/DAC</p> <p>Market access</p> <p>Debt sustainability</p> |

# Targets of MDG 8

| Goal   | Indicator  |
|--|--|
| <b>Address the special needs of landlocked countries</b>                   | ODA received in landlocked countries<br>Market access<br>Debt sustainability   |
| <b>Deal comprehensively with the debt problems of developing countries</b> | Number of HIPC<br>Debt relief committed under HIPC and MDRI Initiatives<br>Debt service as a percentage of exports of goods and services |

# Targets of MDG 8

| Goal   | Indicator  |
|--|--|
| Provide access to affordable essential drugs   | ODA received in landlocked countries<br>Market access<br>Debt sustainability                                       |
| In cooperation with the private sector, make available the benefits of new technologies, especially information and communications | Telephone lines per 100 population<br>Cellular subscribers per 100 population<br>Internet users per 100 population |
|  |  |

# MDG Gap Task Force Report 2012

## Global ODA

- In 2011 the commitment to achieve MDGs was estimated to be of \$ 300.3 billion to meet the target of 0.7 % of GNI dedicated to ODA.
- While the gap emerged of \$166.8 billion.

## ODA to LDCs

- Gap of \$ 17.2-38.4 billion, based on Istanbul Programme

## Trade

- Impasse at Doha Round
- Agricultural export Subsidies continue to be a factor apart from other areas.

# MDG Gap Task Force Report 2012

## Trade Restrictive Measures

- Nearly 3 per cent of trade is affected by protectionist measures since crisis; 82 per cent of the measures are yet to be removed.

## DFQF

- Out of 97 per cent of tariff lines only 79 per cent are covered and more effort for simplification of rules of origin is required.

## Debt

- 36 of 40 have reached HIPC Initiative ‘decision point’ getting debt relief up to 90 per cent
- 32 of 36 countries have received additional relief through Multilateral Debt Relief Initiative (MDRI).

# MDG Gap Task Force Report 2012

## Access to Affordable Medicine

- Drug prices continued to remain high 2.6 times in the public sector and nearly 5 times in private sector from the international reference prices, across developing countries.
- SC Rulings and Forceful Drug pricing or options like HIF

## Access to New Technologies

- 74 per cent of inhabitants in developed countries use internet while only 26 per cent in developing countries.

# Trend in AID Flows

- OECD has just completed its sixth comprehensive DAC Survey on Donors' Forward Spending Plans (April 3<sup>rd</sup> 2013)
- Decline in 2012 and global CPA is expected to stagnate over 2014-2016.
- Major increases in CPA are projected for MICs, primarily China, India, Indonesia etc. in the form of bilateral and multilateral soft loans.
- Survey reveals a significant reduction in programmed aid, amounting to nearly half a billion dollars.
- Primarily affects countries in sub Saharan Africa, such as Burundi, Chad, Madagascar, Malawi and Niger

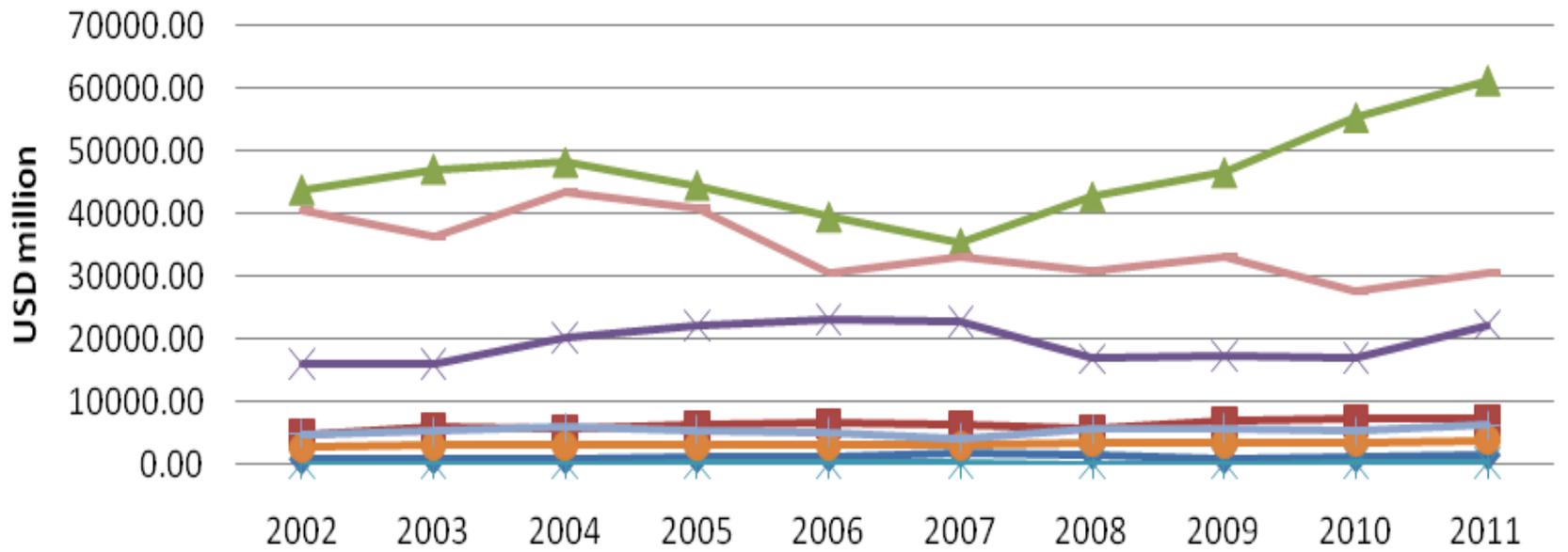
# UNESCAP Study on Aid for Trade

- Aid for Trade flows amounted to 39bn in 2011
- Lower infrastructure commitments compared to 2010, mainly in Africa
- Private sector development and value chain promotion are increasingly prioritised and flows continue to increase to these areas
- Increasing support for multi-country programmes reflects their higher impact
- Commitments to LDCs have doubled since 2002-05

# Policy Coherence: Case of Agriculture

- USDA distributes between \$10 billion and \$30 billion in cash subsidies to farmers and owners of farmland each year.
- Subsidies go to farmers of five crops—wheat, corn, soybeans, rice, and cotton.
- In addition to routine cash subsidies, the USDA provides subsidized crop insurance, marketing support, and other services to farm businesses. This is another \$ 5 billion
- European Union (EU) spends around 50 billion EUR on the CAP in the form of decoupled direct payments
- Studies have shown that agricultural subsidies distort input and output markets.

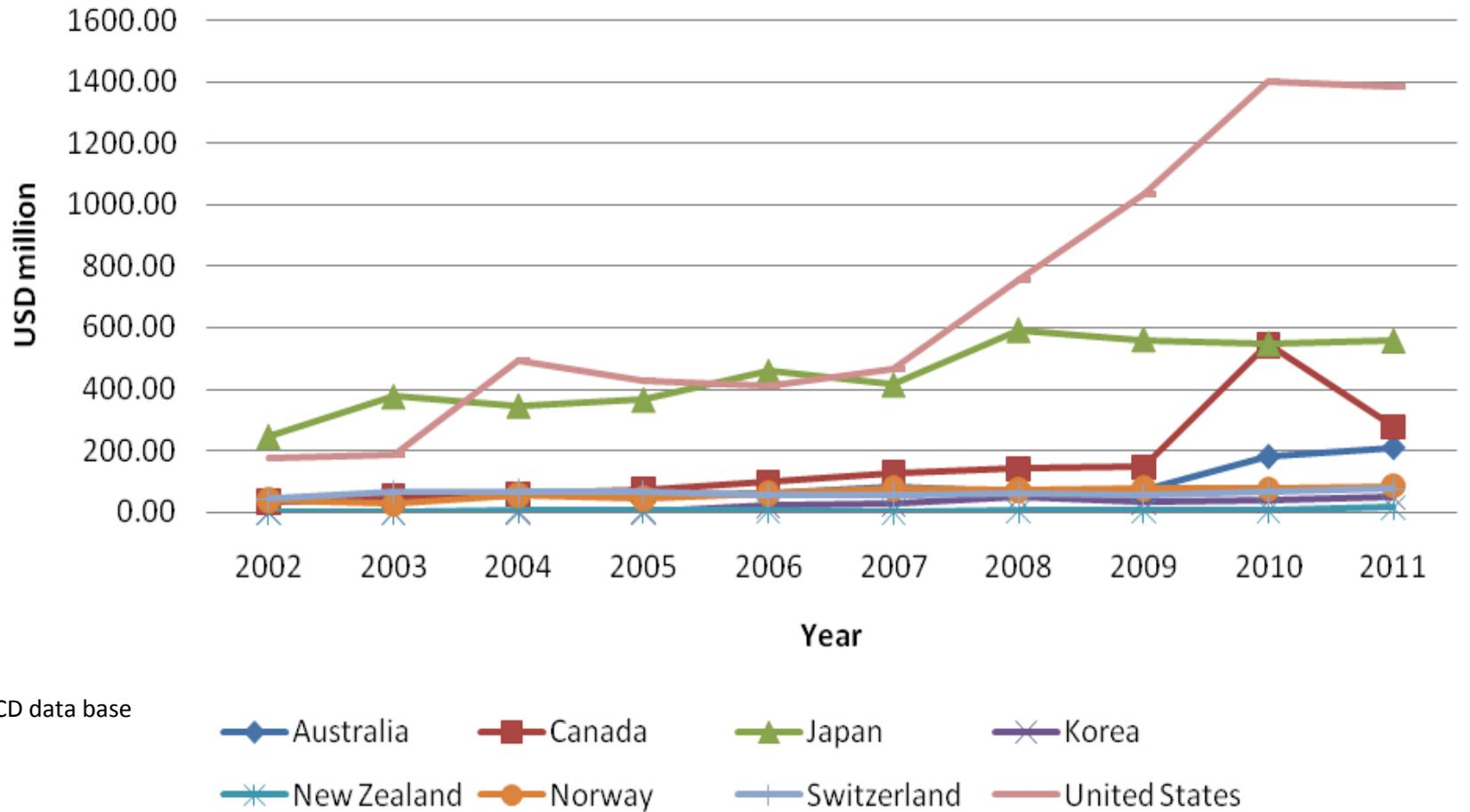
### Producer support (Agriculture)



Year

- Australia
- Canada
- Japan
- Korea
- New Zealand
- Norway
- Switzerland
- United States

### ODA (Agriculture) (Gross Disbursement)



Source: OECD data base

# Policy Coherence: Case of Agriculture

- Plight of C4: West and Central African (WCA) countries – Benin, Burkina Faso, Mali and Chad have gone through tremendous stress.
- March 2003, a panel was established to investigate the Brazilian complaint that the US cotton subsidies were prohibited.
- Rest is history.
- C4's closest coalition ally has remained the Brazil- and India-led G20 coalition, which has strongly campaigned for the reform of US subsidies
- In 2011, India launched special DC project for C-4

# AMS Calculations and Agriculture

- G-33 proposed that the provisions on Public stockholding for food security purposes be taken up for a formal decision by the WTO ministerial conference (MC9) in December 2013 in Bali.
- Existing subsidy rules should be completely changed as they are totally unfair for DCs, and are not even complied with by the US and EU.
- The EU is also reluctant, saying that disciplines should be put on stockholding.

# Duty Free Quota Free Access

- WTO Hong Kong Ministerial Declaration in 2005 has set the international target of providing duty-free and quota-free treatment for LDC exports.
- Benefit competitive apparel-exporting Asian LDCs that have been exporting apparel products under normal MFN tariffs

# Untying Commitments

- Large variations in DAC members' untying and reporting on tying status of their aid.
- Seven DAC members reported over 90% untying in 2007. The US is the major donor that continues to tie extensively (37% of its bilateral ODA in 2007 and 57% of all reported tying).
- Half of all non-reporting was by Japan. There was a high level of non-reporting for TC and sectors in which tying of project aid might be expected:
  - infrastructure, transport and energy.
- There is a lack of transparency that indicates the need for caution in making statistical inferences.

(Clay et. al. 2009)

*Global Challenges  
and  
Way Forward*

# *Global Challenges and Way Forward*

- Goal 8 requires that at the outset we need to enlarge the policy space available to countries that are latecomers to development.
- Also need to priority needs to be given for addressing asymmetries
- How divide of N-S be turned into partnership?

# *Global Challenges and Way Forward*

- Is Export-led Growth Passe?
- Export led growth (ELG) vs. Domestic Demand led Growth (DDLG)
- Inclusive Growth

# How about SSC as a model?

- SSC framework: both the partners have a **responsibility for self-development** in a mutually beneficial relationship.
- Strengthening **autonomous capacity for goal-setting**, decision-making and national implementation.
- Greater role of trade and private sector.
- Enables a particular country to **progress on its own**: Presupposes horizontal supportive flows with new institutions like **BRICS Bank**

# How about SSC as a model?

- Aid Effectiveness
  - \* **Trade**
    - Market Access
    - Domestic Support Policies
    - NTBs/Standards
  - \* **Investment**
    - Enterprise Development
    - Markets/Value Chain
  - \* **Technology**
    - Productivity
    - Value Chains
  - \* Sectoral approach – central approach

# Let SSC flourish: Restructure GP

- The Busan High-Level Forum on Aid Effectiveness aimed to forge a “new partnership” that is broader and more inclusive.
- Based on shared principles, common goals and differential commitments.
- GP proposes to use set of indicators and targets which attempts to subsume SSC within NSC.
- There are concerns among Southern providers that the indicators and targets of the GP may gradually become the norm for all development cooperation stakeholders including the issuance of score-cards.

# SSC: Emerging issues and opportunities

- Analysis & information exchange could be improved: Authoritative evidence-based analysis of SSC
- Strengthening of national development cooperation agencies  
Institution-building for SSC also deserves greater attention
- Greater support from regional and multilateral institutions needed  
multilaterals are sometimes seen as tailored towards the modalities of North-South cooperation

# SSC and NS: Global Challenges and Way Forward

- EC has initiated a process to evolve synergies between policies outside the development cooperation framework that nevertheless have a strong impact on developing countries (EU 2007).
- **MGG:** Managing Global Governance of GDI
- **AADC:** Asian Approaches to Development Cooperation (AADC) KDI/Asia Foundation Series