

## **Underpinning Development through More Efficient International Co-operation.**

Statement by Gun-Britt Andersson at the Third Forum on Human Development at the Centre de Conférences Internationales de Kléber, 18 January 2005.

1. Ladies and Gentlemen. It is always a challenge to speak after Inge Kaul on a topic she has devoted so much systematic thinking and writing to during a long time. To day the report of the UN millennium project has also been presented. We have been looking forward to that contribution to the follow-up of the Millennium Declaration and the Millennium Development Goals at the General Assembly later this year. I feel humbled but also inspired to share my reflections on what I expect the Task Force on Global Public Goods will add to efforts to make progress on sustainable development.

2. The report of the Task Force is expected in June. A meeting of the friends of this French-Swedish initiative will be held in Berlin later this week and a number of regional consultations is under way. The final report is being prepared for a concluding meeting of the Task Force. Thus work is still going on but some observations and conclusions are pretty clear and can be woven into my presentation.

3. We are in a period marked by report-density. Last December the High Level Panel on Threats, Challenges and Change submitted its proposals to Secretary-General Kofi Annan and last week Richard Manning launched the DAC:s 2004 Development Cooperation Report in New York. I will make two quotes from these documents which in my mind define issues and gaps our Task Force has been set up to provide some better approaches to.

In the introduction to the development cooperation report the Chairman of the DAC asks the question what it would take to radically improve the prospects for meeting more of the

MDG's in more places. The first answer is like in Monterrey "the efforts and commitment of people and governments of each country to its own progress". The second is to give effect to commitments, by in this case the OECD countries to help establish an international environment in which poorer countries can thrive. This commitment was made in a ministerial statement in 2002 calling on the OECD to "consider trade-offs and potential synergies across such areas as trade, investment, agriculture, health, education, the environment and development cooperation, to encourage greater policy coherence in support of the internationally agreed development goals".

Kofi Annan has noted that The High Level Panel clearly define "development as the indispensable foundation of a new collective security. While its more specific proposals focus on security it has a chapter on poverty, disease and environmental degradation. It concludes that "Existing global and social governance structures are woefully inadequate for the challenges ahead. To tackle the challenges of sustainable development countries must negotiate across different sectors and issues etc.....( 56) The fragmented sectoral approaches of Governments: for example finance ministers tend to work only with the international financial institutions, development ministers only with development programmes .... And environment ministers only with environmental agencies."(55) " At the moment there is no high-level forum which provides leaders from large industrial and developing economies a regular opportunity for frank dialogue, deliberation and problemsolving." Embedded in these statements are the needs for a conducive environment for development built up by enhanced provision of essential global public goods and services and by better governance for that purpose.

4. We know from the political debate and sometimes political turmoil in our own countries that national governance provides no easy ride towards security, well-fare and development. Still I think it is fair to say that there is a high degree of consensus on what constitutes good policies on a number of areas at national level. There, we also, increasingly through democratically elected governments have the legitimate structures for collective decision making and action. This applies both to the more developed and to developing countries. Where we realize that tasks cannot be accomplished by national action alone things become more problematic.

5. The need for more effective international cooperation is not a new discovery. The latest century has seen the creation of an impressive web of global and regional international organisations with the United Nations at the centre. The institutional set-up after World War II has in many ways served the world well. Applying the principles of the charter of the UN many new nations have gained independence. There are conventions on human rights and they are better respected. Economies and trade have grown, there is less poverty and the worst war scenarios have been avoided. The system has also especially after the end of the cold war become good at identifying problems and at setting targets for what we ought to do to eradicate poverty, to secure peace, development and sustainable use and management of the physical environment. However as links and interdependence across borders in almost all spheres tighten the demands on the international public sphere grow. The weaknesses are revealed and it is evident that there is no system or global public sector that like a national government in a well-defined political process can take, finance and enforce decisions – that can make sure that there is an adequate provision of international public goods and services. International binding conventions do exist, and binding decisions can be taken by the Security Council. However we have seen that they can be circumvented when big powers have vital

interests at stake: Efficiency is also eroded by lack of resources and other means for implementation and enforcement.

6. Also the founding fathers of our understanding of how the invisible hand of the market can bring wealth for nations saw an indispensable role for a public sector. Law and order, security and setting some rules of the game, education, etc have been and remain core issues for national public goods provision. But as some of these essential things can no longer be accomplished by national action alone we must deepen our understanding of how a global public sphere can become better at meeting our collective needs. Economic theory helps with clear definitions of different categories of public goods.

Building on that the Task Force has for its purposes settled for a definition that Global public goods address issues that are i) deemed to be important to the international community, to both developed and developing countries, ii) typically cannot, or will not, be adequately addressed by individual countries or entities acting alone, and, in such cases iii) are best addressed collectively on a multilateral basis. The Task Force has adopted a pragmatic approach by accepting the reality and may be desirability to regard the nation states as the prime actors. Accountability and legitimacy pose problems for larger entities and aggregates. This point of departure is reflected in the provisional title of the final report: Meeting Global Challenges – International Cooperation in National interest. I think we will state clearly that the principle of subsidiarity shall apply. Whatever can be handled at national level or as appropriate at regional level should be handled there. The inbuilt difficulties in international cooperation are such that overloading with expectations and tasks should be avoided. While for instance it is in the interest of the entire world community that the Education for All objectives be met, this can be accomplished through mainly national action. To support such

action in poor countries is a development cooperation task but not a primary global public good consideration as defined by the Task Force.

7. Which are then the key Global Public Goods the international community should concentrate on providing? The Task Force early settled for six families of goods or conditions. I) peace and security, ii) control of infectious diseases, iii) sustainable management of global commons iv) financial stability, v) open trade and vi) knowledge. I think it is clear that these all correspond to the definition that has been chosen. While there was a special reference in the terms of reference of the Task Force to public goods important for the achievement of the MDG:s and sustainable development the Task Force has taken this a more general approach. I think that is helpful and wise both from the perspective of global public action and finance as well as for development. Before I go into a discussion on why I will also say a few words about the evaluation the Task Force was asked to make of what has worked and what has not work in previous efforts to provide global public goods. What factors are behind success and failure? What about institutions?

8. Organisations who's mandates cover these key public goods areas identified by the Task Force do exist. Experts have looked at how these organisations have managed to maintain their relevance and develop their ability to set and deliver on priorities as needs have changed. We call them anchor institutions. They are for peace and security the UN security council, for disease - WHO, for global commons - UNEP( with related organisations), for the trade regime – WTO ,for financial stability – IMF and for knowledge –WIPO/UNESCO. Performance and achievement differ across these institutions, but generally they are under-funded and have shortcomings in their management and governance, including from the point of view of global representativity. This has resulted in proliferation of sometimes marginal activities and

inadequate ability to determine and act on core priorities. Another result is the tendency by the very owners of an underperforming system to create new structures and funds whenever a new need catches attention.

9. The Task Force also notes successes. Small pox, and polio eradication are classic, The hole in the Ozone layer that caused public bad radiation is closing thanks to the international regime instituted by the Montreal protocol. The SARS outbreak led to efficient responses by the WHO in collaboration with national health authorities. It has been much more difficult to halt the HIV/AIDS pandemic. On climate change alarm bells are ringing louder and louder while commitment to concerted action is still not clearly emerging. Explanations given by experts to variations in performance are both encouraging and discouraging as to prospects for future action.

10. A conclusion is that political economy considerations are central. The hazardous radiation through the Ozone holes affects northern and southern rich countries most. They had a strong interest in finding solutions and were prepared and able to compensate poorer, in this case, less affected countries, for extra cost caused by compliance with the agreed change of technology. The institutional design for enforcement of Montreal protocol is also deemed to have worked well. To deal with global warming is more complex and it is much more costly for both developed and developing countries. While fewer and fewer doubt that global warming is under way, partly for man-made reasons, the costs of shifting away from the dominance of fossil fuels in energy production and for our entire lifestyle are high. Many developing countries also naturally wish to benefit from exploitation of oil, coal and other still amply available CO<sub>2</sub> emitting energy sources for their development. The Kyoto-agreement has now entered into force but deeper commitments are needed to curb emissions of greenhouse gases if the worse scenarios of global warming are to be avoided. Search for new

approaches, new technology etc. is going on. The OECD ministerial council will this spring have a joint meeting with the International Energy Agency on investments for sustainable energy production. The climate aspect will be taken up but it has not been uncontroversial to get it squarely onto the agenda. Can a better strategy than the capping approach in the Kyoto-protocol be found? Will the United States become more committed if more emphasis is put on search for new technology? What does it take to make it politically and economically feasible for fast growing developing countries to choose low-emitting energy sources when demand for energy grows? Are there feasible alternative approaches to the present practices that can be attractive both for richer and poorer countries aspiring to become better off? Can rational arguments and longer term, still somewhat uncertain fears change the political economy of energy production and consumption? Or will we wait with efficient action until the evidences of climate change take disastrous proportions. Different parts of the world have already experienced extreme weather conditions causing damage to life and property. A bit more than a week ago 11 people were killed by a storm in Sweden that also felled forest corresponding to three years of normal harvest. Does climate change have to become an even more serious matter of life and death before measures for mitigation and necessary adjustment are taken. SARS was obviously a case of life and death and so is aviation safety, a public good that we also manage to deliver reasonably well.

11. In reviewing experience and options the Task Force attempts to show or submit that the feasibility can be affected by knowledge, by monitoring of how we are performing, of information on costs of and responsibility for non-action and possible benefits of better provision of a particular international public good. Monitoring of gaps and achievements in dealing with the various common concerns in similar ways as progress towards fulfilling the MDG:s, is followed up, should be one instrument. To challenge through monitoring is

deemed to be a key role of Anchor institutions, which also are expected to serve the world community through convening power, generating or putting together knowledge etc. Most of them need strengthening and to refocus priorities. A stronger central process for setting priorities among and among GPG:s is also deemed to be needed, including a sharp secretariat function. The Task Force can be expected to say something on proposals for a reformed ECOSOC or some other mechanism for improved global economic and social governance.

The nature and difficulty of the tasks ahead are well illustrated by the Asian Tsunami disaster. In the Pacific Ocean a warning system for Tsunamis has been in operation for forty years. It has been given priority by the affected states because big waves occur more frequently in the Pacific. Also several of the nations that have been hit or are likely to be hit are rich and would add democratic. They have had both the national interest and ability to establish a warning system – constituting a Regional Public Goods. In bringing the affected nations together, organising the task and determining technology the IOC of UNESCO has been of service in collaboration with regional specialized entities.

The international anchors concerned have also promoted analysis and developed proposal for a warning system in the Indian Ocean. It has been discussed in meetings but not deemed to be a high priority because tsunamis come seldom, high costs, more urgent development needs and may be also because the countries concerned are less used to and involved in international cooperation than the countries surrounding the Pacific. In the wake of the biblical catastrophe on Boxing Day priorities have changed in many ways. While Tsunamis are not expected to come more often, Thailand knows that tourists now will ask for warning systems. For countries in the region it has become a development issue. The poor were the hardest hit

in this as in most other disasters. But we and here I mean a country like Sweden was also hit harder by this event than any other for centuries. Around 900 Swedish citizens are still reported missing. Some might never be found others are among the dead bodies that are being identified. The regional public good – a tsunami warning system and why not also a flood warning system for the Indian Ocean is clearly also a global concern which we should contribute to. But from what purse?

12. I missed Sagastis presentation this morning. I think he showed that there are many different sources available for financing of development. The dominant source for civilian international public financing is however still the ODA from the old OECD countries –the countries that are supposed to adhere to the 0.7 target. That ODA should foremost go to assist low income countries to achieve the MDG:s. Much supportive action at the regional and global level also can be deemed eligible for ODA financing as they directly affect poor countries ability to develop. Development research, conflict prevention, regional infrastructure, watershed management, neighbourhood environmental protection etc. are examples. For the global and regional undertakings where mainly rich countries or rich and poor countries alike are the interested parties other sources of funds should be there to complement ODA. The type of work to be funded will not differ very much from what ODA is funding. Analysis, monitoring, meetings, support for negotiations etc. But ODA must be regarded as a scarce resource needed for its purposes as has been demonstrated by the millennium project. New resources are therefore needed and we need a new discussion on international public finance. Inge has pointed to some possibilities. I believe it is important also to note that the world has changed. Increasingly former so called developing countries and transition economies are becoming players on equal footing with old richer economies. Naturally they also increasingly participate in common undertakings including with public

financial resources. Should they attempt to and be encouraged to become traditional donors?

I do not think so. Rather I think they should be expected to assume a growing responsibility for financing the provision of regional public goods in their regions in cooperation through regional institutions and share experience with other still less-developed countries. In Europe peer-learning and institutions for regional cooperation have served us well. But we are all global citizens and the still not very rich but fast-growing countries around the globe should also be expected to contribute also towards dealing with common global concerns. That will not relieve the DAC-donor countries from the needs of mobilizing additional resources for some global public goods financing. It will ease the task but foremost it will provide a much sounder basis for international cooperation in common interest.