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**Research Report**

## Post-2015: how emerging economies shape the relevance of a new agenda

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## Post 2015: How Emerging Economies Shape the Relevance of a New Agenda

### Summary

The rise of emerging economies has fundamentally changed the context in which negotiations on a post-2015 agreement take place. The Millennium Development Goals (MDGs) were an agenda driven by traditional donors and North-South relations – a model of global relations that is outdated today. When the MDGs were negotiated at the end of the 1990s, they set a new basis for cooperation among industrialised and developing countries. By focusing on human development and orienting development aid to the poorest people, the MDGs allowed policy-makers and non-governmental organisations (NGOs) to mobilise support among the broader public for increasing aid flows.

Almost 15 years later, countries such as Brazil, Russia, India, China and South Africa (BRICS) play a major role on the global stage. A second group of emerging countries, such as Indonesia, Mexico, Nigeria and Turkey, are rapidly gaining importance as economic and political players, especially in their respective regions. The rise of these countries shapes the nature of global development challenges and the instruments used to address them. While poverty remains a key concern, a new agenda has to take into account that the poverty landscape has changed considerably, as most of the world's poor today live in middle-income countries. Issues of environmental sustainability and social inequality have become even more pressing today compared to the end of the 1990s. The role of development assistance as an instrument to engage with emerging economies is in a fundamental transition period.

The post-2015 debate holds the potential to generate momentum for a “new bargain” among developing countries, emerging economies and industrialised countries. An international agreement that would integrate the MDGs and the Sustainable Development Goals (SDGs), proposed at

the Rio+20 Summit, could pave the way for a comprehensive agenda on sustainable human development. If a new agenda were to also set goals for industrialised countries and emerging economies, it would become a truly universal development agenda.

Supporting a new international development framework that goes beyond poverty reduction and includes social, environmental and economic sustainability entails challenges for both industrialised and emerging economies. Dynamics in South-South cooperation currently provide limited incentives for emerging economies to actively support a new agenda. Development policy communities in emerging economies with an interest in pushing active contributions to a post-2015 agenda are weak. Moreover, institutions for cooperation among emerging economies that would be crucial in identifying common positions are still in their infancy. On the other hand, policy-makers in emerging economies may seize the opportunity to use a post-2015 agenda to address joint interests such as tackling inequalities and achieving environmentally sustainable development. Negotiations may provide an opportunity for China and others to strengthen their international “soft power”. For Europe, implementing a universal agenda will be equally ambitious, not least when thinking about goals for reducing social inequality or environmental footprints.

Whether emerging economies decide to engage or not, they will fundamentally shape the relevance and scope of any global framework. Only if they actively support a universal agenda can a new bargain among developing countries, emerging economies and industrialised countries be struck. This gives important responsibilities to European countries, which need to make ambitious commitments and conduct negotiations towards increasing the attractiveness of a new agenda for emerging economies.

### Emerging economies and the post-2015 agenda

For most emerging economies, the MDGs have neither played a central role for their domestic policies nor for their relations with other developing countries. The goal of halving world poverty (MDG-1) has been met, largely because of robust economic growth in China and India. Yet, in China or India, few people at the government level or in the general public know about the MDGs. Scholars in China therefore question the function of new global goals if a causal link between the MDGs and progress in achieving them is so difficult to make. In some countries of the “second tier” of emerging economies, however, the MDGs figured more prominently as guidance for policy-making. The Indonesian government, for example, developed a strong institutional structure to ensure the implementation of the MDGs and align foreign aid with the domestic development agenda.

The MDGs have also not served as an explicit framework for South-South cooperation. Emerging economies have contributed towards the progress in achieving the MDGs by providing growing levels of technical assistance, trade and loans to least-developed countries. The MDGs are mentioned in key policy documents, for instance the action plans of the Forum for China-Africa Cooperation (FOCAC), but South-South cooperation has mainly called on traditional donors to increase support for developing countries.

Looking ahead, the post-2015 negotiations hold the potential to address these shortcomings of the MDGs and to develop a truly universal development agenda. Three scenarios with different degrees of engagement of emerging economies in the post-2015 agenda can be envisioned (see figure). Depending on how emerging economies position themselves towards a new agreement, the scope of the goals and instruments of the agenda and the overall relevance of a new agreement will differ considerably.

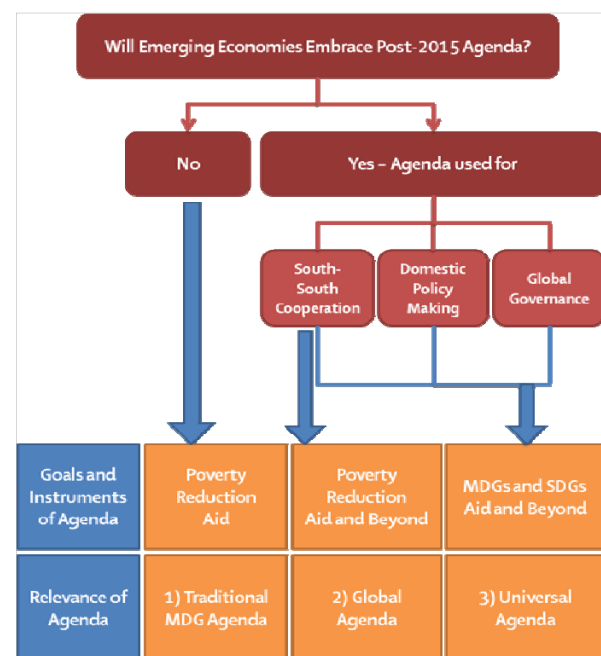
1) Major emerging economies may decide to not embrace the post-2015 agenda. The international community would then settle for a reformed **“traditional MDG-type agenda”**. This agenda would remain confined to traditional North-South relations. Poverty reduction would remain the key goal. The agenda would continue to be underpinned by the understanding that official development assistance (ODA) constitutes the key instrument to support poverty reduction. Against the backdrop of decreasing importance of ODA – as compared to other flows such as trade, direct investments and loans, and in light of reduced aid budgets in European countries in times of economic crisis – the relevance of such a traditional MDG-type agenda would be limited.

2) Emerging economies will embrace the post-2015 agenda, but only in a limited fashion that covers South-South cooperation. In addition, emerging economies would not see a new agenda as being relevant for their domestic policy-making or as an instrument for global governance. In this scenario, which we call the **“global agenda”**, poverty reduction could still be the key goal. Still, the instruments used to support the renewed goals could go beyond aid commitments and become more comprehensive by linking trade and investments more coherently towards achieving

development objectives. This agenda would be more comprehensive and inclusive than the current MDG framework, but it would remain an agenda for poor countries.

3) A new bargain among developing countries, emerging economies and industrialised countries is struck. If emerging economies consider a post-2015 agenda to be relevant also for their domestic policy-making and as a framework for global governance, a **“universal agenda”** could be reached. This agreement would integrate the MDGs and SDGs, paving the way for a comprehensive agenda on sustainable human development. This would also require including sustainable development and social inequality targets in European countries. A post-2015 agenda that would define objectives for all countries could thus provide a window of opportunity for enhancing global cooperation.

### Emerging economies and the post-2015 agenda



Source: Authors' own representation

### Challenges and opportunities for emerging economies to engage in post-2015 debate

A number of factors make it difficult for emerging economies to actively support a global agenda, much less a universal one. Yet, other factors such as common development challenges and the opportunity to use the post-2015 negotiations to strengthen their soft power may also allow these countries to actively contribute to a new agenda.

#### South-South cooperation

The future of South-South cooperation is a key factor for the engagement of emerging economies in the post-2015 debate. South-South cooperation currently is not facing pressure to redefine itself. The situation of South-South cooperation therefore differs substantially from the challenges faced by providers of ODA at the end of the 1990s. Driven by rapid and sustained economic growth in emerging economies, trade, direct investments, loans and

development aid to developing countries continue to increase.

Intensifying relations among emerging economies and other developing countries have been accompanied by critical debates, mostly held in Europe and the United States, and particularly regarding China's engagement in Africa. The public in China and India may also question the provision of more assistance to other developing countries, but rather in light of persisting poverty at home. On the other hand, many actors in developing countries view opportunities arising from South-South cooperation positively. Public opinion polls conducted by Pew and Afrobarometer show that emerging economies' contributions to development in partner countries is well received.

Yet, as South-South cooperation intensifies, the incentives to integrate it into a post-2015 agreement also grow. Policy-makers in developing countries increasingly question the sustainability and transparency of South-South flows. For instance, African government officials used the 2012 FOCAC meeting and the visit of the new Chinese President in Africa in early 2013 to raise concerns about the medium and long-term sustainability of the relationship. Further, South-South relations often present challenges that are not too different from those in North-South relations. Environmental, social and economic sustainability, for instance, have become pressing concerns also for emerging economies' relations with developing countries. Most importantly, developing countries have not (yet) asked emerging economies to join a new agreement. If, for instance, the African Union or the Least Developed Country group in the United Nations (UN) were to formulate clear expectations towards emerging economies, this could be a powerful incentive to join a new agreement. These factors would eventually increase emerging economies' interests to include South-South cooperation more visibly in a new agenda.

#### **Weak development policy communities**

Weak development policy communities in emerging economies may make it more difficult for these countries to actively shape the post-2015 negotiations. Within industrialised countries, the MDGs have reinforced the separation between development and other policy areas and strengthened the development policy communities. These communities have a vested interest in pushing the post-2015 negotiations. Emerging economies in contrast do not (yet) have strong development policy communities that could take up the debate. In contrast to countries from the Organisation for Economic Co-operation and Development (OECD), there are very few development NGOs in emerging economies that would seek to influence government positions in the post-2015 negotiations. Only a few countries such as South Africa, India, Brazil and Mexico have established development agencies. In addition (similar to European countries), policy communities working on environmental sustainability are not familiar with the MDGs and do not immediately see the value added of promoting an agenda that closely links the MDGs and SDGs.

Still, weak development policy communities may eventually turn out to be an advantage for emerging economies. The absence of development policy communities could make it easier for emerging economies to advocate an agenda that links the MDG and SDG frameworks and includes goals

relevant for domestic policies in emerging economies as well as their relations with other developing and industrialised countries.

#### **Cooperation among emerging economies**

Limited cooperation among emerging economies on development policy and weak institutions for cooperation may hinder these countries in feeding common positions into the post-2015 negotiations. Weak cooperation among emerging economies may thus make it difficult for these countries to actively support a global or even universal agenda.

During past decades, countries organised in the OECD have developed extensive mechanisms for exchanging ideas, knowledge and information. Policy-makers in China, India and Brazil, in contrast, know comparatively little about other emerging economies' policies towards developing countries, making it more difficult to develop joint positions in supporting a global agenda. For instance, research in India on China's cooperation with African countries, or vice versa, is rare. In addition, low transparency of South-South cooperation impedes access to information. Emerging economies do not report their flows according to a common standard; most do not provide information that is disaggregated on a country and yearly basis.

Policy-makers in emerging economies often view global fora such as the G-20, World Trade Organization and Bretton Woods institutions as strongly dominated by industrialised countries. Within the United Nations, rising powers still position themselves as developing countries. Institutions for cooperation such as the BRICS and the IBSA forum are still relatively young. The plan to set up a BRICS development bank is the most recent example that demonstrates the interest of emerging countries to create global fora that serve their collective interests. Translating these innovations to the international stage, however, will require building bridges with ongoing international processes such as the post-2015 negotiations.

#### **Common development challenges**

Emerging economies are struggling with a set of common challenges that could prompt their interest in supporting a universal agenda. For example, emerging economies are among those countries most affected by climate change. Sustainable use of natural resources has become a policy priority for most of these countries. Even in the absence of internationally binding agreements, Brazil, India and China committed themselves to ambitious targets for reducing emissions per unit of gross domestic product. Similarly, most emerging economies face rising levels of inequality. Since the 1990s, income inequality has rapidly increased in all BRICS countries, except for Brazil. High levels of inequality reduce the impact of economic growth on poverty reduction. In addition, all emerging economies have to cope with the challenges of urbanisation, rising middle classes, large numbers of young people entering the labour market and the volatility of commodity prices.

These challenges have profound influences on domestic policy-making in emerging economies, but at the same time they include a global dimension. Climate change cannot be tackled within national confines. Rising inequality catalyses social and political instability. Making these common



challenges central issues of a new international agreement may offer the advantage to emerging economies of addressing their primary concerns – at national and global levels. By taking the lead in putting these issues on the agenda, emerging countries would be in a position to shape global policy strategies actively rather than merely reacting to imminent domestic social, economic and environmental challenges.

### Soft power and alternative narratives

Engaging in the post-2015 negotiations offers an opportunity for emerging economies to strengthen their international soft power. The amount of discursive strength a country holds on the global stage depends strongly on its reputation. The upcoming negotiations provide an opportunity to shape international cooperation for the coming decades. Through a constructive engagement in the post-2015 debate, rising powers could accumulate more influence in the international community.

For countries such as China (and to a lesser extent India), the MDG debate could be an opportunity to project a narrative about its rise internationally. From the perspective of the Chinese government, international acknowledgements of China's success in reducing poverty have often taken a backseat against concerns regarding economic competition and criticism of China's autocratic political system. Similar to other emerging economies, China (for various reasons), until now, has not projected a "vision" for international development. For China and India, negotiations on a post-2015 agreement could provide an important opportunity to shape a narrative on international development based on their own development experiences and that reflects their domestic concerns and priorities.

Countries from the second tier of emerging economies such as Indonesia and Columbia could use the negotiations to complement their growing economic weight with soft power. International negotiations such as the post-2015 agenda allow for strengthening their international influence beyond their economic weight, which is often still confined to their immediate neighbourhood. As a co-chair of the High-Level Panel on the Post-2015 Development Agenda as well as the Global Partnership for Effective Development Co-operation, Indonesia has already seized the opportunity.

### The way forward: Which role for Europe?

As there are a number of factors making it difficult for emerging economies to actively support the post-2015 agenda, European countries play a key role in facilitating the engagement of these countries.

First, European countries can facilitate the active engagement of emerging economies by building credibility. Similar to emerging economies, European countries will be reluctant to subscribe to a universal agenda that defines targets for their domestic policy-making. Making international commitments to address inequality, poverty and environmental sustainability is politically sensitive for all countries. However, only by making ambitious commitments for their own domestic policies can European countries credibly ask emerging economies to subscribe to a universal agenda.

Second, the relevance of a post-2015 agreement will be determined by the negotiation process. UN thematic- and country consultations on the new agenda suggest that the preferences of different actors regarding the goals may converge around a few priorities such as poverty reduction, environmental sustainability and socio-economic inequality. Still, emerging economies will only actively engage in the process if they perceive the process as being inclusive and open to their positions. Debates about the post-2015 agenda are still taking part to an important extent within and among European countries. European actors should reach out to emerging economies very early in the negotiation process.

Lastly, an important factor for the success of the negotiations and development of a universal agenda will be to define the responsibilities of different actors. Revisiting the principle of "common but differentiated responsibilities" (CBDR) could be a fruitful starting point for the negotiations. The CBDR phrase originates from the Rio Declaration produced at the UN Earth Summit in 1992. Traditionally, the phrase has been used by developing countries to argue for "fair burden-sharing" in protecting the global climate. Reconceptualising CBDR for the post-2015 debate may provide a valuable basis to integrate contributions from different groups of countries.

### Literature

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