ISSN 2583-3502 Vol. 5 No. 1, January-March 2022

Development Cooperation Review

Special Coverage on Global Crisis and Future of Development Cooperation

(Continued on outside back cover)

Special Coverage on

Global Crisis and Future of Development Cooperation

DEVELOPMENT COOPERATION REVIEW

Vol. 5, No. 1, January-March 2022

ISSN 2583-3502

DEVELOPMENT COOPERATION REVIEW

Vol. 5, No. 1, January-March 2022

Special Coverage on
Global Crisis and Future of Development Cooperation

Editorial

The COVID-19 pandemic has affected the economic growth and development process worldwide. Economic challenges are more severe in the developing countries. Several challenges including climate change, lack of medical infrastructure, inequality, unemployment, among others, further act as a hindrance for development, particularly for developing and low-income countries. There is indecision over what a comprehensive global partnership - like global public goods (GPG) - envisages for resilient recovery from the COVID-19 pandemic. Instead of building robust global cooperation to deal with global challenges and facilitate a strong recovery, recent development cooperation initiatives seem to be fragmented. In this context, we are bringing out this special issue of DCR, which is aimed to assess the role of global partnerships and development cooperation in tackling issues faced by a significant proportion of the world.

Stephan Klingebiel, in his paper '*Development Cooperation and Climate Change: the Quest for Orientation in a Challenging Context*', discusses how climate change is damaging and threatening sustainable development in all parts of the world including the Global South. The author highlights the linkage of development cooperation and climate change debates and policy action. The role of developing countries in both domestic and international matters is emphasised with the need for South-South Cooperation based on the principle of contributing positively to climate change mitigation and adaptation actions.

Development cooperation and the provision of public goods and their inter-sectionality are well-established issues. The paper '*(Global) Public Goods and Development Cooperation: Lessons for Future Funding* Arrangements' explores the connections between the development cooperation and GPG. *Simon Reid-Henry* discusses the idea of separating GPGs from Official Development Assistance (ODA), financing of GPGs through Global Public Investment (GPI), issues of governance and the scope of effective multilateralism as a GPG.

In the paper '*Towards Sustainable World: Importance of SDG 17 as the Real Game Changer*', *Milindo Chakrabarti* explores the scope of partnerships, that is, SDG 17 (Development Cooperation) to address the environmental and ecological constraints. The author emphasises on the need to transition from fixating on GDP-led growth to endogenous development. The paper also highlights the linkage of developmental issues and inequality and describes the findings that are captured in the World Inequality Report 2022.

In the section on *SSC Statistics*, *Sushil Kumar* presents regional income and wealth inequality trends from 2000 to 2021 across Africa, Asia, Europe, North America,Oceania and Latin America.

Development Cooperation and Climate Change: The Quest for Orientation in a Challenging Context

Stephan Klingebiel[*]

"South-South Cooperation needs to be based on the principle that this kind of cooperation should… contribute positively to climate change mitigation and adaptation actions."

Introduction

The context for international cooperation is challenging. This statement was probably always valid. However, in the early 2020s all regions of the world started facing multiple, cascading crises and fundamental challenges. The dynamics, the speed and the depth of those challenges are unprecedented. Since the beginning of 2020, COVID-19 caused a major setback for all parts of the world. However, developing countries suffer much more from the pandemic. COVID-19 has caused the level of Human Development to decrease for the first time since the Human Development Index was calculated (UNDP 2020a). The Russian aggression in the Ukraine since 24th February 2022 is a totally different fundamental and sad milestone in many ways. Core principles of the United Nations were brutally broken by Russia. A clear majority of UN member countries is refusing to accept this new form of imperialism and crude violence. The negative consequences for developing countries are serious. Just with a focus on the price level of main food ingredients (such as wheat and sunflower oil), the war has already created huge damage especially for poor households (Klingebiel, 2022).

* Head of the Research Programme 'Inter- and transnational cooperation', German Development Institute / Deutsches Institut fuer Entwicklungspolitik (DIE), Bonn, Germany. Views expressed are personal.

The author is thankful to Steffen Bauer and Niels Keijzer for their valuable feedback on a draft version of the paper and Sophie Schlopsna for her research assistance work.

The challenges resulting from the Russian aggression and the pandemic are profound. However, over the last couple of years, there is also an increasing global awareness about the fundamental long-term consequences of climate change. There is striking scientific evidence that the human-made climate change is already dramatically affecting the life and livelihoods of people in many ways. Major catastrophic events in the early 2020s are directly related to rising temperatures. This is true for a number of floods and large-scale fires around the world, for high-, middle- and low-income countries alike. Those consequences will be even much more disastrous in the future. Furthermore, these will be much worse for vulnerable developing countries such as small island countries, many African countries, especially in fragile regions, or countries like Bangladesh (Bauer *et al*. 2021: 19; IPCC 2022; UNDP 2020b).

Thus, climate change as such is already damaging and threatening sustainable development (e.g. the implementation of the 2030 Agenda and its Sustainable Development Goals (SDGs)) in all parts of the world with most profound consequences in the Global South. The wildfires in California / USA in 2021, the floods in Germany in 2021 and the severe heat wave in some parts of India during in 2022 are just some out of many examples. The need for an effective management of multiple crisis situations (pandemic, Russia aggression in Ukraine, etc.) is sharply increasing in times of fading multilateralism and a new geopolitical confrontation. The geopolitical focus in the early 2020s was mainly on China and Russia on the one hand, and the USA and Europe on the other hand (Klingebiel/Janus, 2021). However, geostrategic considerations might impact cross-border cooperation in many ways in the future to a larger extent.

The world is becoming increasingly characterised by profound structural inequalities between the main drivers of anthropogenic climate change and those who are most vulnerable to its consequences. This is why climate policy is a matter of equity and fairness (Bauer 2021; UNDP 2020b). Thus, in the second quarter of 2022, the global context for cross-border cooperation has become less conducive (Klingebiel, 2022; Chaturvedi *et al*., 2021). At the same time, climate change can be regarded as a global challenge which generates a lot of pressure to find more effective global solutions (Könneke / Tollmann, 2021: 2), for instance, the European Union's Green Deal that was made a flagship priority of the term in office of the President of European Commission (see Koch & Keijzer, 2021).The debate on international environmental politics and international relations as such provides a number of arguments why addressing global and trans-boundary environmental challenges provides opportunities for cooperation even in otherwise hostile geopolitical circumstances (Biermann / Kim (eds.), 2020).

A Complex Relationship: Development Cooperation and Climate Change

Climate change is a multidimensional challenge. This includes mitigation and adaptation dimensions, domestic activities in all countries at a national and sub-national level, the involvement of all actors (such as governments, parliaments, private sector, academia, civil society) and last but not the least inter- and transnational cooperation. When it comes to cross-border aspects, it requires a high-level quality of interaction, which goes beyond basic cooperation: collaboration of actors would be required to work on effective global solutions (Chaturvedi *et al*., 2021; Klingebiel / Gonsior, 2020).

There exists complex policy arena in charge of international negotiations on climate change. The Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) is a central piece in this regard.[1] Development cooperation is only partly associated to and included in this debate. The same applies to other policy areas with a cross border dimension, such as international trade, agricultural policies, climate foreign policy, science cooperation, etc.

Nevertheless, development cooperation as a policy field has important linkages to climate change debates and policy actions. This is true for at least two main reasons:

First, developing countries are increasingly contributing to new levels of greenhouse gas (GHG) emissions. This holds especially for middle-income countries (MICs) (see Figure 1). Nevertheless, it is also undeniable that high-income countries are historically main contributors to the causes of climate change and they are still contributing in a significant way (Bauer *et al*., 2021). This is a relevant responsibility which also impacts international negotiations on climate change and rightly so. The fact is commonly referred to as "historical responsibility" and addressed in negotiations in relation to the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC). At the same time, developing countries and emerging economies have an important role concerning GHG emissions and rising global temperatures, and are generally among those directly experiencing the extreme effects thereof.

Today, developing countries, mainly emerging economies, produce around two-thirds of absolute global emissions. China alone is responsible for roughly 30 per cent of all global carbon emissions[2]. The share of developing countries to the global level of carbon emissions will increase further in the future. Upper-middle income countries are currently the main drivers of growth in global emissions. In the medium term, lower-middle income countries and poorer developing countries will also make a significant contribution to global emissions. (Bauer *et al*., 2021: ix; UNDP, 2020b)

The policy agendas of developing and emerging countries are often inconsistent with regard to climate change (a very similar argument could be made for high-income countries if this would be the topic of the present piece). China, as top emitter in the world, was much more ambitious when it came to climate change related targets over the last few years. President Xi Jinping announced at the UN General Assembly in September 2020: "We aim to have

C02 emissions peak before 2030 and achieve carbon neutrality before 2060". In addition, he promised not to build new coal-fired power projects abroad in 2021. (Liu, 2021) Indian Prime Minister Modi, who at COP26 committed to the country being climate neutral by 2070, presented a similarly long time-horizon.

Second, there is an international consensus that developing countries need to receive international support for their efforts related to climate change mitigation and adaptation (see Paris Agreement, i.e. article 9.1). The climate change financing debate in the COP continues along traditional North-South lines (Klingebiel / Gonsior, 2020: 11). The most important international milestone agreement in this regard was made during the COP16 in Copenhagen (2009): developed countries committed to mobilise jointly USD 100 billion per year in climate finance for developing countries by 2020.

This commitment and its implementation is a main issue for international climate change discussions (including COP26 in Glasgow in 2021) and to some extent for the discourse on development cooperation and development cooperation finance. Many actors look at this issue from a trust and solidarity perspective (Bos / Gonzalez / Thwaites, 2021): Are developed countries delivering on their promises?

The USD 100 billion per year commitment is disputed for several technical, conceptual and underlying policy reasons (Averchenkova et al., 2020; Roberts *et al*., 2021; Bos et al., 2021), which can be summarised as follows:

- The language of the climate accords makes it clear that the amount may include finance from public and private sources. However, the accords do not specify the proportions of financing from these different sources.
- The accords are not explicit about the relations between the USD 100 billion commitment and development cooperation resources. This is why it is not clear to what extent these resources should be reported as Official Development Assistance (ODA), and whether they have to be made from existing ODA budgets or be provided additionally to these.
- The commitment does not include specific shares for mitigation and adaptation. This leads to a situation in which available climate finance is unbalanced, that is, providers of climate finance are favouring mitigation over adaptation.
- There is no specific arrangement about the shares for low-income countries (LICs) and MICs.
- The accords do not indicate how different financial means, specifically the proportion of grants and loans, should be used and counted.

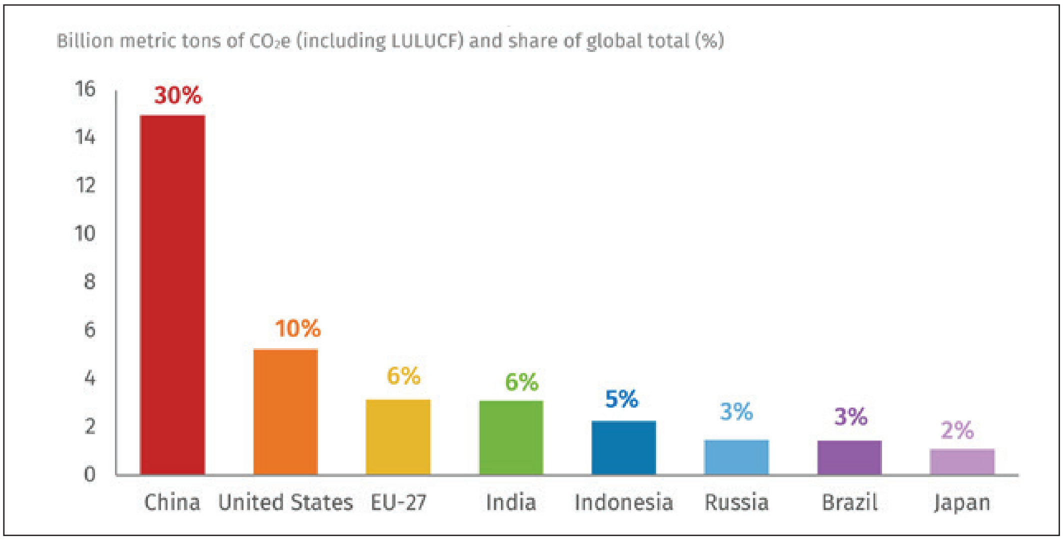
The vagueness of the accords is one of the main reasons why the USD 100 billion commitment triggered a number of controversial debates on the topic since the pledge was made. The reporting system and figures used in the debate are disputed; the collective nature of the commitment makes it difficult to follow up. OECD calculated an amount of USD 79.6 billion for climate finance for the year 2019 in advance to the COP26 the (OECD, 2021a). Even though this figure is below the level of ambition (and actually not covering the year 2020), other calculations are even less optimistic.

Calculations made by the Indian government and Oxfam were considerably lower than the OECD's climate finance estimates (Roberts *et al*., 2021). The World Resources Institute found that most of the 23 developed countries are not contributing their fair share towards meeting the USD 100 billion goal. Three major economies - the United States, Australia, and Canada - provided less than half their share of the financial effort in 2018, based on indicators such as the size of their economies and their greenhouse gas emissions. Other countries that provided less than half of their fair share were Greece, Iceland, New Zealand and Portugal. In total, more than a dozen developed countries were falling short of their responsibilities (Bos / Gonzalez / Thwaites, 2021).

Looking at the Issue from a Development Cooperation Perspective

The discussion in previous paragraphs reflected the perspective of climate change funding needs and promises for support to developing countries. This is a relevant angle of the topic. At the same time, the debate also needs to consider the perspective of the discourse on development policy. From this perspective, we can identify an emerging relationship between ODA resources and climate change funding for developing countries.[3] The volume of ODA resources reached an all-time high in 2020 at USD 161 billion. Overall, climate change funding is most likely to be a key driver for any future dynamic for ODA funds. This will be even more

Figure 1: 2020 Net GHG Emissions from the World's Largest Emitters



Source: Rhodium Group, available at https://rhg.com/research/preliminary-2020-global-greenhouse-gas-emissions-estimates/ access: 03 April 2022 important in the future against the background of an expected expansion of international climate finance beyond the USD 100 billion p.a. as of 2025 and the climate finance delivery plan of the UK COP26 Presidency.

However, the relationship between ODA and resources for climate change mitigation and adaptation is complex[4]: "While there is no clear way to determine whether climate investments have contributed to making ODA more resilient, a number of examples lend weight to the argument that increased attention on climate has kept ODA volumes from falling" (Ahmad and Carey, 2021). Based on self-reporting by its members, the OECD has related a large and rising share (35.5 per cent in 2020) of ODA resources to environment purposes.[5] The significance of climate change resources is also supported by the emerging statistical measure, Total Official Support for Sustainable Development (TOSSD) for which in 2020 for the first-time official data was collected from 90 providers. TOSSD resources for the so-called "pillar II" (support to international public goods and global challenges) were around 70 billion USD; including USD 29.2 billion for climate mitigation.

For example, this trend is highly relevant for the case of German development cooperation. According to the latest DAC peer review (OECD, 2021c), Germany committed 49 per cent of its bilateral allocable aid (USD 9.6 billion) in support of the environment and climate change in 2018-2019. For climate change alone, the German government reported that 20 per cent was related to mitigation, 13 per cent to adaptation, and 9 per cent to both adaptation and mitigation in this period. Another key development was the EU's framework for its external spending under the 2021-2027 budget cycle, where 30 per cent of the Euros 79.5 billion budget is to be spent on climate action (Burni, Erforth and Keijzer, 2021).

This means that climate change adaptation and especially mitigation have increasingly an impact on the motivation and profile of ODA resources. This trend might push a further shift of development cooperation resources away from support of nationally identified development priorities towards development cooperation in support of the provision of climate change mitigation (and less to adaptation) as a global public good.

Way Forward

Historically, the main drivers of climate change are industrialised countries. They bear a significant responsibility in tackling climate change. At the same time, decisive actions from historically responsible countries will not suffice to achieve the goals of the Paris Agreement - to reduce global greenhouse gas emissions in order to limit the global temperature increase without ambitious action on the part of developing countries and emerging economies (Bauer *et al.*, 2021: x). Climate change is indeed a unique global challenge. This global challenge requires a new level of high-quality collaboration between OECD and developing countries.

The urgent need to deal with all aspects of climate change is striking (IPCC, 2022). This applies to all types of countries and all regions of the world. It is a strong common self-interest in low-, middle and high-income countries. The need for climate change related funding for developing countries has a clear international consensus. In terms of trust and solidarity, there is a strong need to develop a (a) transparent commitment plan for those 23 countries who need to provide the funding (based on a fair burden sharing approach (see Bos *et al.*, 2021) and (b) clear guidance for a credible reporting system. Climate finance is crucial requirement for scaling up developing countries efforts. The global climate finance approach so far is not a sufficient starting point for an improved international dialogue on greenhouse gas emissions.

For the implementation, multilateral climate funds should play a key role. The United Nations and the multilateral development banks (with their important catalytic role in scaling up investments and leveraging other sources of finance) should have a leading role supplemented by bilateral approaches. The Green Climate Fund, the Global Environment Facility, the Climate Investment Funds, the Adaptation Fund as well as the concessional windows of the multilateral development banks and the Global Infrastructure Facility need to be among the leading actors (Averchenkova *et al.*, 2020).

The discussion on climate change funding for developing countries and the debate on development cooperation resources are different discourses. However, they have significant overlaps both conceptually and in terms of real politics and international institutions. Experiences show that there are several convincing cases that resources should be clearly counted as ODA. This applies, for instance, to adaptation support for LICs. Mitigation support for MICs is a highly relevant approach of the international community as well. However, more policy guidance should be provided in how far this might lead to an even stronger future MICs bias if funding is coming from ODA resources, and if there is a need for 'affirmative action' in relation to supporting LICs. There might be a risk for a changing allocation partner of ODA if the political pressure for an increase of climate change funding will get even more momentum. MICs receive around half of all ODA resources (World Bank, 2021). The pressure to work on climate change related challenges - especially mitigation aspects - might incentivise further a trend in favour of MIC countries. The geographic distribution of climate finance should be carefully monitored and measures might be needed in order to avoid even less development cooperation attention for LICs.

All members of the OECD Development Assistance Committee report action on environment and climate change as a key objective or cross-cutting priority for their development programmes. Furthermore, several members have defined dedicated approaches to transformational change (OECD, 2021b). Those trends are positive. Development cooperation efforts should continue to make climate change related objectives a high priority without giving an integrated sustainable development concept less priority.

Developing countries, especially emerging economies, have an important responsibility for greenhouse gas emissions. Those countries should play a more proactive role both domestically and internationally.

- Domestically there are many ways to decrease carbon emissions within a short period of time. This applies, for instance, to consumption subsidies for fossil energy. Countries like China, India and Iran can do a lot even within a short time frame (Urpelainen / George, 2021).[6]
- Internationally, South-South Cooperation needs to be based on the principle that this kind of cooperation should do no harm (for example, no support to coal-firing power plants) concerning greenhouse gas emissions. Even better, it should contribute positively to climate change mitigation and adaptation actions.

The concept of TOSSD has a complex background.[7] TOSSD as a new reporting tool is not accepted at least by several actors based in emerging countries (Esteves / Klingebiel, 2021) especially because the origins of the concept are related to OECD. Not at least because of the climate change aspects of development cooperation - including South-South Cooperation -, the changing profile and application of TOSSD should be given a fresh look; this is especially justified because TOSSD became a much more United Nations-rooted-approach over recent years.

Notwithstanding the importance of accounting for and meeting respective financing commitments at the input level, international climate finance is typically characterised by a problem-driven approach that entails a high degree of 'learning by doing'. For this reason, whilst respecting the various starting points and responsibilities, there is an important need for countries to enter into dialogue and learn from one another on how to collectively meet the challenge of a warming climate.

Endnotes

1 For an overview, see Biermann / Kim (eds.) 2020.

2 For details see: https://rhg.com/research/preliminary-2020-global-greenhouse-gas-emissions-estimates/

3 Some parts of this and the following paragraph are adapted from Klingebiel/Janus, 2021.

4 For example, there is an important dimension in the debate on climate-induced losses and damages, which is another major source of controversy under the UNFCCC and certainly a driver for increasing finance demands in the future.

5 See https://www.oecd-ilibrary.org/sites/e4b3142a-en/index.html?itemId=%2Fcontent%2Fcomponent%2Fe4b3142a-en&_ga=2.72217499.909152927.1627051159-583104681.1602057287&utm_source=Adestra&utm_medium=email&utm_content=dcp-2021-trends&utm_campaign=whatsnew-23-Jul-2021&utm_term=pac#boxsection-d1e1445 access: 03 April 2022

6 Of course, this debate is also highly relevant for OECD countries.

7 For an overview on the TOSSD concept see: https://www.tossd.org/

References

Ahmad, Y., Carey, E. (2021). *Development co-operation during the COVID-19 pandemic: An analysis of 2020 figures and 2021 trends to watch*. Development Co-operation Profiles, OECD Publishing. doi: 10.1787/e4b3142a-en.

Averchenkova, A. *et al*. (2020). *Delivering on the $100 billion climate finance commitment and transforming climate finance*. The independent expert group in climate finance. Retrieved from https://www.un.org/sites/un2.un.org/files/100_billion_climate_finance_report.pdf (Accessed 5th April 2022).

Bauer, S. (2021). *Klima der Ungerechtigkeit*. VereinteNationen, 69(6), 254-259. doi: 10.35998/vn-2021-0029.

Bauer, S. al. (2021). *Working together to achieve the Paris climate goals and sustainable development*. International climate cooperation and the role of developing countries and emerging economies. German Development Institute / DeutschesInstitut für Entwicklungspolitik (DIE), and New Climate Institute, Bonn/Cologne. doi: 10.23661/r1.2021.

Biermann, F., Rakhyun E. K. (eds.) (2020). *Architectures of Earth System Governance: Institutional Complexity and Structural Transformation*. Cambridge.

Bos, J., Gonzalez, L., Thwaites, J. (2021). *Are Countries Providing Enough to the $100 Billion Climate Finance Goal?*. World Resources Institute. Retrieved from https://www.wri.org/insights/developed-countries-contributions-climate-finance-goal (Accessed 5th April 2022).

Burni, A., Erforth, B., Keijzer, N. (2021). *Global Europe? The new EU external action instrument and the European Parliament*. Global Affairs, 7:4, 471-485, DOI: 10.1080/23340460.2021.1993081 (Accessed 9th May 2022).

Chaturvedi, S., Janus, H., Klingebiel, S., Xiaoyun, L., Mello e Souza, A., Sidiropoulos, E., Wehrmann, D. (2021). *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda, Contested Collaboration*. Cham: Palgrave Macmillan, doi: 10.1007/978-3-030-57938-8.

Esteves, P., Klingebiel, S. (2021). Diffusion, Fusion, and Confusion: Development Cooperation in a Multiplex World Order. In: Chaturvedi, S. *et al*. (eds.) *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda*. Cham: Palgrave Macmillan, 185-215.

Intergovernmental Panel on Climate Change (IPCC). (2022). *Climate Change 2022: Impacts, Adaptation and Vulnerability*. IPCC. Retrieved from https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf

Klingebiel, S. (2022). *Der Krieg und die Welt: Russlands Aggression macht den GlobalenSüdenstrategischwichtiger*. In: plus.tagespiegel.de, 06.03.2022. Retrieved from https://plus.tagesspiegel.de/meinung/der-krieg-und-der-globale-suden-die-entwicklungszusammenarbeit-wird-politisch-brisanter-415783.html (Accessed 6th April 2022).

Klingebiel, S., Gonsior, V. (2020). Development policy from a systemic perspective: changes, trends and its future role within a broader framework for transnational co-operation. In: *RevistaBrasileira de PolíticaInternacional* 63(2): e009, doi: 10.1590/0034-7329202000209.

Klingebiel, S., Heiner, J. (2021). *Global challenges and development cooperation: How therelationship is changing*. In: IDEES 55. Retrieved from https://revistaidees.cat/en/global-challenges-and-development-cooperation-how-the-relationship-is-changing/ (Accessed 6th April 2022).

Koch, S., Keijzer, N. (2021). *The external dimensions of the European green deal: the case for an integrated approach*. DeutschesInstitut für Entwicklungspolitik (DIE) Briefing Paper 13/21. Retrieved from https://www.die-gdi.de/uploads/media/BP_13.2021.pdf (Accessed 9th May 2022)

Könneke, J., Tollmann, J. (2021). *Deutsche Außenpolitik in einerKlimawandelnden Welt: Handlungsempfehlungen für die neueBundesregierung*. E3G, Briefing Paper. Retrieved from https://www.e3g.org/publications/deutsche-ausenpolitik-in-einer-klimawandelnden-welt/ (Accessed 6th April 2022).

Liu, J. (2021). *Analysis: Nine key moments that changed China's mind about climate change*. Carbon Brief. Retrieved from https://www.carbonbrief.org/analysis-nine-key-moments-that-changed-chinas-mind-about-climate-change (Accessed 6th April 2022).

OECD. (2021a). Climate Finance Provided and Mobilised by Developed Countries: Aggregate Trends Updated with 2019 Data. In *Climate Finance and the USD 100 Billion Goal*. Paris: OECD Publishing.doi: 10.1787/03590fb7-en.

OECD. (2021b). *Integrating Environmental and Climate Action into Development Co-operation: Reporting on DAC Members' High-Level Meeting Commitments*. Paris: OECD Publishing. doi: 10.1787/285905b2-en.

OECD. (2021c). OECD Development Co-operation Peer Reviews: Germany 2021. In *OECD Development Co-operation Peer Reviews*. Paris: OECD Publishing. doi: 10.1787/bb32a97d-en.

Roberts, J.T. et al. (2021). Rebooting a failed promise of climate finance. In *Nature Climate Change* 11, 180-182. doi: 10.1038/s41558-021-00990-2.

United Nations Development Programme. (2020a). *COVID-19 and Human Development: Assessing the Crisis, Envisioning the Recovery*. New York: United Nations Development Programme. Retrieved from https://hdr.undp.org/en/hdp-covid (Accessed 6th April 2022).

United Nations Development Programme. (2020b). *Human development report 2020. The next frontier: human development and the Anthropocene*. New York: United Nations Development Programme

Urpelainen, J., George, E. (2021). *Reforming global fossil fuel subsidies: How the United States can restart international cooperation*. Brookings, Report. Retrieved from https://www.brookings.edu/research/reforming-global-fossil-fuel-subsidies-how-the-united-states-can-restart-international-cooperation/ (Accessed 6th April 2022).

World Bank Group. (2021). *A Changing Landscape: Trends in Official Financial Flows and the Aid Architecture*. Report for discussion at the ODI workshop on November 4, 2021. Retrieved from https://thedocs.worldbank.org/en/doc/9eb18daf0e574a0f106a6c74d7a1439e-0060012021/a-changing-landscape-trends-in-official-financial-flows-and-the-aid-architecture (Accessed 6th April 2022).

VIRTUAL POLICY FORUM ON TRIANGULAR PARTNERSHIPS IN UN PEACEKEEPING OPERATIONS: PROMOTING INNOVATION AND SUSTAINABILITY

International Peace Institute (IPI) co-hosted a virtual policy discussion on "Triangular Partnerships in UN Peacekeeping Operations: Promoting Innovation and Sustainability" on March 22nd, 2022 with the Ministry of Foreign Affairs of Japan.

This virtual policy forum focused on triangular partnerships and how they might support successful and long-lasting UN peacekeeping operations. It examined how these collaborations might enhance mandate delivery by attending to specific operational and technological requirements. The virtual policy gave member nations and UN representatives the chance to talk about their experiences with triangular partnerships and decide what should be prioritised in the next years. The policy conference also discussed the conclusions of the UN Peacekeeping Ministerial in 2021 as well as the ways in which various promises will assist the UN Secretariat in filling crucial capability shortages.

Source: International Peace Institute. (2022, March 22). Triangular Partnerships in UN Peacekeeping Operations: Promoting Innovation and Sustainability. Retrieved from https://www.ipinst.org/2022/03/triangular-partnerships-in-un-peacekeeping-operations-promoting-innovation-and-sustainability#7

(Global) Public Goods and Development Cooperation: Lessons for Future Funding Arrangements

*Simon Reid-Henry**

"Once the matter of economic governance is properly addressed, then issues of coordination, free-riding, and the volume and quality of financing that can be secured to produce other much needed GPGs can more easily be put into place…."

The provision of public goods and development cooperation are both well-established issues. This paper considers some of the ways in which they are linked through the concept of *global* public goods. By their nature, public goods are prone to market failure and undersupply. While this problem affects all countries, some are more susceptible to it than others because they lack the domestic institutional or fiscal capacity to address market failure through government spending and investment. Development cooperation was initially intended to alleviate poverty rather than to supply public goods. Yet it has almost always run into the wider challenge of insufficient public goods supply, because public goods are among the building blocks of economic growth and social development: be it free education or a transport network. The public goods provisioning of some countries requires additional external support, especially in an unequal world (Reid-Henry, 2015), and hence, the result has been that development cooperation and public goods provision in fact need addressing together.

Today the overlap of development cooperation and the provision of public goods has become more apparent than ever. First, in

* Professor, Queen Mary University of London, Research Professor, Peace Research Institute Oslo, and Academic Lead, Global Public Investment Expert Working Group. Views expressed are personal.

a globalised world, there are few public goods whose provision does not in some way connect to cross-border processes. If roads need laying and maintaining, then this requires machinery that may be required to be imported from abroad. It may well, in the modern division of labour, involve workforces who have emigrated from abroad. Second, is the growing significance of what the literature refers to as global public goods (GPGs): these are goods whose consumption is understood to be in some way universal or global, and whose production pathways may be unavoidably distributed across multiple state territories (Kaul *et al.*, 2003; see also Kaul, 2017, p.10 on provision pathways; and Kaul, 2021). A global satellite system, for example, is something that can be used, in theory, by all countries. It may involve multiple countries (or private actors) collaborating to produce and maintain it.

This paper focuses on the latter category of *global* public goods and their relationship to development cooperation in particular. It is a topic of direct relevance to a majority of the world's population. We stand in the midst of a global pandemic that has underscored the consequences of the failure to secure public goods globally: avoidable deaths, new variants, and prolonged social and economic loss. Yet COVID-19 may ultimately prove to be little more than a warm-up act for the potentially more devastating and irreversible effects of climate change. It also reveals to us that the heart of the problem of global public goods provision turns less on whether and to what degree global public goods are excludable or rivalrous (though much of the literature concerns itself with unpicking this). It turns on whether we can solve the collective action challenges of supplying them. While the literature on GPGs tends to "apply" the framing of global public goods to other issues, here there may be something for GPG debates to learn from development cooperation.

The paper makes four points about this relationship between global public goods and development cooperation. First, it explores the idea that securing (global) public goods in the name of sustainable development (for all) requires in fact separating GPGs from Official Development Assistance (ODA). At the same time, it is crucial to recognise that GPGs do not exhaust the list of things we urgently need to fund and that often their funding may be best approached through other frameworks, such as "the commons". Second, it explores how, if it is not through traditional development assistance, such GPGs could ever be effectively financed: here the idea of Global Public Investment (GPI) offers a promising example: albeit one which, in turn, forces us to recognise that GPG provision on its own is not enough to secure human flourishing (these being also the lessons of development). Third, it focuses on the critical element of governance, particularly in light of the collective action challenges that GPG provision raises. And fourth, by way of a conclusion, it explores how getting the governance right may not only better supply individual global public goods but enhance also the public good character of multilateral cooperation itself.

(Global) Public Goods and (the right sort of) Public Financing

By definition a public good is both non-rivalrous and non-excludable. Global public goods are also non-rivalrous and non-excludable but at a transnational scale. A global satellite system, for example, provides a range of "quasi-universal" benefits across the globe (Birdsall and Diofasi, 2015), from weather monitoring to communications and geographic data systems: and one person's use of that system in one country does not exclude another's use elsewhere. A global pandemic surveillance system is also a global public good, since one country´s use (or consumption) of it does not prevent another country from using it, and no one country can be excluded or else the quality of the good itself would not be worth having. Humanitarian response capacity, peace, global economic stability, and maintenance of the geophysical commons are all also global public goods. As Kaul and Mendoza (2003) put it:'Global public goods are goods with benefits that extend to all countries, people and generations'. Since global public goods are therefore freely available to anyone, in theory, the challenge in supplying them is the same challenge of free-riding and market failure (under provision) that constrains public goods provision nationally.[1] Moreover, these properties of scope and scale give rise to what Nordhaus (2005, p.6) calls "the Westphalian dilemma": the fact that individual states, as the only actors able to create universal commitments, cannot also be obliged to do so, even if the need is apparent. Countries may create a nuclear non-proliferation pact, but they cannot force a country to sign up to it, for example.

In addition to problems of free-riding and the Westphalian dilemma, GPG supply is also constrained by the fact that different GPGs have different production pathways. They may be additive (the sum of all contributions of finance or inputs of technology or knowledge), best shot (one contribution, a breakthrough say, suffices but then must be shared and made available), or weakest link (disease surveillance is a global public good only to the extent of the level of service provided by the weakest partner) (Nordhaus, 2005; Barrett 2007). Each production pathway gives rise to distinct collective action problems. Some (best shot) GPGs will thus remain undersupplied until a single (hopefully benevolent) actor unilaterally provides the good. Others (e.g. weakest link) GPGs require effective cooperation and coordination to secure. Much of the present landscape of development cooperation is in some respects a response to these very challenges. Indeed, development cooperation is to date the primary way that otherwise unmet global public good needs are financed. But its potential for supplying global public goods is inherently blunted by its in-country and time-limited focus (countries are ultimately expected to 'graduate' from ODA and not need it any more).

In other respects, it makes reasonably good sense to use ODA for GPG needs. It is often wealthier countries that have the resources to pay for what can be quite complex global structures and outcomes, while reliance on others providing such goods is often greatest in poorer countries that do not have the capability themselves to do so: a degree of "transfer" financing thus being both economically logical and morally satisfying. Yet ODA, as noted, was initially intended to serve a different function, specifically that of poverty reduction within particular countries, while the benefits of GPGs are enjoyed in wealthy countries as well. The "transfer" effect of ODA being used for GPGs may be less from rich countries to poor countries and more from already constrained (and in some cases politically challenged) ODA budget lines for financing global poverty reduction to cross-subsidisation of GPG benefits enjoyed primarily by already wealthy and well-protected citizens. For instance, the US ODA funding for global health intended for US-based research institutes who then produce knowledge that is primarily used to protect US citizens from diseases emanating from poor countries.

This is the problem that has arisen during COVID-19: with wealthier countries accused of "raiding" their ODA budgets for the "global public good" of vaccines, from which they themselves intend to also benefit (OECD, 2021; Ritchie *et al.*, 2022; Marriott and Maitland, 2021). But ultimately it will not be solved by pitting ODA needs *against* GPG needs in a zero-sum way. Today's challenges are complex and a product of our globalised social and economic relations, such that global public goods, while important, need prioritising alongside the *also* important objectives of poverty reduction. The SDGs, for example, are replete with both global public good and poverty reduction-related ambitions. A first step is, therefore, to recognise that GPG financing and the cooperation needed to secure GPGs may well be different from ODA and to separate out the one from the other. But a second, equally critical, step is to recognise that the two may also be needed to *reinforce* one another. Here the relevant choice is not between ODA or GPGs (ideally, we should like to have both). The choice is between a form of cooperation in which the burden of responsibilities to secure those outcomes are equally shared in accordance with the principle of sovereignty, or cooperation that acknowledges the combined but differentiated responsibilities of countries. The former keeps us within the Westphalian dilemma and its associated problems of free riding. The latter offers us a way out.

Countries that successfully secure national public goods, for example, may not need to contribute to securing global public goods that provide the same outcome: building a sea wall may reduce the need to contribute to emissions reductions. The problem in the Westphalian approach is that countries will always be tempted to build their own sea walls: and this too is precisely what happened during the pandemic. Countries opted to secure national immunity before they helped secure global reduction in cases. As Hegertun (2021, p.21) notes: "An increasing dilemma within international development cooperation thus seems to be the strengthened position of GPGs within development cooperation coupled with the inadequate funding for GPGs outside development cooperation." This creates a problem both for those countries whose consumption of any particular global public good relies heavily on other countries and those countries who might like to provide more of the good but who at present can only really do so within the artificial ceiling of a budget line that was never designed for addressing GPG needs. Despite the growing proliferation of global needs, "the same 'toolbox'", as Hegertun notes of the ODA system, "is still being used in an attempt to address a growing number of different goals and considerations in a rather precarious political balancing act" (ibid, p26).

In the combined but differentiated cooperative approach, however, the need to secure GPGs is rightly recognised as distinct from ODA, and cooperation can take place on the basis of different funding lines, if need be. But it is also recognised that the countries are in a varied position to be able to cooperate and that meeting the GPG need efficiently may involve more than simply "financing" and "producing" it: it may require addressing also the ability of different countries to determine the need, design the right solutions, and secure access to the resulting GPG. We need to understand, in other words, that GPGs do not exist in a social vacuum. Nor are they unchanging over time: the most efficient way to produce vaccines for the African region depends, for example, on whether you are interested and able to first develop greater R&D and manufacturing capacity *in* the region. This in turn requires being able to plan and invest over the longer term and doing so in ways that create meaningful shared obligations around those objectives.

Here it is often argued, with reason, that the *first* problem with finding more sustainable ways to finance GPGs lies in the difficulty of defining and tracking what individual countries *already* spend on GPGs. And it is certainly true that we have an incomplete picture of how and to what extent GPGs are financed. Initiatives such as the OECD's TOSSD (Total Official Support for Sustainable Development) attempt to provide a more accurate picture of how much financing goes to GPG-type outcomes. But such initiatives are not able to take into account the changing nature of "development" itself: how the climate emergency, for example, is fundamentally reorienting what development means, how we achieve it, and who it is that needs to pay for and enact development policy. The *second* problem in finding more sustainable ways to finance GPGs, lies in how countries might possibly contribute to their production together. The rest of the paper focuses on this second fundamental challenge, whose solution lies in finding the right mechanism to link the technical requirements of future GPG provision with the political constraints of their present undersupply.

Global Public Investment for Global Public Goods

The case for leveraging greater collective financing for GPGs is not new. As far back as 2006, the *Report of the International Task Force* chaired by President Ernesto Zedillo of Mexico confirmed there was a strong case for collective financing of GPGs such as peacekeeping; the prevention of contagious diseases; research into tropical medicines, vaccines, and agricultural crops; the prevention of chlorofluorocarbon emissions; the limitation of carbon emissions; and the preservation of biodiversity loss. The International Task Force was itself merely exploring a theme first raised in earnest by the *Brandt Commission Report* in 1980: the need for enhanced international cooperation to secure common needs and protect common resources. But as economic globalisation continues, and as global differentiation and inequality remain entrenched, this need is greater now than it has been in the past. The challenge today will not be to reinvent the wheel, but to breathe new life into older debates by considering GPGs as merely one critical aspect of a range of global public needs. This may include the need to protect and to manage the consumption of the global commons and to ensure that all societies are evenly (but not identically) positioned to themselves produce and consume GPGs. Equity of production matters as well as equity of consumption because tastes and preferences differ. For this same reason, the right approach will be one that secures meaningful voice for all countries at all income levels in processes of priority setting and allocation of resources.

Ideally, what is needed is something that occupies the space in between global public goods specific financing arrangements (a new global health security fund, say) and development cooperation: or, better put, that would provide a stronger enabling environment for both development outcomes and global public goods. An approach to international public finance that met these conditions would collectively enable countries to better secure outcomes that meet their shared (yet different) needs. It would enable investments over the longer term and would include all countries fairly in the decision-making processes over the allocation of what will always be insufficient resources to meet any-and-all needs. The past two years have seen a number of new proposals for how to raise and allocate emergency funding in the context of the economic crisis brought on by the pandemic, from SDR (Special Drawing Rights) allocations to COVAX and other solidarity "funds" (Kaletsky, 2020; Ghatak *et al.*, 2020; Lakner *et al.*, 2020). But as the war in Ukraine now reminds us (even as it turns attention away from the pandemic), there will always be a next crisis. What we really need is not another emergency funding response, but a statutory system of ongoing transfers and investment that could help to avoid crises in the first place.

The growing momentum around GPI represents one way forward towards such an approach. GPI is a proposed way for governments to collectively finance such international public policy priorities via fractional contributions from general government revenue (Expert Working Group on GPI, 2021). In a GPI arrangement, government revenue would be marked and spent both within-country and internationally, wherever commonly determined global public policy priorities could best be met. This results in GPI to stand out from ODA and other forms of bilateral and multilateral public spending in three key respects. *First*, it is a universal funding arrangement. Instead of donor countries providing the capital, all participating countries would contribute in a fair share arrangement. In practice poorer countries would provide relatively little, even nothing, in terms of transfer financing. But they would be able to spend domestically in line with collectively agreed international priorities and could additionally receive funds from other countries to do this. At the same time, even wealthier countries, perhaps especially middle-income countries, can be recipients in a GPI arrangement. To manage this, the *second* distinctive feature of GPI establishes the principle that all countries would also participate equally in the governance of the scheme: making GPI different to IMF, UN and most multilateral or PPP voting arrangements. This would most likely operate in a constituency arrangement that could also include the voices of crucial non-sovereign stakeholders, such as civil society. *Third*, rather than being defined by the nature of its flows (e.g. conditional, blended or grant-type arrangement), GPI payout is defined as investments in collectively determined needs that generate specifically public returns.

In these respects, GPI could provide a legitimate way to finance more traditional development outcomes, such as the Sustainable Development Goals (SDGs). But it could also be used to secure GPGs and other "global functions" that result in shared multilateral outcomes: so long as in both cases the outcomes were in principle available to everyone. A GPI approach to financing vaccines during COVID-19 for example would have differed from the approach pursued by COVAX by containing stronger public interest clauses in contracts with producers, ensuring that pricing was affordable and that equitable distribution commitments were entered into by governments and producers alike (avoiding queue jumping by rich countries who are able to pay more). It would have involved investing not only in the production of the vaccines by the few private pharmaceutical companies with the technology to produce the vaccines (thus flowing mostly to high income countries) but in regional manufacturing capacity supplied via technology transfer agreements (flowing mostly to middle income countries) and in health services capacity capable of roll-out and cold chain delivery (flowing mostly to poorer countries). By such means, GPI, invested in accordance with the principle of common but differentiated responsibilities, would both contribute to the immediate developmental needs of some countries, the industrial needs of others, and the emergency response capacity of all, and would itself have been a contribution to global welfare maximization.

Just as with ODA (or the direct financing of multilateral agencies and initiatives) exactly how, where and how well GPI was spent would need to be measured and monitored, just like in development cooperation at present. Those processes would likely want to include criteria beyond simply economic returns, such as social welfare (as is more often found with South-South and triangular forms of cooperation). Beyond this, however, GPI represents a distinctive and new approach. Just as with domestic government spending GPI would be ongoing, rather than designed to phase out when countries "graduate". It would also be forward-looking. Investment involves setting aside current consumption in order to invest in greater future consumption; ODA by contrast is really about making up for lacking consumption in the past by spending for results (usually narrowly determined) in the present. Some organisations, and some forms of development cooperation, already conform to elements of the GPI approach. The Coalition for Epidemic Preparedness Innovations (CEPI), for example, has a funding portfolio that still relies on an ODA model of donor financing, however, it seeks to invest in R&D and other capacities that can yield greater future returns, in the form of epidemic preparedness innovations, which may be accessible to all and which provide a clear public good for all. Likewise, the Global Fund for AIDS, Tuberculosis and Malaria has already taken steps in the direction of GPI by adopting an approach to its governance that includes traditionally "recipient" countries, such as Burkina Faso and DR Congo. GPI would make further steps in these directions: towards a structured universal commitment to shared public policy outcomes governed via a constituency approach that also included civil society. It would represent a new era in multilateral cooperation in which the ends of development are updated and the terms of engagement between countries are made equitable.

GPI holds out the prospect of an international funding mechanism for investments capable of satisfying the interests and needs of people released from the geographical luck of their birthplace (Kearns and Reid-Henry, 2009), via shared, transparent and equitable decision-making. It would be a major change of direction from the currently dominant ODA frame of hand-outs tied to an out-dated narrative of (often self-serving) charity: one which is ill-equipped to address the underlying structural inequalities that create the conditions of its existence in the first place. But it would also learn the important lessons - with respect to the need for transparency and accountability, of meaningful inclusion, and of doing no harm - of seventy years of development cooperation. It is likely to involve new ways of coordinating financing within-country (such as between different government ministries) as well as between-country innovations in inclusive governance. It would, as discussed, embody the UN principles of Common But Differentiated Responsibilities (as written into 1992 UNFCCC) and Leave No One Behind (enshrined in the 2030 Agenda).[2]

Governance and Collective Action

To summarise the discussion so far: There are non-ODA funding needs that contain - but are not limited to - the need to find better ways of providing essential GPGs. And these needs are in turn linked to the further need for structured international cooperation to meet them. As Stiglitz writes: "The provision of global public goods provides a central part of the logic of global collective action, but the rationale for global collective action goes further: potentially, it can address any of the market failures. Just as there are global public goods, there are global externalities." (Stiglitz, 2002, p.240). But the nature of collective action also impacts upon and shapes the context in which public goods needs arise. Uneven governance structures can also result in greater economic instability, and no little extraction and plunder. This section, therefore, attempts to explore how this third pillar of collective action is also constitutive of the problem itself, rather than a *deus-ex-machina* solution to it, and that seeing it as a part of the problem may help us to address it in the right way.

The role played by the sociological terms of decision-making within any political or economic arrangement is often overlooked in mainstream economic policy discussion (though see Pisani-Ferry, 2019). Yet it is critical in determining each of *which* needs are to be addressed, *who* is to pay for them, and *how*. Indeed, in his historically informed account of the problem of international collective action, Stiglitz focuses precisely on the question of governance, noting that the "collective interests" that, for instance, the IMF has pursued in recent decades, has been a narrow subset of global collective interests and not a representative one (*ibid*., p.243). The global public good of international economic stability, for which the IMF was established to provide for, has thus been diminished. The challenge in other words is not with securing collective action per se, but with securing the right sort of collective action in the name of an *inclusive* collective: the global public interest, as represented by the community of nations.

But how to ensure all voices are included in a way that maintains effective decision-making? This is usually posed as a rhetorical trap out of which no feasible, theoretically robust answer is expected to emerge. Yet the answer need not lie in theory or in having a pre-formed answer at all, in fact. The solution offered by GPI here - unlike almost all other international financing initiatives - is instead to include the voices of countries at all income levels, along with representatives of civil society and other key stakeholders, as party to the discussions and as stakeholders to the process of forming the GPI agenda itself.[3] This commitment to co-creation is part of what makes GPI a distinctive approach to development cooperation. The value of such an approach can be contrasted with the recent experience of COVAX. While COVAX was presented as a major achievement of international and cross-sectoral cooperation, assembled in a short space of time (and with a combination of UN agency and public-private partnership leads) the process was largely seen by lower income countries and civil society advocates to have excluded them in the design of the arrangement (ACT-A Strategic Review, 2021). Such critiques are especially telling in the light of the failures of COVAX to meet its own equitable distribution targets: in part because it was too easy for higher income countries to forum shop by securing direct bilateral vaccine supply with producers, in effect undercutting the pooled financing mechanism of COVAX.

The lesson that GPI takes forward from the experiences of development cooperation, then, is that the right participation and governance arrangements are required to inform both the design and the execution of future global funding arrangements. The traditional ODA approach just never got this right. Among such arrangements should be the critical role of including all voices. And as the COVAX example shows, they should also include mechanisms of mutual learning and adaptation as well. Again, there are already moves in this direction taken by some development cooperation organisations, such as the Global Partnership for Education that seeks to "promote mutual learning" among its partners (Menashy, 2017), and the Global Fund, which explicitly considers itself to be a "learning organisation and will adapt over time". Such approaches are not a straightforward panacea. Both the Global Partnership for Education (GPE) and the Consultative Group for International Agricultural Research (CGIAR) have been criticised for either avoiding issues which may undermine the stability of the partnership (in the case of GPE) or for being unable to reach major decisions quickly enough owing to the diversity (and size) of the board´s make-up.[4] But a well-designed governance arrangement ought to be able to address most of these challenges. What is critical, however, is that such arrangements are seen to be meaningful, inclusive, transparent and fair. If countries do not have a say in how the money is used, few of their governments will be willing to contribute to international causes, however pressing they may be. The present difficulty in securing commitments to the proposed Global Health Security Financial Intermediary Fund, a process being jointly overseen by the World Bank and the G20, is a case in point (at the time of writing, just one-tenth of the initial USD 10.5 billion ask has been committed). This is a pattern that repeats itself time and time again.

What is ultimately needed to change this is a forum in which discussions on a new way forward can take place. A dedicated UN sponsored process could be one option here: perhaps even the United Nation's Secretary General's recent proposal for a new biennial summit (a form of Economic Security Council) to consider as an "immediate matter" the need for "ultra long-term" and innovative financing for sustainable development and the Sustainable Development Goals.[5] Such a forum could provide a legitimate route to establishing a suitable governance arrangement for a new, non-ODA global public spending line and to consider how to adjust this according to issue area (the production pathway of a global social protection fund, for example, is not the same as for a preemptive "vaccine library" against the known viral families).[6]

It would in every case be critical that the governance arrangements selected are co-created with input from all affected countries, for many of whom having a say in the governance of the global financial architecture would itself be a major incentive to begin thinking about how to contribute to GPGs and the protection of the global commons. It would also be critical that the process of co-creation and the operationalisation of any such fund was done in accordance with an agreed set of underlying principles and in relation to existing international covenants and frameworks that could provide legitimacy (for example, the Maastricht Principles on

Extraterritorial Obligations of States in the area of Economic, Social and Cultural Rights (2012) or the General Comments of the Committee on Economic, Social and Cultural Rights (CESCR).[7]

Once the matter of economic governance is properly addressed, then issues of coordination, free-riding, and the volume and quality of financing that can be secured to produce other much needed GPGs can more easily be put into place: up to and including how we prepare ourselves for the next pandemic, and bridge the growing funding gap for the SDGs that the pandemic has dramatically intensified.

Conclusion: GPI and Effective Multilateralism *as* a Global Public Good

In *Our Common Agenda* (2021), the Secretary-General has called on Member States to act with other stakeholders to "devise strategies for achieving global public goods": issues that benefit humanity as a whole and that cannot be managed by any one State or actor alone. In a speech in January 2022, the Secretary-General went as far as to insist that, "we must go into emergency mode to reform global finance."[8] At the heart of the reform programme lodged within *Our Common Agenda* is recognition that *both* reform of the international financial architecture *and* commitments to raising new and better money for global public policy priorities, such as the SDGs, are required.

GPI is one attempt to address both these parts of the problem simultaneously: opening up for new global budget lines overseen by a governance structure that includes all countries as contributors and recipients alike: not entirely unlike the transfers involved in various forms of fiscal federalism. GPI perhaps best connects to the discussion on GPGs because it has the potential itself to provide the global public good of an orderly and equitable system for financing global public needs: be those "global functions" (Yamey *et al.*, 2019), specific "global public goods" with definable production pathways, or wider "sustainable development" goals. The Westphalian problem is thus ultimately best solved by moving beyond the Westphalian system. As William Nordhaus put it:

> "To the extent that global public goods may become more important in the decades ahead, one of our major challenges is to devise mechanisms that overcome the bias toward the status quo and the voluntary nature of current international law in life-threatening issues. To someone who is an outsider to international law, the Westphalian system seems an increasingly dangerous vestige of a different world. Just as economists recognise that consumer sovereignty does not apply to children, criminals and lunatics, international law must come to grips with the fact that national sovereignty cannot deal with critical global public goods." (Nordhaus, 2005: 8)

The catch, of course, is that neither international law, nor the nation states and (emergent) international judiciary that stand behind it, will "come to grips" with this fact unless it is seen to be in their interest to do so. And the only way to engineer *that* is to open up the table to all affected countries and to give them a meaningful stake in a process that secures meaningful equality. One difference between ODA and GPGs that is often pointed out, for example, is that ODA requires money to be spent where it is most needed, while GPGs require money to be spent where they make the greatest difference; to secure a weakest link GPG (in which nominally all countries should contribute the same) ultimately will require some countries to contribute a greater effort because they are starting from a weaker position or face greater barriers to meeting a global standard of provision. In this scenario, the question of transfers, or development cooperation, becomes unavoidable also to the challenge of providing GPGs. This is precisely where GPI makes a critical difference and why the governance arrangements of such an approach are also crucial (Pezzini and Da Costa, 2022). Thus the starting point in any consideration of how to take forward the project of development cooperation into the 21st century is not simply the pandemic-exacerbated question of "how do we (also) finance GPGs" but the prior question of "what would be the best (most fair and just and so most universally incentivising) approach to the governance of any such arrangement".

Endnotes

1 As Hegertun puts it in a recent report: "Just as public goods in the economic sense are defined by the fact that they are not limited to private consumption (which is both excludable and rival), a defining feature of GPGs is that they arenot limited to national consumption. As the GPGs extend beyond national borders and thus challenge conventional political systems and decision-making procedures, both their production and consumption have implications for international relations, multilateral cooperation, sovereignty and national policies."(Hegertun, 2021)

2 See http://unfccc.int/resource/docs/convkp/conveng.pdf and https://unsdg.un.org/2030-agenda/universal-values/leave-no-one-behind

3 See, for example, the results of a recent Global Consultation with stakeholders here: https://globalpublicinvestment.org/consultation/

4 With thanks to Sam Ashby at Development Initiatives for the examples in this paragraph.

5 See the Report of the Secretary General on Our Common agenda, at: https://www.un.org/en/un75/common-agenda

6 As proposed by CEPI in its 100 Days commitment, see: https://100days.cepi.net/vaccine-libraries/

7 See Kaltenborn and Kreft (2022). As they write, "the principles approach does not specify a concrete and detailed governance model, but it does provide a framework of orientation for the actors involved in setting up the Fund." (p2).

8 Michelle Nichols, "'Emergency mode': U.N. chief laments failed global governance," Reuters, 21 January 2022, https://www.reuters.com/world/emergency-mode-un-chief-laments-failed-global-governance-2022-01-21/.

References

ACT-Accelerator Strategic Review. (2021). An Independent Report Prepared by Dalberg (8 October, 2021)

Barrett, S. (2007). *Why Cooperate?: The Incentive to Supply Global Public Goods*. Oxford University Press.

Birdsall, N. and Diofasi, A. (2015). *Global Public Goods for Development: How Much and* What For?. CGD Notes. Retrieved from https://www.cgdev.org/publication/global-public-goods-development-how-much-and-what

Expert Working Group on Global Public Investment. (2021). *Global Public Investment: Report on Progress* (July 2021). Retrieved from https://globalpublicinvestment.org/resources/

Ghatak, M., Jaravel, X., and Wiegel, J. (2020). "The World Has a $2.5 Trillion Problem. Here's How to Solve It," *The New York Times* (April 20, 2020).

Hegertun, N. (2021). *Development Cooperation and Global Investments: What's next for development cooperation*. NORAD (October, 2021).

International Task Force on Global Public Goods. (2006). *Meeting Global Challenges: International Cooperation in the National Interest*. Final report. Stockholm, Sweden.

Kaletsky, A. (2020). "Europe's Hamiltonian Moment" *Project Syndicate* (21 May, 2020).

Kaltenborn, M. and Kreft, L. (2022). *Governance Principles for a Global Fund for Social Protection*. Freidrich Ebert Stiftung (March, 2022)

Kaul, I. (2017). *Providing Global Public Goods: What role for the multilateral development banks?*. ODI Report (April 2017).

Kaul, I. (2021). *Enhancing the Provision of Global Public Goods: Ready for* more realism?. UNDP Policy Brief. Retrieved from https://www.asia-pacific.undp.org/content/rbap/en/home/library/sustainable-development/enhancing-the-provision-of-global-public-goods.html

KaulI.,Conceicao, P., Le Goulven, K.and Mendoza, R. (2003). *Providing Global Public Goods, Managing Globalization*. Published for the United Nations Development Project (Oxford University Press).

Kearns, G. And Reid-Henry, S. (2009). *Vital Geographies: life, Luck, and the Human Condition*. Annals of the Association of American Geographers 99 (3): 554-574.

Lakner, K., Özler, B., and van der Weide, R. (2020). "How would you distribute Covid-response funds to poor countries?". *World Bank, Let's Talk Development Blog* (April 13, 2020).

Marriott, A. and Maitland, A. (2021). *The Great Vaccine Robbery*. The People's Vaccine Alliance, [Press Release] (29 July, 2021). Retrieved from https://reliefweb.int/sites/reliefweb.int/files/resources/The%20Great%20Vaccine%20Robbery%20Policy%20Brief%20final.pdf.

Menashy, F. (2017). *The Limits of Multistakeholder Governance: The Case of the Global Partnership for Education and Private Schooling*. Comparative Education Review Vol 61 (2) (May, 2017).

Nordhaus, W.D. (2005). P*aul Samuelson and Global Public Goods: A Commemorative Essay for Paul Samuelson* (May 5, 2005)

Pezzini, M. and Da Costa, R. (2012). "Experimental Multilateralism: Regaining the original purposes of multilateral cooperation". *Development Cooperation Review*, Vol 4 (2) July-September 2021.

Pisani-Ferry, J. (2019). *Collective Action in a Fragmented* World, Breugel Policy Brief Issue 5 (September 2019). Retrieved from https://www.bruegel.org/2019/09/collective-action-in-a-fragmented-world/

Reid-Henry, S. (2015). *The Political Origins of Inequality: Why a more equal world is better for us all.* (University of Chicago Press).

Ritchie, E., McDonnell, A. and Dissanayake, R. (2022). *Immoral, and Unpopular*. Center for Global Development Blog (February 2022). Retrieved from https://www.cgdev.org/blog/vaccine-mark-counting-more-oda-we-paid-vaccines-illogical-immoral-and-unpopular

Stiglitz, J. (2002). Globalization and the Logic of International Collective Action: Re-examining the Bretton Woods Institutions. In Deepak Nayyar (ed.), *Governing Globalization: Issues and Institutions.* (Oxford University Press).

Yamey, G., Jamison, D., Hanssen, O., and Soucat, A. (2019). *Financing Global Common Goods for Health: When the World is a Country*. Health Systems & Reform 5(4): 334-349.

Towards Sustainable World: Importance of SDG 17 as the Real Game Changer

*Milindo Chakrabarti**

"Ecological and environmental constraints… (should) be taken care at collective levels - community, sub-national, national, regional or even in cases at global levels."

Global Doldrums

The world system is in doldrums today. The COVID 19 pandemic brought in a terribly disturbing scenario which, though reduced considerably, has still its repercussions on the global masses. The long-term implications of climate change are increasing exponentially. Keeping the temperature increase within 1.5^0 C of the pre-industrial revolution situation by 2100 now seems difficult to maintain, even with announced commitments by most of the nations. During the same time, inequalities in terms of both income and wealth distribution have been increasing and moving towards the earlier worst situation observed during the beginning of the previous century. Thanks to the availability of data, it is being observed that inequalities in terms of gender, race, ethnicities and even environmental carbon emissions have also been increasing alarmingly. The concern is not only serious but also has to be taken care of within a very short period of time, as we are otherwise moving towards a situation of irreversible change which may even jeopardise our existence in the world as its wisest species. Exigencies led to the adoption of Paris Climate Agreement in December 2015 signed by 197 countries and also simultaneous

* Visiting Fellow, RIS & Professor and Associate Dean, Jindal School of Government and Public Policy, OP Jindal Global University. Views expressed are personal.

engagement on achievement of 17 Sustainable Development Goals by 2030 to facilitate the process of inclusive development that is equitable, affordable and accessible to all, leaving no one behind.

This has brought us to a changed situation that is fundamentally different from the basic framework that was generally used to tackle the problem of development. Even though emerged as a separate discipline beyond the mainstream economic theoretical framework as development economics in 1940s and early 1950s, by 1960s, development thought processes got endowed with the issues in general growth economics. Growth and development came to be considered almost co-terminus as long as growth was considered as the source of development of a country through external efforts following the fundamental logic of "trickle down" and the complete belief in the doctrine of "convergence" keeping in tune with the belief in diminishing marginal productivity of factors and thinking within the periphery of diminishing returns to scale. During the last couple of decades several fundamental changes dawned in our minds. Firstly, growth is not a fully exogenous process. Development of a social system draws its ingredients from endogenous factors as well - capability of the human capital as explained by the enhancement of the individualistic educational and health features of the population, and the role of the internal institutions in governing the resources at different levels of aggregation - from community to global. The aggregation processes are to be matched with the extent of use of resources. Some resources are used at the level of communities, for example, land or water, while some are to be used in the aggregate at the global level, say for example, vaccines against a pandemic. Some resources are to be used is aggregate at the level of a country or regional level. For example, one can think of bio-diversity resources, even though, global importance of bio-diversity conservation cannot be completely lost sight of.

The other significant change that has the importance of changing the developmental paradigm from just growth has been the realisation that during the last century or so we have gradually moved from a society that was an empty to a one that is full today. The empty world did not pay much attention to the conflict between economics and ecology. Scarcity, even though the buzz word of economic mainstream, was looked from a relative perspective through a negatively sloped budget line. To gain more of one resource, one has to give up some of the other. Civilisations captured new land and expanded human settlements. Colonisation gave a new direction to governance and management. Growth continued unabated and was considered the pathway of development.

We have now moved in a new world where scarcity is no longer relative, it is getting absolute. It has brought the conflict between economy and ecology to the fore. In the process, it has also brought to our notice the environmental pollution that we continuously committed over the last few centuries by adding materials that nature does never produce. We produce them, not for consumption but as by-products of our production process and then dump them onto nature without being concerned that the natural capacity to absorb them is either very low or in some cases very difficult. This has led to absolute scarcity of air, water and soil which we cannot yet produce ourselves. There is also scarcity of mineral resources which can be produced synthetically, but not in any commercial quantity yet. So, we are arguing to follow a model of circular economy that will emphasise on re-use and recycling.

Rethinking from Growth to Development

The pathway to development now cannot be just a 'growth' only path any further. We have to move away from the arguments of quantitative growth model of GDP to a qualitative one that goes beyond considering increase in material resources for consumption, but stresses on enhancing the overall value of life. The most important requirement to achieve that pathway is to look beyond the competitive domain that looked into development at the individual level to a path that looks for development for all so that no one is left behind. This is the real call for sustainable development, which is completely inclusive, accessible and equal for all. The interest of the future generations is not compromised for enhancing that of the present.

The pathway will not be straight and simple. We have to get through a number of debates and discussions to identify the relevant pathways. No singular pathway can be thought of that will remain static. However, from the experiences that we have gathered so far some noteworthy steps may be identified to begin the discussions and debates from a positive perspective.

The first issue to be almost easily settled is the consensus that growth in GDP should no longer be considered as a proxy measure for development. Even though long questioned, growth in GDP is still considered by most international organisations, looking at development performances, as the most important measure. The ideas of "Human Development Index" (HDI), developed in the 1980s and later conceptualised into several component, the latest one being on gender development index. Efforts have also been initiated to develop planetary pressure adjusted HDI as mentioned in UNDP Human Development Report 2020. The PHDI is the level of human development adjusted by carbon dioxide emissions per person (production-based) and material footprint per capita to account for the excessive human pressure on the planet. New sets of measuring parameters are to be immediately introduced that would clearly demarcate the difference between growth and development. This process was started in the early 1950s - during the early phase of the emergence on literature on development - but it had to be abandoned to bring development economics into the field of quantitative paradigm and other related methodological issues, like increasing returns to scale in production and the consequent irrelevance of a perfectly competitive marketing model (Krugman, 1995).

Secondly, development has gradually emerged as more of an endogenous process that what was earlier believed to be linked to an exogenous process facilitated by the theories of resource gap and the subsequent argument in favour of foreign aid. Foreign development assistance is still considered necessary, but is not the only way out. South-South Cooperation (SSC) and the recent approaches with Triangular Cooperation (TrC) have become important and effective ways of cooperation through mostly, capacity building, trade support and technology sharing that add to the process of indigenous development process. The importance of these features gains further prominence on realisation that economic process in a society can no longer be considered independent of their impact on ecology and environment.

This brings us to the third dimension. The mainstream economic model was developed without much concerns being shown towards the ecological and environmental effects of economic processes. Any economic process found to be having ecological or / and environmental impact was considered "externality" and was sidelined on assumption that externalities do not exist, giving us an impression that even if they exist, their impact will be too small to be taken care of. Further, it was believed that some synthetic solutions will emerge from out of the technological advances we have been making over centuries and during the last one in particular. The limits to growth as a possibility, proposed by the Club of Rome in 1972 (fifty years ago), was dismissed as an empty and misleading work, and as garbage in, garbage out or a piece of irresponsible nonsense .The short term impact of COVID-19 and the long term impact of climate change are very much available to question the reactions made to the observations made by the Club of Rome. We have got studies from IPCC that clearly state that climate change is emerging as an important factor towards limits to growth. The pandemic also throws a question about the expectation of an unhindered state of growth for unlimited period. One fundamental difference that is being visible today is the fact that we have gradually moved from an "empty" world to a "filled' world, where the earlier emphasis on "relative" scarcity has to be relooked from the perspective of "absolute" scarcity. The world today is gradually emerging as a space filled with experiences of facing absolute scarcity, be it in terms of availability to minerals and even pure air and water. Unconstrained use of natural resources, in anticipation of technological solutions to take care of removal of absolute scarcity through creation of synthetic alternatives helped this pathway. Earlier period of history since the beginning of industrial revolution paved the way for moving from a relatively empty world, leading to felling of forests to agricultural growth and then urbanisation, phenomenal growth in human population and the corresponding decline in other forms of bio-diversity, resulting in imbalances in the existing gene-pool. In this process, we have reached a level of a "filled" world, where the available resources do not look to be enough to take care of the day to day requirement of the consumption of the existing stock of human beings.

The Inequality Phenomenon

These impediments are glaringly felt in terms of the state of inequality being observed today. Inequality, whatever way you are to measure it, has been increasing at a steady rate across the globe. The latest edition of the World Inequality Report 2022 leaves us absolutely clear about the reality that obtains around us today. It makes some observations that are very difficult to be not concerned with. It argues that "inequality is a political choice, not an inevitability" and opens up a debate for wide ranging discussions. This debate requires an effective participation of those engaged in finding a solution, undoubtedly - unless we are content with the ever-increasing inequality being observed every passing day across the globe.

The fundamental findings that are captured in the executive summary of the report may provide the main conundrum of the state of inequality as it prevails today across the globe. They are:

- contemporary income and wealth inequalities are very large;
- Middle East and North Africa (MENA) is the most unequal region in the world, Europe has the lowest inequality levels;
- average national incomes tell us little about inequality;
- inequality is a political choice, not an inevitability;
- contemporary global inequalities are close to early 20th century levels;
- nations have become richer, but governments have become poor;
- wealth inequalities have increased at the very top of the distribution;
- wealth inequalities within countries shrank for most of the 20th century, but the bottom 50 per cent share has always been very low;
- gender inequalities remain considerable at the global level, and progress within countries is too slow; and
- addressing large inequalities in carbon emissions is essential for tackling climate change.

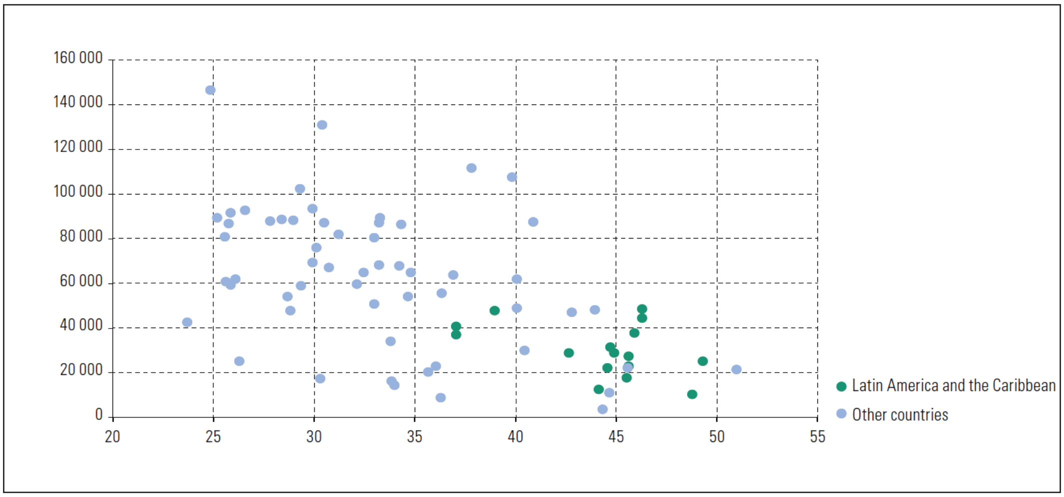
Given these large expanses of the inequalities, that go beyond the standard economic measures alone, makes the report to argue in favour of "redistributing wealth to invest in the future".

The issue with inequality was considered less relevant during the last fifty years, when it was generally felt that efficiency has a trade-off relationship with equality. Efficiency, as provided in a market driven capitalist system, cannot be optimised unless the economic growth costs are paid by the society to reduce the asymmetries and inequalities that arise from market competition. Subsequently, that idea was challenged in economic literature. In the last few decades, a new consensus seems to be emerging that inequality is in fact a barrier to development. Two arguments are given. First, it takes a longer term view, comparing over decades, than over years. Secondly, it includes social, cultural and political factors, beyond the traditional economic ones, which play a prominent role in the "new economics of inequality and redistribution" (Bowles, 2012). This phenomenon is clearly recorded in the latest "World Inequality Report" in which the implications of gender inequality and even that in terms of carbon emissions were highlighted.

The earlier logic of trade-off was pretty simple. It was argued that inequality would enhance the concentration of resources in the hands of fewer individuals, thereby raising their ability to save and thus investment. Such increments in savings and investments will add to the growth in productivity and hence to the efficiency of the economic system. On the other hand, correcting for equality would undermine growth by reducing the incentives for individual effort. However, both empirical and conceptual arguments that came up during the last couple of decades have shown that such arguments do not hold much ground. They recognise the favourable effects of equality on effective demand and emphasise its positive impact on the supply side. CEPAL (2018) argues: "Equality can improve the efficiency of an economic system, defined in dynamic terms as the pace at which innovations can be made, those generated in other parts of the world can be absorbed, technology gaps can be reduced, innovations can permeate the production fabric and, as a result, productivity can be increased and new areas for investment can be established" (ibid, p 20).

The latest report on global inequality is a testimony to suggest that during the last few decades of the present century, the negative relationship between inequality and productive efficiency has been quite clearly visible. Data used in Figure 1 shows the negative relationship that exists between inequality and productivity in a broad spectrum of countries in 2014. That relationship

Figure 1: Productivity & Gini Index 2014



Source: CEPAL (2018), p21.

Note: Gini Coefficient is expressed in percentage terms and productivity is measured in output per employee in 2011 PPP dollars.

does not involve just one direction of causality between the two variables; on the contrary, causality comes from both inequality and productivity and their complex interaction.

Echoing the same perspective, Blanchard and Rodrik (2021) argued that the implicit assumption in many of the presentations in a seminar on inequality held in October, 2019, was that inequality is restraining economic growth by reducing economic opportunities for the lower and middle classes and fostering (or reflecting) monopolistic rents for the very wealthy. They also looked for ways to reduce inequality as one of the key concerns facing the society now.

CEPAL (2018) elucidates the point further as it notes: "Equality is a necessary condition for maximising the dynamic efficiency of the economy in that it creates a framework of institutions, policies and efforts that place the highest priority on innovation and capacity-building ...... This examination of the role of equality from the supply side helps showcase its positive impact on effective demand". The note further and rightly argues that "income distribution is more likely to drive the expansion of demand in a country with a more diversified and competitive production structure. By encouraging the spread of technologies and increased productivity, equality contributes to that diversification. Thus, the traditional Keynesian view of distribution and effective demand is complemented by the Schumpeterian approach to equality, innovation and skills." (ibid, p 21).

The Way Forward

It is obvious that inequality is an important issue to be tackled immediately. Even though reduction in inequality has been identified as an important goal under SDGs - SDG 10 - the fact is clear that none of the SDGs can be lost sight of as we are on way to achieve SDG10. Poverty (SDG1) and hunger (SDG2) cannot be tackled without reduction of inequality. Similarly, health and education cannot be effectively taken care of in situations of rising inequality. The same arguments apply in respect of the achievements in terms of other SDGs as well. In fact, it is now implied that none of the SDGs are achievable without taking care of the other 16 SDGs. They are all interlinked and influence one another. However, a couple of points are to be taken very critically.

Firstly, the SDGs have been rightly divided into four distinct groups. They are linked to biosphere, society, economy and partnership. While the biosphere component takes care of issues related to climate change, protection of biodiversity on land and under water and the linked perspective of supply of clean water and sanitation, the economic perspective takes care of employment and growth, industrial and infrastructural development with innovation, reduction in inequality, linking them with the need for looking for a responsible production and consumption system. The rest of the concerns are merged into social terms. However, if we are to look into these groups, one point is quite clear that the interactions among these groups will settle the path for meeting all the SDGs simultaneously and therein comes the vital role for SDG 17.

So far, we talked in terms of a competitive framework to facilitate efficient utilisation of resources and add to unconstrained growth of the global system. We were so convinced with such a system that we even went for global transactions to be catered to by multi-national firms, going beyond the earlier phase of international trade being controlled by sovereign countries even a couple of decades earlier. Under the mandate of globalisation, we started moving from international exchange on the basis of comparative advantage of nations to competitive advantage of firms decided by their development of multi-country supply chain. The innovations fostered by information technology and artificial intelligence is pushing us towards a global system where economic and even social components of human life are being controlled by a few number of individuals who are emerging as the gainers of the system at the expense of the rest of the society - the 1 per cent conundrum that has become quite a concern for the last few decades. So, solutions to reduce inequality have been suggested in terms of imposing wealth tax on the 1 per cent and redistribute the raised resources to those lying at the bottom of the income and wealth distribution framework.

However, the environmental and ecological constraints that were not considered relevant in the model of competitive economics, which ruled the economic policy paradigm for more than a century, have created situation of a difficult pathway to be followed. A competitive framework is now appearing difficult, in fact almost impossible, to be followed. The reason is quite simple. Ecological and environmental constraints cannot be taken care of at a level of individual decision-making process. These constraints are to be taken care of at collective levels - community, sub-national, national, regional or even in cases at global levels. Also consider the social and cultural constraints. We cannot have a resilient and sustainable world with social and cultural achievements being highly unequal among different groups. These concerns are to be taken care of through collective decisions.

Such collective decision-making processes are to be created. SDG 17 has been identified for such actions. Development cooperation has to be built into all the SDGs with the operational guidelines at local, sub-national, national, regional and global levels and necessary interlinkages. That is the real challenge to all of us and we have to come out with winning solutions. Else, we may start counting the last days of the wisest species on the earth.

References

Blanchard, Olivier and Rodrik Dany (eds). (2021). *Combating Inequality: Rethinking Government's Role*. Cambridge: The MIT Press. https://doi.org/10.7551/mitpress/13469.001.0001

Bowles, S. (2012). *The New Economics of Inequality and Redistribution.* Cambridge University Press.

CEPAL. (2018). *The Inefficiency of Inequality*. Retrieved from https://www.cepal.org/en/publications/43443-inefficiency-inequality.

Krugman, Paul. (1992). *Toward a Counter-Counterrevolution in Development Theory.* The World Bank Economic Review, Volume 6, Issue suppl_1, December 1992, Pages 15–38. https://doi.org/10.1093/wber/6.suppl_1.15.

Krugman, P. (1995). The Fall and Rise of Development Economics. In *Development, Geography, and Economic Theory*. Cambridge: The MIT Press.

UNDP. (2020). *Human Development Report 2020: The Next Frontier Human development and the Anthropocene*. New York. Retrieved from https://hdr.undp.org/system/files/ documents//hdr2020pdf.pdf

World Inequality Lab. (2021). *World Inequality Report 2022*. Available at https://wir2022.wid.world/www-site/uploads/2022/03/0098-21_WIL_RIM_RAPPORT_A4. pdf.

POST-COVID ERA DEVELOPMENT COOPERATION WITH AFRICA

Japanese Foreign Minister Yoshimasa Hayashi has assured to boost post-COVID era development cooperation with nations in Africa during the two-day virtual meeting with his African counterparts, which sets the stage for the eighth Tokyo International Conference on African Development (TICAD) slated for August.

Representatives from approximately 50 African countries emphasised the significance of transparent and fair development funding amid concerns around "debt trap" for the recipient countries resulting from investment that are saddled with massive loans they cannot repay. The COVID-19 epidemic has had a profound impact on the African economy and society, necessitating assistance from the global world. The disruption of energy and food supplies caused by Russia's invasion of Ukraine puts an additional pressure on African nations, and hence deeper collaboration would be essential, Hayashi said during the meeting. Hayashi added, Japan "will continue to support development in Africa and their realization of the U.N. sustainable development goals".

Hayashi further mentioned that Japan would collaborate with international organisations to establish an environment where developing nations, notably those in Africa, do not have to rely on "debt-inducing" financing. The developing economies that are in the greatest need of financial support cannot be allowed to become entrenched in such finance methods.

Source: Nikkei Asia. (2022, March 27). Japan vows to boost post-COVID development cooperation with Africa. Retrieved from https://asia.nikkei.com/Politics/International-relations/Japan-vows-to-boost-post-COVID-development-cooperation-with-Africa.

SSC in Statistics

Global Inequality and Agenda 2030

*Sushil Kumar**

To achieve the goals of the Agenda 2030 to foster inclusion and ensure that no one is left behind, the countries have committed to reduce inequality both within and among countries. On the other hand, recent data shows that inequality has increased within most countries, over the past two decades and global inequalities between countries have declined. Recent UN statistics also indicate that the richest 1 per cent of the world's population holds 50.1 per cent of the world's wealth, while the poorest 70 per cent of the world's population of working age holds only 2.7 per cent of the global wealth.[1] Persistently substantial income and wealth disparities impede economic growth and progress towards greater poverty reduction. In this context, this write up examines regional income and wealth inequality trends from 2000 to 2021.

Global Income Inequality

The bottom half of the world's population only receives 8.5 per cent of the overall income and only owns 2 per cent of the global wealth. In the year 2021, the wealthiest 10 per cent of the worldwide population owned 76 per cent of the entire household wealth and held 52 per cent of the overall income (World Inequality Report, 2022). The levels of income inequality that existed across the regions from the years 2000 to 2021 are depicted in Figure 1. There is a substantial gap in the levels of inequality between the regions with the lowest levels of inequality has been noticed in Europe and the region with the highest levels of inequality is Latin America.

In 2000, Asia's top 1 per cent income share was 22.4 per cent, but by 2021, it had dropped to 18.5 per cent. The share of the top 1 per cent in Latin America and North America has risen from 21.5 per cent and 17.3 per cent in

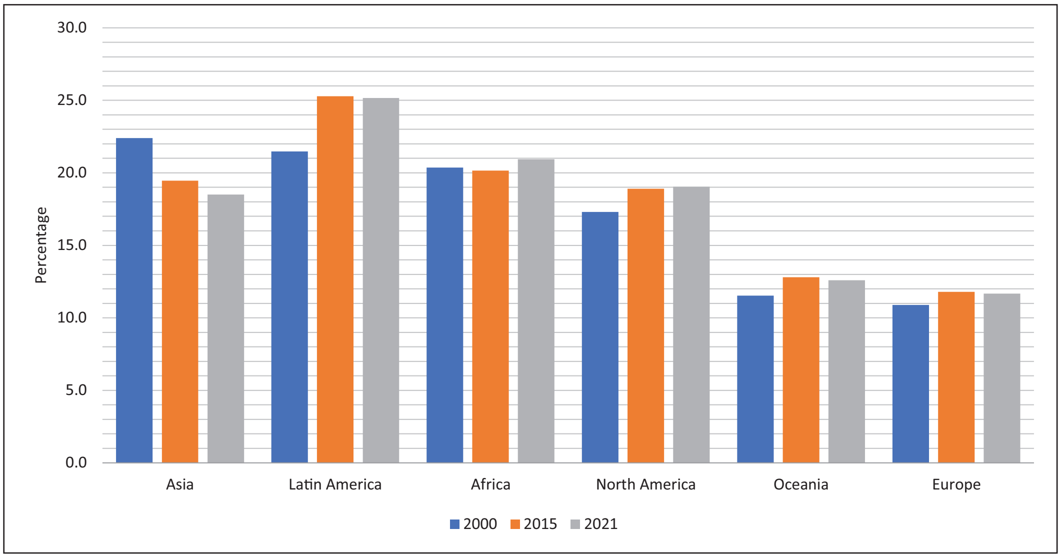
* Assistant Professor, RIS. Views expressed are personal.

2000 to 25.2 per cent and 19 per cent in 2021 respectively. Another noteworthy take away from the graph is the income concentration of the top 1 per cent is lower in Europe and Oceania, implying that these regions are more equitable income than others.

There is a large amount of variation in the levels of inequality between different regions of the world. Figure 2 demonstrates that the top 10 per cent income share in Asia and Africa has declined from 54.6 per cent and 56.4 per cent in 2000 to 50.6 per cent and 55 per cent in 2021 respectively. In Latin America and Europe, there has not been considerable change in the share of the top 10 per cent in national income. In North America and Oceania, the share of the 10 per cent has increased from 42.8 per cent and 34.5 per cent in 2000 to 45.8 per cent and 37 per cent in 2021 respectively. It appears that Europe and Oceania have equality in terms of share of top 10 per cent in national income in comparison to other regions (see Figure 2). Again it is important to mention that an individual in the top 10 per cent of the global income distribution earns an average of USD 122,100 per year. In comparison, an individual in the bottom 50 per cent of the worldwide income distribution makes an average of USD 3,920 per year (WIR, 2022).

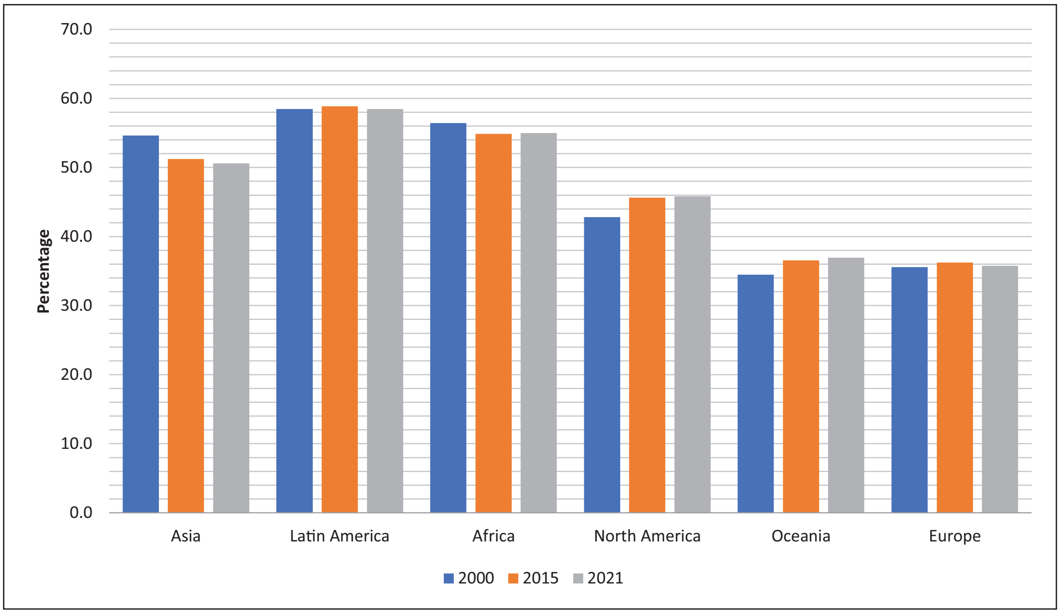
Latin America, Africa and Asia have the smallest bottom 50 per cent shares, with 9 to 10 per cent of national income. In these regions, inequality levels are on par with inequality levels recorded at the global level in 2021. As shown in Figure 3, the share of the bottom 50 per cent of the population in national

Figure 1: Global Income Inequality: Top 1 per cent Income Shares, 2000-2021



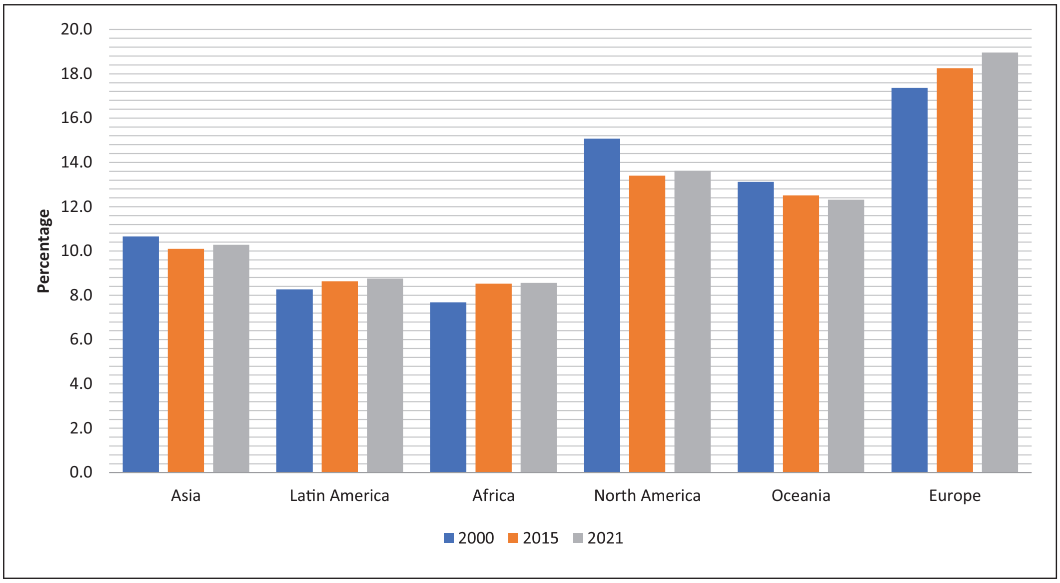
Source: World Inequality Database.[2]
Note: Share of national income

Figure 2: Global Income Inequality: Top 10 per cent Income Shares, 2000-2021



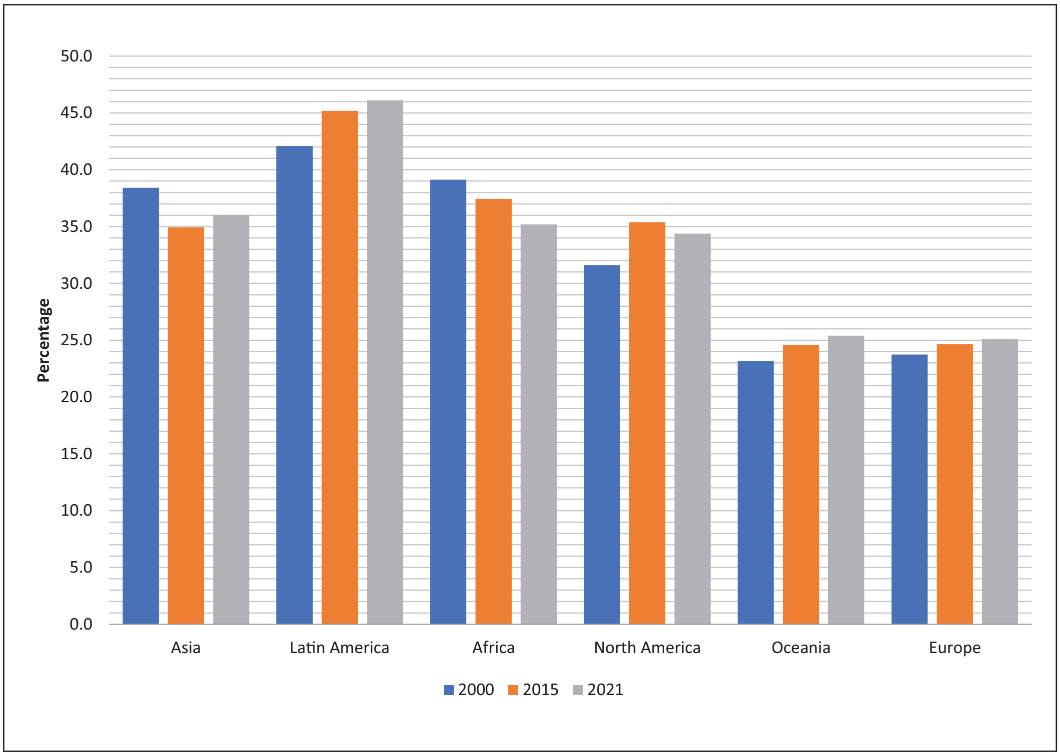
Source: World Inequality Database.
Note: Share of national income

Figure 3: Global Income Inequality: Bottom 50 per cent Income Shares Across The World (2000-2021)



Source: World Inequality Database.
Note: share of national income

Figure 4: Global Wealth Inequality: Top 1 per cent Wealth Share, 2000-2021



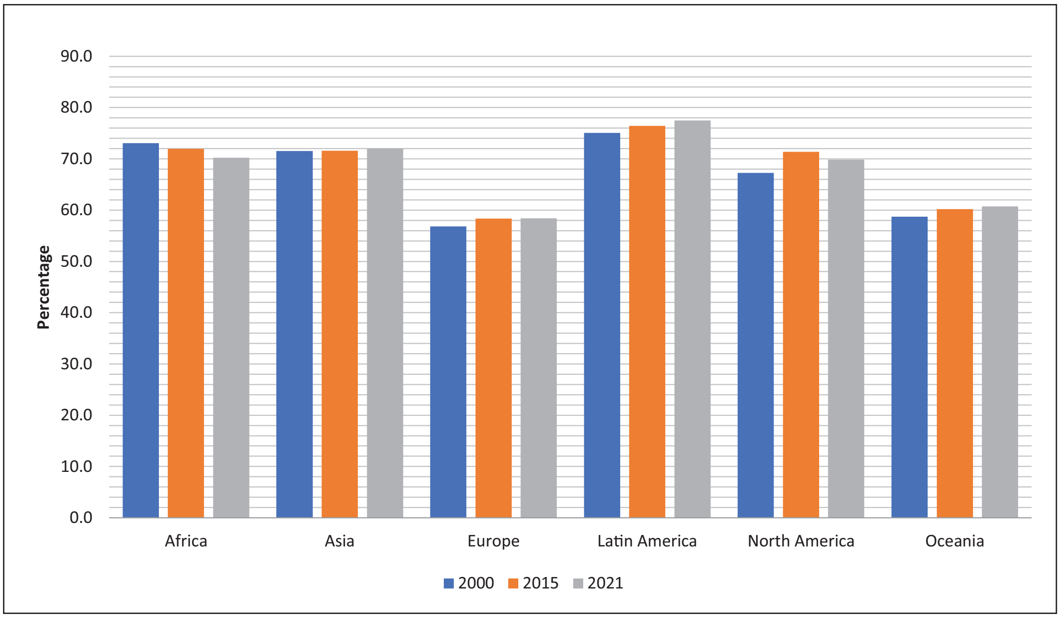
Source: World Inequality Database.

income has increased in Europe from 17.4 per cent in 2000 to 19.0 per cent in 2021, while it has fallen in North America and Oceania from 15.1 per cent and 13.1 per cent in 2000 to 13.6 and 12.0 per cent, respectively. From 2000 to 2021, there is no significant change in the share of the bottom 50 per cent in the national income of Asia, Latin America, and Africa.

Global Wealth Inequality

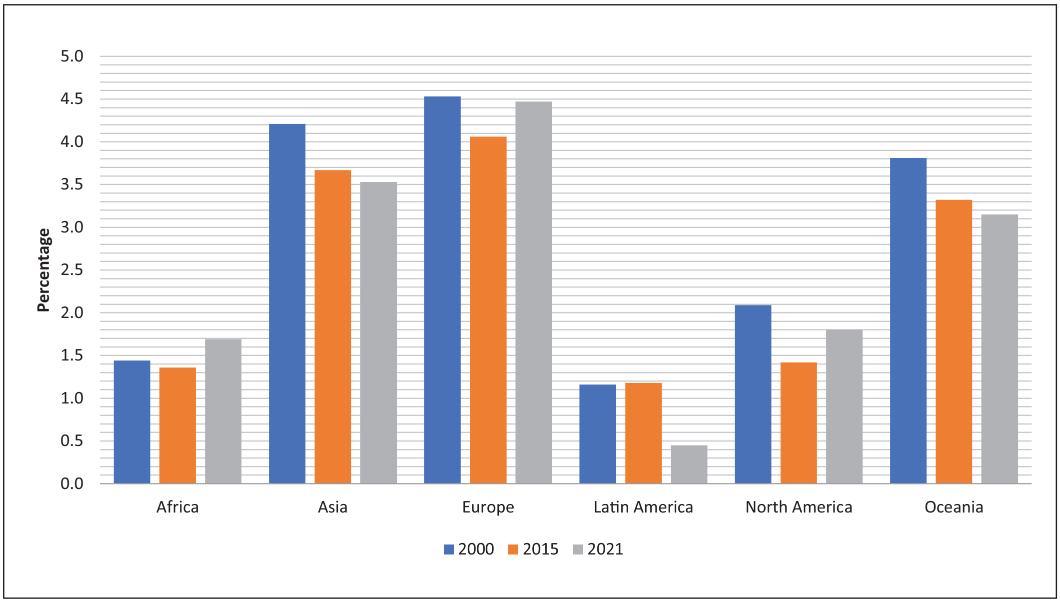
Global wealth inequality is worse than income inequality as the wealthiest half of the world's population owns 98 per cent of all the wealth that exists, while the poorest half of the population only owns 2 per cent of the total net value (World Inequality Report, 2022). In Latin America, the wealthiest 1 per cent was control 46 per cent of total household wealth in 2021, up from 42 per cent in 2000. It indicates that wealth inequality has increased in this region (see Figure 4). The Figure also indicates that wealth inequality has increased in North America, Europe, and Oceania, as the wealth share of the top 1 per cent in Europe rose from 23.7 per cent in 2000 to 25.1 per cent in 2021, while in North America it rose from 31.6 per cent in 2000 to 34.4 per cent in 2021. One notable trend is the overall decline in wealth inequality in the Africa from 39.1 per cent in 2000 to 35.2 per cent in 2021.

Figure 5: Global Wealth Inequality: Top 10 per cent Wealth Share, 2000-2021



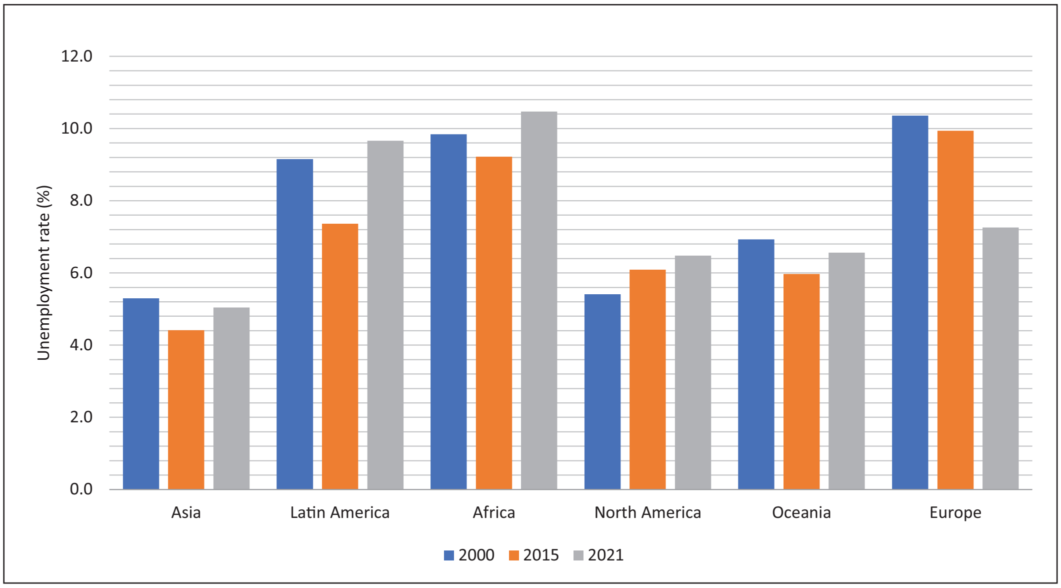
Source: World Inequality Database.

Figure 6: Global Wealth Inequality: Bottom 50 per cent Wealth Shares Across The World (2000-2021)



Source: World Inequality Database.

Figure 7: Unemployment Rate (%)



Source: World Development Indicators, World Bank.

In comparison, only 58.4 per cent of total household wealth is held by the top 10 per cent of households in Europe, whereas 77.5 per cent of all household wealth is held by the top 10 per cent in Latin America in 2021 (see Figure 5).

When looking at the bottom half of the wealth distribution, it appears that this group (share of bottom 50 per cent) has quite limited wealth at all in all regions. In Latin America, it accounts for 0.5 per cent of overall wealth, while in Europe, it accounts for 4.5 per cent (see Figure 6).

Africa has the highest unemployment rate at 10.5 per cent in 2021, followed by Latin America at 9.7 per cent, Europe at 7.3 per cent, and Oceania at 6.6 per cent, with Asia having the lowest unemployment rate at 5 per cent (see Figure 7).

Inequality varies significantly from region to region. The top 10 per cent income share in Europe is 35.8 per cent, whereas it is 58.5 and 55 per cent in Latin America and Africa respectively. These regions also have significant unemployment rates, with 10.5 per cent in Africa and 9.7 per cent in Latin America.

Endnotes

1 https://in.one.un.org/page/sustainable-development-goals/sdg-10/

2 World Inequality Database, https://wid.world/data/

References

Chancel, L., Piketty, T., Saez, E., Zucman, G. et al. *World Inequality Report 2022*. World Inequality Lab. Retrieved from wir2022.wid.world.

World Development Indicators 2022. Washington, DC: World Bank. Retrieved from https://databank.worldbank.org/source/world-development-indicators

Guidelines for Contributors

1. DCR is a refereed multi-disciplinary international journal. Manuscripts can be sent, as email attachment, in MS-Word to the Managing Editor (milindo.chakrabarti@ris.org.in).

2. Manuscripts should be prepared using double spacing. The text of manuscripts should not ordinarily exceed 1500 words. Manuscripts sent for peer review section may be limited to 5000 words. Such submissions should contain a 200-word abstract, and key words up to six.

3. Use 's' in '-ise' '-isation' words; e.g., 'civilise', 'organisation'. Use British spellings rather than American spellings. Thus, 'labour' not 'labor'. (2 per cent, 3 km, 36 years old, etc.). In general descriptions, numbers below 10 should be spelt out in words. Use thousands, millions, billions, not lakh and crore. Use fuller forms for numbers and dates— for example 1980-88, pp. 200-202 and pp. 178-84, for example, 'the eighties', 'the twentieth century', etc.

Reference Style: References should be appended at the end of the paper. References must be in double space, and same author(s) should be cited, and then arranged chronologically by year of publication.

All references should be embedded in the text in the APA style. For details, please refer to Course and Subject Guides: https://pitt.libguides.com/c.php?g=12108&p=64730

Invitation to Join our Mailing List

If the reader wishes to be added in our mailing list in order to receive the soft version of *Development Cooperation Review*, kindly send in details along with organisational affiliations to RIS at email : dgoffice@ris.org.in. Also specify if hard copy is desired.

Call for Contributions

We invite contributions from interested readers on issues related to development cooperation in general and South-South Cooperation in particular. Contributions may also capture theory, practice and associated debates on development cooperation. Reviews of latest publications - books, monographs, reports - are also welcome. Any institutional upcoming events on development cooperation may also be captured in DCR. The contributions should be restricted to not more than 1500 words.

For editorial information, contributions, feedback and comments: mail to milindo.chakrabarti@ris.org.in and dgoffice@ris.org.in

Introduction of a Section on Peer Reviewed Articles/Essays

In keeping with suggestions, feedbacks and accumulated experience, we have decided to introduce a section, containing peer reviewed full length articles/essays. Interested scholars willing to contribute are requested to send in their manuscripts (preferably in not more than 5000 words) to the editorial office.

About Development Cooperation Review

Development Cooperation Review (DCR) aspires to capture holistic narrative around global development cooperation and fill an important knowledge gap towards theorisation, empirical verification and documentation of Southern-led development cooperation processes. Despite growing volumes of development partnerships around the Southern world, there remains an absence of detailed information, analysis and its contribution to global development processes. Even though there have been sporadic efforts in documenting some of the activities, a continuous effort in chronicling the diverse experiences in South-South Cooperation (SSC) is still absent. RIS, in joint publication with GDI, FIDC and NeST has endeavoured to launch DCR, a quarterly periodical, to fill this gap.

About Research and Information System for Developing Countries (RIS)

RIS is a New Delhi–based autonomous policy research institute envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on global and regional economic issues. The focus of the work programme of RIS is to promote South-South Cooperation and collaborate with developing countries in multilateral negotiations in various forums. @RIS_NewDelhi

About Global Development Centre (GDC)

Established at RIS, the Global Development Centre (GDC) aims to institutionalise knowledge on India's development initiatives and promote their replication as part of knowledge sharing in Asia and Africa with the help of its institutional partners, including civil society organisations. It attempts to explore and articulate global development processes within a micro framework and works as a unique platform to collate and assimilate learning processes of other countries towards promotion of equity, sustainability and inclusively based on multi-disciplinary and multi-functional approach.

About Network of Southern Think Tanks (NeST)

Knowledge generated endogenously among the Southern partners can help in consolidation of stronger common issues at different global policy fora. Consequent to the consensus reached on many of these issues at the High-Level Conference of Southern Providers in Delhi (March 2013) and establishment of the subsequent Core Group on the SSC within the UNDCF (June 2013), the Network of Southern Think-Tanks (NeST) was formally launched at the Conference on the South-South Cooperation, held at New Delhi during 10-11 March 2016. The purpose of the NeST is to provide a global platform for Southern Think-Tanks for collaboratively generating, systematising, consolidating and sharing knowledge on SSC approaches for international development. @NeST_SSC

About Forum for Indian Development Cooperation (FIDC)

FIDC aims to encourage detailed analysis of broad trends in South-South cooperation and contextualise Indian policies by facilitating discussions across various subject streams and stakeholders based on theoretical and empirical analysis, field work, perception surveys and capacity building needs. @FIDC_NewDelhi

Published by:

RIS
Research and Information System
for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Core IV-B, Fourth Floor, India Habitat Centre
Lodhi Road, New Delhi-110 003, India.
Ph. 91-11-24682177-80 Fax: 91-11-24682173-74-75
Email: dgoffice@ris.org.in Website: www.ris.org.in

Follow us on:

facebook www.facebook.com/risindia twitter @RIS_NewDelhi YouTube www.youtube.com/RISNewDelhi

DCR is brought out by GDC as part of cross-learning and sharing of development cooperation practices in Global South.

CONTENTS ***(continued from outside front cover)***