Post-2015 global development and South-South cooperation

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less connected to regional markets and already developed production networks. According to the survey by OECD-WTO (2013), of the main obstacles that LDCs face in connecting to value chains, the foremost issue for more than half of domestic firms was inadequate infrastructure, followed by access to trade finance and compliance with technical standards.

Removing those constraints will require massive investment for infrastructure development, reforms in educational and skill development systems, and provision of financial and technical assistance to small and medium enterprises (SMEs). Given the limited availability of capital and technical capacity in LDCs, financial and technical assistance from partner countries through "Aid for Trade" programmes, knowledge and technology transfers from lead firm of GVCs, and support from international organisations could play an important role.

Areas for action

To promote South-South (SS) cooperation the following areas should be given priorities:

1. Domestic resource mobilisation: Broadening tax bases, enhancing efficiency of the tax collecting authority, ensuring transparency, reducing discretionary power of tax officials. However, the strategy for domestic financing should be determined by the national governments. It should be pointed out that domestic resource mobilisation should not be taken as the pretext by the developing countries to reduce the relevance of official development assistance (ODA).

2. Strengthening regulatory regime and creating enabling environment for private sector investment including FDI: Laws related to land registration, contract enforcement to be made more relevant in the present context.

3. Strengthening the financial sector: Banks, non-bank financial institutions, insurance companies, capital market, should promote private sector investment, financial inclusion and gender equality.

4. Roles of policies: Along with fiscal and monetary policies, others like industrial, export, and financial inclusion policies that hold out the promise of ensuring sustainable and inclusive growth should be introduced by the respective government.

5. Stronger and better coordinated South-South cooperation in dealing with security issues has the potential to dramatically reduce international and civil conflicts, especially if drug trafficking and the global black market are collectively targeted for elimination.

6. South-South cooperation that aims to address humanitarian and social ills in Latin America and the Caribbean may be emulated to accelerate economic growth pursued with prudential measures to reduce inequalities, prevent social unrest and promote social cohesion.

7. As individual organisations of the United Nations system adopt strategic approaches to South-South cooperation in their policies and programmes, additional measures should be taken enabling agencies with similar expertise to pool or systematise their support to efforts of developing countries in priority areas such as the enhancement of productive capacities and the establishment of regional and global value chains that are essential to job creation and poverty eradication.

8. The most radical implications of information and communications technologies have not been realised yet, especially in enabling new financing, management and marketing arrangements that will render obsolete the hierarchical, top-down organisation of corporations. The ability to target niche markets cheaply will make artisanal and/or rural production competitive if the capacity to use off-grid renewable energy and other affordable technologies is better utilised for small-scale, high-quality industrial production in rural areas across the South.

9. The numerous contributions of the private sector and civil society to South-South cooperation should be better harnessed through stronger public-private partnerships that are systematically forged to address priority development needs through investments in science, technology and innovation as well as in other fields where non-state actors have high levels of expertise and resources.

10. The export sector of developing countries can increasingly participate in GVCs which will spread benefits within and across countries. Programmes for increasing GVCs can be tied with post-2015 SDGs.

Conclusion

The post-2015 development agenda for less developed countries needs to recognise the complex relationship between the state and the market, the nature of which is mostly complementary. Moreover, it is important to recognise the changing role of both state and market in the context of time specific country situation and the need to adapt. Countries that experienced success in the past brought the right blend of the roles of the state and the market especially in ensuring investments in infrastructure and social sectors and promoting employment-creating and inclusive growth and development. There should be a clear message that achieving the MDGs and delivering on the post-2015 SDG agenda is not optional, since the agenda involves an essential investment for a safer, more humane and prosperous world. The goals are not just an "aid obligation" but the basis for political and economic strategies that will benefit all the world's citizens, and not just the least fortunate.

The writer is Former Governor, Bangladesh Bank and Professor, BRAC University.

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