

# **Making Globalization Work for Sustainable Human Development**

## **The Global Programme Paradigm : A Synthesis Approach Between the Visions of Davos and Porto Alegre**

**Preliminary Working Paper  
for the  
UNCTAD-UNDP Global Programme on Globalization, Liberalization  
and Sustainable Human Development\***

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January 2005**

*\* This Preliminary Working Paper was prepared as a Mandate of Mr. Reinaldo Figueredo, UNCTAD-UNDP Global Programme Director, and presented and discussed with the Global Programme team members in February 2005.*

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### **The Global Programme Paradigm : A Synthesis Approach Between the Visions of Davos and Porto Alegre**

Contents:

Foreword

I. Conceptual mapping, common terminology

1. The Global Programme synthesis approach
2. The Global Programme key concepts
  - a. Sustainable human development
  - b. Globalization
  - c. Competitiveness and social efficiency
  - d. Trade norms and policy spaces for development
  - e. The strategic vectors of development: economy of knowledge, energy and water

II. The three strategic development vectors : global public goods for sustainable human development with positive and negative externalities

1. Economy of knowledge
2. Water and energy
3. Privatization

III. Final recommendations

Bibliography

## **Foreword**

This preliminary study contributes to describing the innovative nature of the conceptual framework of the **UNCTAD-UNDP Global Programme on Globalization, Liberalization and Sustainable Human Development** (GP). It explains clearly its dimension as a means of convergence between the visions of Davos and Porto Alegre. It also aims at providing an initial approach to the three strategic vectors of economy of knowledge, water and energy under a perspective based on the theory of externalities and public goods. It ends up by suggesting that the concept of global public goods could be considered a core development tool for the sustainable human development approach represented by the GP.

This preliminary study shows the decisive endeavour the GP has to identify, conceptualize and implement a synthesis approach to globalization between the visions of Davos and Porto Alegre, shaping it in such a way to make it work for sustainable human development. This preliminary information also shows the crucial importance that, seen as public goods, the three strategic development vectors of economy of knowledge, water and energy have for social welfare and cohesion, and their role within the complex international scenario where many different stakeholders take part in.

This study does not constitute a definite one. Many issues mentioned here need to be additionally examined. Moreover, advanced analysis and evaluation are required in order to establish a complete framework regarding the possibility to study the three development vectors under a global public goods lens. This topic deserves further attention and many opportunities for additional research are seen. Further studies will aim at filling some of the existing gaps and contributing to making the GP's synthesis approach an important focus of research and policy dialogue.

## ***I. Conceptual mapping, common terminology***

### **1. The Global Programme Synthesis Approach**

The Global Programme on Globalization, Liberalization and Sustainable Human Development (GP) was born with the joint support of the UNCTAD and the UNDP in response to the increasing global disparities and marginalisation of the poorest countries and society groups. It aims at assisting developing countries to find the **best practices** and **strategies** to manage their integration into the **global economy** and therefore bring **sustainable human development** to their people. Its overall objective is to contribute to the efforts of the world community and the UN system in achieving the Millennium Development Goals, mainly the 8<sup>th</sup> goal on developing “a global partnership for development”, at the core of an action-oriented poverty-reduction strategy in order to make globalization work for sustainable human development.

The new international agenda on development emphasizes markets and democracy on an equal footing. Both are based, at least formally, on the implementation of societies' main value: individual freedom (Attali, 2004). Therefore both are crucial ingredients to create an enabling environment for people to enjoy long, healthy, creative lives. A new international agenda on development is especially important in the current context in which the demise of statism, the expansion of markets, the surge of international trade, the rising importance of financial flows that move rapidly all over the globe, and the technological revolution have fundamentally altered some of the basic coordinates of the world we live in.

In the midst of a deep transformation of our world, public opinion all over the globe is deeply divided on its judgement of the type of world that is emerging. In the aftermath of sweeping structural economic reforms, particularly in the developing world, we are now in an optimal position to contrast the realities brought by reforms inspired in a heavy ideological creed on markets and the promises they propose. In such a context, those that have experienced a radical transformation of their daily world, and have a negative perception of what is emerging, have joined those from the developed world that denounce ‘neoliberal globalization’ and have begun to mobilize around the slogan ‘another world is possible’. With the World Economic Forum of Davos in mind, they have organized an alternative one, the Social Forum of Porto Alegre (see Box 1). As a counterpoint to demands on furthering liberalization and trade liberalization, the alternative viewpoint emphasizes human rights, social justice and sustainable development.

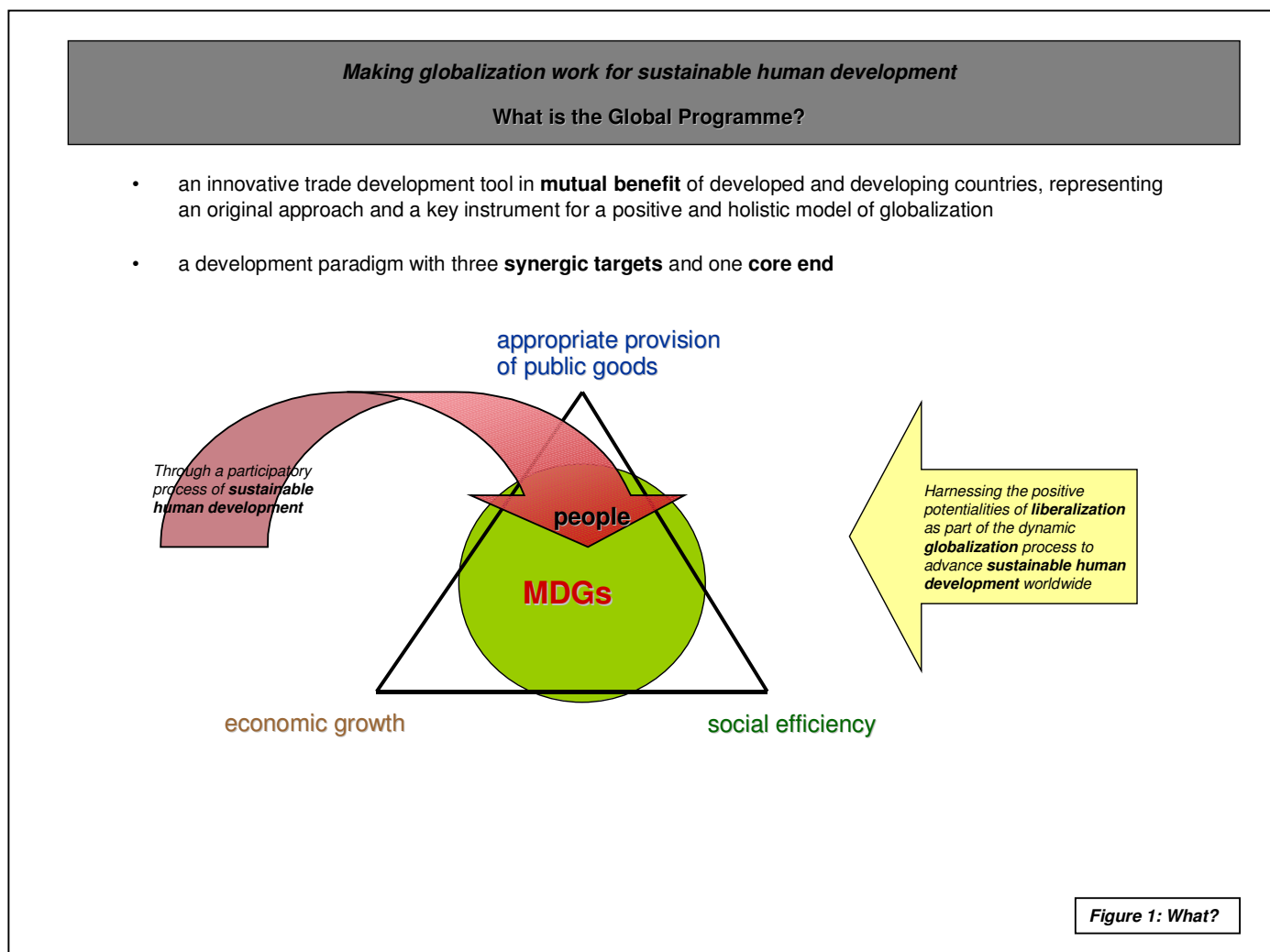
The GP represents therefore an important endeavour to identify, conceptualize and implement a synthesis approach to globalization between the visions of Davos (thesis) and Porto Alegre (anti-thesis), by fostering a harmonic frame of dialogue showing that these different mindsets are not irreconcilable and that both are important to diminish poverty and achieve a world with larger opportunities for all people. The mechanisms proposed and that have already been successfully applied by the GP have shown to be in mutual benefit both for developing and developed countries. This mutual benefit is today a key concept to a positive model of globalization.

<b>DAVOS (thesis)</b>	<b>PORTO ALEGRE (antithesis)</b>
<ul style="list-style-type: none"> <li>- World Economic Forum</li> <li>- Private institution founded in 1971 as a Forum of global political and mainly economic discussion.</li> <li>- Annual meeting takes place in Davos, Switzerland.</li> <li>- Largest private meeting for the trans-national business and political elite.</li> <li>- Members are the foremost private corporations worldwide.</li> <li>- Networks the most influential opinion leaders and decision makers worldwide.</li> <li>- Pledges to be committed to improving the state of the world.</li> <li>- Economic growth and markets are the core issues.</li> <li>- Has played a leading role as a producer of ideology and promoter of the market-driven agenda.</li> <li>- <a href="http://www.weforum.org">www.weforum.org</a></li> </ul>	<ul style="list-style-type: none"> <li>- World Social Forum</li> <li>- Permanent world process created in 2001 in Porto Alegre, Brazil, seeking to build alternatives to market-driven policies.</li> <li>- Open meeting place where social movements, NGOs and other civil society organizations exchange their experiences and build North/South alliances.</li> <li>- Promotes human rights, social justice, and sustainable development.</li> <li>- Participation is plural and diverse and concentrates on NGO's.</li> <li>- Networks the worldwide movements opposed to market-driven policies and a world dominated by capital.</li> <li>- States that other alternatives to WEF vision are possible.</li> <li>- Social welfare and people are the core issues.</li> <li>- Has played an important role as an alternative platform of the international civil society engaged in concrete action towards building a better world.</li> <li>- <a href="http://www.forumsocialmundial.org.br">www.forumsocialmundial.org.br</a></li> </ul>

Ours is a decisive time. It is still possible to shape globalization in such a way to make it work for sustainable human development. The GP takes up this challenge.

The GP considers liberalization has the potential to advance sustainable human development worldwide, but also increases economic vulnerability. As shown in Figure 1, the GP's goal is to achieve integration in a manner that addresses the widening disparities that inevitable accompany liberalization suggesting a positive model of globalization in mutual benefit of developing and developed countries. While representing a social growth approach in which social goals are integrated into economic and market-driven policies, the GP also fosters a participatory process of sustainable human development which implies to make policy in an inclusive manner by enhancing dialogue with all society groups.

The GP approach links the appropriate provision of public goods, economic growth and social efficiency, since these are three targets which have to work together in a synergic manner in order to advance towards the process of sustainable human development focused mainly on people aiming at attaining the MDGs.



- **Appropriate provision of public goods.** An adequate provision and management of knowledge, water and energy, considered crucial development public goods that bring mutual benefits to developed and developing countries is required to advance towards sustainable human development.
- **Economic growth** must be equitable if its benefits are to be felt in people's lives since it is a crucial means of development but not a goal on its own.
- **Social efficiency** represents a scenario in which liberalization policies are able to produce opportunities and capacities for people by creating jobs, enhancing social cohesiveness, social capital and political stability, and thereby reduce poverty and improve the well being of people.

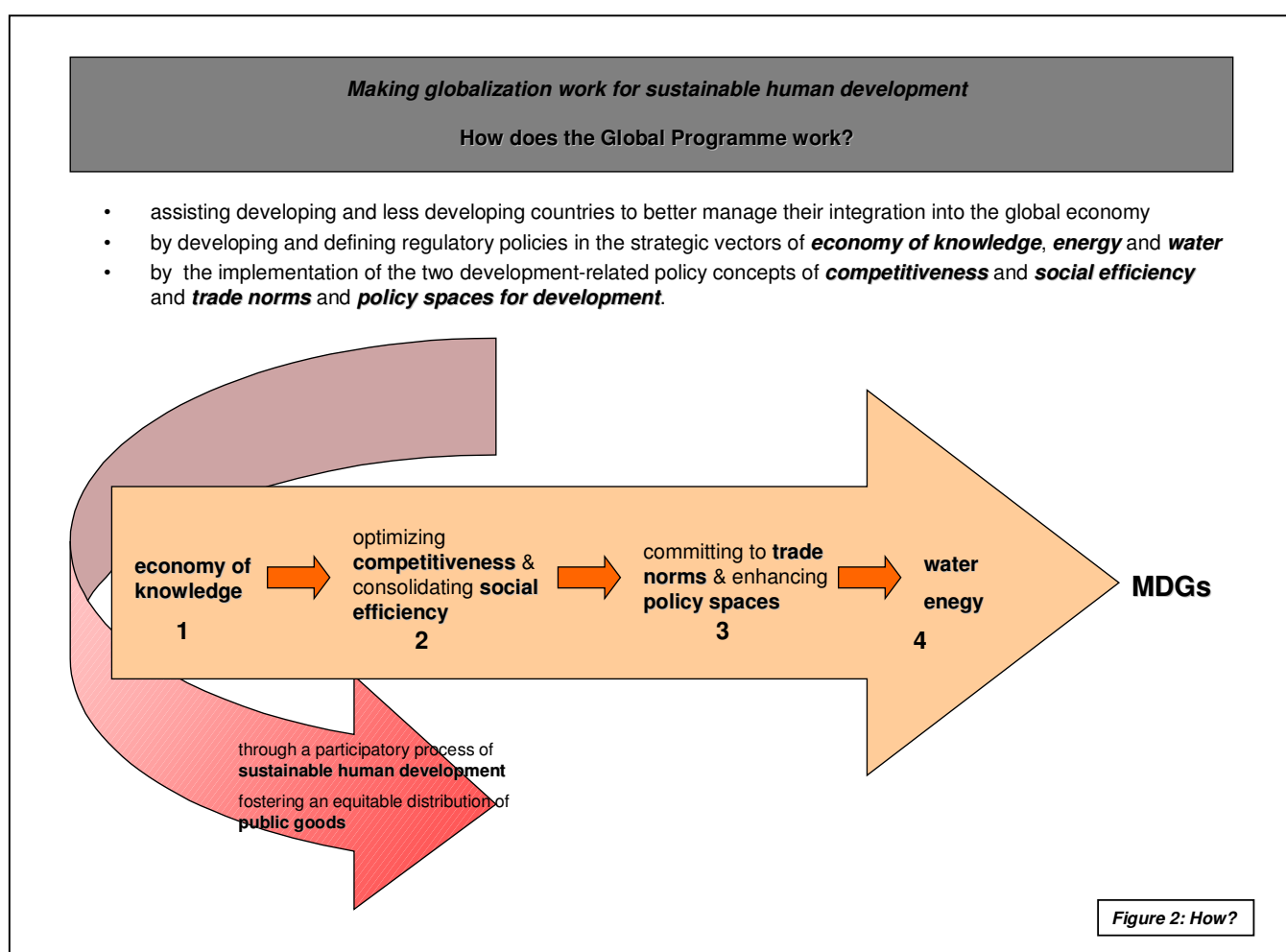
Whether global public goods are provided and how they are provided, whether social efficiency is reinforced and whether the benefits of economic growth are equitably distributed determine indeed if globalization is an opportunity or a threat.

### How does the Global Programme work?

The GP conceptual framework enables it to enhance the ability of developing and less developed countries to analyse economic and social political interactions at the micro, meso and macro level and their connections with the international environment. Such an approach facilitates their

adoption of more effective outward-looking development strategies in the three main vectors of economy of knowledge, energy and water in partner countries, which will allow them to manage their global integration in a manner that optimises the economic, social and environmental dimension of their sustainable human strategy.

As shown in Figure 2, to assisting developing and less developing countries to better manage their integration into the global economy and to foster sustainable human development, the GP provides solutions to strengthen the supply-side capacities and state of infrastructure of the three main vectors of economy of knowledge, energy and water in partner countries. Seeking with the fully support of his network and through concrete actions to ensure that transparency, participation, ownership and accountability in those countries where it operates, the GP act as a facilitator and initiator relying on the UN system and different local partners to ensure viability and sustainability.



The GP proposes the implementation of innovative development tools and policy concepts, through a process which main source is the economy of knowledge and the principal objective is the attainment of the MDGs.

1. **The economy of knowledge.** It is increasingly recognized as a core catalyst for growth and sustainable human development and has the potential to combat poverty and create opportunities. The economy of knowledge is a cross sectoral concept and source of interventions through the global economy on energy and water.

2. **Optimizing competitiveness and consolidating social efficiency.** This political concept describes a social growth approach in which social objectives are integrated into economic policies. Social efficiency refers to a scenario in which liberalization policies are able to produce opportunities and capacities for people by creating jobs, enhancing social cohesiveness, social capital and political stability, and thereby reduce poverty and improve the well being of people.
3. **Committing to trade norms and enhancing policy spaces for development.** Once social efficiency, social cohesiveness and political stability have been achieved, a comprehensive development approach calls on each country to own its development strategy and to determine its own goals, according to its particular situations, capacities and priorities, while submitting to international obligations. These two political concepts mean connecting negotiations and developments in international markets to the needs of the national and local populations.
4. **Water and energy** are crucial vectors to advance towards sustainable human development while confronting global integration. The availability of water and energy is essential to meet human needs and eliminate the basic conditions of poverty prevailing in many parts of the world. Policy interactions within these two vectors, together with the economy of knowledge are extremely significant to poverty alleviation and overall development.

The GP assists countries at the national level (and sometimes local) (Level 1), offering high and low intensity levels of intervention, as well as at the global and regional levels (Level 2). The GP identifies national, regional and international partners to ensure follow up actions to achieve publicly agreed outcomes.

## **2. The Global Programme Key Concepts**

Despite the many potential positive interactions between economic growth, liberalization and sustainable human development, it cannot be supposed that the needs of each will pull in the same direction to achieve development. A central question is how development can be mainstreamed into trade for the most fragile members of the international community.<sup>1</sup> A comprehensive approach to development focused on people raises some important issues related to the GP innovative development tools and policy concepts.

### **a. Sustainable human development**

The GP paradigm is based on the idea that sustainable human development is a participatory process that ensures the creation of wealth by increasing the range of choices for every human being and enhancing their outcomes, allowing them to live secure lives with full freedoms and rights.<sup>2</sup> Defined this way, human development requires equitable, sustainable economic growth, gender equality and people's participation in decisions that affect their lives. Under this view, development might be also described as the process of removing "unfreedoms" that inhibit or limit an individual's ability to improve his or her condition (Sen, 1999).

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<sup>1</sup> The two development-related policy concepts of *competitiveness and social efficiency* and *trade norms and policy spaces for development* address this central question (UNCTAD-UNDP GP, 2004b : 11).

<sup>2</sup> These ideas are based upon the book *Making global trade work for people* (UNDP, 2003), whose outlook has enormous coherence and coincidence with the GP's point of view.



Hence, the market economy is seen as an opportunity with the potential to lift individuals and societies out of poverty (Sen, 1999), particularly when viewed in a wider perspective that goes beyond products and services to include the marketplace of knowledge, information, labour, and improvement of public services such as education and access to healthcare and public goods. The ultimate aim is not to create more wealth or to achieve higher growth on its own. Economic growth is necessary but insufficient. Development depends on the quality of growth, not just its quantity. It is certainly hard to think that any process of substantial development can perform without the use of markets, but that does not prevent the enrichment of human lives (Sen, 1999). Moreover, higher levels of human development increase the chances that countries and communities will gain from trade.

Considering sustainability, this vision takes into account that the notion of human development has a far-reaching connotation, which implies the imperative that today's generations must enlarge their choices without reducing those of future generations.<sup>3</sup>

The GP paradigm fosters a holistic and innovative sustainable human development approach proposing that:

- Development must be focused around people.
- Economic growth is an important means of development, but not by itself.
- Higher income makes an important contribution if it improves people's lives.
- Economic growth must be equitable if its benefits are to be felt in people's lives.
- Gender equality is crucial for sustainable human development.
- People must participate in the processes that shape their lives.
- People's choices and the future must become a priority.
- Human security is required for human development. Security means safety from hunger, disease and repression<sup>4</sup>. Security means social cohesion and political stability<sup>5</sup>. Security means the protection of people from threats to their incomes, food security and livelihoods<sup>6</sup> (UNDP, 2003).

Sustainable human development:

- Is the ultimate end of the development process, considering that the real wealth of countries is people, with economic growth representing only an important means to that end.
- Sustains that the preoccupation for economic growth should not push people to the periphery of development discussions anymore but at the forefront of the policy debate.
- Creates an enabling environment for people to enjoy long, healthy and creative lives.

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<sup>3</sup> The extended idea that the essential choices are those that allow people to lead long and healthy lives, to acquire knowledge and to have access to resources for a decent standard of living (UNDP, 2003) gives the opportunity to put the premises of the GP paradigm at the forefront of the international development debate since the GP integrates new innovative conceptual and practical approaches in its strategic vectors of economy of knowledge, water and energy.

<sup>4</sup> This connotation of security is known today as *the wide concept of peace*, not only understood as the mere absence of war but the need to fulfil an international scenario where basic human rights (represented today by the MDGs) are respected and placed at the forefront of the debate. Since peace is perceived as a permanent endeavour that must be encouraged by all sectors of society, the participation of civil society in the dialogue is essential in order to solve the problems of poverty and marginalisation, themselves generators of conflicts (Fisas, 2002).

<sup>5</sup> To be safe from repression implies building or reinforcing the institutional framework where political decisions that affect society take place. Thus, a crucial issue of sustainable human development is democracy and good governance including: promoting the rule of law, participation, coherence, efficiency and accountability. Since social cohesion as a mirror of social efficiency and political stability is one of the main issues of the GP, further analysis is required to examine the specific role that the GP has in order to assist countries to reach or reinforce those five basic elements of governance, as well as to establish adequate mechanisms for action. The GP has already identified good governance as a requirement to reach SHD, particularly within its activities in Bolivia (UNCTAD-UNDP GP, 2003c : 6-9).

<sup>6</sup> The UNDP refers also to the protection from sudden, harmful disruptions in the patterns of daily life (UNDP, 2003).

- Must be seen as an instrument of economic growth and development since higher levels of human development increase the chances that countries and communities will gain from trade, better educated people are more productive and health improvements are likely to contribute to reductions in poverty.

## **b. Globalization**

- Is a dynamic phenomenon in which countries across the world have been dismantling barriers to investment and trade allowing flows of goods, services, capital, knowledge and people across their regional and international borders in order to create wealth, improve communities and seek greater efficiency in the allocation of the world's resources.
- Has the potential to advance sustainable human development worldwide, but also increases economic vulnerability and insecurity.
- It develops through a rules-based multilateral trading system that has evolved to include trade in services, investment and intellectual property rights and which has complicated the path for many low-income and developing countries to achieving their sustainable human development.
- To better face globalization and ensure that their integration into the global economy provides a significant contribution to the attainment of the MDGs, countries must identify those key issues and policy interactions in an outward looking development strategy and in a participatory manner.

## **c. Competitiveness and social efficiency<sup>7</sup>**

- Social efficiency refers to a scenario in which policies related to globalization and liberalization are able to produce opportunities and capacities for people by creating jobs, enhancing social cohesiveness and social capital, and thereby reduce poverty and improve the well being of people.<sup>8</sup>
- Competitiveness and social efficiency describes a *social growth approach* in which social goals are integrated into economic policies.
- Competitive advantages are to be enjoyed by all society groups, and are to strengthen the poorest members of the community.
- This approach is to be carried out not only by an equitable distribution of benefits generated amongst population that raise sustainable human development indices with efficient and equitable outputs for all society groups, but also by considering the voices of these groups during the entire development process. This means to make policy in an inclusive and participatory manner.

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<sup>7</sup> The GP is orienting the Chair "Managing for Sustainable Development" towards conducting research on competitiveness and social efficiency and promoting cooperation amongst all stakeholders in developing countries. Some of the main objectives with this Chair are the examination of the interrelationships between competitiveness and social efficiency from a sustainable human development strategy perspective, as well as the integration of the ever growing importance of social efficiency into strategic decision-making process and implementation (UNCTAD-UNDP GP, 2004c : 16-17).

<sup>8</sup> The wider concept of social efficiency that has been developed by the GP is still in discussion and under research. In fact, greater conceptual clarity about the definition of "social inefficiency" and further analysis of the term is required, and this task is indeed one of the priorities for the GP in its new phase.

- By enhancing dialogue with all society groups, democracy seems to be the form of government best adapted to achieve social efficiency and foster values relevant to political stability and social cohesion.
- Competitiveness and social efficiency implies a more inclusive and participatory social growth where all society groups are considered, and the potential complementarities and relationships of cooperation between public institutions and civil society are increased.<sup>9</sup>
- Synergetic outcomes have to be fostered because no government can be efficient and equitable at raising sustainable human development indices without significant input from all society groups.
- The goal is to promote a development strategy with socially efficient growth, which definitely will reinforce societal cohesiveness.
- This approach is to be applied equally both in the internal policy-making process of a country as well as in the framework of international negotiation panels, by enhancing a stronger integration of poor countries in the international decision making process.
- The reinforcement of the dialogue among national and international stakeholders will gain additional potential for synergy.
- The outcome of this approach can lead to coherent long-term win-win solutions among national and foreign stakeholders in benefit of the majority of the world's people.

#### **d. Trade norms and policy spaces for development**

- Committing to international trade norms while enhancing policy spaces for development means connecting negotiations and developments in international markets to the needs of the national and local populations .
- The commitments made at bilateral, regional and multilateral trade negotiations can impose substantial costs to developing countries, since they limit the policy space of their governments to carry out active policies concerning their sustainable human development.
- The strict enforcement of the WTO rules and other agreements could potentially lead to societal disturbances with serious consequences for the stability of the political systems under which developing countries operate and achieve their development.
- While policy spaces for developing countries have been constrained and narrowed by international rules with the risk of becoming even more limited in the near future, at UNCTAD XI (June 2004) this concept has been recognized for the first time in an intergovernmental consensus document constituting a commendable outcome<sup>10</sup>.

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<sup>9</sup> The idea of fostering participation synergically involving all types of actors in order to solve common problems follows the concept of *coproductio*n of Elinor Ostrom. Professor of Political Science at Indiana University, Ostrom intends to break the great divide that separates the market and the state or the government and the civil society in the literature by using the term *coproductio*n, meaning the process through which inputs used to produce a good or service are given by individuals who are not in the same organization (Ostrom, 1997).

<sup>10</sup> Paragraph 8 of the Sao Paulo Consensus states that "the increasing interdependence in a globalising world and the emergence of rule-based international economic regimes for international economic relations have meant that the space for national economic policy, i.e. the scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global markets considerations. It is for each government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space. It is particularly important for developing countries, bearing in mind development goals and objectives, that all countries take into account the need for appropriate balance between national policy space and international disciplines and commitments." (UNCTAD /UNO, 2004 : 2-3).

- Developing countries require the space and flexibility to carry out national development policies according to their particular sustainable human development agendas, since they face significant challenges in transforming their economies, and in some cases are confronted by significant social and political tension.
- International cooperation from international organizations should support such efforts by reinforcing mechanisms like special and differential treatment aimed at increasing their policy space for development.
- A comprehensive development approach calls on each country to own its development strategy and to determine its own goals, according to its particular situation, capacities and priorities, while submitting to international obligations.
- Developing countries can strengthen their negotiating capacity by working with other countries that have similar goals and priorities, thereby developing common and more robust strategies.
- Enhancing bilateral or regional cooperation while responding to global commitments are a priority for developing countries in their efforts to increase their policy spaces without hindering their particular development programmes.

**e. The strategic vectors of development: economy of knowledge, energy and water.**

- The GP helps countries tackle their global integration challenges by developing and refining regulatory policies in the three strategic vectors of a knowledge based economy, water and energy, which are crucial in carving a path to sustainable human development while confronting global integration.
- Policy interactions within these vectors are extremely significant to poverty attenuation and overall development.
- Economy of knowledge refers to how an economy is organised to generate growth through the use of formal and tacit stock of knowledge, know-how and technology, production of new know-how and codifying and diffusing it throughout the whole economy, including the grassroots level.
- Economy of knowledge is increasingly at the forefront of the international debate on development as it is recognised as a core catalyst for growth and sustainable human development and its potential to combat poverty and create opportunities.
- Water and energy are key factors in achieving the interrelated economic, social and environmental aims of sustainable human development.
- The availability of water and energy is essential to meet human needs and eliminate the basic conditions of poverty prevailing in many parts of the world.

## **II. The three strategic development vectors : global public goods for sustainable human development with positive and negative externalities**

This section examines the GP goal –achieving sustainable human development (SHD) by developing and refining regulatory policies in the three strategic vectors of economy of knowledge, energy and water– through the lens of global public goods.

To better integrate the global economy, the GP has identified three key strategic vectors that effectively allow countries (or obstruct them if applied wrongly) to carve a path to sustainable human development and a quality pattern of growth. These vectors – economy of knowledge, energy and water – are highly relevant to poverty reduction and overall development. As explained previously, the development paradigm represented by the GP mindset takes into account developing countries' challenges of confronting global integration and fostering a participatory globalization within a framework of social and political stability. As a consequence of globalization, new challenges have emerged requiring countries to look beyond their national borders and to continuously cooperate among themselves.

In this scenario, national public goods have become interconnected and have *gone global* (Kaul, 2003). Globalization and global public goods are indeed closely related. Sustainable human development depends on global public goods, as they are core inputs to the development process.

For example, as recent experience has shown, people's health can critically depend on how the international community decides to manage knowledge. It is becoming more and more accepted and demanded that what really matters is the application of know-how to development and its consequent dissemination, not the sole enforcement of intellectual property rights (for instance through patents). Complementary efforts with political determination should be encouraged to facilitate the dissemination of knowledge and other resources, especially those of critical importance to development like water and energy.

The adequate provision of global public goods is crucial for managing globalization better. Whether global public goods are provided and how they are provided determines indeed if globalization is an opportunity or a threat. Therefore, managing globalization requires understanding and shaping the provision of global public goods in such a manner that all actors from the global public benefit.

By diminishing—or enhancing, as the case may be—the availability of public goods, external effects or externalities can change people's living conditions. Beneficial effects are called positive externalities; harmful ones, negative externalities. It is therefore important to get the provision of global public goods right and even to think about an ideal or strategic scenario to make some resources global public goods by design and strategy.

Public goods are frequently defined as goods that are in the public domain -there for all to consume- with no excludable benefits that do not cause rivalry on their consumption. No excludability means that they are technically, politically, or economically infeasible to exclude someone from consuming the good (Kaul, 2003). Unlike privately owned goods, no rivalry means that the use of the goods by one consumer does not prevent another consumer from accessing them. If a good has no rival, it can be made available to any other users at none -or almost without- additional cost. It does not have to be reproduced for every new consumer. The only costs involved in making it more broadly available would be those that its additional distribution might require.

Global public goods are seen as goods of common interest that have a public domain element. Although the goods themselves do not have to be provided by public bodies or governments, they should be enjoyed by all regardless of whether the end user has paid for them or not. Every

individual has equal entitlement to public goods. They bring advantages to society as a whole and their benefits reach across time: what is put in place today can benefit future generations.

Therefore, in economic terms, public goods by definition are non-excludable and non-rival but regarding the three strategic vectors, we could imagine making them public goods by design and strategy. Since they are key important drivers for economic growth and social welfare, and can certainly improve peoples' living conditions it may be desirable for public authorities to provide or regulate their provision because of their potential positive or negative externalities. Thus even when they might not be pure public goods by economic definition, they could be public goods by strategy and design.

Knowledge for instance, in the form of education, is not a pure public good in economic terms as it is not non-rival and not non-excludable. By design, however, education could be provided by the government. Even though this does not make education a public good in economic terms this can be a strategic objective because of its potential positive externalities.

Energy and water are also not necessarily public goods since they can be –and have been- shifted between public and private management.<sup>11</sup> However, it could be desirable to make them public goods by design and strategy since both are essential to meet daily needs and required for basic poverty alleviation and are preconditions for SHD. Additionally, water and energy are scarce resources<sup>12</sup>, and their use has significant environmental impacts. Thus, by making water<sup>13</sup> and energy<sup>14</sup> (global) public goods, it could help to guarantee, at least to a certain level, the availability of both goods for all the people. The concept of global public goods could therefore be considered a core development tool for the sustainable human development approach represented by the GP.<sup>15</sup>

## **1. Economy of Knowledge**

Knowledge is the most public of all public goods: it is strongly nonrival, and it has wide positive externalities since its benefits cut across many issues of public concern. Nevertheless, while knowledge is nonrival, education is definitely not non-rival and not non-excludable.

Basic education, for instance, is public by design. Constituting a public good, basic education has to be offered in abundance to avoid rivalry among potential consumers. Beyond moral and ethical

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<sup>11</sup> The three strategic vectors could be analysed through the lens of the global public goods since the UN Secretary-General's *Road Map* report on the implementation of the UN Millennium Declaration identifies within the main global public goods that the international community is focusing on: concerted management of knowledge, including worldwide respect for intellectual property rights (economy of knowledge), and concerted management of the global natural commons to promote their sustainable use (water and energy).

<sup>12</sup> Even if there are a variety of commercially available, field-proven renewable energy technologies, including solar, wind, hydropower, geothermal and biomass, they are not so far used widely in undertaking the deficit in access to energy services and they are expensive, thus the GP is aware that the energy sector will remain relying heavily on fossil fuel sources for the next three or four decades (UNCTAD-UNDP GP, 2004b). The GP considers essential to enhance regional and international cooperation in supporting the expansion of renewable energy.

<sup>13</sup> The GP sustains that developing countries will ensure that water, through its public good nature, remains accessible in an affordable manner to the poor and that this is included in their outward-looking development strategies (UNCTAD-UNDP GP, 2004a : 10).

<sup>14</sup> The GP has repeatedly emphasized that the World Summit on Sustainable Human Development placed improving access to energy as a central goal, reflecting the close linkage between access to energy and poverty alleviation, and taking into account that two billion people worldwide do not have access to modern energy services (Ocampo, 2004)

<sup>15</sup> Particularly regarding energy, the GP recognizes the need to encourage a more rational use of scarce energy resources in a coordinated way, jointly with a more equitable and fair distribution to satisfy human needs, ensuring the achievement of the MDGs under globalization and sustainable human development framework (UNCTAD-UNDP GP, 2004b).

reasons this could happen because the consumption of this good generates important positive externalities causing not only the decision of providing it for free but also to making it compulsory. Most countries have public education systems that make basic education accessible to everybody but in some cases basic education systems are not efficient or not everybody has equal access to them, and the costs are sometimes transferred to people's taxes. Therefore, international efforts to increase and improve the provision of basic education could help this national public good become a global public good.<sup>16</sup>

Since education, scientific research and knowledge in a broad view represent key catalysts for economic, social and technological development, the positive externalities of enhancing the availability of knowledge are countless. This public good enables countries to carve a path to sustainable human development and a quality pattern of growth since it improves production and competitiveness, creates jobs, creates economic value, increases peoples' choices and opportunities, improves health, fosters cooperation, security and peace, enhance societal cohesiveness and human rights, improves social welfare, brings innovation, exercises creativity, ensures environmental sustainability, etc.

In a different way, by diminishing the availability of knowledge some negative effects or externalities can be caused, like reduction in production rates, unemployment, decrease of people's choices and opportunities, societal conflict, disparities, degradation of people's living conditions, damaged ecosystems, etc. The loss of knowledge through *brain drain* can also hinder SHD since it strengthens the dependency links mainly of the South (sending countries) to the North (receiving countries), causing the loss of future productivity of expatriates or loss of public investment in education and training incurred by the country of origin of the highly skilled migrated.<sup>17</sup> *Brain drain* has traditionally been seen as detrimental for the population remaining in the sending country. Among the reasons frequently proposed for this negative impact include the loss of possible positive externalities related to the highly skilled workers.<sup>18</sup>

Some knowledge can obtain a commercial value and is not conceived to be in the public domain, it becomes therefore excludable through some mechanisms like intellectual property rights in the form of the WTO agreement on TRIPS and the World Intellectual Property Organization. Intellectual property rights that are too strong can hurt market efficiency and equity. It is therefore important to strike a balance between promoting the broader use of knowledge and providing incentives to generate more knowledge and disseminate existing knowledge as widely as possible to reduce poverty.

Regarding the public good dimension of global telecommunications and of new information technologies, there is a call for a renewed commitment to an international public service agenda increasing cooperation between countries. In particular, issues of access and pricing must be considered (Sy in Kaul, 1999). Internet could also be considered as a global public good (by design) with positive and negative externalities, where developing countries need to be empowered to reap its potential benefits (Spar in Kaul, 1999).

Believing that a society/economy has the ability and capacity to generate and capture new knowledge and to access, absorb, share and use it efficiently, knowledge is viewed as a global public good (D'Orville, 2000). This point of view suggests the need of empowering all development partners and stakeholders through new participatory approaches and access to knowledge. To put knowledge at the heart of the development efforts would allow to reach two goals: increasing social

<sup>16</sup> Indeed to achieve universal primary education is one of the Millennium Development Goals, which specific target is to ensure that all boys and girls complete primary school by 2015.

<sup>17</sup> For the last decades the conception about *brain drain* has changed, emphasizing on the idea that the highly skilled expatriates may be considered as a potential asset instead of a definite loss. Studies on *brain gain* examine the potential positive effects for development of sending, mainly developing countries (Barré, 2003) (Gaillard and Gaillard, 1999) (Meyer, 2001).

<sup>18</sup> This arises when one considers that a skilled worker is often paid less than the benefits he brings to its community, so its departure deprives its compatriots from the „free-lunch“ they enjoyed (Lavoie, 2004 : 4).

benefits for everybody and allowing markets to function better (World Bank, 1998/1999). Among suggestions to improve the accessibility and price of knowledge is the creation of a *knowledge bank* (Stiglitz in Kaul, 1999).

Knowledge is certainly at the centre of economic growth and sustainable human development, therefore understanding how people and societies acquire and use it is essential to achieving the MDGs. Knowledge is not the exclusive domain of developed countries but one in which poor people also have a voice to express and share their experiences, becoming contributors and protagonists of their own development.<sup>19</sup>

## **2. Water and Energy**

Since access to sources of energy increases and diversifies poor people's choices and economic opportunities, it has become an inescapable strategic factor of all economies in the current globalization process. Poverty and lack of electricity are often closely correlated since access to energy increases and diversifies poor people's choices and economic opportunities. The production and distribution of energy in an efficient way is an important challenge for developing countries given that it can well contribute as a significant tool for SHD. The way in which energy services are produced, distributed and use influence the social, economic and environmental proportions of any development achieved.

Regarding the great importance of water as a source of life and development it is essential to meet daily needs and required for basic poverty alleviation. Together with energy, water is a crucial driver of economic growth and a precondition to attain sustainable human development.

It would be desirable to make water and energy, scarce resources, global public goods by design since they are essential for poverty alleviation and social welfare growth.<sup>20</sup> Considered as global public goods it would be recognized that a basic entitlement to safe water and clean energy are universal human rights and their availability would be, at least at a certain level, guaranteed.

Since water and energy are required for basic poverty mitigation the positive externalities of enhancing their availability are significant. Water and energy can foster development, cooperation, security and peace and bring people and nations together enhancing societal cohesiveness. Energy and water are indeed a source of political and economic power and a supporter of agriculture, health and productive sectors. Enhancing their availability also ensures human rights and environmental sustainability, and improves social welfare.

In an opposite way, by diminishing the availability of water and energy significant harmful effects or negative externalities are provoked, like: damaging ecosystems and environmental problems, water-related and energy-related conflicts and wars, societal disparities and struggles, sicknesses, reduction in production rates, decrease of people's choices and opportunities, societal conflicts, degradation of people's living conditions, hinder SHD, etc.<sup>21</sup>

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<sup>19</sup> With this aim, the Indigenous Knowledge for Development Program from the World Bank launched in 1998, examines and discusses the impact indigenous knowledge and other community based knowledge systems can make on development efforts and on helping to achieve the Millennium Development Goals (World Bank, 2004)

<sup>20</sup> Today, 1.5 billion human beings still do not have access to safe drinking water and sanitation, and as a result every year 5 million people, mainly women and children, die from preventable water-borne diseases. (<http://www.gci.ch/GreenCrossPrograms/WATERRES/waterresource.html>)

<sup>21</sup> Regarding particularly water, the global water crisis is one of the single biggest threats facing humankind. 50% of the population of the planet live in river basins shared by two or more countries, and lack of cooperation between those sharing these precious water resources is causing reduced living standards, devastating environmental problems, and even potential conflicts. (<http://www.gci.ch/GreenCrossPrograms/WATERRES/waterresource.html>)



Yet, because water is a scarce resource, it would be imprudent to provide unrestricted and unlimited use of water to all because of the negative effect on future generations. The same can occur regarding some types of energy.

Water supply and distribution are controversial issues. Through the time it has being pulled along the public-private continuum by different societal forces. Water privatisation must consider impact on low-income groups taking into account parameters such as cut-offs from services, equality of service delivered, procedural rights, and price increases and structures.

### **3. Privatisation**

As the importance of global public goods has only recently been fully understood, existing policy-making mechanisms are not yet adequate to provide them. Indeed, there is a lack of clear assessment worldwide of the forms of privatisation and restructuring of water and energy utilities and their impact. More effective methods of privatisation and restructuring are needed to provide improved quality of service at affordable prices and at the same time mitigating negative consequences for employment and working conditions or for the environment, and minimizing employment and social costs. Privatisation mechanisms should take into account the crucial importance of achieving the universal distribution of water and energy.

Some positive externalities from privatisation of water and energy are: the improvement of the quality of the service provided, the improvement of better work contract conditions, etc. Similarly, many tangible benefits spring from the responsibility and equitable management of river basins. Negative externalities are: environmental effects, unemployment and social effects of downsizing, water-related and energy-related conflicts, etc. Although public distribution of water have also led to negative environmental effects and conflicts. Water-related conflicts remain prevalent and have not been effectively addressed, since there is no international framework in force to control actions or solve disputes.

A partnership between public and private has been a good option. In fact, budgetary constraints often lead governments into public-private-partnerships in the provision of these services. Greater efforts are needed to include all stakeholders in the management of international water or energy forums, in a participatory process.

The adequate provision of global public goods –both for pure public goods or for public goods by strategy or design- could be seen as an important tool of a rights based development outlook sustained by the GP approach.

### **III. Final recommendations**

#### **Participation and synergy for development**

- Regarding global public goods, promotion of cooperation and partnership between public-private actors is important. Public institutions must give space to other relevant actors through the promotion of partnerships with private institutions and the civil society.
- It is important to continue fostering participation synergically involving all types of actors in order to solve common problems and to increase the potential complementarities between them. In other words: foster *coproduction* mainly including citizens.<sup>22</sup>

#### **A positive model of globalization**

- The hope of a positive model of globalization lies partly in dealing appropriately with the provision of global public goods.
- The proper management of public goods in an international context will bring benefits to both developing and developed countries. Resources will be more fairly distributed and the rich nations will not have to bear all the costs of developing and distributing them.
- Agreeing on how to provide global public goods can then be a crucial stage from which more equitable partnerships between the developed and the developing countries can be built.
- Improvement in the provision and financing of one global public good will certainly generate benefits in other areas.
- The GP should provide policymakers, the private sector, academia and civil society groups with some concrete ideas on how to move forward, by helping giving developing countries the voice and means to participate as full partners in a more inclusive globalization based on increasing the range of choices for every human being and enhancing their outcomes, allowing them to live lives with full freedoms and rights.

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<sup>22</sup> In Ostrom terms (Ostrom, 1997).

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