NEW YORK UNIVERSITY

CENTER ON INTERNATIONAL COOPERATION

A Laboratory for Sustainable Development?
Latin America, the Caribbean, and the Post-2015
Development Agenda

David Steven and Alejandra Kubitschek Bujones

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Introduction: Deepening the Post-2015 Debate

At the end of October 2013, Ambassadors from the Group of Latin American and Caribbean Countries in the United Nations (GRULAC), their key negotiators from respective capitals, civil society representatives, and UN System agencies from the region met in an Autumn Retreat on the Post-2015 Agenda. The retreat was sponsored by the United Nations Development Group for Latin America and the Caribbean (UNDG LAC) and the participation of the Economic Commission for Latin America and the Caribbean (ECLAC).

During the retreat, attendees discussed the way ahead for the post-2015 intergovernmental negotiations and the role different stakeholders should play in shaping and facilitating the implementation of this new agenda. The post-2015 debate is now entering a critical phase. Member states have expressed their determination to agree a single framework and set of goals that cover poverty reduction and the three dimensions of sustainable development, as part of "a strong post-2015 development agenda, which will build on the foundations laid by the MDGs, complete the unfinished business and respond to new challenges."[1]

The Center on International Cooperation has submitted two reports that provide background and stimulus for this retreat. *What Happens Now? Taking the Post-2015 Agenda to the Next Stage* discusses both the substance and progress of current debate in the wake of the outcome document from the Special Event on Achieving the Millennium Development Goals. It reviews key inputs into the debate, the work of the Opening Working Group on Sustainable Development Goals and of the Intergovernmental Committee of Experts on Sustainable Development Financing, and the road map for negotiating a final agreement.

The *What Happens Now*? report argues that while good progress has been made over the past year, the hard work has only just begun. In the coming months, member states will have to move from generalities towards identifying priorities, while confronting those contentious issues where consensus will be hardest to achieve. Negotiations will, of course, be driven by governments, but they will face intensified pressure from domestic and international lobby groups, fighting to ensure 'their' issue is represented in the new framework.

This companion paper was prepared specially for the retreat. It explores the post-2015 agenda from the point of Latin American and Caribbean countries, discussing the challenges facing the region between 2015 and 2030, and how these might be addressed by a new global development framework. We provide an analysis of opportunities and obstacles to agreeing a post-2015 agenda that will benefit the region, while exploring ways in which they might influence this agenda.

This paper was written from an external and independent perspective. It is intended to inform debate at the retreat, but also to be challenging and provocative. We start from the following assumptions:

- An effective post-2015 framework has the potential to transform the lives of billions of people, while helping tackle the lack of sustainability that threatens our shared future.

- In agreeing new goals, governments must make promises that they aim to keep, requiring an early focus on implementation, partnerships, and financing.

- Consensus will only be possible if all regions and countries of all levels of development clearly identify what a new development agenda can contribute to their long-term interests.

Beyond these assumptions, our intention is not to advocate any policy position, goal, or other priority. We believe governments must engage in open and serious debate today if an ambitious development agenda is to be approved in 2015, and that it is especially important to identify and discuss points of disagreement, while exploring the political strategy needed to create consensus between 193 UN member states. This paper contributes to that task.

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GRULAC's Post-2015 Objectives

In the Millennium Declaration, world leaders made a commitment to "making the right to development a reality for everyone and to freeing the entire human race from want."[2] This commitment was expressed through eight Millennium Development Goals and associated targets that were finalized in 2002.[3]

During the period covered by the MDGs, Latin America and the Caribbean has made rapid progress in tackling absolute poverty. Income poverty has already fallen by more than half, with 5.5% of the population living below $1.25 a day in 2010, compared to 12.2% in 1990.[4] Assuming ongoing economic growth, this figure can be expected to be below 5% by 2015.[5] The region has also met, or is close to meeting, its MDGs for hunger, primary schooling, and infant mortality, demonstrating comparable progress towards addressing other dimensions of poverty (see figure 1).

While Latin American and Caribbean countries have met many of the MDGs, the region is still some way from meeting the more ambitious commitment leaders made in the Millennium Declaration to free all people from extreme poverty.[6] In 2015, more than 30 million people in the region are likely still to be living on less than $1.25 a day.[7] With strong and broad-based economic growth, this figure could be expected to halve over the next fifteen years, but slower growth or continued increases in inequality would see minimal improvements by 2030 (see figure 2). The picture is similar for health, education, and access to basic services. Under a business-as-usual scenario, in other words, pockets of absolute poverty are likely to persist in the region, with certain groups, especially indigenous people, continuing to be disproportionately likely to live in poverty.[8] In the worst case, poverty reduction will slow, or even stall.

The problem is even more pronounced at a $2/day poverty level, with 5-10% of the region's population expected still to be living under this threshold in 2030. Non-income poverty adds a further dimension, more so when the *qual-*

ity of services received by the poorest are considered. Take education as an example. While the MDGs have focused on access to primary schooling, post-2015 targets are likely to be set to ensure that all children reach minimum standards of learning. A post-2015 commitment to "ensure that no person – regardless of ethnicity, gender, geography, disability, race or other status – is denied universal human rights and basic economic opportunities"[9] clearly remains relevant to Latin America and the Caribbean, especially if countries also aim to improve the standard of services poor people receive.

While absolute poverty cannot be ignored, it is equally clear that the region faces challenges that go beyond those that were central to the Millennium Development Goals. In recent years, growth has generally been encouraging in the region, with the economy increasingly integrated, both regionally and globally. Per capita GDP (on a purchasing power parity basis) is projected to be almost three times larger in 2015 than it was in 1990.[10]

As a result, the region's middle class has grown substantially, as have its towns and cities. A third of the population was living above $10/day in 2009[11] (a commonly used threshold for middle class status), while four in five citizens now live in urban areas.[12] Cities are now growing more slowly, allowing a process of consolidation to begin which could lead to an improvement in urban quality of life and see growing numbers of metropolitan centers emerge as vibrant engines of economic development.[13]

Prosperity brings its own demands, however. Four challenges predominate:

- *Managing threats to future growth*. Despite increased buffers, the region remains vulnerable to volatility in financial markets and exposed to economic underperformance in other regions at a time of great instability for the global economy. Some economies will also suffer if commodity prices fall, after a period in which natural resources have boosted growth.[14] Most Caribbean and some Latin American countries, meanwhile, have high levels of debt and lack fiscal

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Figure 1

Are the Millennium Development Goals on Target for Latin America and the Caribbean?

Goal 1 – Eradicate extreme poverty and hunger

● Reduce by half the proportion of people living on less than a dollar a day

● Achieve full and productive employment and decent work for all, including women and young people

● Reduce by half the proportion of people who suffer from hunger

Goal 2 – Achieve universal primary education

● Ensure that all boys and girls complete a full course of primary schooling

Goal 3 – Promote gender equality and empower women

● Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015

Goal 4 – Reduce child mortality

● Reduce by two thirds the mortality rate among children under five

Goal 5 – Improve maternal health

● Reduce by three quarters the maternal mortality ratio

● Achieve, by 2015, universal access to reproductive health

Goal 6 – Combat HIV/AIDS, malaria and other diseases

● Halt and begin to reverse the spread of HIV/AIDS

● Achieve, by 2010, universal access to treatment for HIV/AIDS

● Halt and begin to reverse the incidence of malaria and other major diseases

Goal 7 – Ensure environmental sustainability

● Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources

● Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

● Reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation

● Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020

Goal 8 – Develop a Global Partnership for Development

(?) Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

(?) Address the special needs of the least developed countries

(?) Address the special needs of landlocked developing countries and small island developing States

(?) Deal comprehensively with the debt problems of developing countries

(?) In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

(?) In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Key:
● Target met or will be met by 2015   ● Target within reach
● Target will not be met by 2015   (?) Un-quantified target or no data

Source: United Nations, Millennium Development Goals Report 2013

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Figure 2

Poverty Projections, 1990 - 2030

Sources: World Bank PovCalNet; Edwards and Sumner

space to respond to external shocks. Given increased interdependence, risks to the resilience of growth can only partially be managed at national level.[15] Supportive regional and global policies are essential to securing financial and economic stability. It is also important to tackle the trade, investment and technological barriers that prevent the region's economies from reaching their full potential.

• *Broadening the distribution of growth*. Although inequality has fallen in recent years, Latin America and the Caribbean remains the most unequal region in the world.[16] Of 76 countries for which we have data, 19 fall in the most unequal quartile for the Palma ratio* while only 18 countries have moved to a more equal Palma quartile since 1990.[17] Greater economic opportunities for the poor, and a further acceleration in welfare

and social services, will be essential if growth is to provide the shared prosperity to which the region aspires. Broader distribution of growth will also increase domestic demand, reducing the region's exposure to economic instability elsewhere in the world.

• *Increasing the security of development gains*. On current trends, the Latin American and Caribbean middle class is projected to grow to 42% of the population by 2030. Many of the new members of this class, however, feel far from secure and they are increasingly vocal about threats to their standard of living, with recent years seeing a marked increase in political protests in some countries.[18] They feel vulnerable to unemployment, price rises, and other economic shocks, and also to other threats to their quality of life, such as crime and social disorder. The region's 'insecure middle' is already

*The Palma ratio is defined as the ratio of the richest 10% of the population's share of gross national income divided by the poorest 40%'s share. Source: Cobham and Sumner (2013)

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a potent political force and will look for clear signs that its interests are being catered to when Latin American and Caribbean governments commit to a new global development agenda.

- *Tackling growing threats to sustainability.* A lack of environmental sustainability is a problem for the region as a whole, but is especially threatening for the island states of the Caribbean, which face existential threats from climate change. The region is also an important contributor of environmental services and, while greenhouse gas emissions have grown, its citizens still emit much less than those of rich countries, while many lack access to reliable sources of energy, water, and other resources. Brazil's energy related carbon emissions, for example, are 7 times smaller than those of the United States on a per capita basis,[19] while 11% of the Latin American and Caribbean population will still be living in energy poverty by 2030 on recent trends. This is an especially pressing priority for Latin America's indigenous peoples given their role as 'stewards' of natural resources and biodiversity in the region.[20]

The need for international action to address these challenges ensures that Latin American and Caribbean countries have a powerful strategic interest in a post-2015 agenda that continues to tackle absolute poverty, but goes beyond the unfinished business of the MDGs. At Rio+20, world leaders supported this balance. They argued that accelerated action on sustainable development was needed ("an economically, socially and environmentally sustainable future for our planet"[21]), while also emphasizing that freeing humanity from poverty remained the world's most urgent global challenge.

Within the region, governments are likely to support an agenda that helps transform economies, manage threats to growth and other external stresses, and protect their citizens' interests from the threats posed by unsustainable growth. A commitment to a broad development agenda incurs increased transaction costs, however, so governments will also have to be convinced that it adds significant added value to what they can accomplish through national policy. Latin American and Caribbean countries will therefore continue to have a strong interest

in *additional* action from developed countries to support implementation, remove imbalances in global systems and institutions, and reduce external stresses to which the region is subject. A new global partnership, in other words, must be central to the new development agenda if the region's governments are to support it.

These findings are consistent with the ECLAC consultation on regional priorities.[22] It suggests that Latin American and Caribbean countries can unite around an agenda that addresses extreme poverty and hunger, creates productive employment and diversifies economies, and tackles inequality and promotes social inclusion, while also addressing climate change and other environmental threats. The regional consultation also underlines the importance of a reinvigorated partnership for development, "especially in the aftermath of the global crisis."[23] The region wants continued support for traditional international development cooperation, including attainment of the 0.7% target for overseas development assistance, but it also believes additional sources of finance for development need to harnessed, "such as taxes on financial transactions and tax havens."

In its statement to the Special Event, the Community of Latin American and Caribbean States (CELAC) also emphasized the importance of reinvigorating the global partnership. The MDG for global partnership was "the only one that did not have specific measurement indicators," while ODA had displayed "unstable and unpredictable behavior," with a real-term fall in recent years. In contrast, the post-2015 agenda needs to "unequivocally express the commitment of the developed countries [to] developing countries, outlining goals and specific indicators of Official Development Assistance… [and] should be the projection of solidarity, cooperation and mutual responsibility, based on the principle of 'common humanity' as noted by the report of the High Level Panel of Eminent Persons on the Post-2015 Development Agenda."[24]

The Region's Divisions

While there are strong shared interests among Latin American and Caribbean countries in a post-2015 development agenda, differences also exist and should not be underplayed.

The region is geographically and climatically diverse and its countries have very different endowments of land, energy, and other natural resources. There are also substantial gaps in national income, with per capita GDP of the region's richest country twenty-four times larger than that of the poorest one. Some countries still have young populations, while others are aging rapidly: nine will have an older population than the United States in 2030 (see figure 3).

Political differences are also pronounced, with a spectrum that runs from countries with a free-market orientation to those that argue that a new economic system is needed to replace capitalism. Although there is talk of solidarity within the region, Latin American countries in particular have tended to compete for influence as much as they cooperate. The result is a patchwork of sub-regional political and economic groupings (ALBA, MERCOSUR, SICA, etc), with only the Community of Latin American States (CELAC) encompassing all the region's countries. Whilst CELAC, as a regional body, has the potential to contribute to policy coordination, it is relatively new and does not have the necessary mechanisms to develop a common position in the same way as the African Union.

Figure 3

Median Age Projections, 1990-2030

Country with the oldest median age in 2030

United States median age

Average median age of all GRULAC countries

Country with the youngest median age in 2030

Sources: UN World Population Prospects 2012

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These differences are already being played out in the positions and approaches that countries and sub-regional groups have taken in the post-2015 debate. While some countries in the region see an advantage in lobbying for, and advancing the special needs and interests of, Middle Income Countries, other countries do not want to emphasize a distinction within developing countries. In addition, some countries have emphasized the need to confront 'neo-liberal' models of development, while others have emphasized the need to facilitate free trade and the free movement of capital and people. Some of the sub-regional groups have also already made important public contributions to the debate. For example, the Caribbean Community Secretariat (CARICOM), which represents the fifteen Caribbean nations, has been particularly active in promoting the shared interests and special needs of small island developing states, drawing on the experience these states have in influencing two decades of climate talks. Informal alliances are also emerging around particular issues, such as those countries that wish to see migration addressed in the post-2015 framework, given increased economic dependence, investment from their nationals living in other countries, and the powerful cross-border business networks that high levels of migration can lead to.

Beyond the natural desire of government to jockey for regional leadership, a handful of substantive issues are likely to have a disproportionate influence on the region's ability to cohere around a shared agenda over the next two years.

Inequality is a unifying issue for the region, but opinion is more divided on how to tackle it. There is broad consensus that levels of inequality need to be reduced across Latin America and the Caribbean, but much less agreement on how this objective should be incorporated into the post-2015 framework. The CELAC statement argues for an agenda that drives 'structural change' and "emphasizes the elimination of gaps at the international and regional levels as well as within societies."[25] ECLAC, meanwhile, has argued that delivering this agenda requires a combination of state-directed industrial policy, fiscal transfers from rich to poor, and

social policy to target the most disadvantaged people, through a process of profound social transformation that requires democratic, efficient institutions to complete.[26] Countries, however, have reached a differing diagnosis of what drives inequality, with some seeing the issue as primarily national (distribution of growth, taxation and transfers, etc.) and others blaming globalization for creating inequality between countries. There are also underlying disagreements about what levels of inequality are acceptable, both between and within countries.

Given their political diversity, the key question for the region's countries is how to reflect an approach to tackling inequality in post-2015 goals and targets that, while not binding, would act as a normative constraint on domestic policymaking. Will governments support a target that would require them to reduce income inequality to a specified level by 2030, or will they support 'stepping stone' targets that aim to accelerate progress for disadvantaged groups by an earlier date?[27] Will they instead focus on fiscal transfers and safety nets as well as associated targets for highly disadvantaged groups? Will they support goals and targets to address persistent inequality between countries, both globally and within the region? Or will they instead look for inequality to inform the broader goal framework (and be part of its narrative), but be less willing to advocate for specific inequality goals or targets?

There is little consensus on issues such as conflict prevention, the promotion of durable peace, rule of law, and governance. SSome countries within the region have signaled, either publicly or privately, that they regard it as essential that the post-2015 agenda tackles low levels of citizen security, with some identifying the reduction of violence and increased access to justice as among their top policy priorities. This issue has three interrelated dimensions:

- *Addressing citizen insecurity and a lack of access to justice at a national level.* In its indicative goals and targets, the High-level Panel stated that targets should be set to reduce violent deaths; eliminate violence against children; and ensure that justice institutions are accessible, independent, well-resourced, and respect due process rights. These targets are supported by

those who wish to see the post-2015 framework tackle citizen insecurity.

- *Tackling transboundary threats to security*. Non-state conflict, drug trafficking, and transnational crime are an extremely serious threat for some countries in Latin America and the Caribbean, and cause problems in most countries. Illicit flows of finance cross borders with impunity, driven by demand in other (usually richer) countries. Some governments therefore believe that the post-2015 framework should be used to address these external stresses through more effective international polices and cooperation.

- *Reduction in levels of inter- and intra-state conflict and large-scale violence*. Conflict-affected and post-conflict states have been slowest to make progress towards the MDGs, with some of their governments calling for the post-2015 agenda to make greater efforts to respond to their urgent needs. The UN Task Team, meanwhile, went further calling for peace and security to be considered as a fourth dimension of sustainable development, "not only in areas affected by armed conflict, where the restoration of peace and security is an overriding imperative, but in all societies, including those with significant levels and often multiple and hidden forms of violence and injustice."[28]

Each of these dimensions brings its own controversies. The Task Team's proposal for 'peace and security' to become a fourth pillar of sustainable development has met with widespread opposition from UN member states who believe these issues should be dealt with through the Security Council or those who are concerned with the potential for the 'securitisation' of development. Special treatment for conflict-affected and post-conflict states raises fewer concerns in the region, although some governments worry about any precedent that might be set for the treatment of states without a history of recent conflict. International cooperation to tackle the external stressors that lead to conflict is generally welcome, although some are increasingly critical of approaches to tackling transnational crime and the drugs trade, while others are skeptical that the post-2015 agenda can add significant value in this area.

National targets for citizen security and access to justice are both most controversial in the region and most important to some of its countries. Opponents of these targets are motivated by a number of reasons, including a desire to protect national sovereignty and a fear of external interference, skepticism that these targets will add value to national action to reduce violence, and a reluctance to accept targets that will emphasize current levels of violence in a way that is damaging to the country's reputation. The latter objection is likely to be most powerful. In the declaration from its first summit, CELAC rejected "unilateral and illegitimate assessments, lists and certifications made by some developed countries which affect countries of the region, in particular, those referring to terrorism, drug trafficking, human trafficking and other related measures."[29] Some CELAC members are even more strongly opposed to multilateral assessments of the rates of violence within their societies.

There is also a debate within the region about the balance between national obligations and responsibilities, and a framework of global goals. At the Special Event, CELAC argued for a universal post-2015 agenda that would "at the same time, be flexible enough to respond to situations and national priorities of countries on the basis of the principle of common but differentiated responsibilities."[30] Some governments in the region expect that targets will be set primarily at a national level, requiring a process after 2015 in which governments will develop national plans, possibly backed up by legislation.[31] This could prove a time-consuming process, leading to a significant lag after 2015 before full implementation can begin. It is also unclear whether a patchwork of national targets can deliver ambitious global goals such as the eradication of poverty or a shift towards a sustainable growth trajectory. There are also broader differences in emphasis between countries that are eager to take on challenging targets that will require significant action at national level, and those that are reluctant to accept constraints on future policy options.

The interpretation of the principle of 'common but differentiated responsibilities' (CBDR) further complicates this issue. In its original formulation in the Rio Declaration,

states rely on the same planetary resources, but have also made "different contributions to global environmental degradation."[32] As a result, "developed countries acknowledge the responsibility that they bear in the international pursuit of sustainable development in view of the pressures their societies place on the global environment and of the technologies and financial resources they command." Latin American and Caribbean countries believe this principle is relevant to the post-2015 agenda and fought hard for it to be included in the outcome document from the Special Event. Continued disputes, however, are certain over the role CBDR will play within a new development agenda. The main fault line will be between the G77 and the developed countries. Some of the latter will try and limit CBDR's influence, while others will argue that the 'differentiation' of responsibilities should imply greater burden-sharing with those middle-income countries that have seen rapid economic growth in recent years.

Within the region, this debate could lead to calls for greater burden sharing between more and less prosperous countries and will also inform discussions of deepened South-South cooperation with countries in other regions. Differences could also emerge between countries that see CBDR as favoring a binary division of responsibilities within the post-2015 global partnership, with developed countries expected to take responsibility for helping all G77 countries to achieve their development goals. In contrast, some countries take the view that responsibilities should be shared according to individual countries' capacity.

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While there are issues that divide Latin American and Caribbean countries, it is possible that the region's diversity will emerge as a source of comparative advantage as its governments work to influence the design of an agenda that will respond to its needs and priorities.

Beyond question, most governments are determined to play a greater role this time around. They remain critical of the development and design of the Millennium Development Goals, believing that they were created through a top-down process that allowed for little of the consultation needed to ensure that the goals met the needs of the region. Many countries, however, have subsequently made significant efforts to shape the MDG framework to national priorities, finding ways to make them resonate with domestic priorities. Often this has involved adapting targets, such as adopting a higher definition of absolute poverty, with $2/day commonly used across the region, or using the MDGs to ensure target additional focus and resources towards those disadvantaged groups that have seen least benefits from economic growth.

As a result, over time, the MDGs have increasingly entered the mainstream of domestic policymaking in many countries and are included in national plans and strategies, alongside measures to monitor and report on the goals on a regular basis. For example:

- In Costa Rica, the National Development Plan 2011-2014 set out policies for meeting all eight MDGs, including direct targeting of the poorest families and action on gender, health and education.[33]

- Jamaica has aligned its *Vision 2030* national development plan with the MDGs and has also incorporated them into its sector plans in areas such as poverty reduction, health, education, gender, and social welfare.[34]

- Brazil has created an MDG award that recognizes local initiatives that are helping the country meet its targets, with the country's president arguing that more than 5,000 projects registered with the awards represent a significant grassroots contribution to delivering MDG success.

This commitment to the MDGs should be seen as part of a broader regional attempt to develop new approaches to achieving prosperity and delivering high standards of social welfare. Latin America and the Caribbean is distinguished by the range of policies that it has developed to respond to both the opportunities and risks of contemporary globalization. From efforts to increase macroeconomic stability and major programs of economic reform, through innovative investments in social welfare and protection, to fresh approaches to compensating those providing

environmental goods and services, the region has been at the forefront of developing new economic, social, and environmental policies.

Global interest in the region's experience has also grown, especially as the global financial crisis of 2008 challenged underlying assumptions about the sustainability of the prevailing growth model in western countries. In recent years, flagship programs such as Brazil's *Bolsa Familia*, Mexico's *Oportunidades* and Chile's *Solidario* have attracted international attention, while the Venezuelan and Bolivian models of development have been studied by many other developing countries. These examples are not isolated ones. Innovative social protection and poverty reduction programs have now been implemented in 17 countries in the region and now reach nearly 100 million with a disproportionate impact on the poorest, on women, and on children.[35] The region's commitment to South-South and triangular cooperation has given a further boost to the promotion of these new models.

The region's emergence as a 'laboratory' for new approaches to sustainable development has the following implications:

- First, rather than starting from scratch, countries will be able to build on their own experience implementing the MDGs when a new framework is agreed after 2015. Furthermore, assuming that the region has had a greater input into the design of new goals, it should be able to intensify domestic implementation, while helping build broad regional and global partnerships to complement national efforts.

- Second, as the post-2015 debate progresses, the diversity and innovation of its national models is likely to emerge as a key source of comparative advantage. By drawing on this track record, the region's governments and leaders from civil society and business have unprecedented potential to shape the global policy environment and influence the new development agenda.

- Third, innovation at national level will also allow the region to deepen debate around the contentious issue

of the sustainability of future growth trajectories. All governments are confronted by both synergies and trade-offs between economic, social and environmental objectives on a regular basis, and must consider the needs of current and future generations. Through trade, and especially commodity exports, the region is connected to the sustainability challenges caused by patterns of production and consumption in other regions. The post-2015 debate will be significantly strengthened if the region is able to set out concrete proposals for how it believes a sustainable consumption and production trajectory can be achieved, both within the region and at a global level.

- Finally, the region has the potential to use its track record of innovation and experimentation both within the G77 and in negotiations with OECD countries. On the one hand, many developing countries continue to search for a concrete understanding of the impact the post-2015 agenda will have on their development prospects and will welcome opportunities to study the diversity of Latin American and Caribbean approaches. On the other, it is likely that developed countries will be more willing to commit to a new global partnership if they see concrete evidence of the impact it could have on development outcomes across the world. All countries, meanwhile, are likely to be strongly influenced by any country, group of countries, or regional bloc that is able to begin the task of translating the broad Rio+20 agenda into a development framework that is both ambitious and has a realistic chance of implementation from 2016 onwards.

The region's disproportionate influence in the early stages of the post-2015 debate also demonstrates the potential it has over the next two years. Two countries – Colombia and Guatemala – played a pivotal role in pushing the concept of sustainable development goals into the diplomatic mainstream. In the run up to Rio+20, they published a joint proposal for the development of "small number of key objectives that could be later elaborated through a suite of targets, much like the MDGs" and that would drive a "structure of the principles and goals" of sustainable development.[36] This is a classic example of how countries that are far from being the world's largest (0.7% and 0.2%

of its population, respectively) can drive global policy by articulating 'big picture' concepts in a format that creates broad debate. As host of Rio+20, meanwhile, Brazil played an important role in shaping the SDGs, while the current President of the General Assembly is from the region, and a number of Latin American and Caribbean countries have provided valuable input for the deliberations of the Open Working Group.

So what role will the region play as the post-2015 debate deepens and, in all likelihood, grows more contentious? There are four possibilities:

- *Countries fail to engage.* The default scenario would see continued disengagement from many countries, outside the work done by missions to the UN in New York. Involvement of ministers of finance, and other powerful domestic ministries, in the post-2015 debate remains an obvious bellwether for whether governments view this as an issue with profound implications for national policy or see the new agenda as an international obligation that has little relevance for their citizens at home.

- *It adopts an increasingly defensive stance.* As negotiations on goals, targets, and the global partnership begin in earnest, governments will recognize the pressure that the new framework will place on national policy. If they fail to see commensurate gains for their citizens, many will become increasingly reluctant to do anything but defend their red lines, especially if a generally adversarial dynamic emerges between developed countries and the G77. Within Latin America and the Caribbean, a defensive strategy is likely to be most appealing if the post-2015 framework reverts to a heavy focus on absolute poverty, given that few countries in the region will receive significant ODA flows after 2015.

- *Leadership is strongest at a national and sub-regional level.* Given the diversity of interests in the region, it is by no means certain that a unified regional position will emerge (or that it should do). Individual countries may continue to be most influential if they are able to move decisively to swing opinion on priority issues, while sub-regional groups such as CARICOM may also

feel they are most effective if they are able to act on their own. This strategy is likely to be most appealing to those countries that wish decisively to move on the status quo, challenging the current consensus and working in an entrepreneurial fashion to promote a policy direction or a particular goal or target.

- *The region speaks with one voice.* Under this scenario, the region will intensify internal debate, confront issues on which it is divided, and move towards a leadership position within the broader G77. As we have argued in this paper, this is most likely if the region is able to draw on the diversity of its national experiences, especially in social policy, while focusing on areas such as climate change, technology transfer, inequality and the global partnership where it has a strong interest in extending the current development framework.

Each of these scenarios has strengths and weaknesses. Governments will be extremely unlikely to admit that their objectives are primarily defensive, but some may decide that they have little to gain from a more active engagement in the debate. Alternatively, countries may develop a defensive stance by default, due to a failure to engage powerful domestic ministries or gain support from national civil society and private sector lobbies. National and sub-regional leadership, meanwhile, provides the greatest scope for challenging diplomacy from those willing to invest resources and political capital in a debate that may not otherwise move beyond generalities. Under this scenario, like-minded actors avoid the transaction costs of having first to persuade others in the region of the wisdom of their approach.

Regional leadership, however, offers Latin American and Caribbean countries a significant opportunity to influence a new development agenda in the long-term interests of their citizens, while engaging actively and constructively, both within the G77 and with developed countries. A coherent regional position will only emerge, however, if countries are able to work together at a sufficiently senior

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level, with direct involvement of capitals and not just their missions in New York, to debate the political bargain that will underpin a new development agenda, the contribution they are prepared to make to this bargain, and where they are prepared to yield ground to secure agreement from others.

Conclusion

In *What Happens Now?*, the companion paper to this report, we provide a description of what we describe as "a complex, time consuming and – at times – fragmented process" that is intended to reach a final deal at a summit in September 2015. The review covers the Open Working Group, the Intergovernmental Committee of Experts on Sustainable Development Financing, the President of the General Assembly's 'Setting the Stage' initiative, and the Secretary-General's synthesis report, as well as exploring what is likely to happen from Autumn 2014 onwards when a new intergovernmental process will be launched.

"Over the next six months," we argue, "an inflection point is likely to be reached as a critical mass of countries begin to engage at a serious and senior level, with key areas of agreement and disagreement becoming more sharply defined." This makes it an important time for any country or group of countries wishing to make a substantive contribution to the development agenda. In order to be most effective, individual countries, regional subgroups, or the region as a whole needs to:

1. Recognize that the window for 'big picture' thinking will soon close.

    In February 2014, formal negotiations will begin within the Open Working Group and will then intensify when a new intergovernmental process is launched later that year. Those wishing to champion a robust deal still have time to set the terms for this negotiation, but only if they create bold proposals *now* and present them in language that reaches beyond specialists to engage a broader audience of policymakers, non-governmental stakeholders, and the media.

2. Mobilize government influence at all levels.

    Leaders from many of the region's governments made powerful statements to the 68th General Assembly on their vision for an ambitious post-2015 framework. Most countries are yet fully to agree a position domestically, however, and few, if any, are in a position to mobilize all their ministers, embassies, and other instruments of national power behind their vision and priorities. Coalescing around a coherent strategy could provide a significant opportunity over the coming months, especially through diplomacy in capitals outside the region where many governments will prove eager to understand and respond to new thinking and approaches from Latin American and Caribbean countries.

3. Recognize that citizen engagement is also an important asset.

    Countries will maximize their influence if they can demonstrate that they are responding to real demand from their citizens to deliver a robust and effective post-2015 agenda. During the MDG era, global campaigns on issues such as debt relief tended to have their center of gravity in the developed world. The universal nature of the post-2015 agenda, and the strength of grassroots networks in Latin America and the Caribbean, provide an opportunity for leadership to shift towards societies that are incubators for new approaches to tackling poverty, transforming economies, and increasing sustainability. Brazil, for example, has confirmed that similar to the wide domestic consultations it conducted to inform its position prior to the Rio+20 process, in 2014 it will conduct inter-ministerial and civil society consultations to engage domestic stakeholders on the post-2015 debate and to inform the government's position.

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4. Build awareness of the region's pioneering work on sustainable development.

A universal post-2015 agenda, that covers all three dimensions of sustainable development, risks being so broad that it becomes hard to reduce it to goals that are, in the words of the Rio+20 outcome document, "action-oriented, concise, and easy to communicate." Concrete examples of new approaches and pathways to sustainable development, whether from the economic, social, or environmental sphere, will therefore have significant power to mold opinion and create a more informed debate about how the new agenda can be most effective in delivering results around the world.

5. Invest in flagship initiatives and partnerships.

The Latin American and Caribbean region has not only pioneered valuable national models, it has also been at the forefront of developing new approaches to South-South cooperation. This cooperation can provide the basis for the flagship initiatives that will be needed to implement the post-2015 agenda, demonstrating how new goals and targets can be delivered, and the partnerships and financing needed to deliver them. It also has the potential to create a more informed debate on the future of ODA, as middle income countries demonstrate the potential for aid to catalyze the need for multi-country partnerships.

6. Be realistic about the 'political bargain' that will underpin the new agenda.

Latin American and Caribbean countries are united in their belief that a more robust global partnership is needed to underpin the new agenda. They also want developed countries to meet their existing commitments on finance for development, while also addressing barriers that prevent developing countries meeting their potential. It is now time, however, to become much more specific about what commitments the region would like to see in areas such as external debt and technology transfer, and

the contribution monetary, financial and trading systems make to development. What concrete policies changes would make the most difference? And what contribution would they make to securing sustainable development for all the world's citizens? External trade-offs also need to be considered, such the region's broader interest in the reform of the multilateral system and its position in global climate negotiations, which are also supposed to reach a point of new agreement in 2015.

In the Declaration of Santiago, CELAC committed its members to "a deep process of reflection on the priorities of the region in the post-2015 development agenda."[37] In this report, we have argued that the region does have shared priorities, but that there are also a number of highly divisive issues. Diversity, however, can be a source of strength and we have underlined the potential for the region to use its innovative development models to inform the global debate on how sustainable development can be delivered.

Latin America and the Caribbean may not have been central to the design of the MDGs, but it has already played an important role in setting the direction for a new global development agenda. Moving forward, Latin America and the Caribbean has a unique opportunity to exercise leadership and influence over the debate. It has successfully captured the leadership positions at the UN (G77, General Assembly, ECOSOC) in the lead up to the 69th General Assembly in 2014. This is an excellent opportunity for Latin America and the Caribbean to advance its innovative development policies and models within the debate and lobby for its concerns. This also suggests that other blocs and countries will be looking at Latin America and the Caribbean more closely to gauge its position and how discussions progress. Its governments now need to decide how they can continue to maximize their influence as the post-2015 debate moves into its critical phase and whether they plan to act individually, act in small groups, or use the collective power of the region.

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