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## PRARI Policy Brief

October 2014

### Global poverty reduction: What can regional organisations do?

*Global poverty needs prompt and effective action. The 1.2 billion people still living in extreme poverty require support by all development partners, at a local, national and international level. Regional associations of nations have unrealised potential to strengthen social investment for global poverty reduction. This potential needs greater recognition and support from the UN, the World Bank and other international development partners.*

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### Policy conclusions

- Poverty is a universal marker of under-development. One in six people worldwide are living on an income of less than USD 1.25 per day. Poverty is a major cause of ill-health and premature death for children and adults.<sup>1</sup> Prompt, committed, coordinated and effective action is needed for countries and populations with high poverty rates.
- Regional organisations are neglected partners in global efforts to tackle poverty. They offer significant opportunities to strengthen action on poverty reduction globally. Regional organisations' achievements in developing region-wide health, education, social protection and other public goods and services provide a platform to strengthen global, regional and national actions on poverty reduction.
- There is scope to enhance the role of regional organisations in global poverty reduction beyond the Millennium Development Goal period. Regional organisations should have an identified institutional role in global poverty reduction and global policy making. They can mobilise a wide range of development partners within and beyond their regions, support poverty reduction strategies, monitor achievements, and facilitate the sharing of good practice within and beyond the regions concerned.
- Regional social investment programmes across health, education, income security and livelihoods can prevent poverty and mitigate its devastating effects on present and future generations. Comprehensive regional social funds and regional social rights can support national Social Protection Floor strategies.
- A better understanding is needed of how regional organisations are pursuing pro-poor policies, to ensure that existing good practice is identified and shared. Improved knowledge of regional actions will help all stakeholders, locally, nationally and internationally, to know how to effectively support pro-poor policies and programmes of concerted social action.

## The rise of regional social policy

Regional integration is an established feature of contemporary political and economic landscapes around the world. It has become an increasingly significant form of collective action to pursue defined public policy goals. African, American, Asian and European nations are pursuing distinctive regionalist strategies to secure trade, investment, security and other advantages they define as important, and are establishing regional political and legal frameworks to do so.

Regional integration is increasingly embracing new public policy goals. No longer confined to the well-worn terrains of trade, finance and investment, regional associations are increasingly also grappling with issues of social policy, and with questions about what action is needed to secure the means of social participation for citizens and what changes are needed to social institutions, relations and welfare. Whether it concerns widening access to affordable medicines, extending social protection, universalising health care, enhancing access to education, combating human trafficking, these (and other) goals are increasingly being framed in regional terms.

Regional groupings of countries are discussing these issues and developing remits and plans of action to achieve common goals. These are framing debates and agendas as to what the purpose of regional integration should be, what kinds of social policies are needed, what the respective roles of regional and national institutions should be in helping to achieve them.

How can governments, donors, international agencies, and civil society respond to the growing significance of regional integration in debates about the future of social policy? How can they make it work for poverty reduction? And what does this mean for global action on poverty – both the MDGs and the Sustainable Development Goals after 2015?

### Box 1: Defining social policy

Social policy is broadly defined as collective action supportive of the right to the means of social participation. This right is underpinned by social arrangements and services to ensure an adequate income, a relevant education, affordable housing, a healthy existence and a sustainable livelihood. Environment, energy, water, transport, land, and economic policy also make significant contributions to human welfare.

## How does regional governance benefit social policy?

There are several principled advantages in building a social policy dimension to regional groupings of nations (Yeates and Deacon 2006; Yeates 2014).

- 1 Regional groupings can offer their member access to broader social policy options attuned to their specific contexts. Because they consist of fewer countries with more similar cultural, legal and political characteristics, they offer greater ease and pace of agreeing on

common social policies, including greater possibilities for advancing their own regionally-defined social standards. More developed countries can force social standards upwards in the poorer members, while smaller countries can have a strong blocking effect on the liberalizing ambitions of larger ones (or vice versa).

- 2 Regional formations offer countries enhanced access to, and influence over global policy. Countries acting through regional associations can have a louder voice in global arenas instead of acting alone. Regionally-coordinated responses can overcome the limitations of small-scale initiatives, and are more likely to sustain the interest of prospective partners outside the region.
- 3 Regional strategies can protect, promote and reshape a regional division of labor, trade and production to promote cooperation and generate fiscal resources for social policy. Too often global trade comes with tax exemptions for local and global companies in ways that erode domestic fiscal capacity and resources. Common regional trade and tax rules can help support and build fiscal capacity in the region that can be used to support regional social policy priorities.
- 4 Regional social policy can enable economies of scale and the pooling of risks and resources among member countries. Regional action plans, regulatory frameworks and partnerships can address intra-regional imbalances in education, health and welfare provision and capacity. Limitations of small-scale social insurance schemes can be addressed by pooling and spreading risks regionally. Regional coordination offers the possibility of more effective preparedness for and response to disasters and other calls on aid.
- 5 Regional groupings can provide donors and partners with a single point of contact for discussions relating to member countries. Regional groupings provide a channel through which to disburse development aid. For example, the disbursement of donor aid under the EU's Aid for Trade programme is coordinated in West Africa by ECOWAS (Economic Community of West African States).

### Box 2: The benefits of regional governance of social policy

- Amplify the voices of smaller and developing countries in global social and economic policy;
- Galvanise support for and foster ownership of regionally-defined rules and standards;
- Pool resources and risks to help scale up social protection, health and education, and better respond to disasters and other calls on humanitarian and development aid;
- Create platforms and fora for members to discuss key priorities for regional action and to work out context-specific responses;
- Harness the economic, fiscal and social benefits of intra-regional trade in support of regional social policy priorities.

Strengthened regional governance makes possible the development of:

- regional social redistribution mechanisms (e.g. regionally-financed investment funds disbursed to address social issues via the regional structure according to regionally-determined priorities);
- regional social, health and labour regulations (e.g. regional institutions to set, monitor and enforce regional rules on health and safety, labour and social protection, and equal treatment);
- regional social rights (e.g. regional Courts for citizens to challenge perceived failures to fulfil social and human rights).
- Regional lesson learning provides an opportunity for members to learn from good practices and develop solutions that are amenable to scaling up in forms of regional cooperation.
- \* Regional cooperation enables economies of scale (e.g. regionalised production of generic pharmaceuticals). Regional coordination can avoid the spread of communicable diseases. Regional provision shares scarce health expertise and higher education expertise among member countries.

(Deacon et al. 2007: UNDESA)

## What is being done in practice?

Several regional organisations have a track record of tackling issues of the relationship between trade, labour and social standards, and the question of how to maintain fiscal capacity and social solidarity in the face of international competition.

The EU has the most developed regional social policy, though many regional organisations have instituted cooperation in the social sector, including cross-border information exchange and lesson-learning on a cross-border basis. Many have regional social funds of some kind. Fewer still have forms of social regulation and social rights. ECOWAS' regional labour court stands out as being backed by the force of law.

Measures to facilitate intra-regional labour mobility are commonly include removing work visa requirements, mutual recognition agreements (professional and educational qualifications; educational institutions), and social security portability agreements. The scope of regional social policy in practice goes beyond creating regional labour markets. SADC has developed an infrastructure and capacity for regional cooperation on issues of child labour, communicable diseases and the referral of patients between member states. The African Union has agreed on a social policy framework for Africa. CARICOM has competencies around health systems, health labour planning, and communicable diseases. ECOWAS has a regional court of justice adjudicating on national labour rights, with a track record of cases being successfully taken by citizens against ECOWAS member states. ASEAN has a regional human rights body. MERCOSUR has established regional harmonization of pharmaceutical regulation under its access to medicines initiative. SAARC's Social Charter enshrines entitlements to basic services and development goals in poverty alleviation, education, health and the

environment. The Andean Community has instituted regional action on poverty, exclusion and inequality. ALBA finances anti-poverty activity in member countries and operates trading schemes rooted in the solidarity economy. SAARC and ASEAN have instituted regional food security schemes which have redistributive effects (Deacon, Macovei, van Langenhove and Yeates, 2010, *passim*).

Regional social policies tend to have progressed faster as exhortative declarations of aims and principles rather than as binding regulatory or redistributive mechanisms. But there are some notable exceptions, and some real progress has been made in recent years. The symbolic and practical uses of exhortative policy (such as Social Charters and other declarations of intent) should not be under-estimated. Exhortative policy can create greater awareness of a range of common issues and a world of possibilities on a wide front. It can be an important precursor to the development of more substantial regional social policies backed by resources, legal 'teeth' and stronger political authority. These processes are integral elements in the construction of democratic and inclusive regional political communities.

## How can regions contribute to effective action on global poverty reduction?

The success of global goals to address universal markers of under-development depends on all stakeholders, in the South as well as in the North, taking full ownership of those goals and responsibility for achieving agreed targets (Cavaleri 2014). There is a clear and strong potential for regional associations to play a far more prominent role in global poverty reduction than has been the case to date.

Regional organisations have a key role to play by:

- providing regional and global leadership in translating global goals into regional context-specific priorities.
- channeling promising approaches to poverty reduction from the region into global policy debates.
- coordinating all development partners nationally and internationally around regional and national poverty reduction goals.
- supporting pro-poor partnership work through (for example) capacity-building, and facilitating cross-border cooperation and policy learning around poverty reduction - including identifying promising initiatives that can be scaled up regionally.
- undertaking regular regional monitoring and reporting on progress made (and still to be made) in achieving goals and targets.

Regional associations need to become a far more significant focus of the work of the UN system, the World Bank and regional development banks. According regional associations a share of global responsibility for attaining poverty reduction and sustainable development necessitates fully integrating them into the governance structures of international organisations. Members of regional organisations should allow their regional organisation speaking rights on their behalf in global fora. Following the example of EU member states in conferring the EU speaking rights on their behalf at the UN General Assembly would enhance their 'voice'. This would enhance regional perspectives in global policy making, provide for

context-specific approaches to be aired and debated. It would extend partner buy-in and support for key global initiatives, and enhance democratic accountability.

There is significant scope for enhancing the role of regional organisations in the Social Protection Floor strategy (Box 3).

More needs to be known about what regional associations are currently doing about poverty-reduction and what can be done to better support them. Cavaleri's (2014) review of how different regional organisations are implementing regional MDG plans demonstrates the importance of digging deeper beyond policy discourses to see what these organisations are actually doing in practice (Table 1). Poverty-focused social policy research into what regional associations are doing as well as what they are saying needs a greater share of funding from the research budgets of international organisations, governments and national research councils. This this will help all stakeholders, locally, nationally and internationally, to know what more they can do to support pro-poor policies and programmes of concerted social action.

The UK-funded ESRC-DfID research programme, PRARI (poverty reduction and regional integration), due to conclude in 2015, is an important milestone along this path towards more robust programmes of research on the regional policy-poverty nexus. The 'toolkits' of indicators on health-related poverty reduction it is producing and piloting in Southern Africa and South America are designed to inform thinking and action on demonstrable measures of pro-poor regional policy change and success. Co-produced between researchers and stakeholder-users through participatory research methods, there is potential for these 'toolkits' to be scaled up and generalised to other regions around the world. This will be important in a context where there is greater emphasis on measurable indicators of success in global poverty reduction after 2015.

### Box 3: The Social Protection Floor

The SPF aims to ensure access to essential public services (water, sanitation, health and education) and to a basic set of essential social transfers for income security. Basic social guarantees are defined in terms of nationally defined minimum levels. It is a key plinth of global action on poverty.

Regional organisations have an important role to play in implementing the SPF. Regional associations (ASEAN, the AU, PIf and the EU) already prepare regional reports on progress towards the MDGs (Cavaleri 2014). This practice can be built on and extended. The development of comprehensive regional social funds and regional social rights could support national Social Protection floor strategies. Regional secretariats could facilitate the sharing of good practice and information among their members and beyond. Regional organisations could act as a platform to mobilise and engage with a wide range of partners in support of the SPF goals.

**Table 1 Regional associations and the MDGs: from discourse to practice**

	Discourse	Regional strategy	Provision of regional goods	Support to national level	Reporting role
ASEAN	Yes	Yes	Yes	Yes	Yes
PIF	Yes	Yes	No	Yes	Yes
Mercosur	Yes	No	No	No	No
AU	Yes	Yes (?*)	Yes (?*)	Yes (?*)	Yes
EU ( <i>sui generis</i> )	Yes	Yes	Yes	Yes	Yes

Source: Cavaleri (2014). Note: \* not on MDGs comprehensively but in MDG-related policy areas.

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1 World population of 7.2 billion; <http://www.un.org/millenniumgoals/global.shtml>