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**Regional Social Policy***Bob Deacon, Isabel Ortiz and Sergei Zelenev*

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**Abstract**

This paper argues why countries should give priority to developing cross-border regional social policies. The first part presents the conceptual case for regional social policies in terms of how the social dimension of regionalism can provide an alternative to the current pattern of globalization. The second presents the concept and dimensions of regional social policies. The third part reviews progress to date, which suggests that the time is right to pursue this agenda. The paper closes with some institutional issues related to how regional social policy might be advanced, including options for financing regional social policies.

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## **Acronyms**

ALBA	Bolivarian Alternative for Latin America
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
AU	African Union
CAFTA	Central American Trade Agreement
CAN	Andean Community
CARICOM	Caribbean Community
EAC	East African Community
ECOWAS	Economic Community of West African States
EU	European Union
FFTA	Free Trade Area of the Americas
FTAs	Free Trade Agreements
GBS	General Budget Support
IFF	International Financial Facility
ILO	International Labour Organization
IOM	International Organization for Migration
MERCOSUR	South American Common Market
MDGs	Millennium Development Goals
NEPAD	New Partnership for African Development
ODA	Overseas Development Aid
OECD	Organization for Economic Cooperation and Development
OMC	Open Method of Coordination
SAARC	South Asian Association for Regional Cooperation
SADC	Southern Africa Development Community
SWAp	Sector Wide Approach
UN	United Nations
UNDESA	UN Department of Economic and Social Affairs
UNDP	UN Development Programme
UNESCO	UN Educational, Scientific and Cultural Organization
UNHCR	UN High Commissioner for Refugees
WHO	World Health Organization
WTO	World Trade Organization

## Regional Social Policy

*Bob Deacon, Isabel Ortiz and Sergei Zelenev<sup>1</sup>*

### Regional Social Policy as an Antidote to Neo-liberal Globalization

#### *Globalization: the challenge to social policy*

The global system that has emerged in the late 20<sup>th</sup> century has generated a vigorous debate amongst scholars, policy-makers and activists about how to preserve existing social protection systems and how to develop new social policies to provide for the increasing needs of populations.

The main challenge lies in the unequal distribution of income resulting from globalization processes. Inequality has increased between and within countries. These inequalities are reflected in lesser job security, lower wages, reduced access to services and social benefits (UN DESA, 2005).

The magnitude of distribution asymmetries is significant. In 2000, the richest one per cent of adults alone owned 40 per cent of global assets, and the richest 10 per cent of adults accounted for 85 per cent of total world assets; in contrast, the bottom half of the world adult population owned barely one per cent of global wealth (UNU WIDER, 2006). While the economic benefits of globalization go to a few countries, companies and individuals, social policies to redress these inequities are very under-resourced.

Much of the debate on the challenges to social policy has focused on identifying appropriate national-level social policy responses and strategies in the context of increasing international mobility of people, finance and ideas and increasing global production and delivery of goods and services. This debate has particularly focused on the social impacts of reforms that are at present being made to national health, educational, employment and income maintenance institutions and arrangements as well as on those that ought to be made to them. A major concern is the negative consequences of 'free trade' and international competition on the funding and provision of public social provision on the one hand and employment on the other (Yeates, 2001).

#### *Economic globalization requires global social policies*

Increasingly, attention is turning to address the kinds of policies necessary to achieve socially-equitable development under the contemporary conditions of globalization, that is, how to construct a fair globalization for all.

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<sup>1</sup> Thanks to J. Scholvinck, Director DSPD/DESA, United Nations, New York; N. Yeates, Senior Lecturer, The Open University, Milton Keynes, England; and T. Voipio, Senior Advisor Social Policy, Finland, for comments and inputs at different stages of this paper. Participants at the UN DESA and Government of South Africa international meeting 'Towards an African Regional Policy' (Johannesburg, November 2006) also made helpful suggestions.

One response to this threat to public social provision at the national level has been to argue for more coherent cooperation and coordination at the trans-national level. The idea of a *trans-national* social policy is increasingly taking hold among scholars and development practitioners. What is increasingly being pointed out is that contemporary globalization processes require the need for social policies at *both national and trans-national levels* (Yeates and Irving, 2005). Furthermore, these policies need to be coherent and complementary to one another in order to maximize their effectiveness.

There are different expressions of trans-national social policy: (i) bilateral social policies, (ii) global social policies and (iii) regional social policies. *Bilateralism* involves cross-border cooperation between two countries; there are numerous examples of such cooperation within social security and pensions, employment, and much of international aid is provided on a bilateral basis (Stubbs, 2003). A second expression of trans-national social policy involves *global* policies dealing with redistribution, regulation and rights (Deacon, 2007). A strengthened UN-based global social governance would be a part of this strategy. However, formidable obstacles to this are involved. Governments and non-governmental bodies in both the north and south strongly disagree on global funding mechanisms and on global social and labour standards leaving UN resolutions, international conventions and other international instruments to address only the bare minimum of such standards. The south claims the north is co-opting international organizations to their interests, and the north criticizes the south for giving low priority to a progressive social agenda, making it very difficult to find a compromise agreement. A third expression of trans-national policy is effective regional groupings of countries that develop cross-border *regional social policy*. Thus regional multilateralism provides a constructive alternative to both the bilateral and global modes (Yeates and Deacon, 2006).

### ***The Regional Social Policy alternative***

Regional formations potentially offer a number of advantages to global agreements (Shutt, 2001). Since regional formations often entail groups of countries with similar (or at least less diverse) cultural, legal and political characteristics and legacies, agreement on the scope and nature of collaboration may be more feasible and progress can potentially be made more quickly compared with global multilateral negotiations involving a wide diversity of countries with too divergent values and objectives.

A world of regions each with a strong social dimension might provide an alternative and more effective model for global social governance. Southern countries and regions would be more empowered and the threats posed by economic globalization would be reduced. Regional formations also offer a means of 'locking in' finance and production and labour on a regional basis. Regionalist trading strategies are an effective means of protecting, promoting and reshaping a regional division of labour, trade and production (Yeates 2001, 2005). Compliance with a common regulatory regime reflecting public priorities (e.g. relating to labour standards or taxation) is a way to avoid any recurrence of the competitive "race to the bottom".

While the European Union is the best existing example of how regional social policies may be articulated, there are increasing experiences in developing countries using regional policies to

achieve social transformation. Most radical is the case of ALBA (Bolivarian Alternative for Latin America), including Bolivia, Cuba, Ecuador, Nicaragua and Venezuela. ALBA provides a concrete alternative to the present form of neo-liberal globalization and offers a more social democratic programme for its member countries. ALBA is set to address the “social debt” of Latin America, that is, address the needs of those who have lost out in the process of globalization. It is argued that a new set of public policies is needed to redress social asymmetries and raise living standards, based on social spending, public investment, and macroeconomic policies geared towards employment and the expansion of national markets. This is instead of minimal public policies, deregulated markets, tax concessions and subsidies to private enterprises, and other elements of the standard agenda. Because ALBA countries are standing against the current orthodoxy, they feel that the only chance of success comes by associating and uniting efforts, creating a new political bloc that provides support to its members. ALBA is using policies of regional solidarity to pursue social transformations at both national and regional levels.

### The Concept of Regional Social Policy

Social policy may be defined in a number of ways that complement each other. Broadly speaking, it refers to “collective interventions directly affecting transformation in social welfare, social institutions and social relations” (Mkandawire, 2001: 1). Social policy is often defined as social services such as education, health, employment, social security, housing, and utilities like water. However, social policy is also about redistribution, social justice and the regulation of market institutions and social structures to alter the unequal distributive outcomes of economic activity (Deacon, 2007; Ortiz, 2007). Redistribution mechanisms involve investment, transfers or cross-subsidization from some socio-economic groups to others. Regulation can frame the activities of businesses and other private actors so that they take more account of social aims and keep goods/services affordable. It is also about the articulation of social rights which can lead to effective legislative and institutional mechanisms to enable citizens to make claims about social entitlement from their governments. Social policy within one country is made up, then, of a combination of these elements mentioned above.

Regional Social Policies represent an extension of national social policies, and should be consistent with national social policy objectives. Regional social policies address issues that benefit from intergovernmental cross-border cooperation on areas such as:

- *Regional social redistribution mechanisms:* These can take several forms ranging from intra-regional transfers to overseas development aid (ODA) and can be used to target depressed areas or to redress inequalities.
- *Regional regulations:* These may include health and labour standards to combat an intra-regional ‘race to the bottom’, as well as the regulation of private social services and utilities (water, electricity). Regional formations in principle are in a stronger position than isolated governments to negotiate with private providers to ensure access, affordability and quality standards in commercial services and utilities.
- *Regional mechanisms that give citizens a voice to challenge rights abuse:* The European Union’s European Court of Justice or the Council of Europe’s Court of Human Rights could serve

as useful models of mechanisms by which citizens can be empowered to challenge the perceived failures of national governments to fulfil their rights.

- *Regional cross-border investments:* These could address various common social policy priorities, for instance, the production of cheaper generic pharmaceuticals at regional level to benefit from economies of scale, or common programmes to avoid cross-border spread of diseases (e.g. malaria).
- *Regional technical co-operation in social policy:* This provides an opportunity to learn from good practices that have worked at local level and develop innovative local solutions.

### **Advantages of Regional Social Policies**

Regional Social Policy and various forms of cross-border cooperation may be a stepping stone to a socially just globalization. Regional Social Policy can provide:

#### ***Protection from global market forces and the “race to the bottom”***

Given asymmetries in the distribution of global income, regional social policies can be useful instruments to correct such disparities. The essence of this argument consists of using regional integration to promote endogenous development, establishing a balance between market forces and the public interest. The low level of diversification in national economic activities, normally focused on a limited amount of exports that benefits few, perpetuates poverty and inequality. A low-wage policy has adverse effects on productivity, encouraging countries to compete on the basis of cheap labour, in a "race to the bottom", further depressing real wage levels. It is essential to convert this vicious cycle into a positive cycle of enhanced local economic activities that reduces poverty and inequality. Given the urgency to raise living standards, macroeconomic and sector policies to generate employment, raise incomes and domestic aggregate demand are fundamental for developing countries (Ghosh, 2007; Ortiz, 2007; Spiegel, 2007). This requires regaining policy space and selecting a different set of economic and social policies to orthodox prescriptions to achieve more equitable development (Ocampo, Jomo and Khan, 2006).

Sometimes, compensation can be provided to those affected by necessary adjustments to integrate economies that might erode national social entitlements. An example of policies to “buffer” the negative social consequences of global market forces can be found in the EU Globalization Adjustment Fund (up to €500 million per fiscal year, starting in FY2007), to compensate European workers who lose their jobs under pressure of competition from developing countries.

Intellectual property is another area where the conflict of interest between multinational companies and the generally poor population of developing countries is most obvious. Many current Free Trade Agreements (FTAs) tend to perpetuate asymmetries to the disadvantage of developing countries in important social areas such as pharmaceuticals (Gibbs, 2007; Stiglitz, 2006). Affordable drugs are an essential aspect of public health and, as explained in later sections, there are major benefits of regional social policies in this area.



Liberalization of services has increased the opportunity for global private providers of utilities (water, energy) and services (health, education, pensions) to invest overseas. Developing countries have often negotiated inadequate contracts, and as a result companies do not service all the population or the quality of services is inadequate (e.g. quality of drinking water). There is a need to strengthen the regulatory capacity of governments in developing countries, especially where privatization of social services has created challenges to the right to education, health and other services. Associating regionally may provide a stronger negotiating position to better agree on contractual terms to ensure expansion of coverage, universal services, affordability and quality through a regulatory regional authority.

### *Economies of scale*

Given the large amount of pressing social needs and the limited amount of resources in the global south, there are benefits from developing economies of scale whenever possible. For instance, not all countries can develop expensive high quality universities and research centres. There is a major argument for uniting forces across neighbouring countries and agreeing to create regional training and research centres.

### *International risk pooling*

Regional integration can redress some of the limitations of national social policies. For instance, crop and cattle insurance can provide protection against crop or livestock risks (storms, floods, droughts, pests, diseases) for small-scale agriculture, important for large numbers of people in developing countries. Most agricultural insurance experiences have failed across the world because of their small size, collapsing when a major catastrophe occurred (e.g. national drought, plant pest or cattle disease affecting the whole country); in these situations, the insurance fund was unable to cover for all losses. However, by pooling risks internationally, and by adequate reinsurance, schemes can work. During disasters of widespread proportion when a nation's finances are at low ebb, other countries can share the burden (Ortiz, 2001). Apart from agricultural insurance, there is the more basic question of natural disasters. The precarious conditions under which poor populations live generate catastrophic human and economic losses when natural disasters occur (e.g. earthquakes, typhoons, floods, volcanic eruptions). Regional social policies offer the possibility of increased rapid response for disaster mitigation, management and preparedness, as explained later in this paper.

### *A stronger voice in international and national negotiations*

*In international forums:* For smaller and developing countries in particular, regional formations offer enhanced access to and influence over policy developments. The essence of this argument consists in avoiding dispersion and weak negotiating positions; often, developing countries find themselves in a weaker position given lesser staff (sometimes only one person!) in front of the large teams (including high-powered lawyers) representing developed countries. By having earlier consultations and building common positions, regional formations offer significant advantages to countries within global multilateral negotiations and forums, namely avoiding rushed decisions, amplifying their voicing of regional circumstances and positions.

*At national level:* Ministries of social development (Health, Labour, Culture, Social Affairs...) suffer from a "second class" stigma and often receive lesser funds given their weaker position vis-à-vis other ministries. UNESCO, UN DESA and other organizations<sup>2</sup> have been encouraging regional meetings to empower ministries of social development. Problem sharing, peer review mechanisms, lesson drawing and benchmarking are effective ways of enhancing governance at all levels. Such a dialogue should be inclusive and involve regional officials, regional civil society organizations (including trade unions) and regional scientific communities.

### **Challenges to Regional Social Policies**

Of course, these opportunities are not without their difficulties and challenges. For a start, there has been little popular demand for regional projects, with the formations tending to originate in discussions and negotiations within restricted policy-making circles (Yeates, 2005; Yeates and Deacon, 2006). This does not deny subsequent involvement by labour organizations and civil society in regionalist political processes, or the fact that such organizations and agencies can use these processes to demand a stronger social dimension to national and regional policies. However, it does mean that these formations mostly exist primarily as trade (or political) agreements of various kinds and that their purpose is not primarily social development

### ***Financing***

Financing is a main challenge to regional social policies. Developing countries are starved of capital, and regional policies should not displace necessary expenditures for national social development.

Developing regional policies and programmes like the ones presented later on this paper require funding. Funding may originate at the regional level, if some regional countries are prepared to cover the costs of regional integration. This has been the case for Germany and other wealthier northern European countries, who accepted the role of supporting the lesser developed countries of the EU periphery in view of the common public interest. This is also the case of oil-rich Venezuela, supporting the development of less prosperous ALBA countries, and the Gulf States with their neighbour Arab countries. However, other regional groupings do not have the benefit of having a financier partner(s).

ODA can and should be used to sustain regional social policies. Given the unequal distribution of world's income, the justification for international redistribution, through increased development aid, cannot be stronger. Regional associations can become recipients of ODA. This and other alternative options for financing regional social policies are presented in a later section of this paper.

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<sup>2</sup> Recent examples include UNESCO, MERCOSUR, UNU-CRIS and GASPP (Globalism and Social Policy Programme, UK) "Social Dimensions of Regional Integration" held in Montevideo, Uruguay (February 2006); UNDESA Ministerial Meeting "Towards an African Regional Policy" held in Johannesburg, South Africa (November 2006), and UNESCO "Meeting of Ministers of Social Development of Eastern Africa" held in Nairobi, Kenya (January 2007).

### *Multiplicity of bilateral agreements and regional blocks*

The formation and existence of ‘mega-regionalist’ groups is another challenge to regional policies. One example was the attempted US-led Free Trade Association of the Americas (FTAA) associating North and South America. Another example is the also US-led Asia Pacific Economic Cooperation (APEC). At issue here is the overall coherence of the multi-level strategies that governments pursue, operating on bilateral, regional and global levels, and how different trading blocs downplay social equity. Given the free trade agenda of these mega-regional formations, one of the issues arising from these developments is their social impact<sup>3</sup> (Yeates and Deacon, 2006).

MERCOSUR provides an illustration of this issue. The question is whether its social dimension could have survived the creation of the mega-regionalist free trade project of the FTAA. While both MERCOSUR and the FTAA aimed to promote international trade, the model of economic integration underpinning these formations is quite different. The FTAA’s absence of a social agenda did not go unchallenged. Indeed, the FTAA process generated the mobilization of social forces nationally and trans-nationally to oppose the FTAA (Yeates, 2005). More generally, recent developments within Latin America indicate the increased awareness of the limitations of pursuing free trade policies through either bilateral or mega-regionalist mechanisms.

Bilateral trade agreements generate the same pressure on regional policies. For example, there is a concern that the separate trade deal between South Africa and the EU might undermine regional solidarity within SADC. The USA’s Africa Opportunity Act encouraging bilateral deals between African countries and the USA may have such an effect too. Additionally, bilateral trade agreements benefit wealthy countries more than developing countries (UN DESA, 2005). Thus, global, mega-regional and bilateral strategies can undermine the achievements made at regional level.

### *Leadership and long-term policy-making*

Regional policies are based on the political will of governments to commit to a common interest. Interstate cooperation on social policy is a voluntary accession to policies and codes that does not challenge the principle of sovereignty in a fundamental sense, but styles of leadership, entrepreneurial cultures, stereotypes, rivalries and mistrust, may hinder negotiations.

A great obstacle to regional social policies comes in the short-term goals of policy-makers. Democratic systems have many benefits, but one of the pitfalls is that administrations focus on short-term policies, that is, policies that provide results within the four or five years of mandate. Regional social policies require a long-term vision to which not all administrations are prepared to adhere. Leadership for longer term issues is not common. Anti-imperialism and “affirmative regionalism” can play an important role, as in the case of the Venezuela lead ALBA, or in the case in a rather more muted style in the EU. Ideologies such as pan-arabism or pan-africanism could consolidate regional social policies in these world regions.

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<sup>3</sup> Eventually, APEC established a Working Group on Safety Nets, producing non-binding guidelines and capacity building activities; critics strongly point out that this is insufficient to reverse inequality trends.

## Areas of Regional Social Policies

This section examines in more detail the kinds of common social problems and cross-border social policies that could be developed by regional associations of governments to address them. These, of course, need to be accompanied by adequate regional economic policies. In terms of social policy, some potential programmes are:

### *Employment and Decent Work*

Creating decent employment is a result of employment-sensitive economic policies, combined with adequate labour market interventions at the national level. However, given the relevance of the topic, this can be fast-tracked with regional support. The European Union (EU) offers a good example how harmonization of labour regulations under the EU *acquis communautaire* and EU regional funds can promote employment and decent work at the local level. For developing countries, the two critical priorities are to ensure that policy-makers understand the links between economic and social policies, and that regional funds are created to promote employment in poorer areas that otherwise could not be supported by national administrations.

Potential Programmes: capacity building activities to:

- Promote regional training on employment-oriented macroeconomic policies and labour market policies for job creation, addressed to both Ministries of Economy/Planning/Finance and Ministries of Labour;
- Enhance inter-ministerial cooperation (economic and social sectors) to ensure that economic policies are employment generating;
- Promote sharing of experiences and best practices in the areas of employment, sustainable livelihoods and labour standards to combat developing countries' race-to-the-bottom;
- Regional promotion of appropriate legislative frameworks (including wage policies) that strike a balance between economic efficiency and labour protection, and create disincentives for migration;
- Strengthening capacity of labour market institutions in areas such as employment statistics and labour inspections, to better inform social dialogue at national level.
- Establish regional funds for programmes for employment generation and for promoting formalization of informal work (promoting small and medium enterprises, cooperatives, wage subsidies, public works, guaranteed job schemes, and special employment programmes for women, youth, and persons with disabilities) together with skills development programmes (training and retraining of labour to enhance employability and productivity).

## *Health*

The cross-border spread of diseases (e.g. HIV/AIDS, SARS, Tuberculosis, Malaria, Avian Flu, etc.) must be prevented and collaborative efforts between governments strengthened. Extending the coverage of health care is a priority in most countries and international co-operation on the development of accessible and affordable quality health care can effectively support national health systems. Additionally, there are also benefits from economies of scale in the regional production of cheaper generic drugs; a good example can be found in South America's MERCOSUR harmonization of pharmaceutical legislation and regulations to facilitate economies of scale among Argentina, Brazil, Paraguay, Uruguay and Venezuela.

Potential Programmes: capacity building programmes to:

- Develop regional early warning systems of epidemics coupled to the regional coordination of specialists for rapid deployment to effected areas;
- Bolster the ability of border controls to monitor the movement of persons from and into affected areas;
- Establish effective procedures for disinfecting people, livestock and vehicles;
- Ensure that users of regional road corridors are aware of anti-HIV and AIDS practices;
- Facilitate regional access of citizens to specialized health care facilities through partnerships;
- Share expertise in primary and community-based care;
- Coordinate regional procurement and production of pharmaceuticals and benefit from economies of scale;
- Signing agreements for exchange programmes, and promoting training of health personnel;
- Investigate the viability of mobile medical and health care units to ensure that remote rural communities have access to diagnosis and treatment;
- Coordinate approaches to global health funds.

## *Regulation of Services, Water, Electricity and Other Utilities*

Globalization and the GATS within the WTO have increased the opportunity for global private providers of utilities (water, energy), health and education services to operate across borders. While bringing new investment such providers may not be interested in universalizing access or in affordability issues. Private providers of water, energy, health and education services need to be regulated to ensure equitable access by the poor (when possible free) to good quality services (e.g. drinking water).

Potential Programmes:

- Establish a regional regulatory authority with the power to enforce the contractual terms of universal access agreements and ensure oversight of service providers;
- Capacity building programmes to ensure civil society participation as stakeholders in service provision, as well as to protect sources of water (e.g. wells).

### *Social Protection*

Social protection instruments, particularly social pensions and social assistance, are a priority instruments to expedite poverty reduction. If well designed, social protection instruments are highly redistributive and important to raise incomes and initiate a positive spiral of aggregate demand in domestic markets. Like employment, social protection is mostly a national issue; however, there are benefits from regional cooperation. An example can be found in the Andean Community (Bolivia, Colombia, Ecuador and Peru) decision to strengthen and harmonize their social security systems (2004) and create an Andean Social Humanitarian Fund and an Integral Plan for Social Development (2005), to unite efforts to fight poverty, exclusion and inequality.

Potential Programmes:

- Capacity building activities to promote good practices in vulnerability assessments, benefit determination, eligibility criteria, actuarials, targeting vulnerability, awareness campaigns, institutional capacity, monitoring and evaluation;
- Cross-border social protection programmes to address remote communities development needs (e.g. distant areas near borders, ethnic minorities, etc);
- Regional funds to ensure transfers to vulnerable populations like children (child benefits) older and disabled persons in rural areas (social pensions).

### *Higher Education and Research*

The erosion of public expenditures on higher education in many developing countries due to structural adjustment combined with the brain drain of the few highly trained experts into the aid industry has led to the reduction of research capacity in the field of social policy. Addressing lack of funding is an urgent priority. Given resource limitations, there are major advantages from a regional division of labour in research and education; not all countries need to develop expensive high-quality research, advantages are to be found in regional cooperation, creating regional centres with higher quality research addressing local topics. An example can be found in the Central European University, founded in 1991 in Hungary by a group of anti-totalitarian intellectuals concerned about the lack of high-quality education for democracy in transition countries of Eastern Europe and Former Soviet Union.

Potential Programmes: capacity building to:

- Bring evidence-based research into policy-making;
- Support policy-making by looking at the distributional impacts of different national policies;
- Develop and apply indigenous knowledge systems for national and regional development;
- Establish and manage a fund for providing regional academic fellowships to build research capacity in national and regional institutions;
- Identify regional areas for policy analysis and evaluation;
- Support regional tertiary education and academic networks;
- Strengthen statistical capacity and primary data collection for adequate regional research.

## *Housing*

Vast inequalities of housing and housing standards are to be found across countries. Adequate housing is a basic human need and the provision of decent housing is an essential component of social policy directed at eliminating poverty and social exclusion. An example is found in the US-Mexico Commission on Housing created in 2001; areas of cooperation focus on such topics as housing finance, geographic information systems and cross border planning, community and urban development and promoting viable primary mortgage markets.

### Potential Programmes:

- Encourage cross border cooperation to share good practices on the provision of adequate housing, to improve access to housing and quality standards of dwellings;
- Support cooperation in the area of housing finance for low-income households;
- Share expertise on assessments for housing need drawing e.g. on the experience of UN-HABITAT.

## *International Migration*

International migration flows escalate yearly, attracting increasing political attention. There has been a number of inter-governmental policy processes on migration, notably the UN High Level Discussion on Migration, trying to forge a consensus to regulate migration and protect the fundamental rights of migrants. Besides them, a number of international organizations continue to cover important aspects of international migration, such as the ILO (labour law, protection of migrant rights), UNHCR (protection of refugees), the Council of Europe (protection of refugees and migrants and general migration policy activities) and IOM (general migration issues, transport of migrants). While an international consensus is still being developed, cooperation at the bilateral, sub-regional and regional level is emerging to manage unregulated migration flows.

Potential Programmes: capacity building programmes to strengthen legislation, administrative measures, structures and practices for effective management of labour migration.

- Encourage cross border cooperation to create employment opportunities in countries of origin;
- Ensure that human rights agencies are able to investigate and protect the rights of migrants;
- Develop cross- border cooperation policies in social security and social protection policies that included policies for low skilled and casual economic migrants as well as the highly skilled mobile labourers, including portability of benefits;
- Establish programmes that encourage the acceptance of diversity in cultures and ensure agencies are responsive to the needs of migrants.

### *Disaster Prevention, Management and Mitigation*

Collaboration between states to prevent, manage and mitigate disasters is essential to avoid human and economic losses. Economies of scale may be achieved by regional policies in disaster preparedness, assessing hazards, planning risk reduction and monitoring programmes, and strengthening local-level risk reduction capacity. Some of this requires expensive investments such as computerized hazard forecasting that may best be addressed by regional efforts. Some world regions are creating Regional Funds; for instance, in 2006 the Association of South East Asian countries (ASEAN) created a regional fund to help fight forest fires in Indonesia that spread heavy smoke (“*haze*”), severely deteriorating air quality across the region. ASEAN approved the Agreement on Transboundary Haze Pollution in 2002, but Indonesia's parliament did not ratify it as it lacked capacity to combat the fires caused by slash and burn cultivation in Kalimantan/Borneo. Finally, collective action took place in 2006 when a fund was created together with a system of collaboration and capacity-building, including exchange of technology, experts, training, information and data.

Potential Programmes: to build capacity to predict and prevent disasters, to mitigate their impact and to respond and cope with their consequences:

- Establish effective regional early warning systems for:
  - Food security by coordinating agricultural information from member states on expected crop yields and droughts;
  - Floods based on seasonal rainfall;
  - Other catastrophic events (e.g. forest fires).
- Develop capacity for vulnerability and disaster preparedness plans;
- Share expertise with the International Federation of the Red Crescent/Red Cross, the UN World Food Program and related agencies.
- Build Regional Disaster Response Teams with strong logistical capacity and study where institutionally they will be best placed (e.g. closer to where disasters occur);
- Establish infrastructure and resources for regional emergency relief funds;
- Coordinate the collection and interpretation of relevant regional satellite geophysical data.
- Invest in effective food storage facilities/food banks and transport logistics;
- Invest in effective emergency transport for evacuation in case of floods, typhoons and tsunamis;
- Establish regional agricultural insurance, e.g. crop and cattle insurance;

### *Conflict Prevention*

Conflict prevention is an emerging issue of critical importance given the number of wars in some world regions and the spread of violence and refugees across borders. An example of regional social policy can be found in the Conflict Early Warning and Response Mechanism (CEWARM) of the Inter Governmental Authority (IGAD), created when its member countries (Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda) recognized the urgent need to



address conflict prevention in the region, affected by the continued threat of inter-state wars arising from cross-border inter-communal and inter-clan conflicts.

Potential programmes:

- Support regional early warning systems to detect conflicts before they erupt. Conflict prevention starts by detecting its probability through risk screening indicators such as: (i) conflict mapping, (ii) high prevalence of poverty and inequality, (iii) labour absorption of economic activities, (iv) political instability and non-responsive governments, (v) denial of political and civil rights, (vi) militarization, (vii) proliferation of small arms, (viii) ethnic dominance, (ix) conflicts in neighbouring states, (x) high male youth unemployment, and (xi) culture of violence, myth-making, public perceptions.
- Funds to tackle the potential causes of conflict to prioritize interventions to deal with the internal sources of tension identified, before conflict takes violent forms, e.g. small arms programmes, public information campaigns to avert ethnic myths, etc.
- Work with UNHCR on international burden-sharing efforts supporting regional approaches to protecting refugees and internally displaced persons (IDPs), as well as finding durable solutions for refugee and IDP flows;
- Establish a regional fund to assist refugees and IDPs.

### *Human Rights and Empowerment of Social Groups*

Empowering people and governments to respect, promote and protect rights is critical to ensure shared social and economic development and societies for all. Development must provide equality of opportunity and outcomes for men and women of all ages to ensure they benefit as much from development processes, as agreed, among others, at the UN Convention on the Rights of the Child (1989), the World Social Summit (1995), UN World Conferences on Women (1995, 2000, 2005), the UN World Programme of Action for Youth (1995), Decades of the World's Indigenous Peoples (1995, 2005), the International Plan of Action on Ageing (2002), and the International Convention on the Rights and Dignity of Persons with Disabilities (2006). A good example of regional social policy in the area of rights is the Council of Europe's European Court of Human Rights, which ensures that member states respect the European Convention of Human Rights (from freedom of expression to prohibition of torture) by examining complaints lodged by individuals. Once the European Court finds that a member state has violated these rights and guarantees, the Court delivers a judgment and concerned states must comply with it.

Potential Programmes:

- Support Human Rights Regional Councils to mediate human rights issues at regional level;
- Support regional and sub-regional NGOs addressing rights issues;
- Strengthen or develop observatories to monitor adequate protection of human rights and fundamental freedoms;

- Develop cross border social consultative councils to facilitate regular consultations between Ministers of Social Development and trade unions and other social partners and interest groups;
- Prevent and combat international human trafficking, in particular criminal practices against women and children;
- Capacity building programmes to draft, implement and monitor regional and national action plans for women, children, youth, older persons, persons with disabilities, migrants, ethnic groups, minorities, in accordance with international agreements at global and regional level;
- Establish and manage funds to support mainstreaming of the regional and national action plans for women, children, youth, older persons, persons with disabilities, migrants, ethnic groups or minorities.

### **Current Experience in Emerging Regional Social Policy**

**EU:** The European Union represents the most advanced form of regional integration. In terms of regional social policy, the EU has made major advances in the three fields of social redistribution, social regulation and social rights. The Structural Fund/Social Cohesion Fund is the mechanism whereby the EU's funds (which are contributed approximately according to country GNP and population size) are allocated to the development of impoverished or economically underdeveloped areas within the EU member states<sup>4</sup>. There are a range of regulations in the fields of occupational health and safety, health services, equal opportunities, labour law, and social security and pensions schemes, together with social dialogue mechanisms that apply to all countries. In terms of regional social rights, the Community Charter of Fundamental Social Rights of Workers was established at an earlier stage and was added to in 2000 with the adoption of the Charter of Fundamental Rights.

Harmonization of national policies and standards to the EU's *acquis communautaire* (EU's common laws) occurs during the period of accession of a country into the EU. Harmonization of national social regulations and standards is a precondition to be accepted at the EU and benefit from its internal market and regional transfers.

Additionally, the Open Method of Coordination (OMC) is a mechanism whereby national civil servants are encouraged to ratchet up their policies against agreed EU-wide benchmarks and through policy learning processes (de la Porte and Nanz, 2004; Chalmers and Lodge, 2003). The OMC in the fight against social exclusion was introduced in March 2000; in the area of pensions it was introduced in March 2001 and in the area of health care it was introduced in June 2001.

A regional integration process such as Europe's has developed despite facing a wide range of obstacles, dissent, challenges, and dilemmas for over fifty years. It now constitutes a working apparatus of social policies, practices and laws that is not only far more extensive than first envisaged in the Treaty of Rome, but is also destined to expand further. Threlfall (2007) moves beyond previous accounts in arguing that procedural complexity has been an intrinsic and creative

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<sup>4</sup> See further details on EU Structural Funds in section on financing.

part of its development. There are lessons for other regional integration processes: when political consensus has failed to materialize with the use of one procedure, innovative routes have been explored in a continual search for effective ways to advance social integration.

There are some signs of such a regional approach to social policy emerging in the south, presented below (in alphabetical order).

### Track Record of Regional Social Policies

	Regulation & Standards of Labour and Social Services	Redistribution Mechanisms/ Funds	Social Rights/ Charters	Technical Cooperation/ Capacity Building
ALBA		✓	✓	✓
APEC				✓
ASEAN			✓	✓
AU				✓
CAFTA	✓			✓
CAN		✓		✓
CARICOM	✓			✓
EU	✓	✓	✓	✓
LAS		✓	✓	✓
MERCOSUR	✓	✓	✓	✓
SAARC	✓	✓		✓
SADC	✓		✓	✓

**ALBA:** Despite its recent creation in 2006, the Bolivarian Alternative for Latin America has already developed some social policies to address pressing health problems, illiteracy and emergency relief among member countries, involving regional redistribution and technical cooperation. It developed a Social Charter to address the “social debt” (under-investment in social sectors as a result of the Latin American debt crisis). Forthcoming legislative priorities include production of goods for mass consumption, housing, salaries, pensions, utilities, and positive legislation for women, afro-descendents and indigenous populations.

**ASEAN:** ASEAN has a Social Charter consistent with the various commitments undertaken by member countries (ILO conventions, World Summits etc). ASEAN has been noted for its limited involvement in social policy beyond encouragement of safety nets in the aftermath of the Asian financial crisis. Joy Chavez (2006) argues that regional agreements on social protection and integration, with particular focus on migration and labour standards, will help increase the profile of ASEAN among ordinary citizens, and signals the recognition of the economic nature of migration. There are limited mechanisms that can be used to push for this, from discussions to regional coalition building. The challenge Chavez argues lies in making the issue an active concern in official ASEAN agendas.

**AU:** The African Union was born in 1999 to achieve greater unity and solidarity between African countries. In 2001, the New Partnership for African Development (NEPAD, under the AU), was created to finance cross-regional investments. The AU Labour and Social Affairs Committee has developed technical cooperation activities and is in the process of approving a Social Policy Framework for the Africa region. So far NEPAD has dealt with social development only in its human development aspects, education and health, insufficient to achieve broader social development. In 2006 a number of African governments have recognized this gap and suggested to move towards a regional social policy focused on equity, employment and social protection, with UN and donor support.

**CAFTA:** This very new regional formation is a hybrid of an open or mega-regionalism formation extending to and including the USA but exhibits features of a smaller regional formation with some social protectionist features. The constitution provides for the legal requirement to recognize the ILO's core labour standards. With the ratification of CAFTA-DR the Central American states are obliged to uphold basic worker's rights as they have been formulated by the ILO. The ILO declaration of fundamental rights of workers is written into the treaty. Hence chapter XVI guarantees the right to collective negotiations; elimination of all forms of forced and obligatory labour; effective abolition of child labour; elimination of discrimination in the work place; the establishment of worker's councils; work place inspections; conflict resolution procedures for work place disputes; social protection; employment opportunities; and elimination of discrimination on the grounds of sex. The chapter also establishes a system of sanctions by which a country that does not protect the workers accordingly can be fined US\$15 million (Abrahamson, 2007).

**CAN:** The Andean Community agreed in 2004 on a regional Integral Plan for Social Development that involves technical cooperation on social policy among Andean countries including the exchange of good practice, regional monitoring of the Millennium Development Goals (MDGs) and a number of regional social projects, including the 2005 Andean Social Humanitarian Fund.

**CARICOM:** There have been regional agreements on social security and health. The Council for Human and Social Development provides benchmarks for countries and advises on policy developments. Further involvement on social issues would benefit Caribbean populations. For instance, Hosein and Thomas (2006) argue how the intra regional movement of skilled workers such as nurses can help to solve some of the regional shortages of skills in this category of work .

**LAS:** The League of Arab States has played an important role in education and preserving Arab cultural heritage. The Arab League has launched literacy campaigns, worked to harmonize school curricula, and reproduced intellectual works. It encourages common measures against crime and drug abuse. It deals with labour issues (particularly among the emigrant Arab workforce), fosters cultural exchanges between member states, promotes youth and sports programs, women's development and child welfare activities. In 1990, member countries of the League of Arab states signed the Arab Charter on Human Rights. The Arab Fund for Economic and Social Development (AFESD) and the OPEC Fund provide grants and loans for housing and social services.

**MERCOSUR:** The South American Common Market has an important labour and social declaration, common regulations on pharmaceuticals, some reciprocal social security entitlements,

and joint health and safety inspections. Agreements have been signed to recognize education credentials, degrees and diplomas across member countries. There are proposals for a regional social fund, and a few regionally funded projects in border areas exist. Technical cooperation has occurred in most social areas. In January 2007, in an effort to enhance the social dimensions of MERCOSUR, its Council approved the establishment of Mercosur Social Institute, to be based in Asunción, Paraguay, with the mandate to elaborate regional social policies, to systematize and update regional social indicators, and to promote the exchange of good practices in the social field and cooperation mechanisms.

**SAARC:** The South Asian Association for Regional Cooperation (SAARC) has included social issues on the agendas of its summits. In 2002 SAARC signed a regional convention for the promotion of child welfare and a regional convention on the prevention of trafficking of women and children. Earlier in 1997 a regional food security reserve was established while in 2002 the SAARC tuberculosis centre was established in Kathmandu to coordinate national programmes (ICSW, 2003). The twice-postponed 13th summit of SAARC was held in November 2005. Highlights of the Summit Declaration included the SAARC Decade of Poverty Alleviation; a regional food bank, a Poverty Alleviation Fund, and new resolves to address problems of natural disasters and pandemics and the trafficking of women and children.

**SADC:** The Southern Africa Development Community has a regional health policy in place, recently strengthened with an equity focus, with actions plans such as the SADC HIV/AIDS Strategic Framework and Programme of Action 2003-2007. National education policies in the region are reviewed collectively for quality assurance. SADC has a good Gender Unit, fostered by the Declaration by SADC Heads of State or Government on Gender and Development. Cross-border technical cooperation and learning from good practices exist, particularly on social protection and cash transfers. There is a SADC Social Charter protecting fundamental rights, freedom of association and collective bargaining, health and safety, as well as equality for women, persons with disabilities and older persons. In November 2006, with the support of UN DESA, governments of SADC endorsed a first draft of a regional social policy.

### **Financing and Facilitating Regional Social Policies**

Regional public goods, and in particular regional social policies, are severely under funded, impeding development. This undersupply does not only have costs for national and regional development, it often generates costs at the global level (e.g. SARS). These types of externalities from severe under provision are part of the case for donor financing.

There are two main financing sources for regional social policies:

- (i) International funds, mostly in the form of increased ODA; recently complemented by innovative proposals of development finance.
- (ii) Intra-regional transfers, for example, as developed by the EU or ALBA.

### *International Funds: Multilateral and Bilateral ODA*

Given the extent of world income inequality, explained in the opening section, the justification for international redistribution cannot be stronger. The official channel for international redistribution is ODA, in two main forms, multilateral and bilateral aid. Northern governments have repeatedly committed to contribute 0.7 per cent of GNI to ODA, but the international effort is well below target (0.2 per cent average in 2000-2006)<sup>5</sup>. Given the limited magnitude of ODA, aid has naturally focused on national interventions, and regional policies have not been a priority.

When analyzing the percentage of ODA supporting regional policies, surprisingly the regional development banks—the African, Asian, European and Inter-American Development Banks—have invested less than UN agencies. Regional banks have concentrated their portfolios on country loans, despite their original regional mission. Some regional programmes have been launched (e.g. Mekong Initiative at ADB and Controlling Transmittable Diseases in Latin America at IADB) but they did not account for more than 1.2 per cent of the banks' portfolio in the early 2000s. If we add UN agencies such as WHO or UNDP, regional interventions as a percentage of the total portfolio increase to 2.3 per cent, still a low figure (Birdsall, 2006).

According to OECD DAC, 64 per cent of total ODA is bilateral (with an upward trend) and only 36 per cent given to multilateral institutions like UN agencies and the development banks (and the trend appears to be to continue cutting contributions to them). The re-emergence of bilateralism in the early 21<sup>st</sup> century is a worrisome trend, reflecting the lack of agreement of powerful countries on a global agenda (Ortiz, 2005). Additionally, this multiplicity of donors creates significant problems for governments in developing countries, e.g. high transaction costs associated with each donor having different reporting, procurement and disbursement procedures and requirements. This is a main reason why new instruments such as general budget support and SWAps are preferred by developing countries.

While some donors have been actively promoting regional social policies (particularly, European donors), generally bilateral donors have been reluctant to finance multi-country programmes given the lack of a single interlocutor that can be held accountable. This can be easily overcome by forming accountable implementing institutions, as they have been created in post-war Europe (to disburse Marshall Aid) and Africa (NEPAD).

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<sup>5</sup> Source: OECD Development Assistance Committee data (2000-06), Exceptionally, in 2005, aid rose to 0.3 per cent due to extra donations sent for relief efforts after the Asian Tsunami and Iraq war, but ODA fell back in 2006. US contribution averages 0.1 per cent, Japan 0.2 per cent, the EU 0.3 per cent. Only Denmark, Luxemburg, the Netherlands, Norway and Sweden have met the 0.7 per cent commitment. While rich countries are becoming richer, in real terms, their contributions have decreased (relative to their income) as compared to one decade earlier; in the early 1990s, contributions were 0.32 per cent of OECD's GNI as an average. Several governments have claimed that the 0.7 per cent commitment is outside their budget envelope; however, comparing expenditures on military defence and aid, for instance, shows that it is really a question of setting priorities (Ortiz, 2005a).

### *Instruments of ODA: Loans, Grants, SWAps*

Typical instruments of ODA are grants and loans (on concessional or commercial basis). A third option, blending grants and loans, could additionally be used to pull funds for regional social policies.

- (i) *Loan financing:* Loans are a least preferred option given they build external debt. Loans provided by multilateral banks (World Bank, ADB) and funds (OPEC, AFESD) must be repaid according to either commercial or concessional interest rates - the latter being around 1 per cent per annum, with a maturity period of about 20 years depending on the institutions. Multilateral banks only give commercial loans to developing countries with higher GDP per capita, like Mexico or India. Given the positive externalities associated with regional social policies, regularly priced non-concessional loans at market rates are particularly discouraged. Lending for regional policies may also entail some additional difficulties in determining the exact costs and benefits (the free-rider problem) to each country, though the development banks have experiences of regional investment projects as an example of multi-country loans.
- (ii) *Grant financing:* Grant financing is a preferred first option given its lesser cost to governments; additionally, it is fully justified given the unequal distribution of income resulting from globalization processes.
- (iii) *SWAps:* A last option is a blend of financing sources from different institutions to support social sector regional policies in the form of a SWAp (Sector Wide Approach). So far, the existing 100 SWAps around the world have been used for national sector policies, but the instrument could also be utilized for regional policies. SWAps are an attempt to overcome the problem of multiplicity of donors; by coordinating both developing country policies and donors. Regional social policies could become a good example of aid harmonization and alignment (Ortiz, 2005).

### *New International Sources of Development Finance*

Up to the mid-1990s, bilateral and multilateral aid dominated north-south transfers. Since then, more international financing mechanisms have emerged, mostly a variety of private public-private partnerships in the area of health. Such is the case of the Global Health Program of the Gates Foundation (started 1994), the Global TB Vaccine Foundation (1997) or the Drugs for Neglected Diseases Initiative (2003), among others. They tend to be issue focussed (e.g. malaria, tuberculosis, HIV/AIDS), financed by private donations which often surpass funds for similar UN programmes (Conceição, 2006). These institutions are therefore a potential source of funds for selected cross-country social policies in specific areas.

This new international financing mechanisms should complement -- never replace -- ODA. Given the failure of donors to meet the commitment to 0.7 per cent of GNI, new international sources of development finance have been proposed, mainly taxing luxury activities or activities with negative social or environmental externalities. Proposals include: (i) global environmental taxes (carbon-use tax); (ii) tax on speculative short-term currency flows (the so-called "Tobin tax"); (iii) taxes on airplane tickets; (iv) the issuing of new Special Drawing Rights (SDRs), (v) concerted international

action to fight tax evasion and tax heavens, (vi) increase voluntary donations using new methods (percentage of credit card sales, lotteries, etc), and (vii) a global premium bond (Atkinson, 2004; Deacon, 2007). If operative, these could become additional complementary sources of funding for global and regional social policies.

Raising funds in the international capital market through bonds and securities, beyond the traditional government obligation bonds, is another recently explored source of development finance. Project or revenue bonds and securities which are not backed by government general taxation like traditional obligation bonds but, for example, by future incoming revenues from a power plant, a toll-road or even worker's remittances, are increasingly used by governments to raise funds (Conceição, Rajan and Sha, 2006). However, these new sources of development finance are generally not funding social sectors, given they yield few private returns attractive to investors.

Exceptionally, the UK proposed International Financial Facility (IFF) is a redistributive securitization scheme. IFF issues AAA-rated bonds based on donor commitments to aid. The scheme is thus guaranteed by donor countries; donor payments also fund bond interest and IFF administration. IFF uses bond proceeds to fund grants to official aid agencies and these disburse to beneficiaries (Rogerson, 2004). Additionally, IFF forces donors to disburse aid commitments. So far IFF has only mobilized resources for health immunization through IFFIm<sup>6</sup>. The further expansion of IFF, and the basis on which some development programmes are to be chosen, remains to be agreed, but funds could be used for regional social policies.

### *Intra-Regional Transfers*

Intra-regional transfers are the other typical source of finance for regional social policies. This requires, of course, the existence of at least one higher income country in the regional association, as well as willingness to pay for regional solidarity. Such is the case of the EU, ALBA and LAS.

In Europe, the Single European Act (1986) agreed that the EU had a responsibility to assist Europe's less developed regions to catch up with the more economically advanced countries. The emphasis on cohesion was in part a policy to develop the EU internal market. The EU set a range of policy instruments, known collectively as Structural Funds, direct transfers from wealthy to poor regions, designed to assist lagging areas to build infrastructure, human capital, and jobs. In 1992, the Delors II and later agreements continued regional redistribution, including the establishment of a new instrument, the Social Cohesion Fund in 1994. In 2007, these cohesion funds represent 36 per cent of the total EU budget (€45.5 billion). This figure does not include the EU Solidarity Fund, Globalization Adjustment Fund, Emergency Funds, and other budget lines in support of national social policies. Thus intra-European redistribution is a central element of the EU's policies.

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<sup>6</sup> The International Financial Facility for Immunization (IFFIm) is a new international development financing institution that is supported by sovereign donors (currently the governments of Brazil, France, Italy, Norway, South Africa, Spain, Sweden and the United Kingdom). IFFIm funds GAVI (the Global Alliance for Vaccines and Immunization). Given the strength of its backing from largely triple-A-rated sovereigns, and its conservative financial policies, IFFIm has been rated AAA. The World Bank is acting as Treasury Manager for IFFIm.



Regional solidarity is also a major component in Latin America's ALBA. Oil-rich Venezuela has been funding a number of social policies among ALBA member countries (literacy and health programmes, emergency relief). Given that ALBA was created in 2006, it has not yet fully developed an institutional machinery, but what is important is the willingness to provide intra-regional redistribution. Gulf States have also redistributed wealth among members of the League of Arab States. The main issue for ALBA and LAS is sustainability. ALBA and LAS redistributive policies depend on the price of oil; if oil prices were to plummet, their schemes may well fall apart. Diversification of regional contributions and lesser dependency on a single resource is advised to ensure sustainability.

Other world regional associations have been less redistributive, and funds only created under emergency pressure (e.g. ASEAN Haze Fund).

### *Institutional Arrangements to Finance Regional Social Policy*

Financing regional social policies will require adequate institutional arrangements and good-governance to attract either international or intra-regional funding. The degree of institutional complexity will change case to case; however, what is essential is that sound management practices and controls must be put in place to ensure prudent and efficient use of resources.

The EU provides an example of complex institutional architecture where implementation of regional social policies occurs at three levels: regional, national and local. The EU has specific eligibility criteria for funding, and well-established procedures at all levels, including multiyear planning, disbursement mechanisms, monitoring, evaluation, and partnerships between various levels of government and civil society.

Regional social policies do not necessarily need such complex architecture. In places where urgent action is needed, or domestic institutions may involve too many fiduciary risks to donors (e.g. bad governance), faster implementing and disbursement mechanisms can be established. An example can be found in the Marshall aid to assist Europe, devastated by World War II. In 1948, the US Congress approved the use of 2 per cent to 3 per cent of US GDP per annum to finance grants for the reconstruction of Europe until 1953. This became known as the Marshall Plan. It disbursed US\$13 billion to 16 European beneficiary countries (or US\$87 billion in 1997 dollars, an interesting comparison to the current average of 0.2 per cent GNI that rich countries spend in aid for more than 180 developing countries). The Marshall Plan was channelled through newly created institutions in 1948, the Organization for European Economic Cooperation (later OECD) and the European Payments Union (Ocampo, 2006).

The New Partnership for Africa's Development (NEPAD), under the African Union, is another recent example. NEPAD was created in 2001, among other objectives, to reverse the decline in ODA flows to Africa due to increasing war conflicts, human rights abuses and bad governance. NEPAD works through Action Plans, so far mostly centred on regional infrastructure and corporate investments, used to attract donor financing. Regardless of NEPAD's effectiveness in addressing regional social policy, what is important to realize is that new institutional arrangements

can be established (e.g. a kind of fast-disbursing Regional Social Funds) to manage donor and member state contributions, minimizing fiduciary risks, ensuring that funds will be accurately used for their intended purposes and follow accountable and transparent financial management practices.

### *Facilitating Regional Social Policies*

The case exists for exploring the feasibility of establishing a standing committee at UN level of all the regional officials responsible for the social dimension of regions together with the ILO, WHO, UNDP, UN DESA, the UN Regional Economic Commissions and the regional development banks. This UN standing committee could facilitate meetings of the social and employment secretariats of regional groupings of countries (ALBA, ASEAN, AU, CAFTA, CAN, etc), to compare good regional practices, to enable further development of regional social policies and regional institutions, as well as to facilitate inter-regional social policy dialogues.

### **Conclusion**

Increasingly countries are considering regional policies as a strategy to achieve a fairer globalization. If adequately designed and financed, regional policies may be a complementary tool to foster inclusive development, national equity and social transformation, as well as creating better external collective bargaining positions. This paper presents some recommendations in terms of potential areas, programmes, financing and implementation of regional social policies. Despite the many obstacles, a world of regions each with a strong social dimension could provide an alternative and more effective model of global social governance to redress world asymmetries.

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