Financing for Development: From Monterrey to Doha  
Towards the 2nd World Conference on FfD

Currently Doha, the capital of the Arab Emirate Qatar, stands for the latest WTO round. This may soon change: In 2008, the United Nations will hold their 2nd Global Conference on Financing for Development (FfD) in Doha. This conference is intended to take stock of the implementation of the decisions of the first FfD conference in Monterrey in 2002 and to determine what new initiatives are necessary, esp. to attain the Millennium Development Goals. Jens Martens summarises the most recent trends, the possible issues on the agenda and the key events in the preparatory process.

The agenda for the 2nd Global Conference on Financing for Development is primarily defined by the issues and results of the first FfD conference. There the governments adopted the so-called Monterrey Consensus which contains decisions on the following issue areas: mobilisation of domestic resources, foreign direct investment, trade, debt, international financial and technical cooperation; systemic issues: coherence within the international monetary, financial and trade systems.

However, this “consensus” remained vague and placed the primary responsibility for mobilising additional resources and for structural changes on the developing countries. In Monterrey, the industrialised countries’ governments refused to commit to any binding obligation to increase their development assistance, to further debt cancellation, and to introduce innovative financial instruments. International taxes or levies were anathema. Consequently, civil society organisations criticised the resolutions as entirely insufficient and declared at the end of the conference: “We are not part of the Monterrey Consensus.” According to John Foster of Social Watch the final document was nothing but the neo-liberal “Washington Consensus under a sombrero”.

* New dynamics

Since then there has been a noticeably shift in the discourse on development financing and the international architecture of development co-operation.

* Rise in ODA: In 2005, the EU governments agreed to a staged increase in official development assistance (ODA) to 0.7% of GNI by 2015. ODA from members of the OECD Development Assistance Committee reached the historic high of US$106.8bn in 2005. This was only possible however by adding debt relief, in particular for Iraq and Nigeria (totalling US$22.7bn). Thus there is an intensified debate surrounding not only the quantity of ODA but also its definition and this risk that the ODA criteria will be even further diluted.

* Paris Declaration: In the Paris Declaration
on Aid Effectiveness issued in March 2005
governments comprehensively treated the
quality problems on the donor side. The
declaration contains commitments to harmonise ODA and adapt it better to the recipient
country's development strategy, reduce
transaction costs and bureaucratic proce-
dures, untying aid and grant ODA increas-
ingly as direct budget support. In Accra
(Ghana) a follow-up conference to the Paris
Declaration in September 2008 is to adopt
further steps to improve the quality of ODA.

* New donors: Along with the traditional
donor countries new, emerging donors are
entering the stage. On the one hand these
include some of the countries of the South,
foremost China, but also Saudi Arabia and
Venezuela. The total amount of transfer is
unknown but is at least several billion US
dollars annually and is rapidly increasing.
On the other hand, private donors are grow-
ing in importance. In the upcoming years,
the Bill and Melinda Gates Foundation alone
will spend about US$3bn per year for devel-
opment projects. This is more than the Ger-
man bilateral ODA for technical coopera-
tion..

* Leading Group: The initiative of the presi-
dents of Brazil and France, Lula and Chirac,
to introduce new international financial in-
struments found unexpected support in the
past two years. 46 countries have already
joined the initiative’s “Leading Group on
Solidarity Levies to Fund Development”.
Twenty of them have decided to introduce a
solidarity levy on airline tickets; four have
already done so. There has also been move-
ment in the discussion on a Currency Trans-
action Tax (now called Currency Transac-
tion Development Levy – CTDL).

* Tax evasion and public finance: Interna-
tional development policy increasingly deals
with the issue of how to mobilise more pub-
lic revenues in the South and contain capital
flight. Combating tax evasion and tax havens
has also moved up on the Leading Group’s
agenda as a result of pressure by a growing
alliance of civil society organisations, par-
icularly the Tax Justice Network.

* IMF reform: One result of Monterrey was
the general agreement to strengthen the
voice of the developing countries in the de-
cision-making bodies of international financial
institutions. However the governments
have not been able to agree on concrete re-
forms in subsequent years. Meanwhile they
have at least decided to reform the voting
shares and basic voting right in favour of
some countries of the South at the 2008 an-
nual meetings of IMF and World Bank.
However, this is in no way tied to a compre-
hensive reform of the governance structures
and mandates of IMF and World Bank.

These issues and trends will dominate the
debates prior to the Doha conference. Yet
the conference agenda has not been decided
upon. The governments avoided any com-
mitments in the UN resolution on the FfD
follow-up conference (UN Doc.
A/RES/61/191 of 20 December 2007). They
only defined the purpose of the conference
in general terms: “(...) the review conference
should assess progress made, reaffirm goals
and commitments, share best practices and
lessons learned, and identify obstacles and
constraints encountered, actions and initia-
tives to overcome them, and important
measures for further implementation, as well
as new challenges and emerging issues.”

* Unclear preparatory process

Experience with the dramaturgy of previous
world conferences has shown that for the
purpose of political consensus building the
preparatory process is more important than
the conference itself. Therefore the trend of
the past several years, as recently at the 2005
World Summit, to prepare the conference
mainly in informal consultations behind
closed doors has become increasingly prob-
lematic. This trend seems to continue in the preparation for the Monterrey follow-up conference.

The Road to Doha

2007:
* 16 April: Spring Meeting of UN Economic and Social Council (ECOSOC), Bretton Woods Institutions, WTO and UNCTAD in New York
* Beginning of July: ECOSOC Development Co-operation Forum in Geneva
* Mid-July: Half-time for implementation of MDGs
* July 2007: Meeting of Leading Group on Innovative Finance in South Korea
* 4th quarter: “High level” Dialogue of UN-General Assembly on Development Financing in New York

2008:
* April: Spring meeting of ECOSOC, Bretton Woods Institutions, WTO and UNCTAD in New York
* 20-25 April: UNCTAD XII in Accra/Ghana
* July: ECOSOC Development Co-operation Forum in New York
* September: 3rd High-Level Forum on Aid Effectiveness in Accra
* 2nd half of 2008: 2nd International Conference on Financing for Development in Doha

In their FfD resolution, the governments requested the President of the General Assembly to start consultations with the member states and all stakeholders (meaning civil society, business and also IMF and World Bank) in the course of 2007. These are supposed to be conducted in an “open, inclusive and transparent” way. But a reliable official plan for the preparatory process to the Doha conference is still lacking. This not only hampers the systematic participation of NGOs but also the participation by governments from the South whose representation in New York is often only meagre.

Given this situation the diverse international meetings and fora to be held on the road to Doha on various facets of development financing will be of special importance (see box). In these fora, governments and civil society will continue the debates about the financing of the MDGs, the quality of ODA, the introduction of international taxes, resp. “solidarity levies” as well as combating tax evasion and tax avoidance.

The political challenge for the governments is to bundle this confusing fabric of international discussion processes with the Doha conference and to agree on new initiatives beyond the minimal consensus of Monterrey. This is not made easier by the fact that the planned conference date in the second half of 2008 is during the hottest phase of the US presidential election campaign. Moving the date by a few months to 2009 could possibly raise the chances of success.

Further information:

Posted: 14 March 2007