Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

Plenary meeting, Saturday, 29 November, 2008
Doha Sheraton

REPORT FROM THE CIVIL SOCIETY FORUM

Presented by Gemma Adaba
Doha NGO Group on Financing for Development; International Trade Union Confederation

Your Excellency, Mr President of the Financing for Development Review Conference
Mr President of the 63rd Session of the General Assembly
Mr Secretary General
Heads of State, Heads of Delegations and representatives of Member States,
Colleagues and Representatives of the Business Sector and of Parliaments
Dear Civil Society Colleagues
Ladies and Gentlemen

We, the members of more than 250 civil society organizations and networks from around the world have gathered here in Doha, Qatar, for a Civil Society Forum held from 25 – 27 November, just prior to the official Review Conference on Financing for Development, under the theme “Investing in people centered development”. We reviewed the implementation of the Monterrey Consensus, discussed pressing new challenges, and debated possibilities for innovative financing.

We are grateful for this opportunity to present a brief summary of our deliberations to you today. A more detailed document, our “Civil Society Declaration” has been made available to you in the room. We urge you to listen and take full account of the voices and key recommendations of civil society in your discussions, conclusions and follow-up actions.

Today the world is consumed by an urgent series of crises: energy, food, climate, and finance, that not only threaten the realization of the Millennium Development Goals (MDGs) and the lives and livelihoods of hundreds of millions of people, in the North and the South, but also the stability of the world’s economies. The Northern governments and financial system are responsible for the current crises, but the costs and the impacts are paid for by the entire world, and by the poorest countries in particular.

In recent years the world has witnessed a substantial and growing transfer of capital from the global South to the North through, among others tax evasion facilitated by tax havens, debt servicing and unfavourable terms of trade. Taking into account all financial sources, there is a net capital flow of hundreds of billions of dollars per year going from the South to the North. This is a scandalous “reverse welfare” in which the poorest countries are financing the richest.
Trade negotiations have reached a stalemate. Most Northern countries are falling far short of meeting their aid commitments.

Persistent gender inequalities reflect and are related to all of these structural imbalances in the global economic system. Thus it is urgent to include a gender perspective in all policies, and at all levels and sectors.

Overcoming these crises requires decisive action and leadership from the global community. To date however, such leadership has been sorely lacking.

The swift and massive response of governments of the richest countries to bail out banks and private financial institutions with more than three trillion US dollars of public guarantees and funds, stands in stark contrast to their failure to respond decisively to the unabated crisis of poverty, and marginalization that has afflicted the majority of peoples in the world.

According to the Food and Agriculture Organization $30 billion are required every year to eradicate poverty.
According to the World Bank, to cut by 2/3 the child mortality in the poorest countries, some 20 – 25 additional billion dollars per year are needed.
Every minute a woman is dying because of complications in pregnancy and birth.
To guarantee basic instruction to all the children in the world, between 10 and 30 billion dollars per year is required.
The International Labor Organization (ILO) estimates that the current crisis will result in the loss of 20 million jobs by the end of 2009; another 100 million people will be pushed into the informal economy, on top of the existing 200 million unemployed and 1.3 billion underemployed workers.

So far the international community has proven incapable of raising the sums necessary to tackle these human crises, even though these are in the range of a few percentage points of the enormous capital dished out to save financial institutions. In addition, twelve years of debt relief initiatives have generated only slightly more than 100 billion dollars in debts cancelled.

Working people, particularly, women are being forced to pay the bill for a system founded on the concentration of wealth and economic control in the hands of a few and the continuing and deepening impoverishment of the majority.

The commitments made by the G-20 government leaders two weeks ago in Washington DC to strengthen regulation and oversight will not be sufficient.
Moreover, we are deeply concerned to see the G-20 process give a central role to failed global financial and trade institutions such as the IMF, World Bank and the WTO. In the last 30 years, these institutions have pushed for increased capital flows and market liberalization, resulting in the erosion of national policy space, and the violation of national sovereignty. They are among the major institutions responsible for the current situation, have no legitimacy and no credibility to play such a role in the reform of the international financial system, let alone to start a self-reform process.

Trade liberalization, of the kind pursued under the Doha Round, has contributed to increased vulnerability of developing countries in key areas. These include unemployment, downward pressure on workers’ conditions and rights, the reduction of access to key public services and the threat to food sovereignty.
We demand global economic structures and policies that put peoples’ rights first, that respect and promote human rights, gender equality, as well as social and environmental justice. We demand policies that ensure decent work based on employment opportunities, respect for labor rights, social protection, social dialogue, sustainable livelihoods, provision of essential services such as health, education, housing, water and clean energy, and that take account of the care economy, largely dependent on women. People need to have greater control over resources and the decisions that affect their lives.

We observe that instead of engaging in a high-level comprehensive debate on financing for development at this United Nations Review Conference, most countries from the North have opted not to participate at Heads of State level, and the absence of the Heads of the IMF and the World Bank at this conference reveals their disregard for an inclusive process that links the critical areas of development and finance.

Mr President, distinguished delegates we are convinced that the United Nations and the FfD process are key to reaching enduring solutions to the multiple human crises we have outlined. We call on governments to agree to a strong FfD follow-up process. This should provide for a new institutional mechanism within the legitimate framework of the UN, which ensures full respect of all aspects of the Internationally Agreed Development Goals, and brings together all institutional stakeholders, not only the International Financial Institutions and the World Trade Organization, but also the World Health Organization, the UN specialized agencies such as the International Labor Organization and UNIFEM, as well as civil society.

Mr President, distinguished delegates, the Civil Society Forum reviewed a number of key Global issues, organized around the six thematic areas of the Monterrey Consensus:

I. On Domestic resource mobilization

We conclude that in order to achieve the international development goals and overcome dependence on external lenders, whether governments, banks or the International Finance Institutions, the countries of the South need to substantially increase revenue from national resources, and channel these resources towards meeting the needs of the people living in poverty. The domestic policy tools that can inform this process include fiscal reform, as well as fiscal and monetary instruments to moderate economic downturns and protect at risk economic sectors and populations from negative impacts.

The just allocation of domestic resources toward gender equality is critical to achieving MDG3 and signals a country’s commitment to gender equality through investments of their own resources. National development planning needs to enhance the participation of women and actively take into account their concerns.

We call for deeper and meaningful policy space for developing country governments and stakeholders to be free to develop social and economic policies, micro and macroeconomic policies that are based on people-centered sustainable development, providing decent work opportunities and capacity-building for the working poor as well as addressing the causes and impacts of climate change, the food crisis, and the growing informal economy. Further, greater attention must be paid to rural economies, in need of broader and more equitable access to credit, inputs, information and technology, and the just and equitable redistribution of land assets.

We propose a more representative space for dealing with taxation, building on the work of the OECD tax committee, by upgrading the UN tax committee to an adequately resourced and fully mandated intergovernmental body based on political representation and technical expertise.
II. Foreign Direct Investment (FDI)

We are convinced of the need to institute a holistic approach to foreign direct investment that includes, among others, the social development aspects, sustainable technology transfer and elimination of tax havens that deny poor countries much needed financial resources for development. FDI should follow environmentally and socially sustainable production systems, and align its operations with national and local economies.

Appropriate regulatory frameworks should be put in place to ensure corporate accountability, including the ILO Declaration on Multinational Enterprises and social policy. Measures should be developed at international level to align business activities with observance of human and workers’ rights, in particular in the areas concerning the state duty to protect and promote human rights, the corporate responsibility to respect human rights, and the need for access to effective remedies for victims, including through judicial mechanisms.

Bilateral investment and free trade agreements should be discussed with all relevant stakeholders, notably national parliaments, social partners and civil society ensuring democratic ownership. Such agreements that do not promote development and decent work should be reversed or not concluded.

The drive to improve productivity and competitiveness, particularly through outsourcing, subcontracting and value chains, should not be pursued at the cost of workers’ rights, working conditions and wages, but should be based on the social and environmental imperatives of sustainable development.

III. Trade

With respect to trade, we conclude that the impact of the global financial crisis in developing countries is exposing vulnerabilities that stem from the implementation of an export-led model that placed much emphasis on the liberalization of trade, without looking at mechanisms for ensuring that trade would become an instrument for the stable provision of development finance. We call upon Member States to use the FfD Doha process to reshape the WTO Doha negotiations towards a genuine development round. In the interests of policy coherence, outcomes should be fully aligned with the Internationally Agreed Development Goals (IADGs) including the MDGs, as well as with decent work objectives and the observance of core labor standards. Developing countries must be accorded the policy space to determine whether, how and when they want to liberalize sectors and markets.

IV. Aid

On the question of Aid, we contend that the financial crisis must not be used as an excuse to further renege on aid promises. More than ever, developing countries need support to weather the financial, climate, and food crises – crises principally caused by developed countries. The G8 should therefore speed up their promise to increase annual aid by US$50bn to US$130 billion by 2010. All countries should accelerate progress towards realizing the 0.7% ODA/GNI target. We call upon donors to act coherently by establishing binding timetables for increasing ODA to reach the 0.7% target by 2015 at the latest.

Stronger efforts are urgently needed to further improve the quality of aid, in particular by strengthening democratic ownership, with a greater focus on targeting gender justice, and ending economic policy conditions. Donors should encourage and financially support Civil Society engagement, and recognize the key role they play in implementing and monitoring programs and policies. Building on these agreements, donors should agree to fully untie aid as well as to fully de-link aid from economic policy conditions. Such conditions undermine ownership and often increase
poverty, and as such they conflict with the goals of poverty eradication and increased aid
effectiveness.

ODA processes must uphold the mutual responsibilities and obligations of governments to fulfil
internationally agreed development commitments related to gender equality and women’s rights,
such as the Beijing Platform for Action, the CEDAW, the Maputo protocol, without resorting to
impositions and conditionality within the narrow framework of aid delivery.

As a universal body, the Development Cooperation Forum (DCF) must be mandated to address
development strategies, policies and the financing of development cooperation, as well as
promoting coherence between the activities of various development partners.

**Innovative Financing Mechanisms**

Innovative sources of finance provide much needed additional resources for development, and these
should be above and beyond the 0.7% commitments of GNI to ODA. We furthermore ask the
member states to commit themselves to studying, developing and implementing a levy of 0.005%
on, progressively, all foreign exchange transactions. The implementation of such a levy would mean
that a very important step has been made towards a better distribution of the world’s wealth.

Measures should be adopted which have the promise to generate significant levels of additional
funding for environmental and development initiatives. To demonstrate their support, interested
governments should become members of the Leading Group on Solidarity Levies and take a pro-
active role.

**V Debt**

Given their failure to address the debt crisis over the years, and their role in generating illegitimate
debt and imposing harmful policy conditionalities, we oppose the continued role and proposed
strengthening of the International Financial Institutions (IFIs) on debt issues. Instead, governments
should establish a new debt architecture that is inclusive, participatory and democratically
accountable to the peoples it aims to serve. The United Nations should play a key role in its
development, and the institutions and mechanisms should be subject to international human rights
norms and treaties. Among other needs, the new binding institutional framework should revise the
current debt sustainability framework so as to include domestic debt, human development and
environmental and climate justice considerations. There is also an urgent need to establish fair and
transparent debt work-out mechanisms that are independent from the IFIs.

We call for the cancellation and repudiation of illegitimate and odious debt as well as decisive
actions to stop the re-accumulation of such debt.

**VI. Systemic issues and Follow-up**

The agreements of the global conferences of the 1990s, their action plans and established human
rights, gender equality, labor and environmental agreements should be implemented, and systemic
reforms undertaken in financing for development should be coherent with them.

The FfD follow-up process should provide for a new institutional mechanism within the legitimate
framework of the UN, which ensures full respect of all aspects of the Internationally Agreed
Development Goals and brings together all institutional stakeholders, not only the International
Financial Institutions, the World Trade Organization and World Health Organization, but also the UN
specialized agencies such as the International Labor Organization and UNIFEM, as well as civil
A “major international conference at Summit level should be held in 2009 to comprehensively review the international financial architecture and global economic governance structures”. Such a Conference should be held under the umbrella of the United Nations with the inclusive principles that govern the Financing for Development process, including the active participation of civil society organizations.

In the longer term, in order to bring the more limited agenda of the G-20 initiative, with its restricted membership, into the universal forum of the United Nations, a permanent Executive Committee under the auspices of the UN with regional representation and a rotation systems needs to be established that can deal with pressing economic and financial issues in a comprehensive way. Modalities for the establishment of such a forum should be set up in the coming months. A more effective ECOSOC BWI High Level meeting would provide an opportunity to start such a process.

Recognizing the global challenges to meet cuts in Green House Gas emissions, countries should acknowledge responsibility for their historic emissions and commit additional funds to address climate change, and explicitly outline by how much they will finance the adaptation needs of developing countries.

In Conclusion, Mr President, distinguished delegates,

In the face of the multiple crises, we urge governments to take the side of women and men workers, farmers, youth and children to promote environmental sustainability by taking an alternative economic path. We, 250 national and international civil society networks, representing millions of people from around the world, therefore call for change in Doha that puts effective development, poverty eradication, human rights, gender equality, decent work, and environmental sustainability at the forefront of the discourse, the policies, and the search for enduring solutions.

We thank you.