UN Reform and the Millennium Goals 2005

Opportunities for new Initiatives in Development Finance and Global Governance?

Working paper on international debates on the preparation process for the United Nations Millennium +5 Summit

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Foreword

The year 2005, it is to be hoped, will be a decisive year for thorough reform of the United Nations. The High-Level (heads of state and government) Plenary Meeting of the 60th Session of the UN General Assembly (Millennium +5 Summit) is due to meet in the middle of September 2005 to discuss the future institutional and sectoral development of the UN. On the agenda are the new challenges of global security, poverty eradication, the implementation of human rights, gender equality and the long-awaited institutional reform of the UN.

The Heinrich Böll Foundation is accompanying this process by taking part in German and international discussions on these central issues and providing comprehensive background information. The Foundation has commissioned Jens Martens of the Global Policy Forum to sketch out the key issues and most important debates on the UN reform process. This Policy Paper summarizes and evaluates the thousands of pages of detailed reports commissioned by UN Secretary-General Kofi Annan in preparation for the Summit.

This study focuses on the UN Millennium Project Report “Investing in Development”, written under the direction of US Economist Jeffrey Sachs (also known as the Sachs Report). It introduces numerous initiatives of various governments, particularly those focusing on the implementation and financing of the Millennium Goals, including that of poverty eradication, and identifies the lines of conflict and contradictions. As many non-governmental organisations are using the September Summit and the debates on the Millennium Goals as the focal point of mobilising campaigns, their demands are also presented here.

We hope that this working paper will help to expand the political debate on the current UN reform, as public debates within Germany on UN reform are all too frequently limited to lobbying for a German permanent seat in an expanded Security Council. The Foundation will also shortly publish an analysis of the report from the “High Level Panel on Threats, Challenges and Change”, as well as organizing other forums to involve itself in the political debate on UN reform.

We hope that this background information on the various reform proposals of the expert commissions, governments and NGOs, will contribute to a greater understanding and evaluation of the recommendations put forward by the UN Secretary-General in his report on UN reform “In Larger Freedom: Towards Development, Security and Human Rights for All”.

Barbara Unmüßig
Chair of the Heinrich Böll Foundation
“Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among all the nations of the world and should be exercised multi-laterally. As the most universal and most representative organisation in the world, the United Nations must play the central role.”

(Millennium Declaration of the United Nations, 8th September 2000)

1. Introduction

2005 offers a series of excellent opportunities for global progress on the eradication of poverty, the furtherance of social equality and the establishment of democratic structures of global governance.

In September 2005, a summit of heads of state and government of all UN member countries (The High-Level Plenary Session of the 60th UN General Assembly) is planned to review progress in implementing the Millennium Goals and the resolutions of the major UN conferences of the last twelve years. This Millennium + 5 Summit will essentially concern itself with the realisation of the Millennium Development Goals (MDGs).

The G7/8 Summit, taking place shortly beforehand in July 2005 in Scotland, has already been declared the “Development Summit” by British Prime Minister Tony Blair and will address issues of poverty eradication and development finance.

Beyond this, there is a range of other events focusing on institutional reform of the global governance system, alternative approaches to development finance, as well as the future of economic relations between North and South. These include, in particular, the spring and autumn meetings of the IMF and World Bank, and the WTO Ministerial Conference to be held in Hong Kong in December 2005.

Many governments have already positioned themselves for 2005 by promoting reform initiatives in the area of multilateral cooperation and the mobilisation of further funds for development finance. These include Brazilian President Lula’s initiative, presented at the New York “Hunger Summit” (20th September 2004), the British government’s new debt relief proposals, the French and Swedish cooperation on “Global Public Goods” and the Finnish and Tanzanian governments’ “Helsinki Process” on the reform of global governance structures.

Even Germany is beginning to change its previously rather hesitant approach. This is not only true of the German initiative for UN Security Council reform, and its accompanying goal of a permanent seat on this body. Germany is also showing greater openness over issues of innovative mechanisms for development finance, as can be seen from Chancellor Schröder’s speech at the World Economic Forum in Davos.¹

Civil society organisations are also making good use of the political events of 2005, lobbying ever more strongly at national and international levels for poverty eradication and more democratic governance structures. The most vocal of these is the global alliance “Global Call to Action against Poverty” launched at the World Social Forum in Porto Alegre on 27th January 2005. The initiators are aiming to emulate and improve on the successful public mobilisation of the Jubilee 2000 Drop the Debt campaign.

Overlaying these international debates on poverty eradication and the MDGs have been the global security issues following the attacks of 11th September and the USA’s unilateral action against Iraq. In response to this, the UN Secretary-General Kofi Annan set up the High-Level Panel on Threats, Challenges and Change in September 2003. The panel’s report was published in December 2004 and will form the central basis for discussion at the UN Summit.

in September 2005. The development and security discussions will thus be brought together in the search for common solutions for the future of collective security and multilateral cooperation. Because of the political dynamic between the two debates, the UN Summit of 2005 is already being spoken of as a ‘historical event’. The German government has echoed that sentiment: Chancellor Gerhard Schröder has referred to 2005 as a decisive year in the context of UN reform, and German Development Minister Heidemarie Wieczorek-Zeul has urged that “2005 must become a watershed year for development policy”.²

Whether or not this is achieved depends on the extent to which the barriers to reform can be overcome, particularly those from within the USA and the Group of 77 developing countries (G77). In March 2005, US President George Bush appointed the outspoken unilateralist and UN detractor John Bolton as the new US Permanent Representative to the UN. This can scarcely be seen as a political signal for a strengthening of the UN. The G77 on the other hand, due to growing differences in the interests of the 133 member states (including China) is structurally ever less capable of making decisions, and, when in doubt, tends to leave issues of UN reform well alone.

Against that background, this working paper aims to summarise current debate on international approaches to poverty eradication, development finance, and UN reform, focussing on the UN Summit to be held in September 2005.

The first section identifies the issues under debate at the UN and G7/8 summits (from MDGs to Security Council reform), defining the framework within which discussions and negotiations will take place. The political sequence of events leading up to and culminating in the summit will also be outlined. The second section examines the origins of the present developmental discourse. The recommendations of the most important reports and studies, forming the basis of the debate in 2005 are introduced in this section. The third section documents and evaluates the positions and the most important initiatives of the governments ahead of the 2005 summit meetings. It also examines the reactions and demands of the Non-Governmental Organisations (NGOs). The fourth section formulates a few summary conclusions and recommendations – including for German government policy.

2005 offers the German government new opportunities for stronger engagement with the UN that can go well beyond the mere pursuit of a permanent seat on the Security Council. The coalition agreement between the SPD and Alliance90/The Greens articulates the aim of “strengthening and reform of the United Nations and multilateral structures”. The year 2005 offers the chance to move closer to that goal by undertaking concrete initiatives.

² Speech of the deputy chair of the SPD and German Minister for Economic Cooperation and Development, Heidemarie Wieczorek-Zeul on „Willy Brandt and North-South Policy” at the lecture on “Globalisation of Humanity – 25 Years of the Brandt Report” on 10th February 2005.
2. Key Issues and Road Map of the Millennium +5 Process

The starting point and most important documentary basis for the Millennium +5 Summit is the United Nations Millennium Declaration. This was signed by the representatives of all of the then 189 member States of the United Nations; of these signatories 147 were heads of State. The Declaration came as the conclusion to a chain of UN conferences on the environment, development and human rights, and sums up their key messages. The Millennium Declaration is also a response to the set-backs and disappointed hopes that the United Nations has had to come to terms with in the areas of peace-keeping and civil conflict management, for example in Somalia, Rwanda and Kosovo.

The Declaration makes a plea for stronger multilateral cooperation and a more effective role for the United Nations in the protection of peace and security. The Declaration also demonstrates the political will of all governments to realize some of the most vital development goals by 2015.

In order to make the Millennium Declaration operational, the UN Secretary General published a ‘Road Map’ in September 2001, effectively laying out the plan of action for the Millennium Declaration. This first defines the eight ‘Millennium Development Goals’ (MDGs), which are then supported by 18 sub-goals and 48 indicators. The ‘Road Map’, however, is not limited to the areas of poverty eradication and development, but includes proposals for the implementation of all aspects of the Millennium Declaration. Together with the Declaration, the ‘Road Map’ defines the framework of the September 2005 Millennium +5 Summit.

This includes the following themes:

- **Peace, Security and Disarmament**
- **Development and Poverty Eradication (Millennium Development Goals)**
- **Protecting our common environment**
- **Human Rights, Democracy and Good Governance**
- **Protecting the vulnerable**
- **Meeting the special needs of Africa**
- **Strengthening of the United Nations**

This already wide spectrum of issues was further extended in the resolutions adopted by the Member States for the implementation of the High-Level Plenary Meeting of the 60th Session of the UN General Assembly in September 2005.

The Summit will examine:

“...the progress made in the fulfilment of all the commitments contained in the United Nations Millennium Declaration, including the internationally agreed development goals and the global partnership required for their achievement, and of the progress made in the integrated and coordinated implementation, at the national, regional and international levels, of the outcomes and commitments of the major United Nations conferences and summits in the economic, social and related fields…”

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3 UN Doc. A/RES/55/2 8th, September 2000.
Practically all the current globally relevant issues are thus on the agenda. On top of this, the 132 developing countries in the Group of 77 (G77) have lobbied for a broader mandate at the Summit meeting, as concentrating only on the MDGs would signal a retreat from the continuing responsibilities of the UN conferences of the 1990s. The USA and the EU, on the other hand, would prefer to concentrate on a more limited set of issues, in particular the area of poverty eradication. The US traditionally tries to avoid discussing issues for which, in their view, other institutions are responsible, such as the WTO (issues of international trade), the IMF (issues of international finance) or the Paris Club (debt cancellation).

There are growing signs of political disagreement in the run-up to the September Summit. These reflect unresolved problems in areas where there is currently a particularly strong need for action and reform at the global level. It is therefore to be expected that the Summit will reach decisions in these areas. How concrete and effective those decisions turn out to be will be the main measure of the Summit’s success. The following four themes are particularly relevant:

- **The future of collective security and the role of the United Nations.** Following the terrorist attacks of 11th September 2001, and the attack on Iraq by the USA and its Coalition of the Willing, which went ahead without a UN mandate, there are continuing deep disagreements between the members of the UN on the character of global threats, the legitimacy of military force and the future role of the UN in the protection of collective security. The High-level Panel on Threats, Challenges and Change has been commissioned by the Secretary General to consider these issues, on which governments must make decisions this year.

- **International measures for the realization of the MDGs.** The many development reports and poverty studies of the last few years all come to the conclusion that the internationally agreed development goals, including the relatively modest MDGs cannot be realized with a policy of ‘business as usual’. There is a continuing discrepancy between governments’ own declarations of responsibility and their willingness to commit to the developmental, financial and trade consequences. Pressure on governments from civil society and the UN is increasing (cf. Millennium Campaign). The Millennium Project created by Kofi Annan published its report (the Sachs Report) in January, a comprehensive plan for the realization of the MDGs. This forms the central developmental input for the Summit in September. The report contains concrete proposals for increasing official development assistance (ODA) as well as for trade concessions and mechanisms for debt relief.

- **Innovative Mechanisms for Development Finance.** There is general consensus between governments and international organizations that a considerable increase in ODA is necessary in order to realize the MDGs. A significant majority of governments is also in agreement that the solution will not be reached purely by an increase in development budgets. The proposal for the introduction of a new international financial system (Global Tax) is gaining recognition. The idea is not new, but has previously been taboo due to pressure from the USA at the UN-level. Only in the last few months has it gained momentum, following new studies and political initiatives, particularly from the British and French governments. This proposal now plays a central role in the follow up from the Monterrey Conference on Financing for Development.

- **Institutional Reform of the System of the United Nations.** Institutional reform of the UN has long been a point of conflict between States and the subject matter of
countless reports and Summit Declarations – until now without significant success. At the heart of the debate is the need for more balanced representation of all countries, particularly the empowerment of developing countries within the most important UN bodies, especially the Security Council, the IMF and World Bank. Closely bound to this are demands for a global co-ordinating and decision-making body for economic and development issues beyond the closed clubs of the G7/8 and the ineffectual Economic and Social Council of the United Nations (ECOSOC). In addition, a range of other reform efforts are currently under discussion. These include: new attempts to strengthen the UN environment sector as a continuation of the Cartagena Process for reform of the UN Environment Programme (UNEP), particularly the French initiative to set up a UN Environmental Organisation (UNEO); efforts for stronger observance of gender aspects of the reform debate, with particular reference to the Beijing +10 Statement; endeavours to strengthen human rights methodology within the UN, including reform of the Human Rights Commission; approaches for a stronger relationship between civil society organizations and governments in all areas of UN involvement, as the Cardoso Panel proposed in their report, and finally, clarification of the relationship between the UN and private business, including new structures for decision-making procedures for the Global Compact. Some of these reform processes will play a central role in the run up to the Millennium +5 Summit. This applies particularly to the conflicts around Security Council reform. However it is unlikely the summit will discuss all aspects of UN reform at once, let alone take decisions on them.

In what form and with what political aims all of these themes will be considered at the Millennium +5 Summit will be signalled by the UN Secretary-General’s Report, to be made public in March 2005. This forms the central basis for negotiation at the summit and sets the tone for the preparation process in the following months.

Additional input is expected from a range of other international reports, to be published before summer 2005. These include:

- The final report of the international Task Force on Global Public Goods.
- The Helsinki Group report on Globalisation and Democracy.

The positions and demands of non-governmental organizations will be presented to the UN at informal hearings with civil society, which the General Assembly is organizing in June 2005 as part of the preparation for the Summit. Also in June is the biennial General Assembly of the High Level Dialogue on Financing for Development, part of the follow up process of the Monterrey Conference. Here it will become apparent whether progress in this field can be made at the Summit itself.

It is hoped that important pre-decisions can already be made in the areas of development finance and debt relief at the Meeting of the G7 Finance Ministers in June 2005 and at the G7/8 Summit in Gleneagles, Scotland (6th –8th July). Host nation Britain wants to persuade this summit to adopt a convincing agenda for action (see below).

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The negotiations of the G7 traditionally take place behind closed doors. But even the preparations for the UN Summit to a large extent take the form of informal consultations, and are therefore outside transparent, publicly open negotiation processes. The president of the General Assembly has for this reason named ten ‘Facilitators’ from the member States to support him in the following four informal negotiating groups (Clusters):

- **Peace and Security** (Facilitators: Australia, Thailand, Tunisia)
- **Development** (Facilitators: Barbados, Ghana, Ukraine)
- **Human rights, and protecting the vulnerable** (Facilitators: Bangladesh, Slovenia)
- **Strengthening of the United Nations and institutional reform** (Facilitators: Panama, The Netherlands)

In a letter to the UN Secretary General, NGOs have heavily criticized the lack of transparency and opportunities for participation, and speak of a backwards step compared to the UN conferences of the 1990s. They call for an opening up of the process and stronger participation of NGOs, including at the Millennium +5 Summit itself.

The conceptual approaches and concrete proposals which form the focus of negotiations are already becoming clear. The UN Secretary-General’s report and the political disputes refer, in the first instance, to the reports of the High-level Panel on Threats, Challenges and Change and to Jeffrey Sachs’ Millennium Project, but also make reference to a range of surveys and studies of innovative financing mechanisms, which are already available. These are the basis for government positioning, and form important reference points for the demands of NGOs. Reason enough to examine these studies more closely:

### Box 1: Summit Road Map 2005

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<td>2nd December 2004</td>
<td>Report of the High-level Panel on Threats, Challenges and Change</td>
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<td>17th January</td>
<td>Publication of the UN Millennium Project Report (‘Sachs’ Report’)</td>
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<td>Second half of March</td>
<td>UN Secretary General’s Report on Implementation of the Millennium Declaration</td>
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<td>16th - 17th April</td>
<td>Spring Meetings of the IMF and the World Bank in Washington D.C.</td>
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<td>26th June</td>
<td>60th Anniversary of the Signing of the United Nations Charter</td>
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<td>29th June</td>
<td>Informal interactive hearings of the General Assembly with NGOs for the Assessment of the Realisation of the Millennium Declaration</td>
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<td>27th June – 22nd July</td>
<td>Session of ECOSOC, New York</td>
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<td>1st July</td>
<td>Global Call to Action Against Poverty: First global day of action (White Band Day)</td>
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<tr>
<td>6th – 8th July</td>
<td>G-7/8-Summit in Gleneagles, Perthshire, Scotland</td>
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<td>7th – 9th September*</td>
<td>Civil Society Forum for preparation for the Millennium+5 Summit, New York.</td>
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<tr>
<td>10th September</td>
<td>Global Call to Action Against Poverty: Second global day of action (White Band Day)</td>
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<tr>
<td>14th - 16th September</td>
<td>High Level Plenary Session of the General Assembly (Millennium +5 Summit)</td>
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* date not finalised

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Key issues in the debate: Poverty and Security

The global development discourse, in the context of the United Nations, has changed considerably over the last few decades. While in the 1970s, the demands of developing countries for a new economic order and global “redistribution with growth” still dominated the debate, by the 1980s the Western industrialised nations had responded with a neo-liberal policy of structural adjustment, first without, and later with, a ‘human face’. Following the Brundtland Report and the Rio Conference, the debates of the 1990s were influenced by the concept of sustainable development.

In essence, the discourse in Rio emphasized an holistic approach to development, in which the aims of ecological capacity, social justice, economic efficiency as well as community participation and democracy were bound together. One of the main causes of global problems was seen to be the unsustainable production and consumption habits of the North. The principle anchored in the Rio Declaration of common but differentiated responsibility for the conservation of the Earth’s ecosystem established, for the first time in the history of the industrialised nations, a responsibility under international law to pay compensation and transfer resources. The international conferences of the following years underpinned this rights-based approach. The Vienna Conference on Human Rights emphasized the right to development and the meaning of economic, social and cultural rights, the Copenhagen World Social Summit underlined the social rights of workers, and the Beijing International Women’s Conference endorsed the aims of non-discrimination and equality of the sexes as human rights.

The direct duty and responsibility of states and governments to produce effective economic, social, environmental and development policies grew out of these approaches. The plans of action from the international conferences reflect this. However they did not succeed in bringing all of the different aspects into one consistent development approach. On the contrary: parallel to the more welfare state (‘social democratic’) approaches of the UN conferences, the neo-liberal development approaches, such as those propagated by the Bretton-Woods institutions gained ground. These focus on the primacy of economic stability and growth, the opening of markets, deregulation and privatization. Hence, they stood, in part, in opposition to the policy programme of the UN.

Since the mid 1990s, in order to reconcile the competing development approaches, the OECD, the World Bank, the IMF and the United Nations have attempted to define a set of core development goals that establish a comprehensive political consensus. Efforts are being made to improve cooperation between the United Nations, the Bretton-Woods Institutions and the World Trade Organisation on an institutional level under the maxim of greater political coherence. Poverty and poverty eradication are the key terms of this discourse. This has grown out of the Development Assistance Committee’s (DAC) goals, summarized from the 1996 DAC’s strategy paper, ‘Shaping the 21st Century’, to be reached by 2015. In June 2000, the UN Secretariat, together with the IMF, the OECD and the World Bank, published the summary ‘A Better World for All’, in which seven of these development goals were defined as common priorities. A few months later they were accepted into the Millennium Declaration without revision.

The discourse on development was thus reduced to a range of quantitative goals, particularly on the issues of the eradication of ‘extreme’ poverty and delivery of basic social services. The
precise quantitative specifications and time limits of these goals apply almost exclusively to sectoral development processes in the southern Hemisphere (education, health etc.). Against this, the structural issues of equitable distribution are barely touched by the goals, nor are the basic international economic and political conditions of development. Gender issues also remain underrepresented in this debate. Although the third Millennium Goal addresses ‘promoting equality of the sexes’, the sub-goals derived from this do not adequately reflect the complex problems of discrimination and social exclusion. The concrete indicators for equality of the sexes in the MDGs are merely school enrolment and literacy rates for girls and boys, the proportion of women in paid work outside the agriculture sector, and the proportion of female representatives in national parliaments.\(^8\)

In response to this criticism of the narrow focus of the Goals, the UN Secretary-General added an eighth goal to the original seven development goals in his Road Map of 2001. Under the title ‘Global Development Partnership’, seven sub-goals were added, including those of trade and financial Systems, debt relief, technology transfer and the particular situations of the less developed countries (LDCs). These goals are so general and imprecisely written (for example, ‘deal comprehensively with the debt problems of developing countries…’\(^9\) that no concrete responsibilities can be drawn from them.

However, purely on the basis of these Minimum Development Goals, an unheard-of consensus in development discourse has been reached. The coalition of those who accept the MDGs as clearly the least to be achieved in development, reaches from the Bush administration in Washington to the World Social Forum in Porto Alegre.

The focus on the eradication of extreme poverty and its accompanying problems as the priority development goal, as well as efforts to bring welfare state and neo-liberal approaches together, is shaping the work of the United Nations Millennium Project. This is reflected in its final report (see below) and is also having a significant influence on preparations for the Millennium +5 Summit.

Parallel to the poverty-focused development discourse, the concept of ‘security’ has increasingly become the centre of debate since the terrorist attacks of 11\(^{th}\) September 2001. Global problems have increasingly been seen as ‘security problems’ or ‘threats to security’. Development policy and the goal of poverty eradication have become secondary to this discourse.

The most obvious example of this trend is the integration of the US Millennium Challenge Account (MCA) into the National Security Strategy that US President Bush presented in September 2002. MCA is the US Government Fund for the future financing of the Millennium Development Goals. The allocation of the MCA funds will be coupled to compliance with a catalogue of unilateral conditions set by the US Government, including some in the area of so-called ‘political and economic freedom’. Because of this, and the demonstrative absorption of the MCA into the National Strategy for Security, this development fund has been explicitly subsumed into an instrument of US security policy and military and geo-strategic interest. The eradication of poverty is at best a side issue.

The Final Report of the international Commission on Human Security published in May 2003 can be interpreted as a reaction to the increasing limitation of the security discourse to aspects

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\(^9\) Ibid. Target 15
of state or military security. The Commission, under the leadership of Amartya Sen and Sadako Ogata, takes up the concept of an expanded definition of security, as formulated for example by the UNDP, specifically in the Human Development Report of 1994. The Commission calls for a complete change in policy approach – away from the dominance of state security to an holistic concept of security that has at its core protection from any form of threat to humanity.

For UN Secretary-General Kofi Annan, the political dissent surrounding the Iraq War launched by the USA and its allies demonstrated how differently governments perceive threats to security, and how entrenched the differences are when it comes to approaches to overcoming those threats. The Iraq War made it clear that the United Nations can no longer effectively fulfil the commitment of its Charter to guarantee collective security for all. The Secretary-General believed the United Nations had therefore arrived at a “crossroads”.  

This prompted the UN Secretary General to establish in September 2003 a High-Level Panel to address the international threats and challenges as well as the necessary changes to the collective security system (High-level Panel on Threats, Challenges and Change). The Panel presented its report in December 2004.

The report, in comparison to that of Sen and Ogata, does not presume an extended concept of human security, but is based on the conventional understanding of national and international collective security. It is innovative, however, in its adoption of the concept of an amplified threat:

"Any event or process that leads to large-scale death or lessening of life chances and undermines States as the basic unit of the international system is a threat to international security. So defined, there are six clusters of threats with which the world must be concerned now and in the decades ahead:

- Economic and social threats, including poverty, infections diseases and environmental degradation
- Inter-State conflict
- Internal conflict, including civil war, genocide and other large-scale atrocities
- Nuclear, radiological, chemical and biological weapons
- Terrorism
- Transnational organized crime"

Insofar as the report interprets worldwide poverty as one of the main threats to international security, it bridges the gap to the development discourse. The report of the UN Millennium Project also refers to the connection between poverty and security. It declares the realization of the MDGs as a central precondition for a guarantee of national and international security, stating:

"The Goals not only reflect economic targets, global justice, and human rights —they also are vital to international and national security and stability, as emphasized by the High-Level Panel on Threats, Challenges, and Change. Poor and hungry societies are much more likely than high-income societies to fall into conflict over scarce vital resources, such as watering holes and arable land —and over scarce natural resources, such as oil, diamonds, and timber. Achieving the Millennium Development Goals should therefore be placed centrally in international efforts to end violent conflict, instability, and terrorism."

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12 Ibid., Synopsis.
13 UN Millennium Project, pp.8
The reports of the High-Level Panel and the Millennium Project refer to each other and attempt significantly to reconcile the prevailing development and security debates. The reports are understood to be complementary when considering their concrete recommendations for action. While the High-Level Panel’s report makes concrete proposals for institutional reform in the economic and social sectors, the recommendations of the Millennium Project report concentrate on the international system, primarily on the financial aspects of the eradication of poverty. Thus these two reports cover the two central themes of the Millennium +5 Summit. These are supplemented by the updated reports and studies which explicitly engage the issues of innovative mechanisms for development finance.

Main Reports in the run-up to the Millennium +5 Summit

Since their publication in December 2004 and January 2005, the UN Secretary-General has repeatedly drawn attention to the pivotal significance of the reports of the High-level Panel and the Millennium Project. At a conference in London he stated:

"Taken together, these two reports contain an agenda of decisions which, if governments take them promptly, and act on them, really do give us the chance of a better, fairer and safer world in this century."\(^{14}\)

The reports contain a number of policy recommendations addressed to various actors at national, regional and global levels. The following summaries focus mainly on development policy-related proposals which are addressed to the international level and are therefore of particular relevance to the Millennium +5 Summit.

Recommendations of the High-Level Panel on Threats, Challenges and Change

The High-Level Panel on Threats, Challenges and Change was established by Kofi Annan in autumn 2003. The former Thai Prime Minister Anand Panyarachun was appointed chair. The Panel had the following fundamental mission:

- To examine today’s global threats and provide an analysis of future challenges to international peace and security;
- To identify clearly the contribution that collective action can make in addressing these challenges; and
- To recommend the changes necessary to ensure effective collective action, including but not limited to a review of the principal organs of the United Nations.\(^{15}\)

Although the group’s brief was limited to the areas of peace and security, this was construed in its widest sense. In their analysis and recommendations, they were expressly asked to refer to other issues and institutions, particularly in the economic and social area. How this would actually happen was initially unclear. Because of the composition of the Panel and its secretariat, in which development experts were in a minority, the representatives of the smaller developing countries were concerned that their interests would not be taken into account.\(^{16}\)

\(^{14}\) UN Secretary General, 2005: Speech at the Banqueting House, Whitehall, London, United Kingdom, 10th February 2005.
\(^{15}\) UN Doc. A/59/565 2nd December, Appendix II.
\(^{16}\) Cf. Ozgercin 2004.
The report of the Panel shows that this concern was not without grounds. However, the report lists, as already mentioned, ‘economic and social threats, including poverty, infectious disease and environmental degradation’ as one of the six groups of international threats. But even this definition of threats is misleading, as it concentrates on the symptoms of the problem and leaves the underlying causes unexamined. The real threat does not lie in worldwide poverty, in illness or increasing environmental degradation, but in the conditions and factors that produce these problems or at least aggravate them. Consider, for example unequal distribution of income, capital and power within and between societies, discrimination against the interests of developing countries, and the consumption and production habits of highly industrialized nations, which continue to do long-term damage the environment. These structural problems are mentioned only as side issues, and are not understood as threats in themselves.

Following this analysis, the policy recommendations are limited primarily to the alleviation of the symptoms and are overwhelmingly general, vague and, particularly in terms of the environment, extremely selective. A time-frame for the realization of the 0.7 percent goal, debt cancellation plans for the highly indebted poor countries and an increase in funds for the fight against HIV/Aids are called for (see Box 2).

**Box 2**

**The High-Level Panel’s policy recommendations for the issues “Poverty, infectious disease and environmental degradation”**

1. All states must recommit themselves to the goals of eradicating poverty, achieving sustained economic growth and promoting sustainable development.

2. The many donor countries which currently fall short of the United Nation’s 0.7 percent of gross national product (GNP) for official development assistance (ODA) should establish a timetable for reaching it.

3. World Trade Organization (WTO) should strive to conclude the Doha development round of multilateral trade negotiations at the latest in 2006.

4. Lender Governments and the international financial institutions should provide highly indebted poor countries with greater debt relief, longer rescheduling and improved access to global markets.

5. Although international resources devoted to meeting the challenge of HIV/AIDS have increased from about $250 million in 1996 to about $2.8 billion in 2002, more than 10 billion annually is needed to stem the pandemic.

6. Leaders of countries affected by HIV/AIDS need to mobilise resources, commit funds and engage civil society and the private sector in disease-control efforts.

7. The Security Council, working closely with UNAIDS, should host a second special session on HIV/AIDS as a threat to international peace and security, to explore the future effects of HIV/AIDS on states and societies, generate research on the problem and identify critical steps towards a long-term strategy for diminishing the threat.

8. International donors, in partnership with national authorities and local civil society organisations, should undertake a major new global initiative to rebuild local and national public health systems throughout the developing world.
The recommendations for institutional reform in the international economic and social policy sectors are significantly more explicit. These are mainly relevant for ECOSOC. The report however makes it unmistakeably clear from the outset, that there is no chance of a substantial revaluation of the ECOSOC:

"It would not, however, be realistic to aim for the Economic and Social Council to become the centre of the world’s decision-making on trade and finance, or to direct the programmes of the specialized agencies or the international financial institutions."

The Panel recommends instead that ECOSOC should be transformed into a ‘Development Cooperation Forum’ charged with a leadership role in the setting of standards and analysis (see Box 3). Linked to this are a range of technical proposals for reform, including the establishment of an executive committee which would have the task of organizing the council’s work more efficiently.

The Panel also perceives a lack of global economic coordination and decision-making and states that:

"There still remains a need for a body that brings together the key developed and developing countries to address the critical interlinkages between trade, finance, the environment, the handling of pandemic diseases and economic and social development. To be effective, such a body must operate at the level of national leaders."

However, the report says the G20 Group of finance ministers rather than ECOSOC should form the nucleus of such a body. It should meet in future at the level of heads of State and also include the UN Secretary-General and the President of ECOSOC. This aims to ensure that the programmes and initiatives of the UN receive the necessary support. However the G20 would, as is currently the case, have neither reporting obligations nor accountability to the United Nations and its General Assembly. The transparency of decision-making processes and institutionalised participation of non-state actors would not be guaranteed, unlike with ECOSOC. As with the G7/8, the new G20 would have more the character of an exclusive club and be unlikely to conform to the expectations of a global decision-making and coordination body in respect to transparency, representativeness and openness. Such a solution would not

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17 High-level Panel on Threats, Challenges and Change (UN Doc. A/59/565 2nd December 2004), Appendix I.
18 Ibid., Pt. 274.
19 Ibid., Pt. 280.
create a stronger United Nations - unless the G20 as an institution were to be placed clearly under the remit of the United Nations.

Box 3

High-Level Panel’s recommendations for the reform of ECOSOC

"87. The Economic and Social Council should provide normative and analytical leadership in a time of much debate about the causes of, and interconnections between, the many threats we face. To that end, the Economic and Social Council should establish a Committee on the Social and Economic Aspects of Security Threats.

88. The Economic and Social Council should provide an arena in which States measure their commitments to achieving key development objectives in an open and transparent manner.

89. The Economic and Social Council should provide a regular venue for engaging the development community at the highest level, in effect transforming itself into a ‘development cooperation forum’. To that end:

a) A new approach should be adopted within the Economic and Social Council agenda, replacing its current focus on administrative issues and programme coordination with a more focused agenda built around the major themes contained in the Millennium Declaration;

b) A small executive committee, comprising members from each regional group, should be created in order to provide orientation and direction to the work of the Economic and Social Council and its interaction with principal organs, agencies and programmes;

c) The annual meetings between the Economic and Social Council and the Bretton Woods institutions should be used to encourage collective action in support of the Millennium Development Goals and the Monterrey Consensus;

d) The Economic and Social Council, with input from its secretariat and the United nations Development Group, should aim to provide guidance on development cooperation to the governing boards of the United Nations funds, programmes and agencies;

e) The Economic and Social Council should provide strong support to the efforts of the Secretary General and the United nations Development Group to strengthen the coherence of United Nations action at the field level and its coordination with the Bretton Woods institutions and bilateral donors."

Further suggestions for reform allude to the General Assembly and the United Nations Human Rights Commission. The Panel reaffirms the ‘unique legitimacy’ of the General Assembly as a universal body, whose aim should be to establish global consensus on the most important political issues of the day. The debates however, are cumbersome, the themes discussed often repetitive and of questionable relevance. The Panel demands therefore a comprehensive structural reform of the General Assembly and its committees, in order to make its work more effective. In this context, it also supports the Cardoso Panel’s proposal for the creation of mechanisms to bring civil society routinely into the work of the General Assembly.

The Panel is critical of the Human Rights Commission in its current form, stating:

20 Ibid., Appendix I.
“In recent years, the Commission’s capacity to perform these tasks has been undermined by eroding credibility and professionalism. Standard-setting to reinforce human rights cannot be performed by States that lack a demonstrated commitment to their promotion and protection.”

The Panel therefore calls for a substantial reform of the Human Rights Commission and proposes, amongst other things, the broadening of its membership to all States. In the long-term, the promotion of the commission to a Human Rights Council could be considered, putting it on the level of the Security Council.

The High Level Panel’s proposals for institutional reform at the interface between development and security policies are innovative.

In this context, the Panel recommends the establishment of a committee within ECOSOC to address the social and economic aspects of security threats. Its main task should be to develop research work “to develop a better understanding of the economic and social threats to freedom, as well as the economic and social aspects of other threats such as terrorism.”

The Panel also proposes improvements to the regular exchange of information and hence cooperation between ECOSOC and the Security Council.

One of the central recommendations of the Panel Report is the establishment of a Peacebuilding Commission. This, the report says, should be a subsidiary organ of the Security Council according to article 29 of the UN Charter. It should be under the leadership of a Member State approved by the Security Council, and be composed of representatives from the Security Council and ECOSOC. The Panel proposed the following mandate for the new commission:

"The core functions of the Peace-building Commission should be to identify countries which are under stress and risk sliding towards State collapse; to organize, in partnership with the national Government, proactive assistance in preventing that process from developing further; to assist in the planning for transitions between conflict and post-conflict peace-building; and in particular to marshal and sustain the efforts of the international community in post-conflict peacebuilding over whatever period may be necessary."

The recommends the commission be supported in its work by a new Peacebuilding Support Office within the UN Secretariat.

The report says the establishment of such a commission would offer the opportunity to improve the prevention and escalation of conflicts, systematically and across all sectors. It is argued that by including ECOSOC within the development organisations of the UN system, its main function could be strengthened, thereby overcoming the current lack of coordination and strategy between the civil and military components of conflict resolution.

However the danger still exists that the Security Council and the actors responsible for foreign and security policy aspects of conflict resolution - and their preferred mechanisms and methodology - will continue to gain ground over development policy. This could lead to a further erosion of independent development policy and its submission under external and security policy interests.

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21 Ibid., Pt. 283.
22 Ibid., Pt. 276.
23 Ibid Pt. 264.
The danger still however exists that the preferred mechanisms and methodology of the Security Council, focussing on external and security aspects of conflict resolution, will still hold out in the field over more inclusive development policy. This could lead to a further erosion of independent development policy and its submission under external and security policy interests.

While the establishment of a Peacebuilding Commission is essentially welcome, these concerns must be taken into account in any further discussion on the issue.

**Recommendations of the Millennium Project**

In July 2002, UN Secretary General Kofi Annan appointed Jeffrey Sachs, director of the Earth Institute at New York’s Columbia University, as both Special Advisor for the Millennium Development Goals and as director of the Millennium Project. The aim of this research project was to consider what specific measures were necessary to realise the Millennium Development Goals by 2015. Sachs presented his final report “Investing in Development: A Practical Plan to Achieve the Millennium Development Goals” to the public on 17th January 2005. This report was based on the work of ten task forces involving more than 250 development specialists from all over the world. The key positions of task force coordinators were overwhelmingly experts from Columbia University.

The 350 page report begins by analysing the status of implementation of the MDGs and offers an explanation for the failure so far to realize the goals. It particularly emphasizes the internal causes of poverty, largely ignoring the international economic and political conditions. After enumerating individual reasons for the non-achievement of the goals which vary from country to country, the Sachs Report identifies (economic) political mistakes by national governments and a lack of capital that has frustrated the “take-off” of long-term economic growth as the main reason preventing the alleviation of poverty.

On the basis of this analysis, the Report derives a comprehensive catalogue of “practical steps”, which need to be undertaken at the national level to realize the MDGs. The report recommends drawing up Ten Year Plans and detailed 3-5 Year Strategies or "MDG-based poverty reduction strategies". Where national Poverty Reduction Strategy Papers (PRSPs) already exist within a particular country, these should be harmonized with the MDGs. The civil society and private sector must be closely involved in the formulation and implementation of the development strategies.

The methodological foundation of each strategy forms a comprehensive needs assessment, which also estimates the cost of carrying out the measures.

Building on this foundation, each country should carry out an extensive state investment programme, in order to build up the necessary infrastructure and a functional public administrative apparatus. For, the report contends, markets alone cannot solve the most pressing problems of poverty. Public investment and subsidies are necessary to create the foundations of a functioning market economy. Jeffrey Sachs and his team, therefore, explicitly call for the state to play a stronger role, departing from the radical deregulation and privatization concepts which Sachs himself was still propagating a few years ago. The conclusions that the report draws are nevertheless contradictory. It lobbies on the one hand for the stronger mobilization of national resources, in particular in the form of taxes, and on the
other hand it propagates the establishment of special economic zones and demands tax holidays for foreign investors.

In order to finance the enormous investments in infrastructure - basic education, primary healthcare etc - national funds will be insufficient. External funds are therefore desperately needed in order to support the national MDG strategies. This leads to the third part of the report, which deals with the international contribution towards the realization of the MDGs. It in this regard in particular that the report is relevant to the September 2005 UN Summit, because it makes concrete recommendations to be agreed upon there.

The starting point of the report’s demands of the international community is a scathing critique of the existing system of development cooperation, which the report summarises in ten points (see Box 4), culminating in the succinct conclusion: "Development finance is of very poor quality."24 In those countries with the lowest income, only 24 percent of present bilateral development assistance is planned for direct support of the MDGs, in the countries with middle income it is a mere nine percent.

The extent of the aid is completely insufficient to realize the MDGs in the next ten years, the report argues. On the basis of a needs assessment in five countries (Bangladesh, Cambodia, Ghana, Tanzania and Uganda), the Millennium Project team calculated how much public development assistance was needed to finance the MDGs. They came to the conclusion that worldwide ODA would have to be doubled to 135 billion dollars by 2006, and tripled to 195 billion dollars by 201525. This corresponds to an increase of ODA from the present 0.25 percent of Gross National Income (GNI) of donor countries to 0.44 percent in 2006 and 0.54 percent in 2015.

Taking into account current ODA commitments, the Sachs Report calculates a shortfall for 2006 of 48 billion US dollars, if governments fulfill their obligations - for example if the German government meets its target of raising German ODA to 0.33 percent of GNP by 2006. The main responsibility for the funding gap is borne by the USA with 32.2 billion dollars, followed by Japan with 10.4 billion dollars and Germany with 3.2 billion dollars.26

The report’s authors contend that Japan and Germany have a particular responsibility against the background of the current debate on reform of the United Nations. Referring to the report of the High-Level Panel, they observe:

"As the High-Level Panel recommends, countries that aspire to global leadership through permanent membership on the UN Security Council have a special responsibility to promote the Goals and to fulfil international commitments to official development assistance and other kinds of support vital for achieving them. We endorse the Panel’s recommended criterion of 0.7 percent of GNP in official development assistance for developed countries aspiring to permanent membership."27

24 UN Millennium Project, p. 197.
25 Ibid., p. 251 (Table 17.4)
26 Ibid., p. 255 (Table 17.5)
27 Ibid. p. 9.
**Box 4**

**Sachs Report Recommendations for reforming development partnership**

<table>
<thead>
<tr>
<th>Shortcoming</th>
<th>Recommendation</th>
</tr>
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<tbody>
<tr>
<td><strong>Purpose and process</strong></td>
<td></td>
</tr>
<tr>
<td>1. Aid processes are not MDG-based</td>
<td>Development partners should affirm the MDGs as the operational objective of the development system, with country-level MDG-based poverty reduction strategies as the anchoring process for development support, based on needs.</td>
</tr>
<tr>
<td>2. Support strategies are inadequately differentiated by country need.</td>
<td>Development partners should differentiate support by country needs, whether for budget support, emergency assistance, or simply technical support.</td>
</tr>
<tr>
<td>3. Development is a long-term process, but short-run processes dominate.</td>
<td>Development partners should support countries to put forward 3- to 5-year MDG-based poverty reduction strategies that are anchored in a 10-year needs-based framework through 2015. In conflict countries, a shorter time frame may be more appropriate.</td>
</tr>
<tr>
<td><strong>Technical support</strong></td>
<td></td>
</tr>
<tr>
<td>4. Technical support is not adequate for scaling up to the MDGs.</td>
<td>Technical support should focus on supporting governments to develop and implement nationally owned MDG-based poverty reduction strategies.</td>
</tr>
<tr>
<td>5. Multilateral agencies are inadequately coordinated</td>
<td>The UN Resident Coordinator system should be dramatically strengthened to coordinate agencies’ technical contributions to the MDG-based poverty reduction strategies.</td>
</tr>
<tr>
<td><strong>Development finance</strong></td>
<td></td>
</tr>
<tr>
<td>6. Development finance is not needs-based or set to meet the MDGs.</td>
<td>ODA should be set by the MDG-based poverty reduction strategies. For many well governed low-income countries, this will imply a substantial increase in ODA and funding of recurrent costs.</td>
</tr>
<tr>
<td>7. Debt relief is not aligned with the MDGs</td>
<td>“Debt sustainability”, particularly Paris Club debt, should be evaluated as the debt level consistent with countries achieving the MDGs. This will imply a dramatic acceleration of debt relief for many heavily indebted countries.</td>
</tr>
<tr>
<td>8. Development finance is of very poor quality</td>
<td>For well governed countries, a much larger share of ODA should take the form of budget support. For all developing countries, donor agencies should also follow through on their commitments outlined in the Rome harmonization agenda.</td>
</tr>
<tr>
<td><strong>System issues</strong></td>
<td></td>
</tr>
<tr>
<td>9. Major MDG priorities are systematically overlooked</td>
<td>Within the needs-based approach to development assistance, development partners should increase attention to issues like long-term scientific capacities, environmental conservation, regional integration, sexual and reproductive health, and cross-border infrastructure.</td>
</tr>
<tr>
<td>10. Donor countries show a persistent lack of coherence in their policies</td>
<td>Donors should evaluate their development, finance, foreign, and trade policies for coherence with respect to supporting the MDGs. Donors should subject themselves to at least the same standards of transparency as they expect of developing countries, with independent technical reviews.</td>
</tr>
</tbody>
</table>

*Source: UN Millennium Project, Table 13.3*
It is notable that the Sachs Report does not comment further on institutional questions and also does not make any independent proposals for reform – apart from a few suggestions for improved internal coordination of UN development institutions.

The same applies for the whole complex of innovative financing mechanisms. The Sachs team considers it unrealistic, in view of the donor governments’ budget shortages, that the report’s called-for rise in ODA by 2006 can be met from national budgets alone. However the conclusions drawn from this are flimsy and limited to a few sentences supporting the British government’s proposal for an International Finance Facility (IFF).

Apart from raising ODA, the Sachs Report calls on the governments of industrial nations to, among other things, open their markets for exports from developing countries, to conclude the Doha Round of trade talks by the end of 2006, cancel more debt, and introduce new debt sustainability criteria that take into account the implementation of the MDGs.

Finally, in order to achieve swift progress in the implementation of the MDGs, the Sachs Report proposes a range of “quick-win” initiatives, to be started in 2005. Amongst these are the world-wide abolition of fees for primary education and primary health care charges, free school meals in famine areas and the distribution of mosquito nets to all children who live in malaria regions.

With its somewhat naïve character and technocratic approach to solving global problems in the main with more money and better technologies, the Sachs Report is limited to a large extent to meddling with the symptoms. The structural causes of poverty and social injustice remain to a large extent ignored. However the report can be used as an argument in support of calls for reform of development cooperation, dramatic debt cancellation and a radical increase in ODA.

**Recommendations of the Reports on innovative financing mechanisms**

The importance of mobilizing “new and increased” resources for financing environmental and development obligations was mentioned as early as 1992 in the action plan of the Rio Conference. Three years later the introduction of a foreign exchange tax (Tobin Tax) was discussed at the World Summit for Social Development in Copenhagen. According to this Summit’s programme of action it was governments’ responsibility to “look for innovative financial sources” for social programmes. At the 24th Special Session of the General Assembly (Copenhagen +5) in 2000, the governments mandated the UN Secretary-General to carry out an analysis into “new and innovative sources of finance” for social development. When, two years later at the Monterrey Conference on Financing for Development there were still no results, the governments confined themselves to a commitment to studying the research commissioned by the UN Secretary-General on new financing mechanisms in the “appropriate forums”. It was a further two years before the UN University’s World Institute for Development Economics Research (UNU-WIDER) published their report, commissioned by the UN Secretary-General. Within only a few weeks, in autumn of 2004, two further reports on this issue appeared through the initiatives of the French and Brazilian Presidents. There are now therefore three comprehensive studies presently available, forming the basis of the current debate on financing mechanisms:

The central question in all three studies was how to increase funds by at least the 50 billion dollars necessary to finance the realization of the Millennium Development Goals. The studies, however, are not limited purely to raising the funds – in other words the quantitative aspects of possible financing mechanism – but also comment on their impact on taxation and redistribution. This is particularly true of mechanisms involving international taxes and duties. Deployed well, international finance mechanisms can return a part of trade and tax capacity lost to States due to globalization (in part self-inflicted). As new development financing mechanisms, they can also contribute to a reduction in the deficiencies of the present system of development cooperation. The Landau Report outlines four main shortcomings in this respect:

- **Insufficient resources** because each donor has built-in incentives to finance its own priorities first, and then to free ride on other countries contributions to finance common objectives.

- **High negotiation and transaction costs**, both for donors (in time and resources spent in reaching compromises) and recipients (who find it increasingly difficult to grapple with the system’s complexity and uncertainties).

- **Aid is inadequate and inappropriate in form**; only one third of disbursements currently go to fighting poverty; grants are insufficient; less than 50% of aid actually translates into cash transfers to developing countries.

- **Aid is both volatile** (four times more volatile on average than recipients’ GDP) and **unpredictable**. Far from helping countries to cushion economic shocks, it is often an additional source of instability.

There are similarities in this analysis to the Sachs Report. However, it goes beyond the Sachs Report in its last point, leading to one of the central reasons for the importance of new financing mechanisms:

"One crucial element is currently missing in the present development system: a resource that is both totally concessional and predictable. In order to produce such a resource, new multilateral (and more automatic) financing mechanisms are necessary."  

While the Sachs Report focuses on estimating how much money needs to be raised in order to finance the MDGs, the Reports of Atkinson, Landau and the Technical Group make concrete proposals as to where the extra funds may come from. In this way the reports are complementary.

The reports are in agreement that the new funds on top of the crucial increase in ODA, must be used for debt relief and trade facilitation. In this they acknowledge the fears of many developing countries that the industrial countries will quietly back track on their previous

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28 Landau, p. 5.  
29 Ibid.
commitments (in other words the 0.7 percent aim) after the introduction of new financing mechanisms.

The possible financing mechanisms proposed in the three studies are relatively congruent. The following proposals are discussed:

- **Global Duties and Taxes**, such as Currency Transaction Tax, (CTT, or Tobin Tax), an international tax on CO2 emissions, a duty on aeroplane fuel or use of air space, a tax on weapons sales or export, as well as a tax on the profits of transnational business.

- **Capital market mechanisms**. This includes the British government proposal for an International Finance Facility (IFF), mobilising the release of private capital bonds for the financing of programmes for poverty eradication and the allocation of new special drawing rights to the IMF.

- **Voluntary private contributions**. Under this general term are proposals for the establishment of a global lottery, the mobilization of private donations and the easing of tax on migrant remittances.

The Technical Group’s report deals with the possibility of improved political coordination with respect to issues of tax evasion and tax havens, in order to encourage the mobilization of national resources.

Ultimately, none of the three reports definitively calls for the introduction of one or more concrete financing mechanisms. Clearly a preference exists for forms of international taxation (particularly in the Landau Report) and the introduction of the IFF (Technical Group) if possible in combination with an international tax. Suggestions for the increase of special drawing rights for the IMF and the introduction of a global lottery were less enthusiastically supported. The reports did not however reject any of the proposals discussed. Indeed, they considered all proposals technically realizable, economically sensible and suitable for long-term stable flows of resources. The reports suggest that in the evaluation of the proposals, their achievability factors must be kept in mind.

These factors include the possibility of rapid implementation, assuming there is global consensus on realisation (in other words, agreement from the USA) as well as the possibility of carrying out a pilot scheme as a first step towards implementation of one of the mechanisms. Instead of deciding on just one proposal, the Technical Group recommends in its conclusions the introduction of a “menu” of measures comprising international mechanisms, voluntary private financing models and mechanisms for improving policy coordination (for example tax cooperation).

The Landau Report rightly makes the point that once the first step of basic agreement on one financing mechanism has been taken, the central issues must still be clarified – and the devil is in the detail. This is especially true of the following three questions:

- **Additionality**: What are the necessary safeguards that new resources are truly additional and do not simply substitute existing aid flows?

- **Conditionality**: How are forms of conditionality adapted to long-term and stable financing of human development to be defined and devised?

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30 Technical Group, p. 69.
31 Landau, p. 7
• Governance: How will a new stable resource be managed in order to ensure that all potential participants are involved?

The three reports on innovative financing mechanisms have given the debate on this issue critical new momentum. That they appeared practically at the same time reflects the growing importance of this issue at the global level. Compared to the stagnation of the previous decade, events since autumn 2004 have almost overrun each other. To what extent the UNU-WIDER Report, commissioned by the UN Secretary-General himself and intended as part of the preparation for the Millennium +5 Summit, will be taken into account is at the moment still uncertain. The reports of the Landau Group and the Technical group have however already considerably influenced the position of the French and Brazilian governments and their partners.

4. Positions and areas of conflict in the preparation process

The preparations for the Millennium +5 Summit have been gathering momentum for governments and non-governmental organisations since September 2004. For governments, two issues are at the centre of the debate: financing the MDGs and reform of the United Nations, particularly the Security Council. Other issues have played a lesser role in the discussions up until now, or are to be handled by the appropriate bodies outside the UN process. This applies to, among other things, the reform of decision-making processes in the IMF and World Bank ("voice and vote") and the evaluation of existing PRSP processes, to be addressed at the Spring and Autumn Meetings of the Bretton-Woods Institutions; all trade issues are on the agenda of the next WTO Ministers meeting in December 2005 in Hong Kong; decisions regarding international climate policy are referred to the next Conference of the Parties to the Climate Change Convention (CoP-11, 28th November-9th December 2005) in Montréal.

It is unclear how important a role gender issues will play in the preparation process or at the Millennium +5 Summit itself. At the Beijing +10 Review and Appraisal of the Commission on the Status of Women (28.2.-11.3.2005) it was clear that is limited scope for progress. The negotiations were mainly concerned with defending what has already been achieved and affirmation of the Beijing resolutions. The flimsy final communiqué of the meeting stressed the importance of integrating gender perspectives into the UN Summit in September 2005 ("...stress the need to ensure the integration of a gender perspective in the High-Level Plenary Meeting on the review of the Millennium Declaration")\(^{32}\), but concrete proposals for the realization of this plea were absent.

The British government is playing a key role in the run-up to the Millennium + 5 Summit, holding both the chair of the G7/8 this year, and also, in the second half of the year, holding the EU presidency. Britain has gone on the offensive with proposals for further debt cancellation and new financing mechanisms (see below). The French government is also particularly active, having put forward proposals for development finance and UN reforms within various alliances (see below). One of these is the initiative against hunger and poverty of Brazilian President Lula, together with Chile, Spain and, since February 2005, Germany. This initiative can be traced back to the Geneva Statement, proposed by Lula and agreed to on

\(^{32}\) Cited from the draft closing statement of UN Doc. E/CN.6/2005/L.1 on 3rd March 2005 Pt. accepted by the commission on 11th March, with insignificant changes.
30th January 2004 by the presidents of Brazil, France and Chile, with support from the UN Secretary-General. The Presidents call for concrete steps towards financing the MDGs and the establishment of a Technical Group to research innovative financing mechanisms (see above). Parallel to this, Germany and Brazil lobbied together with India and Japan in the “G4” for reform of the Security Council. In comparison, other governments are not actively engaging, or are indeed deliberately passive. This is particularly true of the G77, for which Jamaica is currently the chair, and the USA. However, as the preparations for the Summit heat up, these two groups will certainly play a more central role (see Box 5).

Box 5

6 Steps to the Summit

Step 1 (September-December 2004): Engaged governments make their opening gambits, for example the Lula Initiative New York Statement of 20th September 2004, and the G4 in their general statement of 21st September 2004, in which they registered their reciprocal support for a permanent seat on the Security Council. The preparation process and arrangements for the Summit are decided.


Step 3 (January-March 2005): governments informally exchange views of the two reports, and try to exert influence on the formulation of the central report of the Secretary General for the Millennium +5 Summit.

Step 4 (March 2005): The Secretary General’s report on the implementation of the Millennium Declaration is published, the central preparation document for the Summit.

Step 5 (April-July 2005): Consultations are organised by the president of the General Assembly at various levels and on different issues (clusters) to discuss the General Secretary’s report. The conclusions of further reports and outcomes of discussion meetings (ECOSOC-BWI, Financing for Development etc.) and civil society hearings are made available. Preliminary decisions on the issues of development finance and debt relief are also expected at this time, particularly from the EU Council of Development Ministers (25th April), the G7 Finance Ministers Meeting (10th June) and the G7/8 Summit (6th–8th July).

Step 6 (July-September 2005): After the G7/8 Summit, the crucial phase of negotiations on those issues yet to be clarified starts. This will probably mainly centre on the formulation of the final statement of the Summit and the pros and cons of the package of decisions on UN reform and financing for the MDGs. This phase ends on 14th September with the start of the Summit itself in New York.

Governments’ initiatives for financing the MDGs

In debates on the future financing of the MDGs there are three central issues:

Timetable for ODA increases

Both the High-Level Panel Report and the Sachs Report call for industrialized countries to produce binding time-frames for the realization of the 0.7 percent goal for the Summit in September. It is expected that the UN Secretary General will back this call. The fact that

eleven countries have already introduced these time-frames (or have even reached the goal itself) has increased pressure on the German government.\textsuperscript{34} The Bundestag, the lower chamber of the German parliament is also applying pressure to the government to formulate such a plan. Alliance 90/The Greens argued for a time-frame that commits to an increase in German ODA to 0.5 percent of GNI by 2010, and 0.7 percent by 2014.\textsuperscript{35} This is a position identical to that held by the German Ministry for Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung - BMZ). The German government has yet to make an official decision. The EU in the meantime has decided to exceed the existing average goal (0.39 percent by 2006) and present a new roadmap for the increase in ODA up to 2009/2010 at the meeting of Development Ministers on 25\textsuperscript{th} April 2005. There is no fixed goal expected from the US government in this regard, as the USA has not recognized the 0.7 percent target as binding.

**Further debt relief, particularly multi-lateral debt.**

The British Chancellor of the Exchequer, Gordon Brown has proposed a 100 percent waiver of multi-lateral debt for all Highly Indebted Poor Countries (HIPC) and other low-income countries. Brown strongly criticizes the existing practice of demanding debt service repayments from the poorest countries when they are not in the position to pay for crucial programmes for implementation of the MDGs. At a recent meeting of G7, he stated, “What is morally wrong cannot be economically right”.\textsuperscript{36} The proposed debt cancellation applies to multilateral debt from the IMF, the World Bank and the African Development Bank, and has a value of about 80 billion US dollars. The cancellation of IMF debt would be financed by the sale of the Fund’s gold reserve, the cancellation of the World Bank and ADB debt by payments from the richest countries.

The G7 Finance Ministers accepted the basic principles of this proposal at their meeting on 5\textsuperscript{th} February 2005, but toned it down somewhat:

“We are agreed on a case-by-case analysis of HIPC countries, based on our willingness to provide as much as 100 per cent multilateral debt relief.”\textsuperscript{37}

Concrete proposals for the next steps towards debt relief will be discussed at the Spring Meeting of the IMF and the World Bank in April 2005.

**Introduction of innovative financing mechanisms.**

Since September 2004, there has been unexpected progress by governments on international tax and other financing mechanisms. When the British government first proposed an International Finance Facility (IFF) in January 2003, it came up against scepticism and was rejected by almost all governments. Since then this proposal is at the centre of considerations for the financing of MDGs. It is not only being explicitly supported by the High-Level Panel, the UN Millennium Project and the UN Secretary General, but numerous governments have also fallen in with the proposal. Amongst these are the governments of Brazil, Chile, France, Belgium, Denmark, Finland, France, United Kingdom, Ireland, Luxemburg, the Netherlands, Norway, Spain and Sweden, (cf. UN Millennium Project, Table 17.5).

\textsuperscript{34} Belgium, Denmark, Finland, France, United Kingdom, Ireland, Luxemburg, the Netherlands, Norway, Spain and Sweden, (cf. UN Millennium Project, Table 17.5).


\textsuperscript{36} Brown 2005.

\textsuperscript{37} G7 Finance Ministers conclusions on development, 5\textsuperscript{th} February 2005.(http://www.hm-treasury.gov.uk/otherhmisites/g7/news/g7_statement_conclusions050205.cfm, read 27.2.2005)
Germany and Spain, partners of the Lula Initiative “Action against Hunger and Poverty”. In a joint statement of 11th February 2005, they said:

“We strongly support pursuing the establishment of such a facility, including refinancing mechanisms.”

There are still various models of IFF under discussion. The original proposal from the British government aims for annual funds of around 50 billion US dollars, raised from capital markets and put at the disposal of existing bi- and multi-lateral development institutions for programmes focusing on the MDGs. Britain has proposed the introduction of an IFF for immunization (IFFIm) as a pilot scheme, which will be used to fund the Global Alliance for Vaccine and Immunisation (GAVI). On the strength of this proposal, GAVI has developed financing scenarios for sums of 4, 6 and 8 billion US dollars.

The details of an IFF are still to be clarified, particularly the issues of the receiver government’s involvement, the governance structure, conditionalities and refinancing issues. The French and now also the German government have proposed the introduction of an international duty or tax for refinancing. Together with the other Lula initiative countries, three models for nationally raised and internationally coordinated taxes are favoured:

- A duty on international financial transactions
- A duty on weapon sales, which would be raised on the sale of heavy conventional weapons.
- A duty on air traffic

The Lula Group considers it crucial that there is universal participation by all donor countries in the IFF and the models of international tax, but is prepared to consider a short-term “differentiated approach”, as long as a “sufficient number of countries” are involved. This is so that the introduction of a new financing mechanism is not dependent on the agreement of the USA and Japan, which up until now have categorically rejected the proposal – even though within the G7 Finance Ministers they have agreed to a programme of work that includes all of these options:

“As we prepare for decisions at the G8 Summit in Gleneagles we agree a work programme on: the IFF and its pilot, the IFF for immunisation; some of the revenue proposals from the Landau Report brought forward by France and Germany which could also refinance the IFF; the Millennium Challenge Account; and other financing measures; so that decisions can be made on the constitution of and participation in a financing package to achieve the Millennium Development Goals.”

The currently most realizable model appears to be a two-pronged approach of IFFIm and Air Traffic Tax, favoured by the German and French governments. The Air Traffic Tax is intended firstly to be used as a project for the fight against HIV/AIDS and will later be used for the refinancing of the IFFIm. It is expected that a decision on this will be made at the G7/8 Summit. The introduction of international financing will be a historical breakthrough after many years’ efforts, but it remains a far cry from that which governments themselves see as

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38 Joint statement by Brazil, Chile, France, Germany and Spain, 11th February 2005 (http://www.mre.gov.br/portugues/politica_externa/temas_agenda/acfp/acfp_port/declaracao_conjunta11_02_05.doc, read 27.2.2005)

39 Ibid.

40 G7 Finance Ministers conclusions on development, 5th February 2005. (http://www.hm-treasury.gov.uk/otherhmtsites/g7/news/g7_statement_conclusions050205.cfm, read 27.2.2005)
necessary. It remains to be seen whether it will be decided to extend beyond the pilot IFF by September 2005 and then agree on further refinancing mechanisms. It is most likely that tax on international financial and currency transactions will also be called for.

**Government positions on UN Reform**

Compared to the debate on the future financing of the MDGs, which is now being conducted at the highest levels of government (for example by Schröder, Chirac, Blair and Lula at informal talks at the World Economic Forum in Davos, 2005), the debate between governments on institutional reform of the UN system is far less ambitious and thus far without clear political lines. One exception is the proposals for Security Council reform. Germany, Japan, Brazil and India (the “G4”) have gone on the diplomatic offensive with their demands for permanent seats on an equal footing with the current Permanent Members (see Box 6).

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**Box 6**

**Joint Statement by Brazil, Germany, India and Japan, New York, 21st September 2004**

"1. In order for the international community to effectively address the various threats and challenges that it presently faces, it is important to reform the United Nations as a whole.

2. The General Assembly must be revitalized, as it represents the general will of all Member States. We must also enhance the efficiency of the UN agencies and organs in the social and economic fields in order to effectively address urgent challenges.

3. The Security Council must reflect the realities of the international community in the 21st century. It must be representative, legitimate and effective. It is essential that the Security Council includes, on a permanent basis, countries that have the will and the capacity to take on major responsibilities with regard to the maintenance of international peace and security. There also has been a nearly four-fold increase in the membership of the United Nations since its inception in 1945, including a sharp increase in the number of developing countries. The Security Council, therefore, must be expanded in both the permanent and non-permanent categories, including developing and developed countries as new permanent members.

4. Brazil, Germany, India and Japan, based on the firmly shared recognition that they are legitimate candidates for permanent membership in an expanded Security Council, support each other’s candidature. Africa must also be represented in the permanent membership of the Security Council. We will work together with other like-minded Member States towards realizing meaningful reform of the United Nations, including that of the Security Council."

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**Security Council**

At the centre of the current debate on Security Council reform are the recommendations of the High-Level Panel on Threats, Challenges and Change, which itself is completely at odds on this issue and has put forward two different models for debate. Both models aim to expand the Security Council from the current 15 seats to 24. Model A envisages the establishment of nine new permanent seats, with no veto right, as well as three new non-permanent seats with two-year terms. Model B provides for no new permanent seats, but creates a new category of

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42 High-level Panel on Threats, Challenges and Change, pp. 244.
eight four-year renewable-term seats and a further non-permanent (and non-renewable) two-year seat.

While the G4 favours Model A\textsuperscript{43}, most of the other governments have not come forward with a clear position. This is also true of the USA and China, whose veto (as with the other permanent members) could be the stumbling block for any reform of the Security Council. Those who are explicitly against an enlargement of the Security Council with new permanent seats are the members of the so-called Coffee Club, including Italy, Pakistan, Mexico and Argentina.\textsuperscript{44}

The G77 countries are also non-committal. At informal General Assembly hearings on the High-Level Panel Report at the end of January 2005, criticism that there was too strong a focus on the Security Council prevailed. In this context, Member States referred to reform proposals by the ILO World Commission on the social dimensions of globalization, which would act as the missing link between economic and social sectors\textsuperscript{45}. The President of the General Assembly, Jean Ping of Gabon summarised the debate:

\begin{quote}
“Many delegates felt that consultations on the reform and restructuring of the United Nations should not be limited solely to the recommendations contained in the High-level Panel's report and its focus on the Security Council should not alter even further the role and authority of the General Assembly as the principal deliberative body of the United Nations.”\textsuperscript{46}
\end{quote}

Boutros Boutros-Ghali, the former UN Secretary General and current chair of the South Centre made a similar argument in a comment on the High-Level Panel’s Report. Here he articulates in particular the fears of the majority of smaller developing countries, asking:

\begin{quote}
"Will the expansion of the Council bring about greater influence and roles for those countries that remain on the outside or, will the Council become an expanded forum of a handful of major countries all vying to advance their narrow interests and engaged in a global power game? In the process it is easy to trade away or ignore the interests and concerns of those that have to remain ante portas. Such an expanded Council will also have a greater claim to representativeness. It would thus contribute to the concentration of power and the marginalization of the General Assembly, and indeed of the Economic and Social Council, given the fact that the new and expanded definition of collective security covers also economic and social questions, which would be opened up for use of veto by the five permanent members. The “reformed” Security Council would thus be the place to watch. [...] No doubt the risks are great. However, to be fully aware of these challenges is the first step on the long and difficult road of democratizing the Security Council, taming the monopoly of power and making it into a truly representative and transparent mechanism of the United Nations that together with other major UN organs will become the centrepiece of democratic global governance.”\textsuperscript{47}
\end{quote}

These appeals for reform of the Security Council, the General Assembly and ECOSOC from the G77 and the South Centre have yet to be accompanied by new proposals. A major reason for this is the structural inability of this group of 133 extremely different nations to make decisions. Since the creation of the G77 in 1964, its members have grown ever further apart politically and economically, so that group interests can only be formed at the level of the


\textsuperscript{44} Einsiedel, p. 10.


\textsuperscript{46} www.globalpolicy.org/reform/initiatives/panels/high/0203gahlp.htm (read 27.2.2005)

\textsuperscript{47} Boutros-Ghali, p. 5 et sqq.
lowest common denominator. The G77 actions and reactions are inevitably considerably more cumbersome than those of the USA or the comparatively homogenous EU. The positions of the G77 are generally structurally conservative and are limited, when in doubt, to previously agreed prescribed statements. This promotes weak boilerplate diplomacy, and not infrequently blocks the realization of innovative ideas.

**Economic and social sectors**

In the run-up to the Millennium +5 Summit, the intergovernmental debate on the reform of the economic and social sectors of the UN has moved between the two poles of half-hearted lip-service and detailed technical proposals for the strengthening of ECOSOC.

This is why Germany and its G4 partners, in their bid for a permanent seat on the Security Council, have consciously put their demands for the revitalization of the General Assembly and an increased efficiency of the economic and social sectors of UN institutions at the fore (see Box 6 above).

Pakistan, holding the presidency of ECOSOC in 2005, is also agitating for general reform:

“Pakistan would use its Presidency to build consensus on ECOSOC making a substantive contribution to the 2005 High Level Event on development issues and on drawing a basic blueprint for ECOSOC reform and empowerment. We believe that empowering ECOSOC would also be a good institutional response to operationalizing the security and development linkage now reconfirmed by the Panel and the Millennium Report, and to create conditions for a genuine global partnership for development in the 21st century.”48

Up until now, governments’ concrete proposals for reform have only been made sporadically, relating mainly to ECOSOC’S internal structure and working methods and its relationship to the Security Council, the IMF, World Bank and the WTO. Examples of this are a still internal Belgian-German working paper of 2004 on ECOSOC reform and a comprehensive background paper by Gert Rosenthal, Guatemala’s Permanent Representative to the UN until 2004.

Further proposals for the creation of a new global decision-making and coordination body for economic and social issues are still on the table, but have until now played no role in the current debate. The proposal for an Economic and Social Security Council, which was supported, amongst others, by the French President Jacques Chirac and the German Minister for Development Heidemarie Wieczorek-Zeul at the Monterrey Conference in 2002 is one example of this. Wieczorek-Zeul stated:

“In my view, the establishment of a high level Global Council is a worthwhile proposal in order to overcome the present unsatisfactory representation of developing countries in international fora. Such a Global council would discuss important matters of economics and finance and draft coherent political strategies”.49

This idea has so far not been introduced into the current preparations for the Millennium +5 Summit, let alone be further developed into a concrete political initiative. The same applies to proposals for the institutional strengthening of the environment sector of the United Nations,

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particularly the current French initiative for the promotion of UNEP to the UN Environment Organisation (see Box 7).

**Box 7**

**Stalled reform: The French UNEO proposal**

For many years there have been attempts to strengthen and institutionally reform the environment sector within the UN. The focus of this has been the United Nations Environment Programme (UNEP). Since its foundation, UNEP has demonstrated a range of structural weaknesses, which have yet to be dealt with:

- UNEP does not have the legal status to represent environmental interests on an equal footing with other organisations, particularly the Bretton-Woods Institutions and the WTO.
- UNEP depends almost exclusively on voluntary contributions, and therefore finds itself in a constantly precarious financial situation.
- UNEP lacks the political authority to play a coordinating role for other international environmental institutions, above all for the Convention Secretariat.  

Proposals for the revaluation of UNEP were already being discussed in the run-up to the Rio Conference in 1992, but had at that time no success. At the Special General Meeting Rio+5 in 1997, Germany, Brazil, Singapore and South Africa made a joint push for the establishment of a World Environment Organisation – also without success. In the years since then different models, particularly in the scientific sector, have been developed for a World Environment Organisation, including Germany through the WBGU (Scientific Advisory Board for Global Environmental Change of the German government).

The first reforms of UNEP came in 1999 under the new General Director Klaus Töpfer. At that time, the Environmental Management Group (EMG) was established and the Global Ministerial Environment Forum (GMEF) founded. In February 2001, the UNEP advisory board appointed a working group for the theme of International Environmental Governance, which was to analyse institutional weaknesses in the environmental sector of the United Nations and make proposals for the revaluation of UNEP. The recommendations of this working group were accepted at a Special Session of the UNEP Advisory Board and the Global Environment Ministers Forum in Cartegena, and later adopted in the implementation programme of the World Summit for Sustainable Development. In essence, the Cartagena Package proposes the introduction of universal membership in UNEP’s Advisory Board/Global Environment Ministers Forum. The General Assembly has yet to decide on this “important but complex” issue.

In view of this stagnation, in September 2003, the French President Chirac started a new initiative for the promotion of UNEP to United Nations Environment Organisation (UNEO). The German government supported this initiative. In February 2004, an intergovernmental working group with representatives from 26 countries was established to present concrete proposals for the conversion of UNEP into a UN Special Organisation. To this end, the French government has tried to reach consensus on the proposals before the Millennium +5 Summit in September 2005. Whether this will be successful, given existing resistance from the ranks of the G77 and the USA, is questionable.

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50 Analysis of the German government. Kerstin Müller, State Minister at the Foreign Office made a similar statement on UNEP weaknesses at the Forum for Global Issues.
Other than discussions on UN internal reform, for some time there has been increasing debate on the possibility of promoting the G20\(^{54}\) to a global coordinating body for economic issues. These discussions were triggered by Canadian Prime Minister Paul Martin’s proposal to promote the G20 to “Leaders 20”, which would then meet at the level of Heads of State and Government. The idea was well-received by the High-Level Panel and has found growing agreement among governments. For example, in their joint declaration following a meeting between Paul Martin and the Brazilian President Lula, they stated:

“The President and the Prime Minister recognized the utility of new approaches, such as a meeting of G20 Leaders, in providing new fora for discussion by developing and developed countries on issues of global concern as development, public health and terrorism among others.”\(^{55}\)

The idea was also supported by the German government. In May 2004, senior German Finance Ministry official Caio Koch-Weser announced:

“The G-20 represents two thirds of the world’s population; 93% of global GDP is produced here. It is also important that the western club is overpowered in the G20: all regions of the world are represented. This demonstrates an incomparably greater legitimacy than that of the G7/8. That not all countries are represented makes on the other hand solidarity and trust possible [sic]. Not for nothing do many observers judge the G-20 as playing a forward-looking, to some extent the most important, role in “Global Governance” of the future.”\(^{56}\)

Whether and to what extent the “Leaders-G20” initiative will be included in intergovernmental discussions on reform before the September UN Summit is uncertain, as is the question of how the work will be divided between a reformed G20 and a reformed ECOSOC.

Whether governments will manage to put together a reform package reflecting all of the ambitious changes to the Security Council, the institutional strengthening of the economic and social sectors of the United Nations and a substantial increase in development funds for the realization of the MDGs by September 2005 remains crucial for successful United Nations reform. Only under these conditions can agreement to the reforms be expected from the G77.

**NGO Demands for the Millennium +5 Summit**

NGOs have declared 2005 the “Year against Poverty”. They see in the Summit meetings an historical opportunity for governments to turn things around, and resolve to undertake concrete measures for poverty eradication and the realization of the MDGs. Since September 2004, an international alliance of NGOs, growing out of an initiative of British NGOs and VIPs ("Make Poverty History", www.makepovertyhistory.org) and supported by the UN Millennium Campaign (www.millenniumcampaign.org), has gathered under the slogan "Global Call to Action against Poverty" (GCAP). The unifying symbol of the worldwide campaign is a white band (www.whiteband.org). The aim is to mobilize public support for the war against poverty and hence increase pressure on governments. The activities of the worldwide alliance are to culminate in three global days of action on 1\(^{st}\) July (before the G7/8

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\(^{54}\) The G20 was established by the G7 Finance Ministers on a Canadian initiative in September 1993. The member countries are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi-Arabia, South Africa, South Korea, Turkey, United Kingdom, USA and the EU.

\(^{55}\) Joint declaration on the occasion of the visit of Prime Minister Paul Martin to Brazil, November 22-23, 2004.

\(^{56}\) Speech by Caio Koch-Weser at the Humboldt-Forum Wirtschaft, Berlin, 14th May 2004.
Summit), 10th September (before the UN Summit) and 10th December 2005 (before the WTO Ministers meeting).

The alliance is supported by coalitions of national NGOs currently forming all over the world. In Germany, NGOs have joined forces under VENRO leadership for the "Weltweiten Aktion gegen die Armut" ("Worldwide campaign against poverty": www.weltweite-aktion-gegen-armut.de). However, the most influential actors in the global alliance are representatives of the big international NGOs, particularly Oxfam, Action Aid, Civicus, CIDSE and Social Watch.

The demands of the Global Call to Action against Poverty comprise four areas:

- **Trade Justice**
- **Drop the Debt**
- **More and Better Aid**
- **Stronger national efforts for the eradication of poverty and realization of the MDGs**

The general positions of the Alliance are given more concrete form by specific catalogues of demands from international networks and national coalitions, which take into account the respective conditions and problems in each country.

At the international level, Social Watch has drafted the most comprehensive position paper to date on the Millennium +5 Summit. It was released in March 2005 under the title "Benchmark for the 5-year Review of the Millennium Summit" and reflects the demands of a wide alliance of NGOs from all over the world (the majority from the South). It consciously goes beyond the narrow development focus of the MDGs with respect to the Millennium Declaration. The basis for the Benchmark paper is the responsibilities that governments took on at the Millennium Summit 2000 and the World Conferences of the 1990s, in particular the World Social Summit and the Fourth World Women’s Conference of 1995.

The paper assumes an inclusive approach to human security. It strongly criticises the present dominant policy, led by the security interests of the rich industrialized nations, particularly the USA, which think primarily in terms of military security. The paper applies one of the basic underlying principles of the human rights development approach, namely that overcoming marginalization and injustice should be the central focus rather than just the goal of eradicating or halving extreme poverty. Based on this assumption, the Benchmark Paper sets out a comprehensive set of demands in the following themes:

- **From poverty eradication towards diminishing inequality**
- **Promoting self-determined national development strategies**
- **Achieving gender equality and equity**
- **Urgent action in the face of climate change**
- **Stopping militarization and the proliferation of weapons**
- **Financing of Development**
- **Making trade fair**
- **Fighting HIV/AIDS and other pandemic diseases**
- **Promoting Corporate Accountability**
• **Democratising international governance**
• **Involving civil society**

Under these general titles, which set the structure of the Benchmark Paper, are a range of detailed demands, reflecting the position of a variety of NGO campaigns and movements (particularly in the sectors of development, environment, peace and human rights). As with the Millennium Declaration, the Benchmark Paper has an interdisciplinary approach.

As well as covering the familiar positions of increased ODA, debt relief, international taxes and trade policies, the paper sets out longer-term aims, which exceed the narrow development framework:

- **A commitment to eradicate poverty in each and every country by 2025**, with poverty defined within each country on the basis of different national realities.
- **Immediate implementation of measures for addressing climate change and the environmental degradation of our planet**, the responsibilities for which are included in the Kyoto protocol.
- **A commitment to halve military** spending in each and every country by the year 2015 and use the resulting “peace dividend” for social and environmental purposes (“Halving military spending for halving poverty”).
- **The promotion of mobilizing national resources** through increasing global coordination of taxes and the abolition of tax havens and prevention of tax evasion.
- **Increase in the contribution of businesses for the realization of the MDGs** through the binding commitment to support the UN “Norms on the Responsibilities of Transnational corporations and other Business Enterprises with Regard to Human Rights”.
- **The complete integration of the IMF, World Bank and above all the WTO into the system of the United Nations** accountable to a reformed and strengthened Economic and Social Council.
- **The establishment and strengthening of participatory mechanisms for civil society** in all institutions of the UN system, including the General Assembly.

In these requirements, NGOs are not only setting out the issues which they see as politically realizable in the short term, but also those which they see as political necessary in the long-term.

German NGOs have also approached the German government and the public with their list of demands. The “World Wide Action against Poverty” (“Weltweite Aktion gegen Armut”57) and Social Watch Deutschland58 have played an active role in this. Amongst the German NGOs demands to the national government are:

57 The campaign went public at the end of March 2005 with a catalogue of demands under the slogan “Keep your promises – more German involvement in the Millennium Development Goals!”
• **A binding timeframe for increasing ODA.** Such a timeframe could include three stages: a substantial increase in ODA over 0.33 percent of GNP through increased funds ("fresh money") and not only through the setting-off of further debt relief by 2006 (the report of the Millennium Project demands 0.44 percent!) and the increase to 0.7 percent by 2010.

• **Support for IFF in connection with internationally coordinated taxes.** The German government intends to lobby for the introduction of the planned pilot scheme (IFFIm), bound to a refinancing mechanism on a nationally raised and internationally coordinated aviation tax (commensurate with the WBGU proposal)\(^{59}\) and a currency transaction tax. Basic conditions for the support of a new fund would be that the IFF will be more progressive than existing institutions and funds in terms of participation, conditionality and governance.

• **Cancellation of multilateral debt and a new definition of debt repayment ability.** As a symbolic step, the German government should support the British proposal for the 100% cancellation of multilateral debt on all HIPCs as well as other low income countries. Beyond this, the government should ensure that the definition of ability to repay debt takes requirements for poverty eradication and implementation of the MDGs into account. Debt service repayments can only be expected from a debtor country if funds for realizing the MDGs are guaranteed.

• **Strengthening of international tax cooperation.** In order to mobilise national resources for the eradication of poverty and implementation of the MDGs, countries must be supported to build up an effective tax system and to raise taxes. For this it is crucial in the framework of international cooperation to stop the global competition in the reduction of rates of taxation, close tax havens and other tax loopholes. As the first step towards this, the UN established a Committee of Experts on International Cooperation in Tax Matters under ECOSOC in November 2004. The German government must actively support this body and ensure that it is politically promoted.

• **Political signal to developing countries before the WTO Ministers meeting.** The German government must use its influence with the EU and the WTO in order to end unfair practices of industrialized nations against poor countries, (such as export subsidies in agriculture, customs increase, anti-dumping regulations) and develop international trade regulations to guarantee developing countries protection of their markets from the imports of industrialised nations, as well as preferred status within the framework of the WTO.

• **Clear goals and indicators for gender.** The three sub-goals and indicators regarding equity and equality of the sexes are totally insufficient. The German government must therefore ensure that after the Summit in September 2005, a set of comprehensive and relevant aims and indicators will be developed together with UNIFEM and women’s organisations so that progress (or lack of progress) can be better measured and evaluated.

• **Strengthening of the international system of human rights.** The German government should support financial and institutional strengthening of the UN in the area of human rights, as well as the introduction of a complaint mechanism to the international pact on Economic, Social and Cultural Rights and the Convention on Child Rights.

• **Strengthening of the responsibility of business to human rights.** In order to ensure that businesses can pay a positive development contribution, they should be subject to

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\(^{59}\) Wissenschaftlicher Beirat der Bundesregierung Globale Umweltveränderungen (WBGU), 2002.
unified international regulations. The Millennium Project has shown that this is particularly important in conflict regions, and calls for stronger support from the “UN Norms for Transnational Business and other Business Enterprises with Regard to Human Rights”. The German government should lobby actively for the furtherance and implementation of the UN Norms.

- **Renewal of ECOSOC.** The German government should lobby for reform of ECOSOC into a body with decision-making and implementation powers and actively support the proposal for an “Economic and Social Security Council” The implementation of the recommendations of the High-Level Panel for the promotion of ECOSOC would be the first step towards a global coordination and decision-making body for economic, social, environmental and human rights issues.

- **Promotion of the UNEP into a UN Special Organisation.** The initiative of the French government for a UN Environmental Organisation should be actively supported by the whole government, and not just by the Environment Minister.

### 5. Conclusions

The political atmosphere before the Millennium +5 Summit is significantly different from that during the preparation phases of the international conferences and UN Summits of the previous 15 years. Up until now, it has been mainly isolated governments, NGOs, Unions, scientists and the UN itself which drew attention to global social, ecological and economic problems and urged governments to act.

The governments, on the other hand, particularly the industrialized nations have generally adopted a defensive posture, acting only from necessity and trying to use clever formulations in the final communiqués to avoid any binding obligations. Wanting to meet the 0.7 percent goal “as soon as possible” meant putting its implementation on the back burner; cutting military spending consistent with “national security needs” meant not reducing at all; additional debt relief “after consideration of individual cases” led in practice to avoiding concrete alleviation measures until the next debt crisis.

In 2005, the situation has changed. One year before the actual UN Summit, 111 governments launched a self-help appeal - following President Lula’s initiative in his New York Statement - finally to take the necessary political steps against hunger and poverty. Not just NGOs and international celebrities but also the Heads of State of all the large industrialised nations are describing 2005 as a Year of Decision, speaking of a rare window of opportunity and an historical chance which cannot be lost. Entrenched political positions have changed dynamically in ways that even a year ago would not have been thought possible.

This is also true of the German government. For years, it rejected a binding timeframe for the realization of the 0.7 percent goal for years – but now this looks achievable. Until recently, the idea of international taxes was a taboo subject for the German Chancellor and Finance Minister – now they are publicly supporting their introduction. Committing to development assistance payments over a multi-year period was rejected by the Finance Minister with reference to German budget sovereignty – to finance the IFF this now no longer seems to be a problem. A public signal for the change in German policy is Germany’s entry to the “Lula Group” of Brazil, France, Chile and Spain following the meeting of Chancellor Schröder and President Lula at the World Economic Forum at the end of January 2005.
These new government initiatives have not come out of the blue. They are a reflection of the drama of the unresolved problems of poverty and security and a reaction to the growing pressure on governments as a result of reports from various international commissions and public campaigns by NGOs. These have reminded governments that the realization of the Millennium Goals and the achievement of effective structures for multilateral cooperation cannot be achieved by juggling numbers or pushing organigrams around the table.

The reports of the Millennium Project and the High-Level Panel have similarly made it clear what is at stake – issues of life and death for millions of people, and the necessity of finding lasting solutions to prevent social exclusion and marginalization, violent conflict and war.

It is idle to speculate what exactly has brought about this public change in the German government’s approach. Is it recognition of the need for more focussed mechanisms for development finance and the eradication of poverty, or the desire to be seen as good multilateralists while lobbying for a permanent seat on the Security Council? What is important is that the German government is not resting on mere proclamations and declarations of intent, but is contributing concrete political initiatives to ensure that the Millennium +5 Summit produces effective resolutions.

In the run-up to the September Summit, the German government has channelled its diplomatic efforts mainly into lobbying for a German seat on the Security Council. This is not the place to evaluate whether this approach was politically savvy and whether the reform model favoured by the German government points in the wrong direction or is the first step in the opening up and democratization of the Security Council.

In any case, the German government must convince the other 190 members of the UN that its high-profile engagement in the MDGs and the renewal of the UN is not a tactical measure, but a credible sign of a stronger German policy towards the UN and development, a policy which attaches importance to long-term multilateral and development cooperation. This can only be successful if the German government establishes a comprehensive package of measures in the run-up to the September Summit, complementary to its engagement with respect to the Security Council, including concrete initiatives in the economic, social and environmental sectors. Basic elements of such a package could include:

- The commitment to a binding timeframe for an increase in German ODA to 0.7 percent of GNP by 2014
- The support of an International Finance Facility together with the introduction of globally coordinated taxes.
- An active policy on the institutional strengthening of the United Nations in the economic, social and environmental sectors.

The United Nations Millennium Project Report makes it clear that the realization of the Millennium Goals will fail if there is a policy of ‘business as usual’. It appears that the German government’s position is beginning to change with respect to an increase in German development assistance and the introduction of an international financing mechanism. With respect to the strengthening of the economic and social sectors, the appropriate signals are yet to be seen. The German government has the opportunity to rectify this before the UN Summit in September 2005. At the Summit itself, the German government will have the opportunity.
(and the responsibility) to put its money where its mouth is. In its address to governments, the UN Millennium Campaign slogan for the Summit puts it succinctly: “No excuses!”
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The Heinrich Böll Foundation

The Heinrich Böll Foundation, affiliated to the Alliance 90/Greens, has its headquarters at Hackesche Höfe in the heart of Berlin. The Foundation acts as an agency for Green projects and ideas, the workshop of the future for political reform, and international network of over 100 partner projects in almost 60 countries. There are 15 affiliated state foundations working in each federal state on political education activities.

Heinrich Böll's call on citizens to engage in politics is the example upon which the work of the Foundation is modelled. The Foundation's primary objective is political education both within Germany and abroad, promoting democratic involvement, civil society engagement and international understanding. Its activities are guided by the fundamental values of ecology, democracy, solidarity and non-violence.

The Foundation promotes a vision of a democratic society open to immigrants and places particular importance on attaining gender democracy - signifying a relationship between the sexes characterised by freedom from dependence and dominance.

The Foundation also promotes art and culture as part of their political education work and as a form of expression of social self-awareness.

In 2003, the Heinrich Böll Foundation funded 154 students through its Study Programme.

The Heinrich Böll Foundation has some 180 full-time staff as well as 305 supporting members who provide financial and non-financial assistance.

The members’ assembly, comprised of 49 persons, is the Foundation's foremost decision-making organ; its responsibilities include electing the Executive Board.

Ralf Fücks and Barbara Unmüßig comprise the current Executive Board. Dr. Birgit Laubach is the CEO of the Foundation.

The Foundation's by-laws provide for a quota of women and immigrants on all the Foundation’s bodies and among its full-time staff.

There are currently foreign and project offices with the EU in Brussels, Poland, the Czech Republic, Turkey, Russia, Georgia, Bosnia, Serbia, Croatia, Israel, the Arab Middle East, Kenya, Nigeria, South Africa, Thailand, Cambodia, Pakistan, India, Afghanistan, Brazil, Mexico, El Salvador and the USA.

The Foundation had around 38 million Euros of public funds at its disposal for 2003.

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The Global Policy Forum

The Global Policy Forum (GPF) was founded in 1993 in New York as an independent research and lobbying organisation. The Global Policy forum is committed to a stronger, more transparent multilateral policy leading to ecologically sound and socially just development. Since October 2004, GPF has also been based in Europe and has begun a critical examination of German and European UN policy.

The current focus of GPF Europe is international environmental and development policy, United Nations reform and corporate accountability, GPF Europe is actively taking part in the work of the international Social Watch network. Aside from reports and meetings, the central medium of GPF is the homepage www.globalpolicy.org. This is one of the most utilised independent internet sources in the international policy sector, with over 40 million ‘hits’ and over 4 million visitors (2004).

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Numerous publications on the issues of multilateralism, UN Reform, and international environmental and development policy, including:

Business in World policy, policy networks, business rules and the future of multilateralism. (Co-editor) Bonn: JHW Dietz 20004 (EINE Welt Texte der Stiftung Entwicklung und Frieden Bd. 19)


