POSITION DOCUMENT

of the Ad Hoc Secretariat of the
World Forum of Civil Society Networks - UBUNTU
and of the World Campaign for in-depth Reform
of the System of International Institutions

on the review process of the
Monterrey Summit on Financing for Development

Towards the Doha Conference
29 November - 2 December 2008
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0. By way of introduction

In the wake of the appointment of the new Secretary-General at the UN on 1 January 2007, some of the processes associated with the 2005 World Summit (reviewing the path to achieving the MDGs, and reforming the UN itself) remain open, albeit to a very limited extent. The Bretton Woods Institutions and the World Trade Organization are also going through serious crises. In this context, the meeting called for the “Review of the Monterrey Summit on Financing for Development” (in Doha, Qatar at the end of this year of 2008) is emerging in our view as the time of the greatest tension, interest, attention and future concentration in the short term for the world of multilateral institutions, and also as a key occasion for one of the crucial issues demanding the attention of mankind in this new century: development.

This situation may result in extra momentum being generated for getting all the actors interested in or working towards an in-depth, substantive reform of our international institutions to mobilise their energies and all their strength for the purpose of starting to achieve those highly necessary goals. What is involved is bringing about vitally needed change in international institutions and policies, in order to make sustainable human development possible in every corner of the planet. This change is felt to be still more indispensable in that now, despite being half-way towards the deadline set for achieving the MDGs, we are clearly still not moving in the right direction.

In line with that context, this document seeks to deal with the key issues in this review process from the systemic standpoint. We shall thus attempt to analyse which reforms to international institutions might improve the implementation of the policies we are seeking, thus enabling the challenges we are facing in the many and varied pathways for development in the world to be tackled.

The structure of this document (in the classic format for position documents from the Secretariat of the World Forum of Civil Society Networks – UBUNTU and the World Campaign for in-depth Reform of the System of International Institutions) will feature two main parts in each section: A) ANALYSIS; and B) PROPOSALS. Part B) will present systemic proposals for the medium to long term on Reforms to the System of International Institutions and/or to international policies as well as proposals detailing those reforms, ones that can be pursued or even theoretically attained in the framework of the Review of the Monterrey Summit on Financing for Development.

It is also important to note that both those sections – the analysis and the proposals – will involve continual references to documents, mostly official UN ones, and these are listed in the bibliography given in section 6. Worth singling out in this respect are the Secretary-General’s Reports prepared for the High-Level Dialogue on Financing for Development (New York, 23 and 24 October 2007). In our opinion, these are documents of great interest, containing options and proposals that must not be overlooked in the process of reviewing the Monterrey Summit.
1. Rethinking Financing for Development (FfD)

Analysis of the topic: Official Development Assistance (multilateral, bilateral); private flows; Foreign Direct Investment; implementing and levying new international taxes; eliminating tax havens.

Towards a new consensus on assessing financing needs and the ability to meet them: predictability, collecting and stabilising resources; rethinking financing for development; and moving “Towards new Worldwide Cohesion Funds” or “Towards an Equitable Sharing of Wealth”.

A) ANALYSIS

1.1 What vision can we take as the starting point for the reality of development in the world? What does the degree of fulfilment of the Millennium Development Goals (MDGs) and the other Internationally Approved Development Goals tell us about the reality of development in the world? What financial costs can be estimated as being necessary for achieving the MDGs by 2015?

1.2 What do the data tell us about the reality of FfD?

1.2.1 Concerning Official Development Assistance (ODA)
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B) PROPOSALS

1.3 Towards a new consensus on assessing financing needs and the ability to meet them: resources – predictability, collection and stability; rethinking financing for development; and moving “Towards new Worldwide Cohesion Funds” or “Towards an Equitable Sharing of Wealth”
1. Rethinking Financing for Development

A) ANALYSIS

1.1. What vision can we take as the starting point for the reality of development in the world? What does the degree of fulfilment of the Millennium Development Goals (MDGs) and the other Internationally Approved Development Goals tell us about the reality of development in the world? What financial costs can be estimated as being necessary for achieving the MDGs by 2015?

Without seeking to reply to these questions merely through a handful of quotations, it is nonetheless important to highlight these two:

1. Social expenditures per capita are on the rise and the share of the poor in the total world population is receding, although not as fast as necessary to meet the Millennium Development Goals in many countries. In a number of countries, poverty is still on the increase and income and wealth distribution indices leave much to be desired.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the United Nations Secretary-General]

By pointing to what has been achieved, these results also highlight how much remains to be done and how much more could be accomplished if all concerned live up fully to the commitments they have already made. Currently, only one of the eight regional groups cited in this report is on track to achieve all the Millennium Development Goals. In contrast, the projected shortfalls are most severe in sub-Saharan Africa. Even regions that have made substantial progress, including parts of Asia, face challenges in areas such as health and environmental sustainability. More generally, the lack of employment opportunities for young people, gender inequalities, rapid and unplanned urbanization, deforestation, increasing water scarcity, and high HIV prevalence are pervasive obstacles.

[The Millennium Development Goals Report 2007]

| In any event, according to all sources, nearly 50% of humanity is still living below the poverty line of 2.15 USD PPP (although the number of people living below the poverty line of 1.08 USD PPP has fallen in recent years). As we see it, these data still constitute overwhelming evidence of how far we are from moving in the right direction towards development in the world, particularly if we bear in mind that the MDGs are minimum goals, and ones that can certainly not be accepted as satisfactory. |

Moreover, the Sachs 2005 Report on financing the MDGs stresses the following aspect in financing the MDGs (see also Table 1 – p. 44):

The cost of meeting the Millennium Development Goals in every country
We project that the cost of meeting the Goals in all countries will amount to $121 billion in 2006 and $189 billion in 2015. This compares with 2002 official development assistance of roughly $28 billion in support of the Goals (out of $65 billion in total ODA). The projections cover the MDG financing gap in all countries as well as the cost of financing capacity building for the Goals, debt relief, and grants in support of heavy debt burdens.

[Report by Jeffrey D. Sachs, Director of the UN Millennium Project, Investing in Development; 2005]

1.2. What do the data tell us about the reality of FfD?

1.2.1. Concerning Official Development Assistance (ODA)

1.2.1.1. Some data and considerations

- Sweden, Luxembourg, Norway, the Netherlands and Denmark are the only countries that devote 0.7% of their GDP to ODA;
- Though it appears to have increased over the last two years, the fact is that if debt condonation is excluded from this calculation (though it was very significant in 2005, and in 2006, mainly for Iraq and Nigeria), then we find that ODA not only did not go up, it actually fell by 1.8% from 2005 to 2006, and will continue its descent in 2007 (see Figure 1 – p. 44);
- The main levels of commitment were initially taken during the Monterrey conference itself – preceded by what was agreed in Barcelona, a few weeks before the Monterrey meeting, by the 15 members of the EU who are also members of the OECD’s Development Assistance Committee (DAC);
- In March 2002 in Barcelona, during the run-up to the Monterrey Summit, the 15 EU countries who are members of the OECD’s DAC undertook to reach the figure of 0.39% of their GDP as ODA for 2006, with at least 0.33% for each country, and this commitment was met;
- During 2005, ODA from the OECD’s DAC members amounted to USD 116 billion (the highest ever): 24 from the USA, 18 from Japan, 13 from the United Kingdom, 12 from Germany and France, 6 from the Netherlands, and 4 from Spain and Italy, these together accounting for 80% of all the ODA;
- Now the EU agrees to reaching 0.56% of its GDP as ODA by 2010, with a minimum of 0.51% for each of the DAC-OECD members;
- However, in worldwide terms, an average of no more than around 0.36% can be expected, which would mean some USD 130 billion, though to reach this figure, an annual growth rate of 12% would be required (three times higher than for the period 2002-2006);
- Consequently, the commitment made by the 2005 World Summit in New York as regards reaching 0.5% of GDP as ODA by 2010 will almost certainly not be attained;
- Bilateral ODA accounts for nearly 70% of the total ODA figure: the USA is the country devoting the most ODA of this kind, though significant assistance also comes from Japan, Canada and Australia;
- The EU is the world’s leading donor at present and, in terms of multilateral assistance, it contributes 35%, as against 25% from UN agencies and programmes;
Sub-Saharan Africa received USD 25 billion in ODA in 2004, nearly 20 in remittances, and 15 in FDI (Foreign Direct Investment), the equivalent figures for 1995 having been 17, 12, and 8 respectively.

China is becoming one of the main donors in the world, particularly on account of its commitments to Africa.

The following quotation is to be highlighted in connection with these considerations:

9. There has been a significant recovery of official development assistance (ODA) since the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002. Additional commitments were made in 2005 by both the European Union and the G7. From 0.2 per cent of gross national income (GNI) at the Monterrey Conference, ODA posted a rising trend until 2005 when it stood at $106.5 billion, or 0.33 per cent of GNI, but recorded a dip in 2006 at 0.30 per cent of GNI. Moreover, much of the increase in ODA since 2002 is accounted for by debt relief, technical and emergency assistance. Indeed, owing to the large debt relief packages approved in 2005, development aid from Organization for Economic Cooperation and Development (OECD) countries fell by 5.1 per cent in constant dollars in 2006. The Millennium Project estimated that $150 billion would be needed to reach the Millennium Development Goals by 2015. Even if ODA reached 0.36 per cent of GNI by 2010, this would still be lower than the 0.5 per cent achieved in the early years of the Development Assistance Committee (DAC) and below the 0.7 per cent target. This is a matter of concern since during a period in which DAC commitments have been made, actual realization has fallen short.

[Document A/62/119, 6 July 2007; International financial system and development; Report of the Secretary-General]

These words from the Final Document from the 2005 Summit are also significant:

23.b. We welcome the increased resources that will become available as a result of the establishment of timetables by many developed countries to achieve the target of 0.7 per cent of gross national product for official development assistance by 2015 and to reach at least 0.5 per cent of gross national product for official development assistance by 2010 as well as, pursuant to the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010, 0.15 per cent to 0.20 per cent for the least developed countries no later than 2010, and urge those developed countries that have not yet done so to make concrete efforts in this regard in accordance with their commitments.

[Document A/RES/60/1, 24 October 2005; Resolution adopted by the General Assembly; 2005 World Summit Outcome]

Lastly, regarding the issue of bilateralism vs. multilateralism in assistance, we find this assertion:

79. (…)The World Economic and Social Survey 2005 noted that the top 20 recipients received more than half of net bilateral ODA and less than 50 per cent
of aid recipients received 90 per cent of all aid from DAC donors. There are many poor low-income countries that receive very little aid and a few that have experienced surges in aid flows. The country policy and institutional assessments for allocations under the International Development Association of the World Bank, also used by many bilateral donors in aid allocations, suffer from many weaknesses that need to be re-examined.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the Secretary-General]

1.2.1.2. The ODA needed to achieve the MDGs

In connection with financing for MDGs, quoting Sachs again seems worthwhile (see also Table 2 –p. 45):

With the cost of meeting the Millennium Development Goals at the country level known, it is possible to ask how the global ODA envelope will need to change to meet them. We estimate that global assistance will need to roughly double from $69 billion in 2003 (and $65 billion in 2002) to $135 billion, in 2006, rising thereafter to $195 billion by 2015. Projected official development assistance is high in absolute terms, but since rich countries’ income will grow over the 10 years, the cost of meeting the Goals in all countries with adequate governance corresponds to 0.44 percent of OECD countries’ GNI in 2006 and 0.54 percent in 2015 (compared with 0.23 in 2002 and 0.25 percent in 2003)—well below the 0.7 percent target that rich countries have committed themselves to.

[Report by Jeffrey D. Sachs, Director of the UN Millennium Project, Investing in Development; 2005]

1.2.2. On Foreign Direct Investment (FDI) and other private flows

The following quotations are highlighted in this section:

2. The flow of private resources to developing countries has grown substantially. Yet, the considerable concentration of debt-creating flows and foreign direct investment (FDI) has not changed substantially. A dozen or so developing countries still absorb 70 per cent of such flows. As in the past, FDI in several countries continues to be channelled almost exclusively to the primary commodity sector, oil in particular.

3. While private flows to developing countries are forecast to remain at comparatively high levels in the near future, there is no assurance that they will be sustained (...)

46. Recently, developing countries have become increasingly important as a source of FDI. The developing country share of outward FDI flows rose from 5.5 per cent of the world total in 1990 to 14.7 per cent by 2006, reflecting the significant expansion of FDI by transnational corporations from a number of emerging economies. The recent increase in South to North investments has enhanced the diffusion of technology and strengthened incentives for developing country
transnational corporations to improve their own corporate governance. Many transnational corporations from the South invest in least developed countries and the evidence suggests that the impact of South-South FDI is particularly significant for the poorest developing countries.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the Secretary-General]

Lastly, these words are related to Table 3, p. 45 in this document:

1. In 2006, the paradox of the increasing net outward financial flows from developing to developed countries persisted, from 533 billion United States dollars ($) in 2005 to $662 billion in 2006. The size of net transfers from countries with economies in transition also increased in 2006, from $112 billion to $133 billion.

[Document A/62/119, 6 July 2007; International financial system and development; Report of the Secretary-General]

1.2.3. On new and innovative FfD sources and mechanisms: nFfD

This quotation seems a suitable starting point for this section:

94. Although it was very controversial just a few years ago and the funds that have so far been raised have been small, the topic of innovative sources of finance has been largely brought into the mainstream and most Member States now recognize it as an important aspect of financing for development (...) At the 2005 World Summit, heads of State and Government recognized the value of developing innovative financing and took an interest in the ongoing international efforts.

95. It is thus encouraging that several projects have been implemented quickly and successfully and that various additional ideas are being discussed(…) Proposals might also be prioritized by the volume of flows they can leverage and new types of added value they can provide. Civil society and the private sector could play a visible role in the design of projects and in monitoring the use of resources (…) The United Nations system has shown that it can be a catalyst for these approaches and an efficient instrument to discuss, obtain support for and help implement some of the initiatives.

96. Several innovative mechanisms for finance have been proposed and should continue to be explored (...) Another issue that should be kept in mind is the appropriate balance required between international coordination and national implementation of these initiatives. As much as possible, the funds collected through innovative financing mechanisms should be pooled and disbursed through existing multilateral institutions with good track records in achieving development results, including organizations of the United Nations system. Specific multi-stakeholder task forces could also be set up by the Leading Group on Solidarity Levies to Fund Development and the group on Action Against Hunger and Poverty, or similar groupings, to study in-depth initiatives and
proposals that may be ready for broader consideration and possible implementation.

126. In line with the existing broad mandate for enhancing international cooperation in tax matters, including with development objectives in mind, the United Nations should broaden and intensify its tax cooperation work and play a greater practical role in dealing with tax matters, including emerging issues that are not presently addressed in other organizations. Under the aegis of the follow-up process on financing for development, it would thus seem pertinent to undertake discussions exploring the potential for expanding tax cooperation activities at the multilateral level, including its institutional dimensions. In particular, working with other agencies active in the field, while retaining its strong developmental focus, the Committee of Experts on International Cooperation in Tax Matters itself could seek to enhance greater international cooperation in ongoing areas such as combating tax evasion, taxation of services and natural resource use, and tax administration.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the Secretary-General]

As participants at the last two meetings of the Leading Group on Solidarity Levies to fund Development as well, we believe that here again we are looking at one of the issues that could contribute to a paradigmatic change in outlook in the sphere of FfD. Even though the pilot projects tackled so far are probably not the best examples, the decision announced recently in Seoul to create a new work sub-group led by Norway on “tax havens” is extremely important. Also significant is the latent interest within the Group as regards undertaking a formal analysis of new proposals for currency transaction taxes. In line with the quotation from the Secretary-General’s Report, we are wholly in favour of embracing these issues in full and as soon as possible within the United Nations.

In this context, the following summary, from the website of the Global Policy Forum, is singled out:

**The foreign exchange market is the largest market in the world, with an estimated $1.9 trillion currency traded per day (2004). This means that in less than one year, currency worth 10 times the global GDP is traded. Of this massive amount, international trade in goods and services, which requires foreign exchange, accounts for only a small percentage ($9 trillion per year) of the total trading. Meanwhile exchange rate speculation accounts for at least 80 percent of the global currency market. These speculative movements, which can take place rapidly and unpredictably, threaten to empty central banks’ currency reserves and trigger financial crises such as those in Mexico (1994), East Asia (1997-98), Russia (1998), Brazil (1999), Turkey (2000) and Argentina (2001). These crises have had far-reaching socio-economic consequences, throwing millions of people into poverty and unemployment. James Tobin, David Felix, Rodney Schmidt, Paul Bernd Spahn and others have examined the possibility of levying a charge on international monetary transactions as a means to reduce exchange rate volatility and promote international economic stability. In addition, the revenue generating potential of**
a tax is tremendous. A tax rate ranging from 0.005 to 0.25 percent would generate between $15 and $300 billion per year, of which a substantial amount could be allocated to promote international peace and development. A UN study has estimated that about $150 billion per year is needed to meet the Millennium Development Goals, including halving the proportion of people living in extreme poverty and hunger by 2015, ensuring primary schooling for all children, and reversing the spread of HIV/AIDS, malaria and other major diseases.

1.2.4. Concerning other components that directly or indirectly affect FfD: external debit, trade etc.

Though without seeking to analyse this matter exhaustively, we would nonetheless like to note a basic point: we can only talk about having achieved real net financing for development – i.e. financing that favours development – if the recipient countries wishing to develop achieve a positive final balance from inflows of ODA (which could include assistance from nFfD sources), FDI (which could include remittance flows, despite their different origin and nature), debt flows, and trade-balance flows.

In essence, this Report from the Secretary-General makes the same assertion:

60. The United Nations Millennium Declaration (General Assembly resolution 55/2), the Monterrey Consensus, the São Paulo Consensus, adopted by the United Nations Conference on Trade and Development (UNCTAD) at its eleventh session (TD/412, part II), the 2005 World Summit Outcome and other internationally agreed decisions have emphasized that trade, development and finance should be treated in an integrated and coherent manner to create and sustain an enabling environment for maximizing development gains for all countries, and minimizing attendant costs.

In this respect, our position is that all these issues should indeed be fully examined in the review process now under way, even though they cannot be taken into account here. The highly systemic nature of this process is seen in these issues too, and thus the opportunities for in-depth, paradigmatic reforms that they offer. We will return to this point in subsequent sections.

In any event, as regards debt, our view is that only full debt cancellation, and a radical change in the paradigm that has led to ever increasing debt, are ethically and politically acceptable.

1.2.5. Concerning the Paris Declaration on Aid Effectiveness

However, recent history has taught us that even if there is a net inflow of finance, whether it does indeed result in a situation of effective development depends on
how it is conceived and what conditions are attached to it. In fact it may even lead to further impoverishment.

In this context, we see as important (albeit with all the provisos history advises) a process that emerged in 2005: the Paris Declaration on Aid Effectiveness. This process may amount to the beginning of a paradigm change with regard to the model that has prevailed over the last 25 years in international financing – a model subject to the neoliberal paradigm of structural adjustments, and one that has led only to increasing and usurous indebtedness and generalised impoverishment, particularly in the least developed countries. Particularly noteworthy, as we see it, is that in connection with this new process nobody is talking any more about structural-adjustment policies, while at the same time everybody speaks as one in pointing to the public sector as the only assurance of development and the eradication of poverty, by administering essential services in health, education etc.

Aside from the impact of the Declaration on a possible change of paradigm, it is indeed clear that this new agreement can no longer be disassociated from the Monterrey Summit review process. And it is also clear that internationally organised civil society must make following it up one of its fundamental activities.

Noteworthy texts in this context are these:

85. The current aid architecture constitutes a complex and fragmented system, which an increasing number of new donors are joining. Recipient countries have to deal with a variety of aid instruments and associated agreements with a large number of donors. The 2005 Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability was a milestone in setting out basic principles and launching a process around which stakeholders can rally to address these weaknesses (…) There is increasing recognition among the parties directly involved in the Paris Declaration that, in order to accelerate progress, intensifying and regularizing the participation of developing countries in both the conceptual and operational aspects of the aid effectiveness discussion is indispensable. The new Economic and Social Council Development Cooperation Forum can play a crucial role in this regard.

86. (…) For aid to be effective, each country needs to determine its own priorities, including the pace and sequencing of implementation (…)

87. A universal, multilateral institution, such as the United Nations, would be a natural venue for helping design and set up common procedures and reporting systems for aid flows (…) Ways and means are also needed to coordinate policy and aid delivery mechanisms, with both donor and recipient involvement, in technical assistance and capacity-building.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the Secretary-General]

Also fundamental in our view for the purpose of advancing in the right direction is the stress attached in the recent reports from the Secretary-General we have already cited (A/62/217 and A/62/190) to the theme of appropriation and alignment, entailing a commitment by donors to respecting the leading role of the
developing countries, and to the theme of mutual responsibility (and mutual reciprocity in terms of accountability). Also of key importance is the stress placed on the need for the process to be pursued within the United Nations.

In fact the key debates to be pursued regarding aid-effectiveness issues seem to be at least these two: a) the notion of appropriation should not be subject to nuances; and b) aid resources and aid assistance should not be subject either to the way they are administered or to the results achieved (though the results must of course by examined and borne in mind as the process advances). However, mutual cooperation and accountability (joint responsibility) must be fully guaranteed on both sides.

And under no circumstances must this process be allowed to evolve into new modes of assistance with strings attached, since by now we must surely all agree that the ‘strings attached’ benefit only those who attach them and do not benefit development. In this context, we are seeing a new attempt to attach heavy conditions – conditions relating to the issue of climate change – and this is something we must handle with the greatest care.

As for harmonising donor actions, we can see that the need for this is pressing when we recall that the number of multilateral donors has risen from 5-6 in the mid 1950s to at least 56 today, in addition to the 230 programmes and funds run by international donor organisations or coming from NGOs and private philanthropy. This situation translated into 10,500 donor missions, and these were received by a total of 34 developing countries during 2005, i.e. more than one per country per working day.

Lastly, we would stress that the evolution of this process within the United Nations will surely enable another trend to be reversed, one that is very negative in our view: the preponderance of bilateralism over multilateralism in all FfD areas.

B) PROPOSALS

1.3. Towards a new consensus on assessing financing needs and the ability to meet them: resources – predictability, collection and stability; rethinking financing for development; and moving “Towards new Worldwide Cohesion Funds” or “Towards an Equitable Sharing of Wealth”

If development (by which we mean sustainable human development) is one of the fundamental challenges of our times, and if arranging appropriate Financing for Development is one of the key prerequisites for achieving it, then the conclusion we reach is this: that the shortfalls we find now in this sphere, the contradictions in it (such as reverse flows in DFI or in debt), the clear failure of the neoliberal paradigm in the recent past (a paradigm now definitively coming to an end or changing) and so on all point to the need to rethink development and its financing, not just in terms of specific proposals for application, but also in systemic terms.
In this context, we glimpse signs of what might be a guiding thread on which the substantive review of the Monterrey Summit should/could be based with regard to the aspects we are considering in this session: a) a new paradigmatic framework for a new and broader conception of assistance and aid for Development, the starting point for which could be (with any necessary corrections, some of which have already been mentioned) the Paris Declaration on Aid Effectiveness, provided that it is pursued effectively within the United Nations; b) a commitment and strategies regarding world finances, economics and trade (accompanied by in-depth institutional reforms to make them possible and to implement them in real terms) of a kind that will assure a global macroeconomic framework in which countries can truly develop; and c) in view of the repeated instances of ODA commitments not being fulfilled and the non-existence of governance to regulate our present-day economic globalisation, a rethinking of FfD to take up and implement pertinent measures to enable predictable, collectable and stable resources to be made available.

In connection with that third aspect, we think there are now two basic premises to embrace, pursue and implement:

a) We must move on from celebrating and expressing satisfaction at promises of ODA to setting up mechanisms to ensure that such promises are fulfilled.

Hence where article 24 of the 2005 World Summit Outcome Document says “We resolve to operationalize the World Solidarity Fund established by the General Assembly and invite those countries in a position to do so to make voluntary contributions to the Fund”, we must move on and say instead, as a result of the substantive review process of the Monterrey Conference, “to which donor countries will contribute in proportion (to be established and applied gradually over the period from now to 2012) to the ODA commitments made at the 2005 World Summit. This proposal would enable a very high percentage of what is estimated as being necessary for achieving the MDGs to be guaranteed, in accordance with the estimated figures given in this document.

b) The Monterrey Conference substantive review process must take up the baton and the support of the Leading Group on Solidarity Levies to fund Development and Action against Hunger and Poverty, and launch a pilot programme for controlling and regulating tax havens and for applying a Tax on International Monetary Transactions (‘Currency Transaction Tax’ – CTT), the funds from which would also boost the World Solidarity Fund.

The implementation of this proposal could and should also be coordinated with the work of the Committee of Experts on International Cooperation in Tax Matters, established by the ECOSOC in 2005.

The second of these proposals is clearly systemic in nature, since for the first time it would be a first move towards a process of taxation in the global economy. In any event, both proposals could be basis of a new general principle for redistributing wealth in the world, a principle on which Financing for Development would be definitively based. With these two mechanisms feeding a
World Solidarity Fund, multilaterally administered by the United Nations, progress could be made in moving “Towards the new World Cohesion Funds” or “Towards an Equitable Sharing of Wealth”. This framework must also surely be one of the only ones that can guarantee the predictability and stability of FfD in the present-day world.
2. Refounding and reform of the International Monetary Fund (IMF), the World Bank (WB) and the world financial and economic architecture

The “Paris Declaration on Development Aid Effectiveness” and the end of the neoliberal period; new donor-recipient mutual conditions; need and opportunity for refounding (within the United Nations) and for in-depth reform of the IMF and WB; return to the original mandates; new roles: imposition of international levies, elimination and control of tax havens, reform of the international financial and economic architecture in an era of globalisation.

A) ANALYSIS

2.1. Is the current model of world financial and economic architecture the right one for development? Are the current Bretton Woods institutions suited for leading it?

2.2. What reforms are being discussed over the short term?

2.2.1. The power structure: votes and government

2.2.2. Eliminating the regulatory function of the Bretton Woods institutions: putting an end to attached conditions, cancelling external debt

2.2.3. Return to the original mandate

B) PROPOSALS

2.3. What world financial and economic architecture for the medium and long term? What institutions and with what systemic fit for the governance of this architecture?

2.3.1. Refounding of IMF within the United Nations system

2.3.2. Refounding of the WB within the United Nations system

2.3.3. Central role of the United Nations financial, economic and development bodies in world development
2. Refounding and reform of the International Monetary Fund (IMF), the World Bank (WB) and the world financial and economic architecture

A) ANALYSIS

2.1. Is the current model of world financial and economic architecture the right one for development? Are the current Bretton Woods institutions suited for leading it?

According to the UN Charter of 1945, the ECOSOC should have reached agreements with the WB and the IMF laying down the conditions under which said bodies would be linked with the United Nations. In this case, under article 57 of the UN Charter the WB and the IMF should have been linked as “specialised bodies”.

While the agreement that was actually adopted by the ECOSOC (13 votes in favour, 3 against and 2 abstentions), however, and later ratified by the Bank's Council of Governors (with one abstention) and approved by the UN General Assembly in November 1947, does state their nature to be specialised bodies of the UN, they were at the request of the Bretton Woods institutions allowed to operate as “independent international organisations”. Accordingly, they themselves decide what information might usefully be communicated to the ECOSOC, thereby involving a derogation of article 17 paragraph 3 and article 64 of the UN Charter (article 64 authorises the ECOSOC to request of and obtain regular reports from the specialised bodies). There is likewise a derogation of article 70 that provides for reciprocal representation at each deliberation: the Bank and the Fund reserved the right to invite UN representatives only to the meeting of the Council of Governors. And this independence not only has not diminished with time, but has in fact clearly increased radically and definitively down to our days.

Thus, and especially since the 1980s, this organisational and political independence has slanted world economic policy and international economic and financial cooperation, as well as the social and economic development of the developing countries, in favour of the small group of the world's chief industrialised countries, who have acted as and exercised the role of majority shareholders thereof. But it was from the 1980s that these institutions became the instruments with which this club of the world's richest and most powerful countries promoted and executed their well-known, damaging neoliberal structural-adjustment policies.

The Bank's incursion into loans for development policies and sectoral-reform programmes has boosted the liberalisation of markets, the privatisation of essential services such as health, education and water supply, the removal of subsidies and other forms of government protection for budding industries and agriculture, and land reforms based on market forces. This policy based on liberalisation has moved in a direction opposed to the original mandate to provide capital and resources for reconstruction and development.

The IMF, for its part, is no longer a guarantor of international financial and monetary stability, although the need for a multilateral organisation of this type has never been greater, given the globalisation of financial capital and the volatility of today's
financial movements. The institution no long exercises the least discipline over its member states’ exchange policies and lacks authority over the most industrialised countries (its "principal shareholders", in the last analysis, and the main players in the world financial system), whose domestic policies affect the stability of the international financial architecture very much more than do those of the developing countries upon which the IMF rules have been most frequently imposed. What is more, its role in promoting development in the borrower countries has been pernicious, to say the least.

The recent report from the Secretary-General of the United Nations on the international financial system and development furnishes revealing information and offers fundamental reflections concerning the present role of these institutions (see also Table 4 -p. 46):

11. Net financial flows from the Bretton Woods institutions have tended to be negative, in some years significantly, in the last 10 years. Since, in the current context, their financial operations are directed at developing countries, this pattern raises profound questions about the role of these institutions in financing for development. This trend has raised many questions about their continued relevance and effectiveness (...)

13. The effectiveness and legitimacy of these institutions in pursuing their assigned objectives can be attained only if their agenda and decisions better reflect the needs and concerns of the majority of countries affected by their operations. The need for changes in voice and representation, to reflect the economic importance of many emerging market economies and to ensure that low-income countries are adequately represented, has been recognized.

More specifically, article 11 and its reference table show that not only are the Bretton Woods institutions currently incapable of fostering development, but are in fact a clear added handicap to development in many countries.

This inability to foster development was in fact already acknowledged in the Monterrey Consensus, which came down in favour of a greater United Nations role in the coordination and management of development:

52. In order to complement national development efforts, we recognize the urgent need to enhance coherence, governance, and consistency of the international monetary, financial and trading systems. To contribute to that end, we underline the importance of continuing to improve global economic governance and to strengthen the United Nations leadership role in promoting development. With the same purpose, efforts should be strengthened at the national level to enhance coordination among all relevant ministries and institutions. Similarly, we should encourage policy and programme coordination of international institutions and coherence at the operational and international levels to meet the Millennium Declaration development goals of sustained economic growth, poverty eradication and sustainable development.

67. We attach priority to reinvigorating the United Nations system as fundamental to the promotion of international cooperation for development and
to a global economic system that works for all. We reaffirm our commitment to enabling the General Assembly to play effectively its central role as the chief deliberative, policy-making and representative organ of the United Nations, and to further strengthening the Economic and Social Council to enable it to fulfil the role ascribed to it in the Charter of the United Nations.


2.2. What reforms are being discussed over the short term?

2.2.1. The power structure: votes and government

This is in fact a debate that is already common within both the IMF and the WB:

17. If the reform process is to be consistent with its overall goal of redressing inequities in voting weights, the final outcome should ensure that the consolidated share of developing countries is not reduced. A reduction in the total developing country share will mean that the increase in the share of some emerging markets would be at the expense of all other developing countries. Furthermore, if the shares of low-income countries are preserved as a result of an increase in basic votes, such a reduction in the total developing country share could also be at the expense of a selected group of middle-income countries.

[Document A/62/119, 6 July 2007; International financial system and development; Report of the Secretary-General]

115. The international community should close ranks and make substantial progress towards governance reform in IMF and the World Bank in the next two years. At a minimum, the final outcome of the voting reallocations should result in a significant increase in the voting power of developing countries as a group. Strong and effective governance in all global institutions must be built on the basis of the accountability of their management and governing boards. Global economic decision-making should, as much as possible, be consolidated in international institutions of a universal nature — those that are part of the United Nations system — rather than in limited, ad hoc groups.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the United Nations Secretary-General]

And some reforms have indeed already been approved. But they are of the type that is more akin to “minor changes to ensure that nothing changes” – i.e. they are not changes that involve any real alteration in the power structure. The Fund, for example, is now trying to restore its credibility by granting slightly more speaking rights and some increase (though less still) in voting rights to the developing countries. But approving an increase in quotas (and with it, of the vote that goes with them) for China, Mexico, South Korea and Turkey only means continuing to
associate the Fund’s power distribution with the economic weight of the member countries. Any more ambitious proposal only meets with rejection, thereby demonstrating a lack of real intent to change anything substantial. That is what happened to the proposal made by the civil society organisations that most closely monitor the ups-and-downs of the UN bodies, e.g. the proposal for a “double majority” (i.e., adding one vote per country to the current system of proportional voting according to the quotas of the member States). Furthermore, the recent changes of director in both institutions were in line with well-known pacts reached in the past, whereby the WB would be headed by an American and the IMF by a European.

2.2.2. Removing the regulatory function of the Bretton Woods institutions: putting an end to attached conditions, cancelling external debt

The attaching of political conditions as a means of achieving internationally agreed social and development objectives must be thoroughly overhauled. Along the lines of what was later to become known as the Washington Consensus, the content of the Bank’s and the IMF’s attached conditions has been based on policies postulated on a foundation of fiscal austerity and restrictive monetary policies, liberalisation of movements of capital, trade liberalisation, deregulation of markets and the privatisation of public or State sectors.

What is more, such policies generally followed a pattern that imposed uniformity, with a range of policies being applied to the great majority of countries without due consideration for the particular situations they found themselves in. The practice of attaching conditions has thus also undermined the national political arena of the borrowing governments and limited those countries’ right to regulate their own economies. Indeed, the use of attached conditions runs counter to the Bank’s own constitutional prohibition preventing it interfering politically in borrower member States.

Furthermore, the scope of conditionality of loans from the Bank or the IMF encompasses a great number of conditions that are neither pertinent nor fundamental to the purposes of the financing in question. There have even been cases where the conditions were in spheres in which neither institution had sufficient experience to offer an assurance that its advice would be sound, as has been amply revealed by cases in which their poor recipes gave rise to mistakes and the incurring of externalities.

The Bretton Woods institutions must not become de facto organisations of governance in spheres for which they have no competence. Rather, these institutions must be subject to principles agreed by the international community, including the rules of international law that govern international economic relations, environmental protection measures, the protection of minorities and indigenous communities, etc. As international organisations, they will have to be accountable if their loan granting or withholding policies are in breach of these internationally agreed rules, for the conditions of the loans must reflect nothing other than their fiduciary role. On this whole issue, the following citations from reference documents speak for themselves:
46. An April 2007 study by the IMF Independent Evaluation Office on programmes drawing on the Poverty Reduction and Growth Facility for 29 African sub-Saharan countries, indicates that the conceptual and policy challenges in IMF’s role in low-income countries continue to be daunting. The report finds that IMF staff focus too narrowly on macroeconomic stability and have severely restricted the utilization by countries of increases they have received in aid flows. Because of this narrow focus, Poverty Reduction and Growth Facility programmed the absorption, on the average, of only two thirds of the additional aid, the rest being applied to increasing international reserves. For countries whose reserves were below the threshold minimum, the study finds that 95 per cent of the additional aid was programmed for increases in reserves. For households in countries that are not only attempting to reduce widespread poverty but are also fighting significant HIV/AIDS epidemics, this stance has profound life-and-death consequences. For donors, the non-arrival of aid disbursements because IMF Poverty Reduction and Growth Facility ceilings could not be breached is unforeseen.

[Document A/62/119, 6 July 2007; International financial system and development; Report of the Secretary-General]

60. To promote fair burden-sharing and minimize moral hazard, we would welcome consideration by all relevant stakeholders of an international debt workout mechanism, in the appropriate forums, that will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner. Adoption of such a mechanism should not preclude emergency financing in times of crisis.


2.2.3. Return to the original mandate

It is important to stress that, while these institutions have with the passing of years taken on mandates that did not lie within their remit, they have almost entirely relinquished the roles for which they were indeed created, and this at a time in which the need for institutions that play such a role has never been more pressing. This is a point made insistently in the following quotes from the various reference documents. In the case of the IMF, this concerns its supervisory function in a world that is more globalised than ever, in which balance of payments instability and the risk of macroeconomic crises are greater than in the past.

55. The multilateral financial institutions, in particular the International Monetary Fund, need to continue to give high priority to the identification and prevention of potential crises and to strengthening the underpinnings of international financial stability. In that regard, we stress the need for the Fund to further strengthen its surveillance activities of all economies, with particular attention to short-term capital flows and their impact. We encourage the International Monetary Fund to facilitate the timely detection of external
19. Surveillance is a key IMF tool in its assigned responsibility of preventing crises and promoting macroeconomic stability. Looming over the surveillance reform currently under way at IMF is the recent insufficiency of the Fund’s influence in alleviating the exploding global financial imbalances through policy adjustments of large economies.

In this respect, the report from the Secretary-General insists:

116. Current account imbalances and exchange rates are economic variables shared among nations, and not fully determined unilaterally. If given the tools of economic surveillance, IMF has the potential to become the lead institution in attending to global imbalances. But the Fund’s influence has not been sufficient in getting the needed policy adjustments in the systemically important economies. The Fund’s effectiveness depends, in the first place, on the quality of its surveillance activities; however, in the final analysis, its effectiveness ultimately depends on each country’s willingness to compromise in the interest of multilateral cooperation. It is important that surveillance activities be perceived as even-handed to avoid the perception that these are targeted at specific countries.

And there is stress on a call for impartiality in the supervisory function of the IMF:

24. If the proposed reform of the surveillance process is to succeed at restoring the effectiveness of surveillance by IMF, the new mechanism should enhance focus and even-handedness; otherwise, IMF will be seen as a player which is partisan to specific interests unable to play the role of an honest broker. Whatever the quality of the Fund’s surveillance, its effectiveness will ultimately depend on each country’s willingness to adhere to the principles of multilateral cooperation.

B) PROPOSALS
2.3. What world financial and economic architecture for the medium and long term? What institutions and with what systemic fit for the governance of this architecture?

The Bretton Woods institutions must be refounded within the United Nations, such that they become truly specialised bodies (but not independent ones as they have so far been) of the UN system, and, on the basis of a return to the way they were conceived in their original mandates, take on the competences that the United Nations does really confer upon them.

2.3.1. Refounding of the IMF within the United Nations system

In the case of an IMF refounded as a specialised body of the United Nations for sound governance of the world financial and economic architecture, its powers would be:
- multilaterally correcting world current-account and exchange-rate imbalances, thereby ensuring worldwide macroeconomic and monetary stability;
- supervising, controlling and regulating global movements of finance capital in order to prevent financial crises and ensure world macroeconomic stability – in general, stemming potential financial crises and strengthening the foundations of international financial stability;
- undertaking ongoing surveillance activities over all economies, paying special attention to short-term capital flows and their consequences, in order to ensure timely detection of signs of external vulnerability;
- offsetting the dizzying growth of world financial imbalances by means of policy adjustments in the large economies;
- supervising, controlling and regulating tax havens, with a view to their ultimate disappearance, as an assurance of moving towards a steady and effective reduction of tax fraud and, in general, of corruption connected with the world of financial capital; and
- undertaking new functions in line with its refounded role, such as collector and manager of revenues from new and innovative mechanisms of financing for development and, in particular of potential new levies on global financial capital.

2.3.2. Refounding of the WB within the United Nations system

If we compare the WB and its IDA (International Development Association) with the UNDP and its UNDCP (UN Development Capital Programme) we will see that the essential difference between them (stated in comparable terms at all times) is that the former manages some 1000 times more funds than the latter.

But the difference does not stop there by any means, for the former carries out it management within the paradigmatic framework of the Bretton Woods institutions, while the latter does so within that of the UN.

Refounding of the WB as a specialised body of the UN involves all that we have said for the IMF, except as relates to its powers, which in so far as they would then be practically the same as those of the UNDP, would involve the two bodies being merged. It would thus become the UN body charged with best fulfilment of the
Development Agendas throughout the world and, in cases of catastrophes of all kinds, also of the Reconstruction Agendas.

2.3.3. Central role of the United Nations financial, economic and development bodies in world development

As noted earlier, the solution does not lie in increasing the authority of the WB and IMF as they presently stand, in granting these institutions greater control over social and economic development aspects, but in having their working remits refocused back onto their core responsibilities, the tasks for which they were conceived during their creation: providing a stable and orderly international trade and financial system, and facilitating reconstruction and development.

And it is then a matter of revitalising the United Nations bodies (UNDP, UNCTAD) that have the necessary mandate and competence to take social and economic development upon themselves in a more democratic manner very much more closely in accordance with international legislation based on the development of rights, to recover the role of the United Nations’ economic and development bodies. These bodies are the forums that must take the lead on matters of human, social and economic development in the international field and that must achieve significantly greater influence over key economic policy decisions for the borrowing member States, as against the influence so far exercised by the IMF and the WB.

These refounded institutions would thus become part of a coherent world institutional architecture, which with a stronger, appropriately reformed and democratised United Nations would represent a solid and genuine example of global democratic governance. And these are the forums from which to undertake a thoroughgoing review of the direction of development assistance, in which donors and recipients, lenders and borrowers share in taking decisions, making commitments and allocating responsibilities.

While we have not expressly considered in this document matters concerning trade and its more characteristic institutions, our proposals regarding the WTO and the UNCTAD are structurally identical to those made for the WB in relation to the UNDP.
3. Reforming the Economic and Social Council (ECOSOC)

Reforming the ECOSOC to turn it into a new COUNCIL FOR FINANCIAL, ECONOMIC, COMMERCIAL, SOCIAL AND ENVIRONMENTAL SECURITY; a refounded International Monetary Fund (IMF), World Bank (WB) and World Trade Organization (WTO) within the United Nations, they becoming true agencies for the system, with real and effective coordination of their respective agencies and programmes within the sphere of the Council; defining, implementing and genuinely coordinating the financial, economic, commercial and social policies for the world in a way that is compatible with the planet’s environment; the ECOSOC as the body that is ultimately responsible for development issues in the world.

A) ANALYSIS

3.1. Initial design brief
3.2. The ECOSOC after the “reform” process of 2005
1.4 The ECOSOC after a potential refoundation of the Bretton Woods Institutions (BWIs) and the World Trade Organization (WTO) within the United Nations
1.5 The ECOSOC’s new Development Cooperation Forum

B) PROPUESTAS

1.6 ECOSOC competences in the field of development
1.7 In-depth reforms relating to the ECOSOC
3. Reforming the Economic and Social Council (ECOSOC)

A) ANALYSIS

3.1. Initial design brief

To start off this section, let us return to these words from the Secretary-General’s Report:

60. *The United Nations Millennium Declaration* (General Assembly resolution 55/2), *the Monterrey Consensus*, *the São Paulo Consensus*, adopted by the United Nations Conference on Trade and Development (UNCTAD) at its eleventh session (TD/412, part II), the 2005 World Summit Outcome and other internationally agreed decisions have emphasized that trade, development and finance should be treated in an integrated and coherent manner to create and sustain an enabling environment for maximizing development gains for all countries, and minimizing attendant costs.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the Secretary-General]

Let us note immediately that, from our standpoint, the ECOSOC would seem to be the essential multilateral body for turning that idea into a reality. This would in fact endow it with a contemporary mission for its work.

Moreover, coming on top of the exceptional importance of development issues in the present-day world is their close relationship, particularly nowadays, with another key issue: development must be compatible with the capacity of the earth’s ecosystem to sustain it (environmentally sustainable economic, social and development). Though this is not the right time to go into this matter at length, particularly in its environmental aspects, we are seeing the need for a new conception of the role to be played now and in the future by the ECOSOC, a role that is broader and more closely geared to our present-day reality. What would be involved is a substantive internal refounding of the ECOSOC, along with a significantly reinforced role and major new powers for it, as a new COUNCIL FOR FINANCIAL, ECONOMIC, COMMERCIAL, SOCIAL AND ENVIRONMENTAL SECURITY.

3.2. The ECOSOC after the “reform” process of 2005

On a more specific level, this quotation is appropriate for this session:

155. *We reaffirm the role that the Charter and the General Assembly have vested in the Economic and Social Council and recognize the need for a more effective Economic and Social Council as a principal body for coordination, policy review, policy dialogue and recommendations on issues of economic and social development, as well as for implementation of the international development goals agreed at the major United Nations conferences and summits, including the Millennium Development Goals. To achieve these objectives, the Council should:*


(a) Promote global dialogue and partnership on global policies and trends in the economic, social, environmental and humanitarian fields. For this purpose, the Council should serve as a quality platform for high-level engagement among Member States and with the international financial institutions, the private sector and civil society on emerging global trends, policies and action and develop its ability to respond better and more rapidly to developments in the international economic, environmental and social fields;

(b) **Hold a biennial high-level Development Cooperation Forum to review trends in international development cooperation, including strategies, policies and financing, promote greater coherence among the development activities of different development partners and strengthen the links between the normative and operational work of the United Nations**;

(c) **Ensure follow-up of the outcomes of the major United Nations conferences and summits, including the internationally agreed development goals, and hold annual ministerial-level substantive reviews to assess progress, drawing on its functional and regional commissions and other international institutions, in accordance with their respective mandates**;

– A point to note here is that during the last ECOSOC meeting, in July 2007, the first Annual Ministerial Review (AMR) was held. The AMR, which was already envisaged in this Outcome document from the 2005 World Summit and in Resolution 61/16 of the General Assembly, was seeking to review progress in implementing all the Internationally-Agreed Development Goals, including the Millennium Goals, and to provide guidance in this respect for countries, international organisations and other actors.

(e) **Play a major role in the overall coordination of funds, programmes and agencies, ensuring coherence among them and avoiding duplication of mandates and activities**.

156. We stress that in order to fully perform the above functions, the organization of work, the agenda and the current methods of work of the Economic and Social Council should be adapted.

[Document A/RES/60/1, 24 October 2005; Resolution adopted by the General Assembly; 2005 World Summit Outcome]

**Here a possible weakness emerges from initial thoughts/proposals: this framework may fall short of what is required (and we think it falls well short).** There is also the risk of setting up more and more sub-bodies working on various levels within the institutional system, when what would be more appropriate and effective would be to delegate normative powers in the relevant spheres, even if express ratification were then required from the General Assembly (GA). That same document in fact endorses the GA holding such power:

149. We reaffirm the central position of the General Assembly as the chief deliberative, policymaking and representative organ of the United Nations, as well as the role of the Assembly in the process of standard-setting and the codification of international law.
3.3. The ECOSOC after a potential refoundation of the Bretton Woods Institutions (BWIs) and the World Trade Organization (WTO) within the United Nations

Our second line of thought, complementing the above, is embraced in the World Campaign for in-depth Reform of the System of International Institutions. The grave political problem constituted by the abyss between what was agreed in the action plans emerging from the United Nations' Summits in the 1990s and what was actually implemented afterwards certainly does not stem from any “manifest incapacity” of the United Nations in matters of implementation: rather, the inability to implement the agreements stems chiefly for the way the richest and most powerful countries have persevered in applying the neoliberal structural-adjustment paradigm, acting through the Bretton Woods Institutions – Institutions in which the decision-making power lies, let us remember, almost solely with those countries. And that is a paradigm, as everyone has seen by now, that not only fails to facilitate but often actually prevents the implementation of actions plans rooted in the idea that responsibilities for development lie in the public sphere.

Since this is a systemic structural issue, we continue to insist that only a refounding of those BWIs within the United Nations – and thus with the associated decision-making, statutory and normative powers – can definitively resolve both the institutional conflicts and the implementation difficulties involved. For indeed the problem lies in the differing conceptions and outlooks held by the BWIs and the United Nations, and that is where the emphasis must be placed, rather than jumping to the mistaken conclusion that the problems lie in the coordination system for the final application of particular policies.

Although this stance may be regarded as utopian, as we see it both the clear crisis now affecting the BWIs and statements such as those found in the quotations presented herein from the Secretary-General of the United Nations amount to developments that surely point to a new, deeply reformed framework for our multilateral financial, economic and commercial international institutions.

See also this passage:

131. (...) For its part, the General Assembly might consider it timely to decide on a fundamental strengthening of the institutional arrangements for intergovernmental follow-up of the financing for development process. It has been suggested on previous occasions that Member States could, for example, consider setting up a committee on financing for development or a similar mechanism to serve as a more dynamic and permanent forum to address issues related to the follow-up of both the Monterrey Conference and Doha Follow-up Conference. Such a committee could also serve as a continuing interface, at the intergovernmental level, with relevant bodies of the Bretton Woods institutions, the World Trade Organization and other stakeholders.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the Secretary-General]
Nevertheless, we must insist here on our proposal: that this permanent-liaison level should fall to the ECOSOC rather than being an affair to be dealt with "among equals". Competence for dealing with all this could be conferred on the embryonic Development Cooperation Forum (DCF) for example, which would avoid any need to spawn still more bodies.

3.4. The ECOSOC’s new Development Cooperation Forum

The official launch of Development Cooperation Forum (DCF) came on 5 July 2007 in Geneva, and its first biennial meeting will be held in New York in July 2008 in the framework of the High-Level Segment of the ECOSOC’s annual meeting.

It seems to be that for the moment the new key that is intended to improve the ECOSOC’s functioning, particularly in the issues that are of concern to us in this document, is to be this Development Cooperation Forum (DCF). Its nature and functions have been defined by the General Assembly:

(a) Review trends and progress in international development cooperation and give policy guidance and recommendations to promote more effective international development cooperation;

(b) Identify gaps and obstacles with a view to making recommendations on practical measures and policy options to enhance coherence and effectiveness and to promote development cooperation for the realization of the internationally agreed development goals, including the Millennium Development Goals;

(c) Provide a platform for Member States to exchange lessons learned and share experiences in formulating, supporting and implementing national development strategies;

(d) In accordance with the rules of procedure, be open to participation by all stakeholders, including the organizations of the United Nations, the international financial and trade institutions, the regional organizations, civil society and private sector representatives;

[Article 4, Document A/RES/61/16, 9 January 2007; Resolution adopted by the General Assembly; Strengthening of the Economic and Social Council]

We now have more “official” quotations proposing possible powers for this body:

6. (...) The launch of the Development Cooperation Forum under the Economic and Social Council has the potential of expanding participation in and building political accountability for the effort to improve aid effectiveness.

78. There continues to be an urgent need to increase the overall volume of aid flows net of debt relief, technical assistance and emergency relief to meet the internationally agreed development objectives, including the Millennium Development Goals. Donor countries should meet all of their aid commitments.

In the spirit of Monterrey, discussions between both donors and recipients need to be rekindled, in the new Economic and Social Council Development Cooperation Forum, on what kinds of flows should really be counted as “aid”.

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85. (...) There is increasing recognition among the parties directly involved in the Paris Declaration that, in order to accelerate progress, intensifying and regularizing the participation of developing countries in both the conceptual and operational aspects of the aid effectiveness discussion is indispensable. The new Economic and Social Council Development Cooperation Forum can play a crucial role in this regard.

89. (...) The Economic and Social Council Development Cooperation Forum could become the regular venue where the concepts of donor and recipient partnership — based on solidarity, effectiveness and mutual accountability — can be advanced. In the same vein, the governance structure of the International Development Association of the World Bank window needs to be reformed to include recipient countries.

[Document A/62/217, 10 August 2007, Follow-up to and implementation of the Monterrey Consensus of the International Conference on Financing for Development; Report of the Secretary-General]

The launch of the DCF might in theory bring an opportunity for effective control over international development cooperation, with this body attending to all aspects of that cooperation, including its governance, financing, effectiveness and impact. Its mission would thus initially have points in common with the mission of the OECD’s Development Assistance Committee, and particularly with the mission of the Development Committee: the Joint Ministerial Committee of the Boards of Governors of the Bank (WB) and the Fund (IMF) on the Transfer of Real Resources to Developing Countries (plus of course points in common with other bodies of those institutions).

In this context, we would stress that the creation of this new instrument, whether or not it is accompanied by in-depth reforms to the system such as those cited in this document, may conceivably lead to an increase in the complexity and inefficiency of the system as a whole rather than contributing to the system’s coherence and effectiveness. For example, it will increase the complexity of coordination within the system, particularly insofar as the creation of the DCF may not be accompanied by any assurances regarding its real capacity to coordinate the above-mentioned institutions and bodies effectively.

This brings us to the Proposals section in this session: we will start with the areas in which we think the ECOSOC should hold competence – for example, through this new DCF (though not necessarily exclusively through it); and we will end by stressing once more the very important matter of the systemic-level role we feel it should end up playing.

B) PROPOSALS

3.5. ECOSOC competences in the field of development

- The ultimate definer, with normative powers rather than just the power to make proposals, for rethinking FfD, and the ultimate coordinator regarding the predictability, collection and stability of those Funds, for:
  o The World Solidarity Fund;
- Multilateral ODA (helping to increase it by boosting the above Fund);
- Bilateral ODA (helping to reduce it, or at least providing much better coordination);
- nFfD schemes (particularly those concerning regulating and controlling tax havens, and setting up levies on the global economy aimed at redistributing wealth), as a new fundamental source for feeding the above-mentioned Fund;
- ... 
- In this context, see the competence options to be considered in subsection 1.3.

- The ultimate effective coordinator - normative rather than merely proposal-making – for international agencies, programmes, funds and bodies connected with capital flows (whether of the debt kind or FDI schemes and other private flows),
  - with the aim, among others, of creating and maintaining a world macroeconomic environment that is conducive to development, and of pursuing and guaranteeing the stable existence of net flows for aid and development.

- The ultimate effective coordinator - normative rather than merely proposal-making – for international agencies, programmes, funds and bodies connected with trade flows in the world,
  - with the same ultimate aim as in the previous case.

- The ultimate effective coordinator - normative rather than merely proposal-making – for international agencies, programmes, funds and bodies connected with efforts relating to assistance, cooperation and aid for development,
  - with the aim of designing and beginning to implement the operational side of the Development Cooperation Forum as the right ultimate coordination instrument for these purposes,
    - taking precedence in status over the equivalent bodies in the BWIs and the donor countries in general (the OECD’s DAC);
    - taking over as the driving force behind, and the ultimate multilateral body for effectively coordinating, present and future efforts concerning the efficacy of aid, in line with the criteria set out in sub-section 1.2.5.;
    - ...
    - As the ultimate guarantor for permanently defining and implementing the world’s development agendas.

- The ultimate effective coordinator - normative rather than merely proposal-making – for international agencies, programmes, funds and bodies connected with worldwide financial, economic and commercial flows,
  - In short, turning into the world’s SECURITY COUNCIL for these issues.

3.6. In-depth reforms relating to the ECOSOC

It is important in our view to highlight here this assertion:
155. We reaffirm the role that the Charter and the General Assembly have vested in the Economic and Social Council and recognize the need for a more effective Economic and Social Council as a principal body for coordination, policy review, policy dialogue and recommendations on issues of economic and social development, as well as for implementation of the international development goals agreed at the major United Nations conferences and summits, including the Millennium Development Goals.

[Document A/RES/60/1, 24 October 2005; Resolution adopted by the General Assembly; 2005 World Summit Outcome]

We can only conclude that this **status as the chief body** is unattainable within the present-day frameworks and with its current capacities. Consequently, both in-depth reforms in competences (e.g. those outlined in the previous sub-section) and structural reforms in the system to enable those competences to be pursued in practice are indispensable. What is involved is defining and coordinating policies, and taking on all necessary responsibilities to make sure that those policies are implemented and fulfilled.

In this, to return to the context of the World Campaign for in-depth Reform of the System of International Institutions, in our view it is essential that the Bretton Woods Institutions and the World Trade Organization be refounded within the United Nations in the ways explained above. Equally necessary, however, are in-depth reforms concerning the powers and the democratic nature of the United Nations itself, as well as the various structural levels within it, so that the ECOSOC may one day become the kind of body that nearly everyone has called for and is still calling for.
4. System incoherences vs. system reform

From the 2005 Summit Outcome document, continuing through the Report of the High-Level Panel on System-wide Coherence in the United Nations, and now as we move on towards the Monterrey+6 Summit, an opportunity is emerging – a momentum is building up – to make a start on the reforms needed in the multilateral system for worldwide democratic governance.

A) ANALYSIS

4.1. On the systemic and this document for the debate
4.2. The 2005 World Summit Outcome Document A/RES/60/1
4.3. The process on System-Wide Coherence (SWC), and 'internal' incoherence in development issues
4.4. The System-Wide Coherence (SWC) process, and structural incoherence in development issues

B) PROPOSALS

4.5. System incoherences vs. system reforms
4. System incoherences vs. system reform

A) ANALYSIS

4.1. On the systemic and this document for the debate

We have made liberal use of the adjective “systemic” throughout this document, and now we would like to consider it further, in the context of FfD and the Review of the Monterrey Summit (Doha 2008).

The first conclusion emerging is that all the issues dealt with in this reflection are systemic, since development issues are so important now at the juncture humanity is facing the world over. Hence a paradigm for the equitable worldwide distribution of wealth, as opposed to the neoliberal paradigm, is systemic. And a refounding of bodies like the IMF or the ECOSOC in terms of their competences and structure is likewise systemic.

It is nevertheless true that if we follow this argument through, we would see that if the issue to be discussed were peace in the world, we would also be in the same situation, with respect to both the need for new paradigms in tackling disarmament issues and also the issues relating to the Security Council.

However, without detriment to any of those reflections, what we see as truly systemic, holistic and structural in the context of the World Campaign for in-depth Reform of the System of International Institutions is the reform – the structural reform – of world democratic governance (the reform of the international institutional system perceived as instrumental in that it is one of stages required to prepare the way for defining and implementing policies enabling the most pressing realities affecting humanity to be transformed now at the outset of this new century). Hence this final argument seeks to wind up our analysis and our proposals with respect to the issues dealt with in this Forum from this structural and holistic perspective. We also believe that as this Forum becomes consolidated, all the issues dealt with in the future should also be treated under/from this same stance, a stance that will enable us to build, step by step, the international institutional system we should be moving towards.

4.2. The 2005 World Summit Outcome Document A/RES/60/1

As we know, the Outcome document that emerged from the 2005 World Summit – the year when the United Nations celebrated its 60th anniversary – is in a way an amalgam of nearly all the issues of concern to the institution, including its most systemic/structural aspects. Let us take a look at some excerpts from that Outcome Document:

6. We reaffirm the vital importance of an effective multilateral system, in accordance with international law, in order to better address the multifaceted and interconnected challenges and threats confronting our world and to achieve
progress in the areas of peace and security, development and human rights, underlining the central role of the United Nations, and commit ourselves to promoting and strengthening the effectiveness of the Organization through the implementation of its decisions and resolutions.

15. We pledge to enhance the relevance, effectiveness, efficiency, accountability and credibility of the United Nations system. This is our shared responsibility and interest.

V. Strengthening the United Nations

146. We reaffirm our commitment to strengthen the United Nations with a view to enhancing its authority and efficiency, as well as its capacity to address effectively, and in accordance with the purposes and principles of the Charter, the full range of challenges of our time. We are determined to reinvigorate the intergovernmental organs of the United Nations and to adapt them to the needs of the twenty-first century.

147. We stress that, in order to efficiently perform their respective mandates as provided under the Charter, United Nations bodies should develop good cooperation and coordination in the common endeavour of building a more effective United Nations.

148. We emphasize the need to provide the United Nations with adequate and timely resources with a view to enabling it to carry out its mandates. A reformed United Nations must be responsive to the entire membership, faithful to its founding principles and adapted to carrying out its mandate.

System-wide coherence

168. We recognize that the United Nations brings together a unique wealth of expertise and resources on global issues. We commend the extensive experience and expertise of the various development-related organizations, agencies, funds and programmes of the United Nations system in their diverse and complementary fields of activity and their important contributions to the achievement of the Millennium Development Goals and the other development objectives established by various United Nations conferences.

169. We support stronger system-wide coherence by implementing the following measures:

Policy
- Strengthening linkages between the normative work of the United Nations system and its operational activities
- Coordinating our representation on the governing boards of the various development and humanitarian agencies so as to ensure that they pursue a coherent policy in assigning mandates and allocating resources throughout the system
- Ensuring that the main horizontal policy themes, such as sustainable development, human rights and gender, are taken into account in decisionmaking throughout the United Nations

Operational activities
- Implementing current reforms aimed at a more effective, efficient, coherent, coordinated and better-performing United Nations country presence with a strengthened role for the senior resident official, whether special representative, resident coordinator or humanitarian coordinator, including appropriate authority, resources and accountability, and a common management, programming and monitoring framework
• Inviting the Secretary-General to launch work to further strengthen the management and coordination of United Nations operational activities so that they can make an even more effective contribution to the achievement of the internationally agreed development goals, including the Millennium Development Goals, including proposals for consideration by Member States for more tightly managed entities in the fields of development, humanitarian assistance and the environment

**Environmental activities**

• Recognizing the need for more efficient environmental activities in the United Nations system, with enhanced coordination, improved policy advice and guidance, strengthened scientific knowledge, assessment and cooperation, better treaty compliance, while respecting the legal autonomy of the treaties, and better integration of environmental activities in the broader sustainable development framework at the operational level, including through capacity-building, we agree to explore the possibility of a more coherent institutional framework to address this need, including a more integrated structure, building on existing institutions and internationally agreed instruments, as well as the treaty bodies and the specialized agencies

From the passages highlighted in bold type above, we will focus now solely on the issues relating to coherence, for various reasons. To begin with, those issues are the ones that have been given most attention in the organisation since that year of 2005. Moreover, achieving coherence between the normative side and the operational side is even more fundamental in development issues than in any other ones. And, more particularly still, because it is in this area where most work is still being done on which in-depth structural reforms are being or can be envisaged from within the organisation itself, as in the case of the ECOSOC.

### 4.3. The process on System-Wide Coherence (SWC), and 'internal' incoherence in development issues

The UN’s General Assembly does indeed have a mandate to look into what are known as ‘System-Wide Coherence’ issues, as well as to draw its conclusions and reach agreements in that area.

Specifically, the “One UN” proposal is beginning to be applied and to see its first results in various pilot countries. We believe that this ‘pilot’ reform process on the ‘operational’ level is a process that should also be present in the Monterrey review as a whole. This session is not, however, the right place – in principle – to go into this. Yet let us nonetheless recall certain stances adopted by civil society and set down, for example, in “A Civil Society Response to the Report of the UN High-Level Panel on System-Wide Coherence” (to which we will refer hereinafter as the CS-SWC reference):

[http://www.reformcampaign.net/docs/UN_Coherence_Panel_NGO_response.pdf](http://www.reformcampaign.net/docs/UN_Coherence_Panel_NGO_response.pdf)

However, this process also harbours another level of incoherence, one that is internal to the United Nations itself, and one that we feel should certainly be noted here: now, at a time when this proposal and the pilot project are being watched amid significant controversy within the organisation, we are greeted with the ‘news’
that in fact everything that is being done in the pilot countries should be done in the framework of a normative Resolution adopted by the General Assembly of 17 August 2005 (i.e. before the 2005 World Summit). Here are some passages to consider from it:

50. Notes the potential of the Framework and its results matrix as the collective, coherent and integrated programming and monitoring framework for the operations of the United Nations development system at the country level, bringing increased opportunities for joint initiatives, including joint programming, and urges the United Nations development system to fully utilize such opportunities in the interest of enhancing aid efficiency and aid effectiveness;

51. Requests the Secretary-General, through the Executive Committee of the United Nations Development Group, in consultation with the United Nations System Chief Executives Board for Coordination, to ensure that United Nations Development Group agencies with multi-year programmes as well as the entities of the Secretariat that carry out operational activities in pursuit of the MDGs, fully align their respective programming and monitoring with the Framework, as well as take further steps to harmonize their programming cycles and to synchronize them as far as possible with the national programming instruments, in particular the national poverty reduction strategies, including poverty reduction strategy papers, where they exist;

52. Invites the United Nations system and the Bretton Woods institutions to explore further ways to enhance cooperation, collaboration and coordination, including through the greater harmonization of strategic frameworks, instruments, modalities and partnership arrangements, in full accordance with the priorities of the recipient Governments, and in this regard emphasizes the importance of ensuring, under the leadership of national authorities, greater consistency between the strategic frameworks developed by the United Nations funds and programmes, agencies and the Bretton Woods institutions, (...).

Looking at that, we will single out just a couple of considerations: a) our perplexity at such a striking instance of internal incoherence; and b) in terms of the thematic content of coordination with the BWIs, this resolution goes beyond what was dealt with – at a later date! – by the High-Level Panel that has worked on SWC.

4.4. The System-Wide Coherence (SWC) process, and structural incoherence in development issues

A fundamental question is which level within the structure should hold normative competence and responsibility, and thus exert leadership and real effective control, in development issues.

We have already come down here in favour of the ECOSOC for this role, though this is not an option enjoying any real consensus among the possible parties
involved, as can be seen in the day-to-day work of the institutions and in the debates on SWC. Indeed the internal incoherence mentioned above also clearly shows that the General Assembly’s Second Committee – and thus the GA itself – and the ECOSOC may already have embarked on a degree of duplication in competences and competition over them, and this may be further amplified and complicated by the creation of ECOSOC’s Development Cooperation Forum.

Continuing with this same analytical line, and looking at article 51 of Resolution A/RES/59/250 adopted by the General Assembly on the Report of the Assembly’s Second Committee, we are not convinced that the various levels of competence and coordination in the economic and social area within the United Nations itself are the most appropriate: for it appears to be the case that with the existence of the UN Development Group, in our view those various levels do seem to evince some degree of inability and/or lack of resolve when it comes to making the ECOSOC evolve towards what it should really be, as we envisaged it in the previous section.

On the other hand, endowing the ECOSOC with further powers would indeed seem to be the direction that the High-Level Panel on SWC would take, since it has made a battery of proposals, many of them revolving around the ECOSOC, for establishing new bodies within it: a Global Leaders Forum, a Sustainable Development board, a Development Policy and Operations Group, and a Development Finance and Performance Unit – though these last two would be set in the framework of the scarcely transparent Chief Executives Board (CEB).

In this we are in agreement with the following quotation from CS-SWC reference:

The fact that the BWIs and the WTO are part of the CEB – thus allowing them to extend their influence while assuming neither responsibilities nor commitments within the UN – makes for an even more blurred “chain of command” and fosters fears about the actual extent to which the new organs will ultimately be under ECOSOC direction.

And it is this evidence that makes us take the view that neither has the High-Level Panel on SWC proved capable of proposing what is necessary for making real progress towards structural coherence in the system, except in relation to ECOSOC matters.

In fact, we find that virtually the only recommendation made by the High-Level Panel on the BWIs is this one:

Recommendation: As a matter of urgency that the Secretary-General, the President of the World Bank and the Executive Director of the International Monetary Fund set up a process to review, update and conclude formal agreements on their respective roles and relations at the global and country level. These reviews must be periodically updated as well as assessed. This process should be undertaken on the basis of the enhanced performance, strengthened delivery and more influential role that the UN will have if our reforms are implemented.
The CS-SWC reference is also in line with this recommendation:

**We welcome the Panel’s decision to dedicate a portion of its report to the long overdue matter of the relationship with the Bretton Woods Institutions. We have endorsed proposals that have called for the “refoundation” of the BWIs and the WTO as agencies within the UN system as the only way forward that guarantees system-wide coherence. Such a reform, we believe, would provide for institutionalized subordination of their policy-making activities to the goals stated in the UN Charter and offer a solution to many of the problems analyzed in this report, especially what we have referred as the “implementation gap.”**

Phrased as it is, the recommendation leaves ample room for ambiguity about the purpose of these agreements and there is a risk that it could simply contribute to institutionalize the de facto marginalization of the UN from economic and social policy-making.

The language used by the Panel gives reasons to be concerned. For example, the panel calls for credible engagement of the UN with “other development actors.” It also states that “there is an urgent need for more credible and meaningful engagement between the UN system and the international financial institutions (...)” It also neglects mention of the WTO, in spite of its tremendous impact on development, social and human rights issues addressed by the UN.

Lastly, the final recommendation of the Panel in this field is:

**Recommendation: The participation of the Bretton Woods Institutions in the annual spring meetings of Economic and Social Council, and the biennial High Level Dialogue of the General Assembly, should be more substantive. The focus should be on areas of common interest and on concrete measures to promote policy consistency to achieve the internationally agreed development goals.**

The response to this in the CS-SWC reference is:

We agree with this recommendation as it represents a political expression of support to the mechanisms for dialogue and coordination, which we believe is one step towards providing a forum for inclusive discussion of economic policies within the UN. *But it does not resolve the problem that currently the High-Level meetings of the BWIs with ECOSOC and the Biennial Meeting of the General Assembly lack any impact on the substantive discussions within those institutions and function, at best, as a reporting device.*

**B) PROPOSALS**

**4.5. System incoherences vs. system reforms**

It must be recalled here that we wish to place the stress ultimately in the area of the issues that are more holistic, systemic and above all structural. Thus our aim is not to add our voice to the critiques seeking to justify – and consolidate – the
weakening of the United Nations by pointing to the serious levels of incoherence that are now found in the system, including the incoherence found within what is supposed to be its central organisation; rather, our intention is to put more arguments on the table to fuel the momentums existing for bringing about structural reform once and for all. And we insist on the adjective ‘structural’ because we believe that these instances of incoherence can only be resolved if they are tackled as such, through in-depth structural reforms.

In short, the proposals we are making for in-depth structural reform are the two that have already been sufficiently cited, reiterated and enlarged upon in this document:

| a) refounding the Bretton Woods Institutions in terms of their competences and their structural position within the United Nations (and the WTO too, for the same reasons and in the same ways, even though that is a matter that has not been discussed herein). See section 2. |

| b) refounding the new ECOSOC in terms of its competences, and giving it key powers in development issues. See section 3. |

And with that we wind up this document for debate, taking the view that now, five years from the approval of the Monterrey Consensus, there can scarcely be any doubt that this is the only way to achieve the following points, among others, made in that Consensus:

63. A first priority is to find pragmatic and innovative ways to further enhance the effective participation of developing countries and countries with economies in transition in international dialogues and decision-making processes. Within the mandates and means of the respective institutions and forums, we encourage the following actions:
   • International Monetary Fund and World Bank: to continue to enhance participation of all developing countries and countries with economies in transition in their decision-making, and thereby to strengthen the international dialogue and the work of those institutions as they address the development needs and concerns of these countries;
   • World Trade Organization: to ensure that any consultation is representative of its full membership and that participation is based on clear, simple and objective criteria;

64. To strengthen the effectiveness of the global economic system’s support for development, we encourage the following actions:
   • Improve the relationship between the United Nations and the World Trade Organization for development, and strengthen their capacity to provide technical assistance to all countries in need of such assistance;
   • Strengthen the coordination of the United Nations system and all other multilateral financial, trade and development institutions to support economic growth, poverty eradication and sustainable development worldwide;

67. We attach priority to reinvigorating the United Nations system as fundamental to the promotion of international cooperation for development and to a global economic system that works for all. We reaffirm our commitment to enabling the General Assembly to play effectively its central role as the chief


*deliberative, policy-making and representative organ of the United Nations, and to further strengthening the Economic and Social Council to enable it to fulfil the role ascribed to it in the Charter of the United Nations.*

5. List of Tables and/or Figures cited and referred to in the document

Table 1: From the Report submitted to the Secretary-General of the United Nations by Jeffrey D. Sachs, Director of the UN Millennium Project of the United Nations: “Investing in Development”, January 2005

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>MDG support needs in low-income countries</td>
<td>12</td>
<td>73</td>
<td>89</td>
<td>135</td>
</tr>
<tr>
<td>MDG financing gap</td>
<td>5</td>
<td>7</td>
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<tr>
<td>Capacity building to achieve the MDGs</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Grants in support of heavy debt burden</td>
<td>—</td>
<td>7</td>
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<tr>
<td>Debt relief</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Repayments of concessional loans</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>15</strong></td>
<td><strong>94</strong></td>
<td><strong>108</strong></td>
<td><strong>149</strong></td>
</tr>
</tbody>
</table>

MDG support needs in middle-income countries

Direct support to government

Capacity building to achieve the MDGs

Repayments of concessional loans

Subtotal

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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional cooperation and infrastructure</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Funding for global research</td>
<td>1</td>
<td>5</td>
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<td>7</td>
</tr>
<tr>
<td>Implementing the Rio Conventions</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
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<td>Technical cooperation by international...</td>
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<td>5</td>
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<td>8</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>10</strong></td>
<td><strong>15</strong></td>
<td><strong>23</strong></td>
<td><strong>31</strong></td>
</tr>
</tbody>
</table>

Estimated cost of meeting the MDGs in all countries

| Estimated cost of meeting the MDGs in all countries | 28 | 121 | 143 | 189 |

Source: 2002 data based on OECD/DAC 2004 and projections for 2004-15 are authors’ calculations.

Figure 1: From the Report on the MDGs, 2007

Development aid falls, despite renewed commitments by donor countries

Official development assistance from developed countries, 1990-2006 (Constant 2005 United States dollars)
### Table 2: From the Report submitted to the Secretary-General of the United Nations by Jeffrey D. Sachs, Director of the UN Millennium Project of the United Nations: Investing in Development, January 2005

<table>
<thead>
<tr>
<th>Plausible ODA needs to meet the Millennium Development Goals</th>
<th>Estimated ODA in 2002</th>
<th>Projected for 2006</th>
<th>Projected for 2010</th>
<th>Projected for 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline ODA for the Goals in 2002</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>28</td>
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<tr>
<td>Incremental MDG investment needs</td>
<td>na</td>
<td>94</td>
<td>115</td>
<td>161</td>
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<tr>
<td>Adjustment for countries not qualifying due to inadequate governance</td>
<td>na</td>
<td>-21</td>
<td>-23</td>
<td>-25</td>
</tr>
<tr>
<td>Reprogramming of existing ODA</td>
<td>na</td>
<td>-6</td>
<td>-7</td>
<td>-9</td>
</tr>
<tr>
<td>Emergency and distress relief</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Other ODA§</td>
<td>34</td>
<td>36</td>
<td>34</td>
<td>35</td>
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<tr>
<td>Total indicative ODA needs for the Goals§</td>
<td>65</td>
<td>135</td>
<td>152</td>
<td>195</td>
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<tr>
<td>Share of OECD/DAC countries’ GNI (percent)</td>
<td>0.22</td>
<td>0.44</td>
<td>0.46</td>
<td>0.54</td>
</tr>
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<td>ODA to Least Developed Countries (% of OECD/DAC countries’ GNI)</td>
<td>0.06</td>
<td>0.12</td>
<td>0.15</td>
<td>0.22</td>
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<tr>
<td>Absolute increase in ODA required (compared with 2002)</td>
<td>na</td>
<td>70</td>
<td>87</td>
<td>130</td>
</tr>
<tr>
<td>Difference between total ODA needs and existing commitments</td>
<td>na</td>
<td>48</td>
<td>50</td>
<td>74</td>
</tr>
</tbody>
</table>

*Note: Numbers in table may not sum to totals because of rounding. Refer to appendix 3 for more details. |
a. Includes assistance that does not contribute directly to the Goals and operating expenditures of donor agencies.
b. Does not include several important ODA needs, such as responding to crises of geopolitical importance (such as in Afghanistan or Iraq), mitigating the impact of climate change, protecting biodiversity and conserving global fisheries, and so on.


### Table 3: From Document A/62/119 of 6 July 2007: International financial system and development; Report by the Secretary-General of the United Nations

| Net transfer of financial resources to developing economies and economies in transition, 1996-2007 (Billions of United States dollars) |
|---|---|---|---|---|---|---|---|---|---|---|
| Developing countries | 32.9 | -1.1 | -33.7 | -119.4 | -149.9 | -154.7 | -204.4 | -206.0 | -351.2 | -535.3 | -661.6 |
| Africa | -5.9 | -5.3 | 15.3 | 2.2 | -31.6 | -17.2 | -7.1 | -22.2 | -35.8 | -66.3 | -78.9 |
| Sub-Saharan (excluding Nigeria and South Africa) | 5.0 | 7.7 | 12.9 | 8.9 | 2.8 | 6.9 | 5.2 | 6.3 | 3.9 | 2.0 | -1.0 |
| Eastern and Southern Asia | 18.9 | -31.5 | -128.1 | -137.6 | -129.2 | -116.9 | -145.4 | -171.0 | -161.6 | -231.5 | -322.0 |
| Western Asia | 10.6 | 12.6 | 34.8 | 7.7 | -31.5 | -23.9 | -19.5 | -44.1 | -71.4 | -129.3 | -131.6 |
| Latin America | 0.3 | 23.2 | 44.1 | 9.3 | -2.5 | 3.2 | -32.4 | -61.5 | -82.3 | -106.1 | -129.1 |
| Economies in transition | -11.1 | -2.9 | -2.8 | -11.2 | -38.9 | -49.3 | -88.8 | -50.0 | -18.8 | -111.6 | -113.0 |
| Memorandum item: Heavily indebted poor countries | 7.2 | 7.9 | 9.2 | 10.6 | 8.5 | 9.1 | 11.5 | 10.9 | 11.5 | 14.5 | 12.8 |
| Least developed countries | 10.5 | 9.2 | 12.3 | 10.8 | 5.7 | 8.8 | 7.2 | 8.9 | 5.2 | 3.7 | 1.7 |

Source: United Nations Department of Economic and Social Affairs, based on International Monetary Fund (IMF), World Economic Outlook Database

(April 2007), and IMF, Balance of Payments Statistics.

§ Estimates.
Table 2
Net flows of financial resources, by selected multilateral institutions, 1996-2005

(Millions of United States dollars)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Net flows(^a)</td>
<td>2,060</td>
<td>2,122</td>
<td>2,825</td>
<td>-7,450</td>
<td>10,859</td>
<td>14,931</td>
<td>2,001</td>
<td>-11,655</td>
<td>-20,235</td>
<td>-39,689</td>
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<tr>
<td>Financial institutions, excluding IMF(^a)</td>
<td>1,460</td>
<td>6,827</td>
<td>9,525</td>
<td>5,150</td>
<td>-59</td>
<td>1,431</td>
<td>11,199</td>
<td>-14,755</td>
<td>-10,235</td>
<td>835</td>
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<tr>
<td>Regional development banks(^a)</td>
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<td>5,334</td>
<td>7,971</td>
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<td>327</td>
<td>1,696</td>
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<td>-8,825</td>
<td>-6,570</td>
<td>-1,668</td>
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<tr>
<td>World Bank Group</td>
<td>-915</td>
<td>1,493</td>
<td>1,554</td>
<td>921</td>
<td>-386</td>
<td>-265</td>
<td>-7,295</td>
<td>-6,730</td>
<td>-3,665</td>
<td>2,503(^a)</td>
</tr>
<tr>
<td>International Bank for Reconstruction and Development</td>
<td>-6,128</td>
<td>-3,265</td>
<td>-2,723</td>
<td>-3,019</td>
<td>-4,079</td>
<td>-4,570</td>
<td>12,126</td>
<td>-11,241</td>
<td>-8,938</td>
<td>-2,898</td>
</tr>
<tr>
<td>International Development Association</td>
<td>5,213</td>
<td>4,757</td>
<td>4,276</td>
<td>3,940</td>
<td>3,693</td>
<td>4,432</td>
<td>4,831</td>
<td>4,511</td>
<td>5,265</td>
<td>5,401</td>
</tr>
<tr>
<td>IMF (billions of dollars)</td>
<td>1</td>
<td>14</td>
<td>19</td>
<td>-13</td>
<td>-11</td>
<td>14</td>
<td>13</td>
<td>3</td>
<td>-10</td>
<td>-40</td>
</tr>
</tbody>
</table>

Memorandum item (in units of 2000 purchasing power):\(^a\)
Resource commitments (millions of dollars) | 54,776 | 78,096 | 87,264 | 62,446 | 63,085 | 73,650 | 97,237 | 63,171 | 48,684 | 60,733 |
Net flows (millions of dollars) | 1,089 | 18,620 | 26,445 | -7,095 | 10,859 | 15,236 | 2,042 | -10,892 | -17,596 | -33,562 |

Source: Annual reports, various issues of the multilateral institutions.

\(^a\) Loans, grants, technical assistance and equity participation, as appropriate, net of repayment; all data are on a calendar-year basis.

\(^a\) African Development Bank, Asian Development Bank, Caribbean Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank (including Inter-American Investment Corporation), and International Fund for Agricultural Development.

\(^a\) Data is for fiscal year 2005.

\(^a\) Totals deflated by the United Nations Index of manufactured export prices (in dollars) of developed economies: 2000 = 100.
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