

THE ROAD TO DOHA

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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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EXPECTATIONS GALORE

A series of high-level meetings on trade and development, aid effectiveness, food crisis, Africa's development needs and the Millennium Development Goals in September have raised high expectations. It is hoped that the Follow-up International Conference on Financing for Development November 29 to December 2 in Doha will build upon these discussions to advance the UN development agenda. The Doha negotiations for the review of the Monterrey Consensus -- the North-South development accord agreed in Mexico in 2002 -- take place in a year of global financial turmoil and record-level global imbalances.

There are indeed serious challenges ahead. Great concerns remain about food and oil prices, and about climate change. But, as OECD Secretary-General Angel Gurría pointed out in an exclusive interview (pages 5-6): "Donor buy-in of the Accra Agenda for Action (agreed Sept. 4) shows that there is political will to do aid better." He added: "Following the July impasse in the Doha trade talks in Geneva, ministers came to Ghana knowing that they must not fail the world's poorest yet again." But much more needs be done. "We must capture the progress made in the Doha trade talks; we must close the small gaps that separate the parties and conclude this vital development round. This is about inclusive globalisation. It's about creating jobs, increasing incomes, and ensuring energy efficiency and global food security."

These issues also drew the focus of the high-level event on MDGs at the UN on Sep. 25. But world leaders and top figures from the private sector, foundations and civil society participants did not walk in empty-handed. New contributions and commitments amounting to some 16 billion dollars were pledged. These include more than 4.5 billion dollars for education, 3 billion dollars for combating malaria, and some 1.6 billion dollars (about 1.1 billion Euros) to foster food security. Developing countries also announced commitments to mobilize domestic programmes aimed at achieving the universally agreed anti-poverty goals by the target date of 2015.

To help achieve Goal 8 (global partnership for development), Denmark is setting aside 3 billion dollars in 2009 for development assistance -- equivalent to 0.82 per cent of Gross National Income (GNI) -- to combat poverty. Two thirds of bilateral assistance are to be directed to Africa. 39 million dollars will go next year to ensure follow-up to the recommendations of the Commission for Effective Development Cooperation with Africa. Ireland committed to spend 0.54 per cent of its GNI towards achieving the MDGs in 2008 and increase spending to 0.7 percent of GNI by 2012. Japan pledged up to 4 billion dollar ODA loan over five years with special focus on infrastructure and agricultural development.

"I welcome these initiatives and commitments, but additional efforts are required to fill the remaining gaps," UN Secretary-General Ban Ki-moon said at the conclusion of the meeting. Examples of remaining gaps included an increase in ODA and progress towards a "pro-poor" trade deal in the Doha Round of international trade negotiations, he said. While the fate of trade talks hangs in the balance, in the Doha Outcome Draft Document circulated on July 25, heads of state and government commit themselves "to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system". - Ramesh Jaura ☑

DRAFT DOHA OUTCOME DOCUMENT REAFFIRMS MONTERREY CONSENSUS

Almost seven years after the landmark conference held in Monterrey, the heads of state and government, and representatives of member states of the United Nations who are scheduled to gather in Qatar's capital Doha, from November 29 to December 2, are expected to reiterate their "resolve to address the challenges of financing for development in the spirit of global partnership and solidarity".

The draft Doha Outcome Document will be reviewed in four informal sessions in October and November in New York. In the paper, circulated last July by the UN, world leaders once again commit themselves "to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system".

They reaffirm the Monterrey Consensus "in its entirety and in its integrity and recognize that mobilizing financial resources for development and the effective use of those resources are central for a global partnership for development in support of the achievement of the internationally agreed development goals (IADGs), including the Millennium Development Goals (MDGs)."

The document adds: "We recognize that the international economic context has changed in profound ways since we met in Monterrey. While assessing progress made, sharing best practices and lessons learned, we have identified obstacles and constraints encountered. We are determined to take actions and initiatives to overcome these obstacles and devise important measures for further implementation."

While there would appear to be general consensus as on the graphs above, there are differences on the chapter on *'international trade as an engine for development'*. The document says: "We recognize that international trade is inextricably linked to economic growth and development and that a universal, rule-based, open, non-discriminatory and equitable multilateral trading system as well as meaningful trade liberalization, can substantially stimulate development worldwide. We are encouraged to see that international trade, especially the trade of developing countries and countries with economies in transition, has expanded at a fast pace in the current decade. Trade among developing countries has now become one of the most dynamic elements in world trade. However, a considerable number of developing countries, including many LDCs, have remained at the margins of these developments."

It adds: A major challenge persists. The Doha Round of multilateral trade negotiations has not ➤

been concluded, jeopardizing a continued dynamic expansion in the exports of developing and transition economy countries, as well as adding to the risk of a slowdown in the global economy. The participants would strive for a successful, early and truly development-oriented conclusion of the Doha Round that ensures fair, balanced, and equitable market-opening commitments.

The document stresses the need to make progress in key areas of the Doha Development Agenda that are of interest to developing countries, inter alia: increased market access for manufactures and agricultural products, substantial reduction and elimination of subsidies, facilitating technology transfer, effective provisions for special and preferential treatment, opening of markets to services from developing countries, and affording sufficient policy space.

The paper adds: "We acknowledge that the optimum pace and sequence of liberalization depends on the specific circumstances of each country, and that its costs and benefits must be weighed carefully in each case. It must be complemented by expansion of productive capacities, development of human resources and basic infrastructure, access to technology and adequate safety nets. A positive impact of liberalization on development also depends to a large extent on appropriate actions, including predictable access to markets, eliminating abuse of anti-dumping measures, reduction of tariffs and non-tariff barriers and avoidance of measures that distort trade."

The paper takes note that LDCs will require special measures and international support to allow for a more gradual and effective adjustment to an open and competitive global economy. International financial institutions, including regional development banks, should provide them with all possible assistance in this regard. In view of this, the world leaders renew the call to developed countries and other countries in a position to do so to provide duty-free and quota-free access to all products from LDCs.

"We will also redouble efforts to provide technical assistance to low-income developing countries who request it, in order to enable them to participate ➤

DRAFT DOHA OUTCOME DOCUMENT REAFFIRMS MONTERREY CONSENSUS (Continued from page 2)

effectively in the multilateral trade system, including through the Enhanced Integrated Framework and by providing support to allow LDCs to participate effectively in international trade negotiations," the draft document adds.

The chapter on 'increasing international financial and technical cooperation for development' reaffirms the crucial role of Official Development Assistance (ODA) in supporting development and facilitating the achievement of the IADGs, including the MDGs. ODA is particularly important for the countries of Africa, LDCs, LLDCs and SIDS, and it also often constitutes a critical element in peace building efforts., says the document.

The document takes note of the recovery of ODA from its declining trend before the Monterrey Conference some seven years ago. Since the Conference, there has been a significant turn-around in the overall volume of aid flows. ODA in real terms doubled between 2001 and 2007. However, the paper takes note with concern the overall decline in ODA in 2006 and 2007 and that a significant part of this doubling of aid in the previous period comprised growing debt relief. The aid absorptive capacity of developing countries has increased significantly as a result of their improved domestic policies. It finds encouraging that some donor countries have already made ODA commitments, such as the EU for 0.56 percent of GNI for ODA by 2010 and 0.7 percent by 2015. It also welcomes reaffirmed targets by the G-8 countries in Hokkaido, Japan, to increase their ODA to 130 billion dollars by 2010. "The full implementation of these targets is vital to substantially boost the resources available to push forward the international development agenda."

The paper says, major efforts are still needed for achievement of the IADGs, including MDGs. It urges developing countries to formulate and implement effective national development strategies and asks the international community to increase its support substantially. "To reach their agreed timetables, developed countries should take urgent measures to raise the rate of increase of aid disbursements."

It is considered equally important that countries that have not already formulated timetables or reached 0.7 percent of GNI as ODA do so. All developed countries that have not yet done so are urged to make definite efforts to achieve the target of 0.7 percent of GNI as ODA to developing >

countries, including the specific target of 0.15 percent to 0.20 percent of GNI for LDCs, by 2010. "Addressing the current high food and energy prices and implementing climate change-related actions carries a deep developmental connection and makes it ever more urgent to fully meet all the pre-existing cooperation targets. This will require considerable additional resources," the document says.

It goes on to say: "We also welcome increasing efforts by recipient and donor countries to make ODA more effective. The High-level Forums on Aid Effectiveness, which produced the 2005 Paris Declaration and this year's Accra Agenda for Action, are critical steps forward in this regard by stressing the fundamental roles of ownership, alignment, harmonization, managing for results and mutual accountability. Full implementation of these principles should contribute to more effective and efficient aid delivery and greatly improved outcomes. We will similarly enhance overall efforts to improve the quality of aid, including by untying aid, increasing budget support, streamlining conditions, and making aid more predictable.

"We note that the aid architecture has significantly changed in the current decade. New official and non-official donors and novel partnership approaches, which transcend the traditional donor-recipient modality, have emerged. The flow of resources involved continues to increase significantly.

"This underscores the need for alignment, harmonization, coordination and ownership. We shall pursue efforts, both in the United Nations and in collaboration with other relevant institutions, such as, in particular, OECD/DAC, to advance cooperation among this growing community of partners. We shall also strive to provide technical assistance for the incorporation of good aid policies by recipient countries in their national development strategies."

Aid can play a catalytic role in removing constraints to growth such as enhancing social and physical infrastructure, technological innovation, empowering women and combating pockets of poverty, the document says. Aid can also be an important factor in triangular cooperation schemes that reinforce South-South cooperation, it adds. With this in view, the world leaders will explore new and more effective assistance modalities to enhance the catalytic role of aid, in particular for LDCs. ☑

DOHA NGO GROUP CRITICISES DRAFT DOCUMENT

The Doha NGO group monitoring the Financing for Development (FfD) review process have criticised the draft outcome document (DOD), among others for vagueness and being out of touch with realities. Commenting the draft they say: "As the starting point for negotiations on a document to address a number of pressing challenges in financing development, we are of the view that the DOD should have raised the bar in terms of sharper definitions of issues in line with current realities, and proposed a more comprehensive range of solutions."

Analysing the trade chapter, NGOs point out that in view of its narrow focus on market liberalization and its inherent biases against the interests of developing countries, the WTO negotiations to conclude the Doha round have run into seemingly insurmountable odds. "FfD should be positioning itself as a process that could save the day by informing the development dimensions of the discussions, including gender equality, trade and employment linkages, as well as highlighting those elements that could enable trade to raise revenue for development."

Indeed, FfD is well-placed to assume the responsibility of examining the questions that the WTO talks have proved repeatedly incapable of addressing. In this regard, they consider the DOD's trade chapter as a whole a lost opportunity, with merely some rhetorical acknowledgements of the importance of policy space, and the need to pace and sequence liberalization according to the circumstances of each country. Also, it simply restates the need for a "successful, early and truly development-oriented conclusion of the Doha Round", failing to assert the role of the UN, through the FfD process in proposing a holistic trade and development agenda as a way out of the current impasse.

Analysing the chapter on aid, NGOs say: The DOD's positive spin belies the reality of sluggish increases in ODA levels after Monterrey, with real declines since 2007. The sense of urgency in making up for the shortfall and in providing additional resources is missing from the DOD, as is the need to pursue concrete new mechanisms such as the Currency Transaction Tax (CTT), if core development needs are to be met, as well as emerging needs such as financing climate change.

Of cause for concern to the NGOs is the fact that the DOD accords central roles in development cooperation to multilateral agencies such as the OECD/DAC and the World Bank, while failing to acknowledge the need for shifts from their current policies including lack of democratic governance, harmful conditionalities, tied aid, imposing constraints on policy space. Rather than uncritically endorsing the outcome of the High Level Forum in Accra on Aid Effectiveness, the FfD process, along

with the Development Cooperation Forum (DCF) should be defining the parameters for a comprehensive framework within the UN system for democratic norm-setting and monitorable targets for development effectiveness, and should be the convener of the other development actors for follow-up in this regard.

Commenting the chapter on debt, NGOs say: The section represents a major step backwards from the Monterrey commitments. The "equivalent treatment of all creditors" should be matched by a major focus on equal treatment of debtors facing critical development challenges. In light of the hype about the "success" of the debt cancellation initiatives currently being implemented, the sobering statement that "debt service in a considerable number of low and middle-income countries is still too high" is to be welcomed.

However, no link has been established between the high levels of debt-servicing and the capacity of the countries concerned to achieve the Mugs, as called for by the Monterrey Consensus, NGOs say. In fact, despite findings that the World Bank/IMF framework for establishing debt sustainability is responsible for an underestimation of debt relief needs, the DOD presents these institutions, as contributors, rather than hindrances, to improved debt indicators. Also missing is the linkage between debt sustainability and the MDGs, as well as the notion of "odious and illegitimate debts", despite the significant legal and political developments that have shaped this aspect of donor-creditor co-responsibility since Monterrey.

Addressing systemic issues the NGOs say: Despite the general recognition that "progress in addressing systemic issues since Monterrey has been limited," the DOD fails to offer clear guidelines for redressing this situation. They add: "The current juncture characterized by climate change, the increase in food and oil prices and the credit crunch, should give a sense of urgency to the challenges ahead. Doha offers a rare opportunity for seriously moving forward an equitable and effective agenda for financing development in the next few years. It should not be wasted."

'ACCRA AGENDA FOR ACTION' CRITICAL, SAYS OECD CHIEF

The high-level forum on aid effectiveness early September in Accra took "profound" decisions to change the way aid is structured and delivered, OECD Secretary-General Angel Gurría says. Decisions were taken to channel aid in a way that does not undermine local systems, leads to greater untying of aid from policies and companies in donor countries, and enables countries to work their way out of aid, says Gurría in the first interview to IPS by a head of the influential OECD (the Organisation for Economic Cooperation and Development), a grouping of 30 wealthy nations. Excerpts:

Q: Are you happy with the outcome of the Third High Level Forum on Aid Effectiveness that concluded Sep. 4 in Accra?

Angel Gurría: The Accra Agenda for Action (AAA), the main outcome of the Third High Level Forum, will help global efforts to deliver aid more effectively. The AAA signals profound behaviour change for both donors and developing countries. It will drive the new aid business model envisioned in the Paris Declaration on Aid Effectiveness, agreed in March 2005.

We are encouraged by the fact that the AAA is the product of wide and inclusive consultation among developing countries, multilaterals, OECD donor countries, hundreds of civil society organisations from around the world, non-traditional donors, global funds and middle-income countries. Developing countries voiced their priorities from the beginning of the process and the significant actions embodied in the AAA reflect their major concerns.

Q: What would you describe as the salient aspects of the Accra Agenda for Action? Does it deliver on concrete commitments to make aid work for the poor?

Angel Gurría: The Accra Agenda for Action will speed up the follow-through on commitments made in the Paris Declaration. For instance, a key problem of the aid industry is that donors too often deliver aid through their own systems and channels, undermining the local capacities for public management and accountability. Now, under the AAA, if they are not using countries' own systems they will have to explain why, and work with the country to develop plans for doing so.

The AAA calls for transparency, a pre-condition for good public management -- good governance -- in all countries.

It pledges to reduce the prescriptive conditions donors attach to aid -- about how and when money is spent -- and instead focus on conditions based on the developing country's own objectives, as set out in their national development plans.

It commits donors to make more progress in ensuring that aid is not tied to purchases in the donor country.

It strengthens developing country ownership and accountability by committing them to engage their parliaments and citizens and to respect their international commitments on gender equality, human rights, disability and environmental sustainability.

It ensures that donors will work effectively in each developing country -- not overcrowding some sectors while ignoring others.

It increases the predictability of aid, calling on donors to commit medium-term funding so that developing countries. It increases the predictability of aid, calling on donors to commit medium-term funding so that developing countries can effectively design their budgets and manage related development programmes.

This is especially important in sectors such as health, which depend on reliable long-term funding to deliver drugs and to staff clinics.

Q: European NGOs are deeply disappointed that there has been failure to progress on issues such as tied aid and conditionality. Do you share their disappointment?

Angel Gurría: No. There has been considerable progress on these fronts, and the AAA calls for more. In 2001, DAC (Development Assistance Committee of the OECD) donors untied the majority of their aid to the least developed countries. Now, in response to the AAA, they have agreed to untie their aid to the heavily indebted poor countries. This means that aid to the 60 poorest countries is now mostly untied.

Eight DAC members have fully untied their bilateral aid -- Australia, Belgium, Luxembourg, Norway, the Netherlands, Ireland, Sweden, and the United Kingdom. Four others have untied most of their aid -- Denmark, France, Germany and Switzerland. The U.S. Millennium Challenge Corporation provides its aid untied, while the European
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'ACCRA AGENDA FOR ACTION' CRITICAL, SAYS OECD CHIEF

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Community opens its aid procurement to other donors on a reciprocal basis. As a result, the share of aid recorded as untied has increased -- from 43 percent in 2002 to 53 percent in 2006. The proportion reported as tied has fallen from 7 percent to 3 percent.

On another front, OECD data show that 60 percent of contracts go to companies not in the donor territory, with more than 40 percent of these going to companies from developing countries.

The AAA calls on those donors who do not yet follow the general DAC trend towards increased untying (Austria, Canada, Greece, Italy, Japan, Portugal, Spain and the U.S.) to set out plans to increase the share of their aid that is untied. I am confident that this will prompt further progress towards this important objective.

Q: The executive director of the South Centre, Yash Tandon, has described the Paris Declaration on Aid Effectiveness agreed in 2005 as the rich nations' "collective colonialism." The main plank of his argument is that the donors do not favour any inherent change in the governance structure of the international aid system which continues to be donor-driven and reflects donors' economic and policy agendas. Would you like to comment?
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Angel Gurría: The international community is finally aware of the need for developing countries to lead the implementation of the Paris Declaration. This is why, as I mentioned earlier, the negotiation process that led to the AAA was guided by developing countries, in partnership with donors and CSOs.

The AAA places emphasis on strengthening country ownership of development. This includes broadening the definition of ownership to include parliaments, local authorities, and civil society. The AAA calls for increased leadership from partner countries in making assistance demand rather than supply driven: it calls on developing countries to identify where capacity needs to be developed. It establishes that technical cooperation should be provided by local and regional resources, including through South-South cooperation.

The AAA's call for donors to use national country systems as the first option for aid programmes will ensure that national priorities are not bypassed. At the same time, donors are committing to delivering results rather than pushing for visibility and

attribution. This means changing organisational and staff incentives to promote behaviour that is in line with aid effectiveness principles.

Q: Does the Agenda go far enough to pave the way for the success of the UN MDG Summit later this month and the Financing for Development conference end of the year in Doha, which will decide the volumes of finance to be made available for reducing poverty and tackling inequality?

Angel Gurría: Donor buy-in of the Accra Agenda for Action shows that there is political will to do aid better. Following the July impasse in the Doha trade talks in Geneva, ministers came to Ghana knowing that they must not fail the world's poorest yet again. Despite success in Accra, there are serious challenges ahead -- great concerns remain about food and oil prices, and about climate change. We must capture the progress made in the Doha trade talks; we must close the small gaps that separate the parties and conclude this vital development round. This is about inclusive globalisation. It's about creating jobs, increasing incomes, and ensuring energy efficiency and global food security.

As you know, many donors have made commitments to significantly increase their aid in the years immediately ahead. Now more than ever, we call upon them to make the budgetary provisions needed to provide predictable assistance in line with their promises. OECD will be tracking that aid and calling donors to account if the numbers don't add up.

Q: The last para of the Accra Agenda for Action says: "Today, more than ever, we resolve to work together to help countries across the world build the successful future all of us want to see -- a future based on a shared commitment to overcome poverty, a future in which no countries will depend on aid." Do you see any realistic possibility of that happening one day?

Angel Gurría: In Accra we found common ground and sent a resounding message to the world: governments are serious about making development assistance work. What we achieved in Accra will contribute to giving the 1.4 billion people who still live in extreme poverty an opportunity to improve their lives. We are confident that it offers a breakthrough in the way assistance is delivered and in enabling countries to work their way out of aid.

- Ramesh Jaura conducted this interview by E-Mail.