

CIDSE Response to the Report of the UN Secretary General

“Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015”

May 2010

CIDSE welcomes four important points of emphasis in the UN Secretary Generals’ Report:

1. While ‘quick gains’ are important for the realization of MDGs, **sustainable development will only come about through systemic reform**
2. Acknowledgement of the **need to address rising/cross-cutting challenges** in order to further progress towards the MDGs, including climate change, global food insecurity and weaknesses of the current economic and financial system.
3. **A rights-based approach** is essential to achieve the MDGs and sustain successes booked. This approach necessarily requires consultation and participation of and accountability to all affected stakeholders.
4. The need to view the MDGs through **a gender lens**, since women and girls face the greatest burdens of poverty, hunger and disease. CIDSE also emphasizes the critical role played by women as agents of change and the need for and benefits of the empowerment of women for development.

Yet we feel that the Report could have gone further.

Mainstreaming a rights-based, gender-sensitive and systemic approach is crucial for the achievement of the MDGs and CIDSE has criticized the failure to build these fundamental principles into the MDG framework from the beginning. For CIDSE, these principles constitute the essence of goal 8- building a global partnership for development and so this submission focuses on elements of the report that relate to Goal 8. It highlights gaps in the report and makes a number of recommendations that CIDSE believes must be addressed by stakeholders at the Review Summit.

1. Improving the quantity and quality of development assistance

The Secretary General's report points out that large gaps remain in meeting existing and long-standing development assistance commitments. A recent report from the OECD showed that the EU, the biggest donor in the world, had reduced its ODA levels in 2009. At current levels the EU will not meet commitments to provide 0.7% of GNI in aid by 2015. With threats of a short-fall, donors are more likely to 'dress-up' the figures to demonstrate that they are fulfilling commitments by country debt relief, export credits and even credits that have repaid at market value. Faced with falling revenues and greater budgetary constraints due to the financial crisis, the short fall also impacts on recipient countries abilities to sustain investments in the social sector- which women are directly affected by.

Failure of donors to live up to their commitments calls for a new approach to secure greater accountability and transparency. **CIDSE believes that ODA commitments should become legal obligations in order to make donors accountable to the citizens of their own countries and ultimately to the main beneficiaries of development assistance in recipient countries.**

Importantly, the Secretary General's report also highlights the significant *decrease* in the percentage of ODA allocated to agriculture and rural development in recent decades, down from around 20% in the 80s to around 4% in 2006. Lack of investment in this sector laid the seeds for the situation of global food insecurity that allowed a food crisis to erupt in 2007, the effects of which are still being felt today. African nations have committed themselves in 2003 in Maputo to set aside 10% of their annual budgets for this purpose; **CIDSE is calling on donors to reach at least an equivalent percentage of their ODA to agriculture and rural development within the next five years.**

Increases in aid quantity alone, however, will not suffice to meet the challenge of achieving the MDGs in the next five years. What aid is spent on, and how it is managed are also crucial questions. The report emphasizes the need for enhancing aid effectiveness and eliminating onerous conditionalities, reflecting commitments made in the Accra Agenda for Action. CIDSE underlines that the quality of assistance goes far beyond the official aid effectiveness agenda. **Essential political questions of the distribution of power, of access to resources, of development assistance-related risks and opportunities, from a gender-centered perspective, should be dealt with in the aid effectiveness agenda.** Furthermore, **the rights based approach should be incorporated in development assistance planning, implementation and monitoring.** This approach enshrines the principles of participation, accountability and transparency, and provides a framework for action that guides governments and other actors to focus on and empower the most vulnerable, the poorest and the most marginalized. **Making all policy coherent with poverty eradication goals in particular and human rights obligations in general should be an important goal of the aid effectiveness agenda.**

2. Adopting new mechanisms that tackle global systemic weaknesses and generate resources for development

CIDSE welcomes the note of urgency in the Secretary General's report in pointing out that with the promise of delivering adequate aid remaining unfulfilled and reform of global systems of finance and trade being long overdue, adequacy of resources is the major challenge in achieving development, including the MDGs. CIDSE has long advocated for serious political consideration of an innovative mechanism such as a Currency Transaction Tax and more recently the general Financial Transactions Tax (FTTs) that would tackle systemic weakness while generating massive resources for development. Recent studies by the International Monetary Fund and the European Commission have acknowledged the popular support and the feasibility of the tasks even though they raise questions of practicability, political acceptability and overall value of the tax. Independent research and experts have countered these criticisms with sound arguments pointing to the bias in these studies' arguments. From a civil society perspective, it is clear that presently the only obstacle that remains in the way of adopting a global Financial Transactions Tax is political will. **The MDG Summit is a clear opportunity for political will to manifest itself in a global agreement to implement a FTT.**

A central role for the UN in decision making on revenues

CIDSE believes that the UN, as the organization that represents the interests of all countries of the globe, whether least developed countries, emerging economies or industrialized countries, should play an instrumental role in determining the destination of the revenue generated by FTTs and any other innovative mechanism. We also foresee a key role for the UN in safeguarding the additionality of resources to ODA; in ensuring that resources are administered and utilized based on principles that guarantee their desired impact and that policies concerning the implementation of the mechanisms, their enactment and governance of their proceeds are coherent with the universal objectives of the UN to uphold human rights and international cooperation, achieve justice and human progress and respect international law.

3. Freeing up domestic resources through a structural response to the continued sovereign debt crisis in developing countries, capital flight and tax evasion

CIDSE is pleased that the Secretary General's Report stresses the responsibility of OECD economies to reform international economic relations to enhance financing for development and the sovereign right of countries to raise considerably greater domestic fiscal resources. Recent IMF data¹ has revealed that up to 37 low income countries are at a high risk of debt distress due to the ongoing global crisis. Witnessing the impact of debt relief initiatives such as

¹ Source: International Monetary Fund and International Development Association url:
<http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1170954447788/3430000-1266857316075/2010Tunis01Joly.pdf>

the Highly Indebted Poor Countries Initiative (HIPC) on countries such as Zambia, CIDSE has long argued that debt cancellation enables countries to invest significantly more in development, and in an economic crisis, gives them greater breathing space to design their own fiscal stimulus responses. In Mozambique, for instance, where poverty reducing expenditures has tripled from \$792 million to over \$2billion, partly as a result of debt reductions, 120,000 more women per year were able to give birth in a hospital or clinic.² Yet debt cancellation operations such as the HIPC and the Multilateral Debt Relief Initiative (MDRI) have remain restricted in scope and eligibility and underlying doctrine such as the Debt Sustainability Framework has been faulty and riddled with contradictions. Adding to this, the overall system of borrowing and lending and dealing with sovereign debt crises remains lopsided with creditors in the driver's seat dictating conditions for lending and debt cancellation.

Five years to the MDG deadline, unsustainable debt levels should not be allowed to come in the way of countries in fulfilling their MDG commitments. **Current debt relief operations must be expedited and expanded - free of harmful economic conditionality and through a fair and transparent debt workout mechanism - to all low income countries.**

A global consensus must also be reached to make responsible lending the cornerstone of future sovereign financing arrangements. A binding legal framework would be the best instrument to ensure that creditors engaging in irresponsible lending take responsibility for such lending, and that problems associated with irresponsible lending and borrowing are resolved on a predictable and equitable basis. Such a framework would take account of both the origin and impact of the debt. It would offer equal treatment to both debtors and creditors ultimately affecting the incentives not only for debtors, but also for lenders and prevent renewed indebtedness on a sustained basis. The framework could be in the form of an impartial and transparent process for resolving debt crises and disputes.

Tackling capital flight and tax evasion

CIDSE is disappointed by the very marginal reference to the importance of international action to tackle capital flight and tax evasion to the ability of countries to mobilize domestic resources for development, including the MDGs. The Doha Declaration on Financing for Development and the outcome document of United Nations Conference on the World Financial and Economic Crisis and its Impact on Development, both recognized that the international community has a responsibility to tackled these issues through enhanced cooperation. The G20 and most recently the European Commission³ have recognized that combating tax evasion and capital flight are

² Source DFID url: <http://www.dfid.gov.uk/Media-Room/News-Stories/2010/Debt-relief-in-Mozambique/>

³ Source: European Commission.
http://ec.europa.eu/development/icenter/repository/COMM_COM_2010_0163_TAX_DEVELOPMENT_EN.PDF

crucial to development and acknowledged the respective responsibilities of G20 countries and the European Union in tackling these issues. While these acknowledgements are valuable, important gaps remain in practice. The G20 exercise to reduce the number of secrecy jurisdictions has turned into little more than a formal exercise. The value of the peer group process launched by the Global Forum on Development of the OECD will have to be evaluated on the basis of a number of issues including their willingness to take up politically difficult issues like bank secrecy and accounting standards, to include civil society in the exercise and whether the peer reviews are translated into a public ranking exercise to enhance the pressure on countries to fulfill international obligations. **Beyond these processes, important issues crucial to tackling capital flight and tax evasion need more political leverage. These include an international consensus to adopt the requirement of country by country reporting as a global accounting standard to tackle the practice of transfer pricing by trans-national companies and providing information needed for cost effective transfer pricing risk assessment of these companies by tax administrations with limited resources. Another important issue is securing a global agreement on automatic exchange of tax information through a multilateral convention. Finally, CIDSE believes that the UN should play a stronger role in harnessing international cooperation on tax issues through the ECOSOC and a strengthened and reformed Committee of Experts on International Cooperation in Tax Matters.**

4. Hunger and Food Security

The right to food is one of the most basic human rights yet over one billion people, a shocking one-sixth of the world's population, do not have enough to eat on a daily basis. The Secretary General's report rightly highlights the reversals in progress towards MDG1 as a result of the increase in food prices and the economic downturn, but does not include an analysis of the causes of the food price crisis. **Whilst a detailed analysis of the food crisis is not the primary aim of the Secretary General's report, the systemic causes of the crisis must be taken into account in proposing policy responses if hunger is to be eradicated sustainably.**

The Secretary General's report rightly acknowledges that the persistent high levels of hunger worldwide are a question not only of food availability, but also of access to food. The report advocates for increases in investment in agriculture and rural development, a focus on small scale farming, and for long overdue reforms in international trade rules, all of which are to be welcomed. It appears, however, to promote a narrow production-focused policy approach when amongst the main reasons for the lack of progress on hunger has been an almost exclusive focus on increasing food production instead of a more holistic approach based on addressing the structural causes of food insecurity.

A focus on smallholder farmers should not be limited to provision of inputs, intensification and commercialization, each of which are highlighted in the Secretary General's report. The

integration of smallholder food producers into local, national and even international value chains is to be welcomed, however this should never come at the expense of their own food security. **There must thus be investment in creating the enabling conditions for sustainable small-scale food production, processing and trade in developing countries; these include secure and adequate access for smallholders to land, water, credit, and markets. Furthermore, it is necessary to strengthen smallholder capacity to organise and to enhance their bargaining power vis-à-vis other value chains actors.** Enhancing the incomes of smallholder farmers - especially women - to enable sustainable small-scale food chains will increase empowerment, self-reliance, resilience, food availability, and environmental management.

Important to note in the recent context is the threat to land tenure by smallholder farmers as a result of large-scale land acquisitions driven, amongst others by foreign agricultural investments, without prior and informed consent by the local communities and without adequate benefit sharing. **In the absence or stagnation of redistributive land policies at the national level, national and international regulation on land acquisition is urgently required.**

As noted in the report, increasing agricultural productivity, in particular in Sub-Saharan Africa, is crucial. However, this must be pursued by promoting diverse and sustainable farming and avoiding the prescription of a single global model for agricultural modernisation. The IAASTD 2008 report⁴ provides significant evidence for how small scale bio-diverse agriculture can achieve greater food security and reduce poverty in developing countries, but has so far been largely ignored by international policymakers. As noted in the IAASTD report, **support must be given to agricultural practices that are sustainable and ecologically efficient**, based on local agro-ecological systems, involving mixed land use. A large number of diversified farming systems exist across the globe, each of which has its own ecology, logic, problems and potential for further development. Based on this diversity, different options must be sought to stimulate sustainable development.

Investment in agricultural research is also needed, which should be supported by public funding in particular in the South. **This research should be farmer-led, empower small-scale farmers and draw on gender-specific knowledge, and should promote pro-poor solutions.**

The Secretary General's report advocates systemic reforms in response to the financial and economic crisis. However, systemic changes are equally necessary to address global food insecurity. The world has seen outrageous price fluctuations on the international markets for agricultural products in the last years, which have greatly exacerbated food insecurity and contributed to the explosion of food prices in 2008, with speculative financial movements on

⁴ See for example, International Assessment of Agricultural Science and Technology for Development, Synthesis of Global and sub-global Reports, 2008. Available at [http://www.agassessment.org/reports/IAASTD/EN/Agriculture%20at%20a%20Crossroads_Synthesis%20Report%20\(English\).pdf](http://www.agassessment.org/reports/IAASTD/EN/Agriculture%20at%20a%20Crossroads_Synthesis%20Report%20(English).pdf) .

the raw material markets significantly contributing to this volatility. **Steps must be taken to make markets less volatile, including supporting the creation of stocks, and the elimination of speculative finance (including hedge funds) in food stock exchange and futures markets for food and agriculture.**

Furthermore, as noted in the report, the Doha Development Round of the WTO has not lived up to its promise, and reform of global trade remains a fundamental necessity. In the absence of agreement on Doha, developed countries and blocs have pursued bilateral trade agreements with developing countries that are driven by self interest rather than development objectives.⁵ Further trade liberalisation will not achieve global food security. **Building on human rights commitments, the international trade system should be open, rule based, predictable and non-discriminatory, and should address the special needs of least developed countries, including tariff and quota free access for their exports.** As noted in the Secretary General's report, **developed countries must live up to their commitments to eliminate export subsidies by 2013, including agriculture; they must recognise developing countries' right to policy space in trade agreements and ensure the provision of an effective and accessible Special Safeguard Mechanism under all trade agreements with developing countries.**

An effective global partnership on food security, agriculture and nutrition – with effective coordination and coherence between political and policy processes and resourcing - is urgently needed to address all these issues and to create a genuine partnership for development as well as putting the world back on track towards realising MDG1.

5. Climate Change

The Secretary General's report emphasises the cross-cutting challenge of climate change to the achievement of the MDGs, and highlights the fact that it is the most vulnerable who have least caused the problem that are suffering most. It rightly indicates that a failure to honour longstanding commitments of international financial, technological and institutional support is the single biggest obstacle to meeting the climate change challenge. Notable, however, is a lack of reference to the crucial other side of the political coin to achieving agreement on effective global action to address climate change; the will of developed countries, those with historical responsibility for current climate change, to reduce their emissions at the level and pace indicated as necessary by the science. CIDSE has been campaigning for developed countries to commit to a reduction in their emissions of more than 40% by 2020 based on 1990 levels, as part of a fair, ambitious and binding global climate change agreement, and was utterly

⁵ For a detailed explanation of the impact of EU EPAs on developing countries see Trócaire's position paper "Poverty Looms: How 50 years of EU-ACP Cooperation is threatened", August 2007:

<http://www.trocaire.org/sites/trocaire/files/pdfs/policy/TrocaireEPAfinalbriefingpaper.pdf>

disappointed by the failure of world leaders to achieve such an agreement in Copenhagen in 2009.

The report recognises the inter-relationship between the global economic and financial, food and climate crises and the MDG review process must indeed prompt the international community to bring development goals and climate action together to form the basis for more equitable and sustainable development. A green new deal involving massive increases in investment in clean technology and renewable energy highlighted as necessary in the report is crucial, but it is not given that this will benefit the most vulnerable, as could be construed by the report. **Provision will have to be made to ensure that technology advancements and new markets also provide benefits for least developed countries and communities, both as active participants and recipients. Adequate public financing will be necessary to ensure that investments are made, and private financing leveraged, where it is needed, not only where it is profitable.**

The report notes that successful national sustainable development strategies are those built on active involvement of local level authorities and all relevant stakeholders. **A rights-based approach to sustainable development planning would facilitate the involvement of the most vulnerable in planning, implementation and monitoring, and would best ensure pro-poor development.** The IAASTD report, noted above, provides further evidence of the key role that small-scale sustainable agriculture has to play in combining adaptation and mitigation strategies with food security and poverty reduction in developing countries.

As highlighted by the UN Commission on the Status of Women in 2008, women are disproportionately impacted by climate change due to, inter-alia, constraints on their access to resources and to decision making, but are also key agents of change with crucial knowledge and skills to bring to adaptation and mitigation strategies. **Specific reference should be made to the key role of women in strategies to address the climate challenge.**

Innovative financing mechanisms, as promoted in the report, can and should play an important role in generating public financing for climate action in developing countries that is new and additional to existing ODA commitments. For generating climate action resources, attention should be paid to those mechanisms which embody the 'polluter pays' principle, thereby encouraging emission reductions, and mechanisms which can be scaled up over time, particularly important given the range of estimates for levels of financing needed and the fact that needs are likely to increase significantly.

Conclusion

Five years to the deadline to fulfill our MDG commitments, our leaders must realise that we need to depart from the 'business as usual' approach. The UN Summit must serve as an important turning point towards a new approach which:

- Serves the well-being of all, beginning with the most vulnerable;
- Recognises that the earth's resources are finite and should be used with care, recalling that our actions impacts on the lives of coming generations. Additionally, the earth's resources belong to all thereby implying that wealth generated from their use must be equitably distributed;
- Recognises that poverty is taking new and different proportions as a result of climate change, and growing inequality in the world.

CIDSE is an international alliance of Catholic development agencies. Its members share a common strategy in their efforts to eradicate poverty and establish global justice. CIDSE's advocacy work covers global governance; resources for development; climate justice; food, agriculture & sustainable trade; and business & human rights.

Rue Stévin 16, 1000 Brussels, Belgium – Tel: +32 2 230 7722 – Fax: +32-2-230 7082 – www.cidse.org
Contact person: Jean Letitia Saldanha: saldanha@cidse.org