

Briefing note on the outcome of the Financing for Development Review Conference, Doha, 29 November to 2 December 2008

Overview:

On the 2nd of December 2008, governments at the Doha Conference agreed to adopt the Doha Declaration on Financing for Development, which examines and reaffirms the commitments made in Monterrey in 2002, takes stock of the new challenges facing the international community in light of the multiple crises of food, fuel, finance, and climate change, and agrees to new commitments and measures aimed at addressing these challenges.

On a general note, the success of negotiations in Doha was hampered by an outgoing Bush administration that effectively refused to commit to the UN process on financing for development, notably on a number of issues of importance to the ITUC: the question of tax reform, the promotion of development-friendly trade, the setting-up of national ODA timetables, the need for a strong follow-up mechanism on financing for development, and the need for reform of the institutions of global governance. The EU group of countries did not come to Doha with a highly developed position on tax reform, for example, and this weakened the outcome document. The G77 countries emerged as a divided group during negotiations and consensus among them on several issues was hard to find.

Finally, the absence of heads of state from the G7 and EU groups of industrialized countries (only President Sarkozy of France participated for these groups) and the leaders of the World Bank and the IMF demonstrated a lack of commitment to an inclusive process on financing for development under the auspices of the UN. It should be noted that in total, 40 Heads of State and government participated in the Conference, the majority being from developing countries.

In general, the language of the Doha Declaration is non-prescriptive, and fails to establish clear commitments and monitorable goals. Member States merely promised to do their best to honour commitments and formulate policies to address the issues of the Monterrey Consensus with a view to achieving the internationally agreed development goals, including the MDGs.

The trade union movement can, however, be satisfied with the outcome of the Review Conference on some accounts:

- The specific wording of Decent Work in § 12 can be seen as a recognition of its centrality to development strategies and the eradication of poverty: *"Human development remains a key priority, and human resources are the most precious and valuable asset that countries possess. The realization of full and productive employment and decent work for all¹ is essential. We will continue to invest in human capital through inclusive social policies, inter alia, on health and education, in accordance with national strategies."*
- The Monterrey Consensus has been upheld as a whole and re-affirmed.
- Gender Equality is promoted as essential to achieving equitable and effective development in the Doha Declaration, and this goes far beyond the 2002 Monterrey Consensus.

¹ "This paragraph reaffirms the commitments on promoting decent work, agreed in the International Labour Organization Declaration on Social justice for a fair globalization (2008), as well as in the 2006 ECOSOC Ministerial Declaration, and the 2008 Resolution of the 46th Session of the UN Commission on Social Development."

Short review of the outcome of the six thematic areas of the financing for development agenda:

I) Mobilizing domestic resources for development

Fiscal reform and tax justice:

1. The trade unions asked that the UN Committee of Experts on International Cooperation in Tax Matters be turned into an intergovernmental body to fight tax evasion, mis-pricing and transfer pricing, as well as address the governance issues posed by tax havens. The Doha Declaration says, § 16: *"In this regard, we acknowledge the need to further promote international cooperation in tax matters, and request the Economic and Social Council to examine the strengthening of institutional arrangements, including the United Nations Committee of Experts on International Cooperation in Tax Matters."*
2. The wording is not as strong as we had hoped for and ECOSOC is not clearly given a mandate to establish an intergovernmental tax committee which would have greater political leverage to deal with tax matters than the current Committee of Experts. Nevertheless, it seems as if there could be an opening in order for this proposal to be further developed.

II) Mobilizing international resources for development

FDI and corporate social responsibility:

3. The trade unions were requesting that tripartite consultative mechanisms and core labour standards be explicit components of corporate practices.
4. The outcome document does not speak specifically of socially responsible FDI but emphasises the importance to *"enact and uphold, as appropriate, labour and environmental protection and anti-corruption laws and regulations in accordance with obligations undertaken in relevant international conventions. [...] We welcome efforts to promote corporate social responsibility and good corporate governance. In this regard, we encourage the work undertaken at the national level and by the United Nations, including through the United Nations Global Compact, and the promotion of internationally agreed corporate social responsibility frameworks, such as the International Labour Organization Tripartite Declaration"* (§ 27).
5. The language is not as demanding as we could have hoped for and allows room for interpretation by not reiterating that socially responsible, corporate practices should be consistent with decent work objectives.

III) International trade as an engine for development

6. A division between the G77 and the US and the EU emerged during key negotiations on trade liberalization. The G77 wanted more critical language inserted in the outcome document, in particular to ensure that developing countries have adequate policy space to develop their own industries and maintain their agricultural sector. This was not accommodated by the US and the EU.
7. The outcome document now calls simply for a quick conclusion of the Doha Round, § 32: *"we will urgently re-engage and strive to reach agreement by the end of the year on modalities that lead to a successful and early conclusion to the World Trade Organization Doha Development Agenda"*.
8. If this takes place under the current modalities, employment and the provision of public services in developing countries will be severely affected.

IV) Enhancing development cooperation

9. The trade unions had asked the industrialised countries for commitments to increase official development assistance (ODA), and for those that had not already done so, to set specific multi-annual timetables to reach the UN target of 0.7% of GNP to ODA by 2015. The outcome document highlights the EU's existing commitments, but makes no firm claims on the rest of the developed world in terms of reaching their commitments, § 42:

“the European Union [...] agreed to provide, collectively, 0.56 per cent of GNP for ODA by 2010 and 0.7 per cent by 2015 and to channel at least 50 per cent of collective aid increases to Africa”.

10. This section of the document is weak on several points, mainly due to US objections. First, there is no specific commitment to set timetables for ODA goals and the text merely reads: *“We strongly encourage all donors to establish, as soon as possible, rolling indicative timetables that illustrate how they aim to reach their goals, in accordance with their respective budget allocation process”* (§ 43). Second, the wording has weakened, as the use of “indicative timetables” instead of “committing” demonstrates, and the word *multi-annual* is no longer part of the outcome document as the trade unions had asked for.

The outcome document does acknowledge the work of the UN's Development Cooperation Forum (DCF), and the OECD-DAC (through the Paris Declaration and the Accra High-Level Forum on Aid Effectiveness) in exploring ways to enhance the quality and quantity of aid. The outcome document further invites the UN Secretary General to provide a Report on these matters to the DCF, and in so doing to work closely with the World Bank, the OECD-DAC and other stakeholders (§ 46-48). Given that trade unions were one of the stakeholders participating actively in both the OECD-DAC Aid Effectiveness and the DCF processes, they will no doubt wish to stay engaged with the follow-up modalities on aid effectiveness and development cooperation, as defined in the Doha outcome document.

V) Addressing external debt

11. The reference in the draft outcome document to the establishment of a sovereign debt work out mechanism to provide fair treatment to both creditors and debtors was welcomed by the trade unions before going to Doha. However, compromises during negotiations have resulted in a weakening of language and the lack of a clear commitment to the establishment of such a mechanism. The outcome now reads, § 67: *“we will consider ways to explore enhanced approaches of sovereign debt restructuring mechanisms based on existing framework and principles, with broad creditors’ and debtors’ participation and ensuring comparable burden-sharing among creditors, with an important role for the Bretton Woods institutions.”*
12. Trade unions had called for decisive action on vulture funds which only serve to plunge indebted countries back into deeper debt. We therefore welcome the fact that § 60 of the outcome document proposes the stepping up of recent initiatives to deal with these funds.

VI) Addressing systemic issues and policy coherence

13. The world's trade unions had called for a decisive follow-up mechanism to ensure the effective implementation of the commitments made in Doha. This was partly accommodated in paragraph 89 which has tasked ECOSOC with studying the modalities for such a mechanism, and in the final paragraph 90: *“We will consider the need to hold a follow-up financing for development conference by 2013.”* Briefings provided by NGO partners from the negotiations on the outcome document had suggested that the process might be stopped entirely (at the behest of the US and some EU countries) and therefore it is a small victory that a follow-up conference will be considered.
14. Trade unions have long called for more democratic decision-making in the multilateral institutions with greater representation for developing countries, and therefore welcome paragraphs 76 to 77 of the Doha Outcome Document which stress the importance of “voice and participation of developing countries in the Bretton Woods institutions, in accordance with their respective mandates”, as well as in the Financial Stability Forum.
15. In addition, and linked to the issue of global democratic governance, was a topic that caused a great deal of controversy among the different groups of delegations. This was the reform of the international financial and economic system. A clear compromise between the US, the EU and G77 has been reached, stating that *“the United Nations will hold a conference at the highest level on the world financial and economic crisis and its impact on development. The conference will be organized by the President of the General Assembly and the modalities will be defined by March 2009.”* (§ 79, Corr. 2).

16. This is a major step in addressing the systemic challenges and multiple crises in the global economy. We view this as a commitment to reinforcing international cooperation and multilateralism for the promotion of sustainable development, making use of the inclusive, democratic space of the UN where all member states have equal voice, and where trade unions and other civil society organizations with ECOSOC consultative status can engage fully in the process.

All in all, the Doha Declaration is a reaffirmation of the Monterrey Consensus, but the outcome does not provide enough serious commitments that could ensure sustainable growth and development for low income countries, together with sustainable livelihoods for the large part of the world's population living in dire poverty.

Major decisive decisions on FDI, innovative funding, trade and systemic issues are being put on hold for forthcoming meetings. The trade union movement will have to remain vigilant in the future follow-up process and be present at those meetings in the coming months.

Link to the final Doha Declaration on Financing for Development:

Available in English, French Spanish at the website below
Disponible en anglais, français, espagnol au site web ci-dessous
Disponible en inglés, francés y español en la página web más abajo

<http://www.un.org/Docs/journal/asp/ws.asp?m=A/CONF.212/L.1/REV.1>

Link to the ITUC statement: ***Investing in Decent Work – the Key to a New Global Economy:***

http://www.ituc-csi.org/IMG/pdf/Trade_Union_Statement_to_Doha_FfD_review_Conference_EN.pdf

Texte intégral de la déclaration de la CSI: ***Investir dans le travail décent – La clef d'une nouvelle économie mondiale:***

http://www.ituc-csi.org/IMG/pdf/Trade_Union_Statement_to_Doha_FfD_review_Conference_FR.pdf

Para leer la declaración completa de la CSI: ***Invertir en el Trabajo Decente – clave para una Nueva Economía Global:***

http://www.ituc-csi.org/IMG/pdf/Trade_Union_Statement_to_Doha_FfD_review_Conference_ES-GP.pdf