

Dear Readers,

Welcome to the second edition of the South-North Dialogue Program of the Heinrich Böll Foundation, Washington DC.

Within this edition, the focus is on the process of [Financing for Development](#). Unfortunately, the [Monterrey Consensus](#) shows that governments from developed countries are not willing to commit themselves to new and binding commitments in the international area. On the contrary, the USA and the EU are hiding behind common phrases, demanding the implementation of the Doha results or focusing so strongly on the "fight against international terrorism" that they can afford money for new nuclear weapons but not for the increase of ODA to the 0.7% goal.

The president of the United States, George W. Bush, traveled to Monterrey with five billion US-Dollar in his luggage and the European Union announced an increase in their official development assistance - but both are still behind what is actually needed. NGOs are criticizing the EU and the US governments for blocking the negotiations over the Monterrey Consensus and are now trying to buy their way back in with presents that are not much more than a premium for good behaviour in their fight against terrorism.

Something on a more private note: I will leave the Foundation and start work at the Berlin office of the [German League for Nature and Environment](#) by April 1, 2002. Thanks for the great co-operation during the last few years and let's please stay in touch. My successor in heading the North-South Dialogue Program will be Marc Berthold, who has been coordinating our WSSD Capacity Building Program.

Enjoy the second edition,

Nika Greger
Director South North Dialogue Program
Heinrich Böll Foundation
Washington, DC

Heinrich Böll Foundation, 1638 R Street, NW, Suite 120, Washington, DC 20009, USA
Tel.: +1 202 462 2202, Fax: +1 202 462 5230
nika@boell.org / <http://www.boell.org>

No New Global Deal in Monterrey

“Our Monterrey Declaration is a statement of the visions and proposals for policies, which would serve humanity and the environment in which we live.”

From the Statement presented to the Plenary of the International Conference on Financing for Development by the NGO Global Forum

After a ten year period of preparations, an international process under the roof of the UN was concluded which was supposed to solve the ongoing social and economical crisis of many countries of the South. But as heads of states and governments from industrialized countries shook hands with the bosses of the international finance and trade institutions and congratulated themselves for their new approach in the fight against poverty, representatives of civil society, but also from Southern governments, watched with mixed feelings. After a number of hearings and four official Preparatory Committee Meetings (PrepComs) in New York, not much is left from the original goal to solve not only the financial crisis of developing countries but also to develop a concrete plan to finance the implementation of the results of the World Conferences during the 1990th. The opposite is true - between the rhetoric and the reality of the international development co-operation, gaps are much bigger nowadays than they were ever before. For example in Germany, programs developed during the Nineties are completely underfunded and the question of the coherence between foreign und development policy is still not solved.

The forth and last PrepCom

At the [fourth and last PrepCom](#), which took place in New York from January 14 - 27, it was already very clear that not much of the original goal was left: Neither the outcome document nor the negotiation process, which took place largely without the opportunity for NGOs to participate actively, can be assessed as an improvement on the way to building a social, just and ecological sustainable life for everybody on this planet.

In particular, the U.S. delegation took every opportunity to call into question the legitimacy of the FfD process to address the reform of the public institutions that currently drive the international economic system, like the World Bank, the IMF and the WTO – a fact that was highly criticized, especially among NGO participants. While commending the ‘marvelous dialogue and cooperation’ that so far has taken place between those actors and the UN in the FfD process, the U.S. made clear that demands that threaten those institutions’ mandates or governance structures might drive it away from the process. It seems to be the U.S. view that the financial and trade institutions are participating in the process only to bring their expertise, but that no issues related to their own policies are in need of being addressed.

During a plenary session in the first week, the US walked out of the room after having provided a copy of all its text comments to delegates – a ‘nice’ way of saying that it was not very interested in what other delegations had to say. Clearly it would be naïve to expect that, in a UN forum, the Washington consensus would not prevail or that the US would reverse its policy in the basement of the United Nations. But on the other hand,

it is also clear that especially NGOs need to rethink their strategies on how to influence the global agenda by attending those international conferences and trying to be an equal partner.

The most important result of the last PrepCom was that the governments managed to finish their negotiations on the compromise paper which was adopted as the Monterrey Consensus at the official FfD Conference. What came out of it was nothing more than a minimal consensus, however, largely reflecting the political positions of the Bush Administration. It fails to provide the necessary answers.

The Monterrey Consensus

The official line for the [Monterrey Consensus](#) goes as follows: The common outcome paper should provide an answer to all development problems intensified by economic globalization. Some government officials are talking about the Washington Consensus that has determined the neo-liberal policy of the IMF and World Bank for over a decade being replaced by the Monterrey Consensus.

The Monterrey Consensus stresses the importance of good governance, democracy and human rights, an efficient tax system and a functioning domestic finance sector. Broad account was taken of the demand of the USA for the entrenching of its three basic principles of "peace, freedom and capitalism"; at least the latter was replaced by "market-oriented policies".

Trade and Investments

Industrialized and developing countries agreed on increased promotion of foreign direct investments (FDI). The text now includes demands from industry to improve particularly the investment climate in developing countries, so that companies can operate more "efficiently and profitably". However, the EU failed in its efforts to additionally include the results of the WTO ministerial conference in Doha regarding trade and investment. The text no longer refers to the negotiations called for by the EU in the WTO on a multilateral framework on FDI. Under pressure from the G77/ China, references to the OECD Guidelines for Multinational Companies and the Global Compact were also deleted. The companies were merely urged "to take into account" environmental, social, gender and developmental implications of their undertakings.

ODA

Until the very end, decisions on Official Development Assistance (ODA) remained controversial. Numerous proposals fell victim to the self-imposed enforced consensus and pressure from the US. This also affected the commitment to an immediate doubling of ODA by 50 billion US dollars, in order to achieve the Millennium Development Goals (MDGs) as defined in the Millennium Declaration of the Heads of State and Government in 2000. Instead of agreeing on a binding timetable to raise ODA, the Monterrey Consensus merely advises exploring a possible "timeframe".

Global Public Goods and New Finance Mechanisms

All passages on financing Global Public Goods were deleted – despite the active support for this topic by e.g. the French and Swedish governments. In general, new financing instruments, above all the Currency Transaction Tax (CTT), were not included in the text

at all. The agreement was only to study innovative financing instruments commissioned by the UN Secretary General in "the appropriate fora".

Debt Relief and Poverty Eradication

In the field of external debt, there was little progress either. The Monterrey Consensus calls for the immediate implementation of the expanded HIPC initiative and for worsened growth prospects and terms of trade to be considered in the assessment of debt sustainability.

Remarkable progress had been made in the FfD discussions on introducing a fair and transparent arbitration procedure for debt relief – in consistency with national insolvency law. Ultimately, the only thing remaining is the recommendation to examine the possibility of an "international debt workout mechanism".

Systemic Issues

From the beginning of the FfD process, the systemic issues were a matter of controversy at the conference. Eventually, the US and the EU opposed any demands for tangible institutional reforms in the international financial architecture. What remained were appeals to involve developing countries more in the decision making processes of international financial institutions and to strengthen the United Nations, in particular the General Assembly and ECOSOC. The follow-up to Monterrey will feature the spring meetings of ECOSOC and the Bretton Woods Institutions, and the High-level Development Dialogue of the General Assembly which takes place every two years. The General Assembly has been expressly given the task of concerning itself with the development policy coherence and consistency of the international monetary, financial and trading systems. This could at least be interpreted as an upgrading of the United Nations as against the IMF, World Bank and the WTO.

EU / USA vs. ODA

Studies from the UNDP and the World Bank show that an amount of 50 billion US \$ is needed to solve the world's humanitarian crisis and to fight global poverty.

Bush's Millennium Challenge Account

Therefore, the 5 billion US \$ the Bush-Administration has promised on top of the regular US budget for ODA is not much more than a drop in the bucket. This Millennium Challenge Account would in fact increase the US ODA (currently at 8 billion US \$) by around 15% (source: New York Times) still keeping it at a level of between 0.1 and 0.2% of the GNI. NGOs recognize a substantial increase in ODA from developed countries as a step in the right direction, yet no concrete commitment to increase ODA levels had been made in the document, undermining the relevance of the whole consensus. NGOs are critical of Bush's announcement because, first of all, the funds would not be available before the year 2004 and secondly, they would be available for a time period of only three years. Furthermore, the US has not yet developed clear criteria on how to spend the money and on which countries will be receiving the funds. The close connection with the war on terrorism should be used as a guideline for the distribution. One of the main NGO criticisms is that individual governments should not fix the terms of ODA bilaterally; they should stick to internationally agreed rules.

The European Way

The Members of the EU do not look any better. In a similar last ditch effort to save the Monterrey Consensus from complete meaninglessness, heads of states and governments announced shortly before the UN Conference in Monterrey in Barcelona, Spain additional development assistance. They committed themselves to an average 0.39% ODA target by 2006 towards the 0.7% target and Member Countries not having reached this level individually will strive to reach at least 0.33% ODA by 2006. Following EU calculations, this represents an additional 7 billion US-\$ by 2006, which in a low growth scenario would make available at least some 20 billion US-\$ extra over the period 2000-2006. Still, the agreed sum is far from the 0.7 % goal which industrialized governments called a fair sum long time ago.

All in all, the Monterrey Consensus reflects the smallest common ground governments seem to be able to agree on in the global development policy area.

Critical Assessment of the Monterrey Consensus

With the outcome document released, the main focus of the FfD process is clearly visible. True, government officials mainly from EU countries and members of the FfD secretariat waste no opportunity to highlight that the FfD conference should be seen only as a starting point on the way to a much longer and intensive process towards financing development worldwide. They also stressed the fact that within this process, for the first time in the history of the UN, official stakeholders such as the IMF, the World Bank and the WTO are sitting together with governments and civil society around one table to discuss the future of the international financial structure and the economic globalization.

Still, [NGOs strongly criticized](#) the official Monterrey Consensus which:

- does not include any concrete commitments to fight global poverty;
- does not include new ideas and proposals to solve the international financial crises in which many countries of the South are finding themselves;
- repeats the negative economic, social, environmental, gender and cultural impacts of the current neo-liberal policies.

Instead, governments limit themselves to appealing to the primary responsibility of developing countries, to promoting international trade and private investments as an engine for development, and to promising to act together more strongly in the future.

According to the NGOs, the outcome document reflects to a great extent the neo-liberal approach of the Bush-Administration. Structural problems impeding the implementation of a socially, ecologically and economically sustainable and gender equal globalization such as the protracted reform of the international financial institutions and the UN are not mentioned in the document. Furthermore, alternatives to the current model of market liberalization to help the poor are not included at all.

Those noncommittal recommendations are in particular disgraceful after the commitments of the Millennium Summit. In the year 2000, heads of states and governments, among them German Chancellor Gerhard Schröder, agreed upon the [Millennium Development Goals](#) (MDGs) to i.e. cut poverty rates in half by the year 2015. Not more than two years later, those promises seem to be forgotten. The same heads of state are discrediting themselves if they do not provide additional and sufficient financial resources for the poor and do not make any real efforts toward reforming the World Bank, the IMF or the WTO.

The weakest link: the UN

Even the UN secretary general, Kofi Annan, and his deputy, Nitin Desai, are struggling to come up with new proposals. Annan is calling for a pact between rich and poor and is repeating all over again the fact that more than a billion people – one fifth of the world's population – have less than a dollar to spend every day. During the closing ceremony of the *Foro Global*, Desai did not do much more than thank the NGOs for their engagement – a very nice gesture indeed, but discouraging considering the fact that NGOs were left out during great parts of the negotiations of the Monterrey Consensus document and none of their demands were considered. The Round Tables during the official conference, where NGOs were given the opportunity to sit together with representatives of governments, industry and trade unions to discuss *Partnerships in Financing for Development*, *Coherence in Development* or *Looking Forward*, do not make things any better. For each Round Table, only three hours were available, leaving about two minutes for each speaker to make her or his point.

This tightrope walk of the UN of praising industrialized countries for their inconcrete promises of raising ODA to a still insufficient level does not seem to be in keeping with the times. The question should be asked whether the UN is able to formulate and implement global concepts leading to a sustainable and gender equal development in the future. Especially the hard issues, such as financial policies, are dominated by the international financial institutions, governments from developed countries and the private sector, leaving no space for other actors such as the UN or the NGOs. During the NGO forum in Monterrey, neither the private sector nor the WTO thought it necessary to send representatives to talk to the NGOs. The World Bank and IMF also – with a few exceptions – absented themselves.

The Civil Society Forum

Three days before the official conference, more than 1,000 representatives from civil society and NGOs gathered from March 14 – 16, 2002 at the [Foro Global](#) in Monterrey, Mexico to discuss concepts and strategies to solve the ongoing social and economic crisis in which many southern countries are caught.

Quite a number of ideas were developed during the three days aside from the increase of ODA, sometimes unfortunately the only topic which the national and international press focuses on. Such ideas included the mobilization of domestic resources, the social and ecological remodeling of international financial sources – i.e. foreign direct investment and other private capital flows – the regulation of international free trade, debt relief, and the so-called systemic issues – better coherence and consistency of the international finance and trade systems. The main problem impoverished countries face

is a global economic structure that institutionalizes unequal power relations; this is the main message of many of the NGOs.

The Global Justice Movement

At the beginning, the NGO community spoke out against the misnomer of being the anti-globalization movement. "We are a global movement, people from all parts of the world and different cultures are getting together to share their experiences, to learn from each other, and to develop new ideas" – such was the common tenor at the *Foro Global*. Most of the NGOs see themselves rather as part of the Global Justice movement, criticizing neo-liberal tendencies and the uncontrolled economic globalization.

The Monterrey NGO Statement

Released at the end of the forum was the [Monterrey NGO statement](#), presented not only at the NGO closing ceremony, but also at a side event during the official UN Conference on Financing for Development on Monday.

The NGO position paper includes the following proposals:

- more transparency within the international financial system with the goal of greater stability of global markets;
- inclusion of the private sector under binding social and ecological rules;
- implementation of alternative models of financing such as currency transaction taxes to stabilize the international financial system;
- full enjoyment of human rights as an objective for a new economic model for sustainable development with equity, equality and justice.

In addition, NGOs called for a debt cancellation for all Southern countries under a fair and transparent process of arbitration by protecting human rights and the environment. Furthermore, NGOs demand a binding timetable for the fulfillment of the commitment of 0.7% of GNI on the part of industrialized countries for ODA in order to obtain the Millennium Development Goals (MDGs).

Outlook

With the UN Conference in Monterrey, the international process of Financing for Development seems to have come to a temporary end. The results are poor and far from an ecologically sustainable, social, economically just and gender sensitive development. Despite existing proposals and ideas, the Monterrey Consensus is not more than a hollow compromise paper, which in the worst scenario delays the outstanding reforms for another time and which once again it shows that there are plenty of globally sustainable, social, ecological and gender equal concepts around at meetings such as the *Foro Global* or the World Social Summit in Porto Alegre. The growing number of people who are coming together from all different parts of the world and who are able to develop a common position despite their different backgrounds gives one hope that a change, sometimes slow and painful, in global conditions is possible.

Sources and more Information

Martin Koehler: The Embarrassment of Monterrey, ACP-EU Courier

Jens Martens: The (Minimal) Consensus of Monterrey, WEED

Brita Neuhold "United Nations Conference on Financing for Development - Observations and Demands from a gender perspective", WIDE Position Paper

Summaries of multi-stakeholder round tables

<http://www.un.org/esa/ffd/aconf198-8.pdf>

Documents for the Financing for Development Conference, 18-22 March 2002

<http://www.un.org/esa/ffd/DocumentsIndex.htm>

Final resolution of the Statement presented to the Plenary of the International Conference on Financing for Development by the NGO Global Forum

www.ffdforglobal.org/en/monterreystatement2.html

Final resolution of the Global Forum: Financing the Right to sustainable and equitable development

www.ffdforglobal.org/en/foroglobalresolucioneng.html

Official Website of the Mexican NGO Forum

www.ffdforglobal.org

"Monterrey Spirit" does not convince all

by Martin Koehler, Campaign to Reform the World Bank

www.weedbonn.org/ffd/pm_monterrey_220302.htm

PRESS CONFERENCE BY EUROPEAN, UNITED STATES NGOS

http://www.weedbonn.org/ffd/pk_europusa_ngos.htm

WEED and terre des homes Website on FfD

http://www.weedbonn.org/ffd/index_e.htm

Where is the international coalition against poverty? European NGOs dissent from the Monterrey 'Consensus' European NGO Statement on the Monterrey Financing for Development Conference

<http://www.weedbonn.org/ffd/NGO%20Monterrey%2011-03-2002.doc>

End of Foro Global - Results of the Global Forum by Martin Koehler (CRBM)

http://www.weedbonn.org/ffd/results_foro_global_e.htm

UN-Secretariat on Financing for Development

<http://www.un.org/esa/ffd/>

Draft outcome of the International Conference on Financing for Development

<http://www.un.org/esa/ffd/aconf198-3.pdf>

Documents

Agenda 21: <http://www.un.org/esa/sustdev/agenda21.htm>

Cartagena Protocol on Biosafety: <http://www.biodiv.org/doc/legal/cartagena-protocol-en.pdf>

Convention on Biological Diversity: <http://www.biodiv.org/doc/legal/cbd-en.pdf>

Convention on Persistent Organic Pollutants:
http://irptc.unep.ch/pops/POPs_Inc/dipcon/meetingdocs/conf-2/en/conf-2e.pdf

Rio Declaration on Environment and Development:
<http://www.unep.org/Documents/Default.asp?DocumentID=78&ArticleID=1163>

Forrest Declaration: <http://www.un.org/documents/ga/conf151/aconf15126-3annex3.htm>

Convention to Combat Desertification: <http://www.unccd.int/convention/text/pdf/conv-eng.pdf>

Kyoto Protocol: <http://www.unfccc.org/resource/docs/convkp/kpeng.pdf>

Framework Convention on Climate Change:
<http://www.unfccc.org/resource/docs/convkp/conveng.pdf>

Konvention über persistente organische Stoffe (POPs):
http://www.pic.int/finale.htm#convention_text_e

Straddling Fish Stocks and Highly Migratory Fish Stocks:
<http://heiwwww.unige.ch/humanrts/resolutions/49/121GA1994.html>

NGOs

Center of Concern: <http://www.coc.org/coc>

Centre for Science and Environment: <http://www.cseindia.org>

Conference of NGOs in Consultative Status Relationship with the United Nations (CONGO): <http://www.conferenceofngos.org>

Focus on the Global South: <http://www.focusweb.org/>

Forum Umwelt und Entwicklung: <http://www.forumue.de>

Global Policy Forum: <http://www.globalpolicy.org>

Inter Action, American Council for Voluntary International Action:
<http://www.interaction.org>

International Institute for Sustainable Development (IISD): <http://www.iisd.ca/>
<http://www.iisd.org>

Northern Clearinghouse, NGO Steering Committee for the United Nations Commission on Sustainable Development: <http://www.csdngo.org/csdngo>

SAPRIN (Structural Adjustment Participatory Review International Network):
<http://www.igc.org/dgap/saprin/>

Stiftung Entwicklung und Frieden: <http://www.bicc.de/sef/index.html>

Social Watch: <http://www.socialwatch.org/>

South African NGO Forum for the World Summit on Sustainable Development:
admin@earthsummit2002.org.za

Terre des Hommes: <http://www.tdh.de>

Third World Network: <http://www.twinside.org.sg/>

UNED Forum: <http://www.earthsummit2002.org>

Women's Edge: <http://www.womensedge.org>

World Economy, Ecology & Development (WEED): <http://www.weedbonn.org>

Worldwatch Institute: <http://www.worldwatch.org>

International Organizations

Economic and Social Council (ECOSOC): <http://www.un.org/esa/coordination/ecosoc/>

International Monetary Fund (IMF): <http://www.imf.org>

United Nations (UN): <http://www.un.org>

UN Commission for Trade and Development (UNCTAD): <http://www.unctad.org>

UN Commission for Sustainable Development (CSD): <http://www.un.org/esa/sustdev>

UN Development Programme (UNDP): <http://www.undp.org>

UN Environmental Programme (UNEP): <http://www.unep.org>

UN Homepage for the WSSD: <http://www.johannesburgsummit.org>

UN Secretariat on Climate Change: <http://www.unfccc.org>

UN Secretariat on Biological Diversity: <http://www.biodiv.org>

UN Secretariat to Combat Desertification: <http://www.unccd.int/main.php>

UN Security Council: <http://www.un.org/peace>

World Bank: <http://www.worldbank.org>

World Trade Organization (WTO): <http://www.wto.org>

German Departments

Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU):
<http://www.bmu.de>

Federal Ministry for Economic Cooperation and Development (BMZ): <http://www.bmz.de>

Literature

Biermann, Frank 2001: The Case for a World Environment Organization: <http://www.pik-potsdam.de/~biermann/>

Dodds, Felix (Hrg.) 2000: Earth Summit 2002. A New Deal, London

Forum Umwelt und Entwicklung 1997: Fünf Jahre nach dem Erdgipfel – Dokumentation, Bonn

Forum Umwelt und Entwicklung 1997: Tourismus und nachhaltige Entwicklung - Positionspapier zur CSD 7: <http://www.gmh.uni-mannheim.de/forum/pdf/csd7-tourismus.pdf>

Forum Umwelt und Entwicklung 1997: Umwelt und Entwicklung – Eine Bilanz, Bonn: <http://www.gmh.uni-mannheim.de/forum/pdf/GESbilanz.PDF>

Forum Umwelt und Entwicklung 1998: Schutz der Meere - Positionspapier zur CSD 7, Bonn

Fues, Thomas 1997: Rio plus 10 - Der deutsche Beitrag zu einer globalen Strategie für nachhaltige Entwicklung, <http://www.bicc.de/sef/publ/pol-pap/nr6/pp6-d.pdf>

International Environmental Law and Policy Series 1993: The Earth Summit. The United Nations Conference on Environment and Development (UNCED), London/Dordrecht/Boston

Kaul, Inge 1999: Towards a Paradigm of Embedded Financial Liberalization. Interlocking the Wheels of Private and Public Finance: <http://www.bicc.de/sef/publ/pol-pap/nr13/pp13.pdf>

Kaul, Inge; Grunberg, Isabelle; Stern, Marc A. 1999: Global Public Goods. International Cooperation in the 21st Century, New York

Martens, Jens 2000: Overcoming the Crisis of ODA. The Case for a Global Development Partnership Agreement: <http://www.weedbonn.org/ffd/odafutureg.htm>

Martens, Jens 2001: The future of Financing for Development, Bonn: <http://www.weedbonn.org/ffd/ffd042000.pdf>

Oberthür, Sebastian 1997: Umweltschutz durch internationale Regime, Opladen

UNEP information brochures on international environmental agreements: <http://www.unep.ch/conventions/brochure.htm>

UNED Forum information on international environmental agreements: <http://www.earthsummit2002.org/es/issues/Rio%20Conventions.rtf>

Unmüßig, Barbara 2001: New World Conferences: New prospects for global environment and development financing? Prospects for breaking new ground in financing: <http://www.weedbonn.org/unreform/unconf2002.htm>

Heinrich Böll Foundation
1638 R Street, NW, Suite 120
Washington, DC 20009, USA
Tel.: +1 202 462 2202
Fax: +1 202 462 5230
nika@boell.org
<http://www.boell.org>

This newsletter was edited by Nika Greger for the Heinrich Böll Foundation, the editor is not responsible for the contents of the linked websites.