

The Human Rights Project

Urban Justice Center

FINANCING FOR DEVELOPMENT (FFD)

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THINKING GLOBALLY: WHY IS FFD IMPORTANT TO US GROUPS?

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The Human Rights Project (HRP) of the Urban Justice Center is dedicated to strengthening a human rights based approach to public policy and social justice activism with particular attention to the intersections of race, gender and poverty. As part of our work to operationalize human rights domestically, HRP seeks to link community members and organizations to international human rights machinery with which to hold the government accountable for basic services and non-discrimination. Accordingly, we have been working within the United Nations (UN) system to promote the interests of civil society and promote a human rights framework in commitments that are made therein.

Critical to this work is the need to expose the United States (US) government's policies within the United Nations to the American public. Despite its self-proclaimed status as a champion

of human rights, the US continually thwarts the adoption of a human rights framework in developing international UN agreements particularly as they pertain to US domestic policies. HRP thus engaged in the UN Financing for Development (FfD) conference not only to push a human rights framework and the discussion of issues that were left out of the general discussions, but also to monitor US positions to report back to local groups and individuals.

At the FfD conference, HRP coordinated the Race, Poverty, and Globalization Caucus (RPGC), which was formed by non-governmental organizations (NGO)— any non-profit organization which is independent from government—that had participated in the World Conference Against Racism in Durban. The RPGC worked to ensure that issues of

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THE UN MILLENNIUM PROMISE

On September 5, 2000, the 189 member states of the United Nations convened as the "UN Millennium Assembly" in an effort to reaffirm allegiance both to the UN itself and to general goals of peace and security, and respect for human rights and fundamental freedoms. The Millennium Assembly produced a document, the UN Millennium Declaration, which established commitments to the above principles and to six fundamental values: freedom, equality, solidarity, tolerance, respect for nature, and shared responsibility.

The Declaration emphasized the shared global responsibility to *inter alia* ensure peace, promote development, eradicate poverty, and respect all internationally recognized human rights including the right to development. It laid out global

development goals resolving to: 1) eradicate extreme poverty by 2015; 2) achieve universal primary education; 3) promote gender equality and empower women; 4) reduce child mortality; 5) improve maternal health; 6) combat HIV/AIDS, malaria and other diseases; 7) ensure environmental sustainability; and 8) develop a global partnership for development. In recognition of the obstacles developing countries face in mobilizing resources for sustained development and poverty eradication, the Assembly committed to a high-level international and intergovernmental event on financing for development. The event, titled *the International Conference on Financing for Development (FfD)*, was one step in the direction of eliminating poverty.

Why is FfD important—(continued from page 1)

race and ethnicity were included in the discussion and outcomes of FfD and emphasized the importance of a human rights approach as a basis for the process, in order to provide a framework to address historical and current injustices and inequities between developed and developing countries, as well as groups within all countries. (For caucus statement, see <http://www.urbanjustice.org>).

The importance of community involvement in UN processes cannot be overstated. US groups must take advantage of this international platform to address injustices perpetrated by the US government. We need to understand how US policies, which are often inconsistent with human rights standards, affect our communities. In the FfD process, the US hyped privatization as a successful model to be adopted by developing countries ignoring the negative impacts it has had at home on the poor, particularly women and people of color. Take for example, problems extending from the privatization of social services particularly welfare programs. This privatization trend is consistent with the neo-liberal economic model that governs globalization and that was imposed by the US at the FfD conference. There are several problems with the increased contracting out of social services especially in the context of welfare reform. First, it removes the state obligation as accorded by human rights law to guarantee a basic standard of living for its people. It also reduces accountability to the public by giving the responsibility of providing services to private entities who cannot be held accountable to the voting public through the democratic process. And, since the goal of welfare reform is roll reduction and not poverty eradication, private entities focus on placing individuals moving from welfare into any job even if

the majority of people are entering low-wage, dead-end jobs and continue to live in poverty. The US government continues to push privatization and deregulation at the local and global levels even as the un-regulated Enron scandal unfolds and Argentina, who followed all the rules, watches its economy crumble.

The North American Free Trade Agreement (NAFTA) is another example of how issues being discussed at FfD affect our communities. NAFTA is also a model based on policies of trade liberalization, deregulation and privatization that are being touted by the US as the means for development globally, without any acknowledgement of the destructive consequences they have had at home. As a result of NAFTA, the US has seen the loss of almost 400,000 jobs, with workers' new jobs paying an average of only 77 per cent of the wages of their earlier employment. Furthermore, several complaints have been filed charging systemic workers' rights violations under NAFTA.

Despite the negative impacts of NAFTA, the Free Trade Area of the Americas (FTAA), which expands NAFTA, is currently being negotiated by the countries of the Americas. Like NAFTA, FTAA threatens to elevate corporate rights over human rights giving corporations the right to sue states for enacting policies that result in profit loss. Hoping to accelerate negotiations of FTAA, the present administration is pushing the passage of "Fast Track", which will authorize the president to negotiate trade agreements, yet provides no enforceable protections of human, labor and environmental rights.

WHAT IS THE FINANCING FOR DEVELOPMENT (FFD) CONFERENCE?

The FfD conference, which convened in Monterrey, Mexico from March 18 - 22, 2002, marked the first time in its history that the United Nations (UN) had staged a major global conference on the mobilization of financial resources towards development and the eradication of poverty worldwide. Global finance has been the closely guarded terrain of the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) - or the International Financial Institutions.

However, 'development' falls within the UN mandate, and the Millennium Development Goals adopted by the UN Millennium Assembly in 2000 need financial support and commitments in order to be met. There has been a general sense that the International Financial Institutions have steered development resources towards meeting market-oriented goals, to the neglect of basic human needs. The UN, as the most universal and representative organization in the world, and with participatory decision-making processes, is therefore playing a much-needed coordinating role in a process that brings all the stakeholders—member states, international financial institutions, civil society, and the business sector—together to address key financial issues related to global development. The outcome of this conference was expected to advance a concrete strategy for the elimination of extreme poverty.

THE FFD OUTCOME DOCUMENT— “THE MONTERREY CONSENSUS”

There were four preparatory committee meetings leading up to the FfD conference. The meetings were held to negotiate the contents of the outcome document which was used as the principle instrument for establishing commitments by the member states in Monterrey. This document, called the Monterrey Consensus, is organized by the following themes:

- ☞ *Confronting the challenges of financing for development: a global response*—specifies the goals of the conference to eradicate poverty, achieve sustained economic growth and promote sustainable development, and reaffirms the need for resources to achieve these goals.
- ☞ *Mobilizing domestic financial resources for development*—stresses the need for an enabling environment—good governance, sound macroeconomic policies, transparency and accountability, and investment in infrastructure and services—to mobilize domestic savings and investment.
- ☞ *Mobilizing international resources for development: foreign direct investment and other private flows*—recognizes the need for, and maps out the necessary conditions to facilitate foreign capital flows.
- ☞ *International trade as an engine for development*—stresses trade liberalization as a substantial channel for promoting economic growth and development.
- ☞ *Increasing international financial and technical cooperation for development*—underscores the importance of Official Development Assistance (ODA) and urges donor countries to meet the target ODA levels of 0.7 per cent of GNP.
- ☞ *External debt*—promotes sustainable debt financing and selective debt relief. It also proposes fair burden-sharing between debtors and creditors.
- ☞ *Addressing systemic issues*—recognizes the need to enhance coherence, good governance and consistency of the International Financial Institutions, and to strengthen the UN’s leadership role in promoting development.
- ☞ *Staying engaged*—commits the stakeholders to continued involvement in the FfD process, and follow-up on the implementation of the consensus agreements.

ANALYSIS OF THE MONTERREY CONSENSUS

The Monterrey Consensus was the product of intense negotiations between stakeholders with divergent positions and unequal bargaining powers. The result was that developing countries that were largely pushing for more sovereignty, increased aid with no conditionality, and debt cancellation, ended up conceding to the demands of the United States and other industrialized countries. The document advances a neo-liberal economic framework championed by the United States to promote growth and “hence” development through trade liberalization and private flows.

From a human rights perspective, the outcome document fails to achieve substantive outcomes necessary for sustainable and equitable development; rather existing power relations in global governance are reaffirmed. To begin with, it minimizes the primacy of the global development goals. It then endorses a neo-liberal economic model that has a track record of benefiting the few who control the globalization process leaving the poor, marginalized groups, and women to bear the costs.

The FfD negotiations were hindered by the compartmentalization of the different themes, which are interconnected and should not have been discussed in isolation of each other. For example, any discussion on mobilizing domestic resources must include the outflow of already mobilized resources through capital flight, debt servicing, unequal terms of trade, military expenditures, and uncollected potential taxes. And while foreign direct investment and trade may contribute toward economic growth as posited in the document, they have historically resulted in the exploitation of the poor. In order to attract foreign investment, nation-states often

forgo labor and environmental protections, and tax revenues that could be used to provide social services.

Additionally, the document fails to get a firm commitment of 0.7 per cent of GNP from all industrialized countries. For its part, and despite the recent offer of aid of 10 billion over three years, the US falls far short of this target giving barely over 0.1 per cent of its GNP in foreign aid, two-thirds of which go to Israel and Egypt, and the rest of which is divided between subsidies for US multinational corporations and the “war on drugs.” In fact, the US has often blocked any drive by the international community to increase aid to the world’s poor. Most foreign aid is tied to advancing the donor countries’ political or economic agenda, and the document takes no strong stance in untying such aid. With regard to debt, the document not only fails to eliminate unfair debt but also does not discuss the debts owed to developing countries for colonization, slavery, and stolen wealth. Despite early intentions, the document does not give a clear role to the UN system in the governance of global economic relations. In a nutshell, the overarching criticism of the document is that it fails to use a human rights framework.

THE NGO GLOBAL FORUM



On March 14-16, 2002 in Monterrey, leading up to the FfD conference, there was a Global Forum called “*Financing the Rights to Sustainable and Equitable Development*” for NGOs involved and interested in the FfD process. The forum was coordinated by a Steering Committee comprised of six Mexican NGO networks with the support of an International Support Committee made up of 11 organizations from the global North and South that have been active in the preparatory process of the conference. The goal of the forum was to push for the inclusion of a social agenda in the design of a new financing architecture to be discussed at the FfD conference. In particular, the NGO global forum

addressed issues that were generally overlooked in the FfD preparatory sessions, especially those that have to do with the environment, and gender, human rights, labor issues, economic, social, & cultural rights, indigenous rights, and all alternative financing measures. There were about 2600 participants at the Global Forum including 700 organizations from all regions of the world. After three days of tireless work, the forum produced a statement that was presented to the other stakeholders at the FfD conference the following week. The statement, which proposed an alternative to the Monterrey Consensus, can be accessed at: <http://www.ffdforoglobal.org/en/monterreystatement2.html>.



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