

**Special high-level meeting of the Economic and Social Council
with Bretton Woods Institutions and the World Trade Organization
United Nations Headquarters, New York
14 April 2003**

**Statement to the Plenary
by the Interim Facilitating Group for the Follow-up to Monterrey**

Introduction

Thank you, Mr. President. I address you on behalf of the Interim Facilitating Group for the Follow-up to Monterrey (IFG), a group of international and regional civil society networks with a broad and diverse global reach, committed to sharing their accumulated experience in the monitoring of the Monterrey process and the policies of the stakeholder institutions¹. Many of our constituents have a long-standing relationship with Economic and Social Council (ECOSOC), working within this body as advocates for social justice and sustainable development. Founded a month after the Monterrey Conference in April, 2002, the IFG has established itself as the primary NGO contact group for FfD follow-up, working closely with the ECOSOC Presidency, the Financing for Development (FfD) Office and UN Non-governmental Liaison Service (NGLS). The IFG members comprise:

ALCADECO, S.A. and the **WOMEN'S EYES ON THE MULTILATERALS**, a network of regional women's organizations in 13 Latin American countries monitoring the IFI's.

CENTER OF CONCERN, a Washington, DC-based organization linked with a coalition of Washington organizations monitoring issues of global financial architecture.

COOPÉRATION INTERNATIONALE POUR LE DÉVELOPPEMENT ET LA SOLIDARITÉ (CIDSE) brings together 14 Catholic development organizations located in Europe and North America.

FORUM FOR AFRICAN ALTERNATIVES, is based in Senegal and provides outreach to African NGOs as well as being on the Ecumenical Team of the World Council of Churches.

FRIEDRICH EBERT STIFTUNG (FES) is a private, non-profit organization committed to the principles and values of social democracy. Today, FES supports education, research, and international cooperation from its Head offices in Germany and branch offices in more than 90 countries worldwide. FES New York serves as a UN-Liaison office with the aim to foster close working relations between FES, its field offices and its partner-groups with the UN system and the Bretton Woods Institutions.

INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU), with 231 affiliated organizations in 150 countries and territories on all five continents, the ICFTU counts a membership of 158 million workers.

INTERACTION is the largest alliance of U.S.-based international development and humanitarian nongovernmental organizations with more than 160 members operating in every developing country.

NORTH/SOUTH INSTITUTE & SOCIAL WATCH, a research and advocacy organization based in Canada, is part of the Social Watch network, an international citizens' coalition monitoring implementation of the governments' commitments to eradicate poverty and achieve gender equity in approximately 50 countries.

QUAKER UNITED NATIONS OFFICE - The QUNO offices support the work of the American Friends

¹ Statement presented by Rosa G. Lizarde, the NGO/UN Liaison of the Interim Facilitating Group for the Follow-up to Monterrey (IFG).

Service Committee, focusing on issues related to economic justice, peace-building and demilitarization, social justice, and youth, in the U.S.A., Africa, Asia, Europe, Latin America, the Middle East, and at the UN (Geneva and New York).

WORLD CONFEDERATION OF LABOUR (WCL), an international trade union confederation, unites 144 autonomous and democratic trade unions from 116 countries.

WOMEN'S ENVIRONMENT AND DEVELOPMENT ORGANIZATION (WEDO), an international women's organization, is connected with a vast network of women's organizations promoting gender justice, sustainable development, economic empowerment and human rights for all.

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We would like to begin by thanking you, Mr. President, the Economic and Social Council its Division for ECOSOC Support & Coordination, the Financing for Development Office, and its director and staff, for your collaboration in organizing the ECOSOC Hearing and Dialogue with Civil Society on March 20th, in preparation for today's high-level meeting. We made a series of recommendations on key policy items in five areas of the FfD agenda, and wish to commend them to the participant stakeholders of this meeting.

Towards an enabling environment for meeting the Monterrey Commitments

We note, however, that the considerable momentum that was generated in Monterrey a year ago has not been maintained. Stalling and back-tracking on resource-mobilization for development are clearly evident. At the same time, massive amounts of resources are being diverted into military spending and the waging of armed conflicts, followed by the need for new resources for massive reconstruction projects. The real development agenda is being side-lined. New ODA disbursements are not coming on-stream. Deadlines for trade commitments, notably for TRIPS exemptions and the elimination of agricultural subsidies have not been respected. Talks on new mechanisms for debt relief have stalled. Currently we are witnessing a disabling environment which is further exacerbating feminized poverty, social instability and human insecurity.

It is clear that the development agenda and the peace agenda are inextricably linked. This linkage is very explicitly made in the United Nations Charter which provides the normative framework and the guidelines for an enabling global environment for development. The Charter states: "We the peoples of the United Nations, determined...to promote social progress and better standards of life in larger freedom, and for these ends to unite our strength to maintain international peace and security...have resolved to combine our efforts to accomplish these aims." The pursuit of a global agenda on financing for sustainable development reposes ultimately on this normative multilateral framework of the United Nations as outlined in its Charter. The search for policy coherence requires the establishment of mutually reinforcing policies between ECOSOC and the Security Council to promote economic and political security in an enabling environment of peace. Our first recommendation therefore takes the form of an appeal to all of the countries represented on the Security Council for unity, and for a re-commitment to upholding the Council's mandate under the Charter to develop effective measures for conflict prevention and resolution, for peace-building and to support the

promotion and protection of human rights and gender equality, and the inalienable rights of self-determination by all nations.

Peace is unquestionably a precondition for sustainable and equitable development. Parallel to our appeal to the Security Council to pursue a comprehensive peace agenda, we urge the UN and the member states, as well as the official stakeholders from the Bretton Woods institutions and the WTO to take concrete steps to implement the commitments made in Monterrey, and thereby to advance development and human security. The need could not be more urgent or pressing. To that end, we believe that the following key recommendations emerging from our deliberations of March 20th, should be pursued:

New Approaches to Debt Relief

- Cancel debt of poor countries, focusing in particular on illegitimate debt, (i.e. loans extended to corrupt and repressive regimes, debt incurred by failed economic adjustment policies of the IMF and the WB.)
- Given the failure of many countries to achieve debt sustainability despite graduation from HIPC, existing debt sustainability criteria should be thoroughly reviewed and reshaped around capacity to achieve the MDGs, while debt repayment should be contingent on a country's ability to fund social priorities, and to achieve its poverty reduction objectives.
- Support a "Fair and Transparent Arbitration Process" (FTAP) between debtor and creditor countries which would reside in the UN, benefit from the legal expertise of United Nations Commission on International Trade Law (UNCITRAL), be open to consultations with civil society organizations, and provide for an impartial, international debt arbitration panel, mandated to oversee debt negotiations and their outcome.
- To this end, and following on the mandate given by para 60 of the Monterrey Consensus², we call upon the ECOSOC, in collaboration with the Bretton Woods institutions, to establish an open joint Working Group on debt as part of the FfD follow-up process, with a view to establishing the modalities of an FTAP.

Trade and Development

- Build trade rules that are rooted in development and that will maximize employment in decent conditions, increase local capital flows, ensure food security
- Consistent with this policy approach, integrate the WTO into the UN system
- Apply Special and Differential Treatment at the WTO, and allow countries to determine the scope and pace of liberalization. Halt the rapid imposition of rules

² Para 60 : « To promote fair burden-sharing and prevent moral hazard, we would welcome consideration by all relevant stakeholders of an international debt workout mechanism in the appropriate fora that will engage debtors and creditors to come together to restructure unsustainable debts in a timely and efficient manner.»

- under the “Singapore Issues”: investment, competition, government procurement, and trade facilitation.
- Developed countries should stop pressuring developing countries to liberalize their service sectors under the GATS agreements.
 - Developed countries should stop introducing new issues in the WTO.
 - Countries should just say “no” to the addition of new issues on the WTO agenda
 - Amend the terms of the GATS agreement at the 5th WTO Ministerial in Cancun to exclude sectors providing basic social services such as water, health, education from the GATS privatization agenda, and promote public sector provision of these services as a viable option. Further exclude public services provided at sub-national levels and socially beneficial service sector activities from all further GATS negotiations.
 - Amend Article XXI of the GATS agreement to include an explicit clause to enable governments to withdraw or diminish their GATS commitments, so that they can improve their public services without risk of challenge under WTO rules.
 - Publicly managed reserves of commodities should be allowed as a mechanism to control oversupply and depression of prices. The pace of elimination of agricultural export subsidies by developed countries should be stepped up, while market-access for products of export-interest to developing countries should be assured.

Reform of Global Governance

- Global governance needs to be democratized to allow meaningful and equitable participation of developing countries in international decision-making. Maximum use should be made of UN forums, as they provide an appropriate and representative policy space for the reorganization of trade, finance and economic policies, to make them consistent with development objectives.
- Lack of progress in meeting the MDG goal of reversing the HIV/AIDS pandemic represents a glaring failure in global governance. Donors should commit adequate resources to the fight against HIV/AIDS, consistent with the MDG target. The UN and ECOSOC should undertake new international, emergency and transcendent measures for the provision of life-extending drugs and other components of effective treatment.
- The governance structure of the Bretton Woods Institutions should be reformed to make them more accountable, participatory and transparent, through, inter alia increasing the basic vote component of the voting structure, thereby reallocating voting power on Executive Boards to developing countries; increasing the number of Executive Directors representing developing countries; guarantee gender parity on Executive Boards; increasing the accountability of Executive Directors by requiring formal votes as a decision-making mechanism, and making these votes public.

- Exploring proposals for new decision-making structures on economic policies within the UN framework, in particular the Economic and Social Security Council proposal put forward during the FfD Conference.
- Promote the democratization of IMF/WB policy-formulation and implementation at national level, through legislation requiring parliamentary debates and consultations with civil society, thereby ensuring inputs from congress, civil society, trade unions and the private sector. As the legal framework for relations between countries and BWIs is embodied in national legislation and in the Articles of Agreement of the BWIs, any changes would require changes in country legislation and changes in the Articles of Agreement. Momentum generated by commitments made by the executive branch of countries at UN conferences could be used to instigate these changes.

Millennium Development Goals (MDGs)/Official Development Assistance (ODA)

- The cross-cutting nature of human rights, gender equality and women's empowerment should be recognized as central to the achievement of all the development goals.
- Timeframes and quantifiable benchmarks should be established for the achievement of Goal #8 on global partnerships for development.
- Pledges made in the context of Monterrey must be honored, and a time table consistent with the deadline for achieving the MDGs should be set, for meeting the UN target of 0.7% of GNP for ODA. Measures for the untying of aid should be stepped up.
- Involve civil society, social movements, and trade unions in developing solutions to the problems of poverty and inequity, thereby increasing the effectiveness of policy responses, and the chances of achieving the MDGs.

Policy Coherence

The ECOSOC High-level dialogue with the Bretton Woods Institutions and the WTO has been mandated to make concrete recommendations for systemic reforms to ensure that multilateral financial, trade and monetary rules work together to achieve internationally agreed development goals and human rights. To that end, ECOSOC/BWIs/WTO should place the following issues on a joint agenda for study and the formulation of appropriate policy responses:

- Establish an international commodity policy or agreement as a means of increasing the incomes of indebted countries through price improvement and stabilization of commodities of export interest to them;
- Recognize the right of developing countries to use such TRIMS as they deem appropriate to ensure that resources derived from foreign investment contribute to building and upgrading the industrial base of the host economy;
- Create a mechanism for ensuring coordination of macroeconomic and exchange rate policies among currency reserve countries that takes into account the impact

of dramatic exchange rate fluctuations on developing country economies. Trade clauses should be instituted which enable developing countries to opt-out of their trade obligations to the extent required to compensate for such impact;

- Request a halt in the application of trade-related conditionalities attached to debt relief programs until the ways in which debt problems curtail the ability of the indebted country to engage in the trading system on favorable terms have been studied and addressed;
- Exclude privatization as a conditionality attached to IFI loan agreements;
- In cooperation with the ILO, address the gap between economic and social policy by promoting core labour standards as enshrined in the ILO Declaration of Fundamental Principles and Rights at Work, facilitating social dialogue between business and labour, and promoting collective bargaining as a mechanism to ensure decent conditions of work and a fair share of profits and productivity gains to workers.

Conclusion

A full summary of the presentations, the rich debates and the recommendations of the NGO Hearing of 20th March have been made available by the FfD Office as an Advanced unedited document. A more detailed version of this presentation is also available. We believe that the recommendations made here are critical to the advancement of the FfD agenda. We continue to stay engaged in this multi-stakeholder process, and express the hope that the international community will work together to create the right enabling environment at international and national levels, and will fully address these recommendations in follow-up work on financing for sustainable and equitable development.