Analyses carried out by civil society organizations for the review process on Financing for Development (FfD) highlight the fact that governments are facing a double challenge at the upcoming FfD Conference in Doha: On the one hand, they have to find ways of substantially increasing the transfer in real terms of public resources to the South, while ensuring that public revenue is generated and mobilised for poverty eradication, decent work, achieving gender equality, and improving the livelihoods of the population. On the other hand, they have to agree to take steps to address the global imbalances and inappropriate economic and trade policies that are fuelling the current global crises in the food and energy sectors, and in the financial markets, and severely compromising development prospects for the countries of the South. For one, it has now become clear that agriculture, food security and food sovereignty need to be put back on to the development agenda. Further, the challenge of financing climate adaptation and mitigation must be addressed. In this regard, international agreements must be based on the principle of additionality in relation to already promised resources for development.

The institutions of global governance must be reformed to allow for democratic and equitable participation of all countries in global and national-level policy-making. Governments of the South must regain the policy space needed to mobilise and harness resources for development. Gender concerns and women’s participation must be recognized as integral to effective policy-making. Civil society analyses point to the critical need both to address the systemic weaknesses that have undermined the consensus reached in Monterrey, and to supplement the 2002 commitments with a package of new, concrete, monitorable measures, coupled with a strong and explicit political commitment to implement them. Some key recommendations for such a package are outlined below:

A. Mobilising national resources

1. Supporting the establishment of efficient and fair taxation systems and strengthening financial administration
   - Earnings from capital and resource extraction should be taxed more heavily than earnings from labour. Tax systems should be more redistributive, with tax relief for low wage workers and the poor. A progressive system of taxation must also be gender sensitive, taking account of the differential holdings of assets and rents between men and women.

2. Transparent income reporting and effective taxation of transnational corporations
   - Tax exemptions or tax incentives for transnational investors in Special Economic Zones is counterproductive and should be strongly discouraged. Corporate tax regimes should be promoted in an internationally co-ordinated manner.
   - More transparent international accounting standards for transnational corporations on a country-by-country basis are also needed.
   - Lack of transparency in reporting must be addressed, as it leads to misappropriation,

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1 This document presents the Key Civil Society Recommendations emerging from a longer document with more detailed analyses, entitled “Civil Society Benchmarks for the Doha Preparatory Process on Financing for Development” which is also attached.
corruption and tax evasion.

- All companies ought to be legally required to disclose all information on taxes, profits, fees and other payment flows between them and public institutions in all countries in which they operate. Such disclosure requirements should, at a minimum, use the reporting template adopted by the voluntary "Extractive Industries Transparency Initiative" (EITI). Jurisdictions controlling major capital markets should make such disclosure a requirement for being registered in such markets. Best practice with reporting mechanisms should in turn be used as the basis for establishing a UN Treaty to provide global disclosure requirements for the extractive sector.

- A government’s capacity to implement an effective corporate taxation regime should not be limited by conditionalities attached to aid, loans or trade agreements.

3. Supporting the repatriation of stolen public assets

- The United Nations Anti-Corruption Convention must play an active role in addressing corruption and the flight of public monies. The Convention ought to be ratified by all countries and implemented at national level as soon as possible.

- The Conference of Parties to the Convention must also set up an effective system of monitoring, to assess whether states are effectively fulfilling their commitments regarding the Convention.

- Initiatives such as the StAR (Stolen Assets Recovery Initiative) ought to be strengthened. Recovered assets should be used for meeting the MDGs.

4. Strengthening world-wide tax co-operation and setting up an International Tax Organisation

- In the short term, the UN Committee of Experts on International Co-operation in Tax Matters should be upgraded to an intergovernmental body such as a functional commission of the Economic and Social Council (ECOSOC), and adequately resourced.

- In the longer term, an independent International Tax Organisation ought to be created, as a Specialized Agency of the United Nations.

5. Towards a more balanced domestic economic policy agenda - Promoting participatory and gender responsive budgets as tools for including the voices of the poor and of women in fiscal policy

- Increased government investment in support of social reproduction in the care economy should be promoted as a contribution to effective fiscal policy.

- The greater allocation of domestic resources toward gender equality is critical to achieving MDG3 and signals a country’s commitment to gender equality through investments of their own resources.

- National development planning needs to enhance the participation of women and actively take into account their concerns. To this end, national women’s and civil society organisations should be included in the process of planning, programming, managing, monitoring and evaluating national development plans, including through donor support, informed by the principles of national democratic ownership and mutual accountability.

- Public Finance Management systems and practices need to support rather than undermine participatory and gender responsive budgeting. Participatory and gender responsive budgeting will be facilitated by gender-budget analysis and gender-disaggregated data, including time-use surveys that measure women’s unpaid work and its contribution to the national economy.
6. Supporting the ILO’s Decent Work agenda

- National economic policies need to foster the creation of decent work for all as a key step towards poverty reduction, gender equality and equitable growth. This includes training that improves women’s options across different sectors of the labour market, and access to finance for women entrepreneurs, especially in small and medium enterprises. Policies to create decent work should fully account for rapid changes in labour markets and opportunities related to trade liberalization. They should include labour adjustment measures such as training and redeployment. Social dialogue and social protection measures are key, as well as recognition of workers’ rights to join trade unions and bargain collectively for a fair share of the productivity gains of their labour.

B. Private capital for development

1. Agreeing binding norms for transnational investors at UN level

- The Doha review process should call upon governments to reaffirm their declarations made at the WSSD in Johannesburg. Governments should actively promote the process of developing measures in the three critical areas identified in the Report of the Secretary General’s Special Representative on business and human rights: the state duty to protect human rights, the corporate responsibility to respect human rights, and the need for access to effective remedies for victims, including through judicial mechanisms.
- The ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy and the OECD Guidelines on Trans-national Companies outline clear expectations as well as follow-up mechanisms to regulate the behaviour of MNCs. These instruments should provide the basis for establishing a social regulatory framework for the operations of MNCs.

2. World Bank Policy Advice on FDI must be consistent with Core Labour Standards

- Using the platform of the review of the Monterrey Consensus, the international community should call for a review and a revision of the World Bank’s Annual Doing Business Report, to make it consistent with the ILO’s Decent Work Agenda.

3. Strengthening co-operation to stabilise capital flows and improving regulation of institutional investors

- More stringent disclosure requirements should be established for hedge funds vis-à-vis the financial regulatory authorities.
- Higher margin requirements should be put in place for commodity trading, to discourage excessive speculation.
- Buffer stocks of food should be rebuilt, to reduce the transmission of price volatility from futures markets.
- Strict regulations should be applied to institutional actors investing in food and energy futures, and in the highly speculative hedge funds.

4. No tax incentives for retransfer of profits from foreign investment

- Governments ought to commit to abolishing all incentives for the transfer of profits. Instead, they ought to boost international tax co-operation with the aim of preventing all forms of ruinous tax competition, and ensuring that tax regimes mobilize adequate resources for development.
5. Actively taking advantage of instruments to promote foreign trade for environmental protection and technology transfer.

- Instruments promoting foreign trade such as export credit and investment guarantees should be made conditional on MNC compliance with environmental, social, labour, and human rights standards and binding transparency criteria. Governments should simultaneously make use of them to actively support technology transfer to structurally weak regions of the South and to areas that are particularly worth supporting from a development angle, such as addressing climate change.

C. Fair rules for world trade

- It is urgent that the WTO negotiations change their direction. Rich country governments should recognize that government regulation and interventions provide essential policy space to further economic development. Principally, the governments of the North ought to drop their demands on the countries of the South calling for onerous tariff reductions in all WTO negotiations. Instead, in the sense of Special and Differential Treatment, the countries in question ought to be able to define the speed and extent of further liberalisation steps in line with their development needs.

- The stipulations of the regional and bilateral trade and investment agreements that counter the development targets of Southern countries, especially ACP countries, have to be renegotiated.

- All countries of the North should completely end their subsidies for agricultural exports to the developing countries, especially to Africa. The EU’s deeds should follow its words regarding its announcement to completely eliminate the remaining subsidies for agricultural exports by 2013, independently of the further course of negotiations in the WTO.

- The FFD Review Conference, building on the overarching agenda of Monterrey, should call for an integrated assessment and negotiations, in the context of its follow-up process, to address the trade, financial and monetary pre-conditions for developing countries to utilize trade as a tool for development, the promotion of gender equity and full employment. It should, furthermore, recognize that such conditions are not present in the multilateral system today.

1. The accumulation of domestic capital through trade

- The FFD Review Conference should call for the accumulation of domestic capital for development to be placed at the centre of agricultural, industrial goods and services trade, as well as investment policies. Inter alia, this calls for negotiations on Non-Agricultural Market Access (NAMA), the Economic Partnership Agreements (EPAs), and other Free Trade Agreements (FTAs) to withdraw requirements for developing countries to lower industrial tariff levels, given their potential to jeopardise industrial development, diversification of industries, and the creation of decent and productive employment. Such negotiations must further support the strategic use of tariffs, support and access to technology and the utilization of controls on foreign investment as a key tool to prevent transfer-pricing and erosion of public revenue bases.

2. Exchange rate and financial stability and trade performance (See Section G “Reform of the International Financial System” for further elaboration and recommendations)
3. Aid for Trade and the Multilateral Trading System

- The FFD Review should call for a realistic and joint assessment of what aid and trade both can achieve, as the necessary underpinning of any policies with regard to both aid and trade.
- Member countries should commit in FFD to ensure that recipient countries play the central role in the Aid for Trade decision process. The structures for diagnostic, delivery and monitoring should ensure developing countries are free to use funds to enhance their capacities to advance their interests, regardless of what the donors’ interests might be. Trade-related programs should be untied, unconditional and non-debt-creating. Aid for Trade promises should be additional to previously promised increases in aid.

4. The role of international financial institutions and donors in trade negotiations

- The role of the IMF and the World Bank should be redefined away from trade policy. Trade and investment agreements should urgently operationalize effective mechanisms to redress the asymmetric impact that development finance institutions and agencies have had on the negotiating space of recipient countries.
- To be faithful to the principle of ownership it predicates, the OECD’s Aid Effectiveness agenda should drop requirements such as the CPIA or government procurement standards that prejudice the role and direction of trade policy in the development strategies of recipient countries.

5. Financial issues in free trade and investment agreements

- Trade and investment agreements should incorporate the lessons from past financial crises by avoiding impinging upon the flexibility to manage the financial sector, the capital account and sovereign debt.

D. Official Development Assistance

1. Overcoming donor dominance in the development discourse and in norm-setting

- The Development Cooperation Forum (DCF) must be mandated to address development strategies, policies and financing of development cooperation, as well as promoting coherence between the activities of the various development partners. This forum should receive the necessary political, institutional and financial support to enable it to convene the relevant development actors, including the new official development assistance providers, for discussions on fundamental issues of development cooperation. Governments and civil society from the North and the South should be equally represented.

2. Redefinition of “assistance” required

- The UN Secretary-General’s calls for the involvement of recipient countries in the formulation of accounting principles for determining aid quantities should be heeded. Civil society organizations support this call, and insist that the issue of aid quality must also be addressed.

3. Timetable for increasing real official development transfers

- Those governments of the North that have not yet done so, should agree to binding timetables to reach the UN target of 0.7% of GNI to ODA by 2015 at the latest. All governments of the North should submit national ODA timetables ahead of the Doha Conference, in which they clearly state their quantitative financing pledges and determine in what year they intend to provide increased funding, and for what purposes. The grant component of ODA should be substantially increased and prioritized over loans.
4. **Removing conditionalities that undermine national ownership**

- All economic policy conditionalities defined by the donors should be abandoned. Rather, efforts must be expended to deepen the global consensus on human rights, social, labour and environmental standards, as well as mechanisms for enforcement in more democratic multilateral fora, based on the principles of universal compliance, shared responsibility, mutual accountability, and adherence to fiduciary standards.
- The commitment to suspend aid tying ought to be extended to all countries and all aid modalities including food aid and Technical Assistance, with clear timetables. At the same time, special measures ought to be introduced to promote public procurement from domestic goods and services markets.
- The donors ought to *increase* the predictability of their finance transfers by entering binding obligations to pay over a period of several years. This applies, not only to bilateral co-operation, but also to contributions to the multilateral development programmes and funds of the UN system.

E. **New international financing instruments**

1. **Expanding the solidarity levy on air tickets**
   - In the run up to the Doha Conference a fresh partnership between interested NGOs and governments should be built, to recruit new participants and help the airplane tickets levy and UNITAID reach their full potential.

2. **Making use of proceeds from emissions trading for international measures to combat global warming**
   - Trading emissions rights bears a considerable financing potential for development tasks. Mechanisms should be put in place to ensure that proceeds are channelled into initiatives to combat climate change.
   - The share of generated revenues allocated to support the countries of the South in applying urgently required measures to adapt to climate change, as well as develop low carbon economies, should be considerably increased.
   - Under the United Nations Framework Convention on Climate Change (UNFCCC), developed country signatories have committed to providing developing countries with new and additional financial resources to meet the costs of their efforts to address climate change, and to assist vulnerable countries to adapt to its impacts. Revenues generated from the emissions trading system with the aim of financing climate change, should be seen as a means of developed countries fulfilling their international obligations under the global climate change regime, and therefore as separate from and additional to generating financing for development.

3. **Introducing a currency transaction or financial transaction tax**
   - Numerous studies demonstrate that a currency transaction or financial transaction tax would be technically feasible, could be efficiently raised, and could mobilise far more funds than all innovative financing instruments so far put together. Moreover, the implementation of such a levy would mean that a very important step has been made towards a better distribution of the world’s wealth.
Governments are urged to include this currency transaction development levy as a specific item for the Doha draft outcome text, in keeping with the UN Secretary General’s recent report to the ECOSOC meeting with the Bretton Woods institutions which draws attention to a “renewed international interest in a possible currency-transaction “development levy” of 0.005 per cent, a minuscule tax that is not expected to materially affect market operations while having the potential to generate billions of dollars that can be allocated for development...by its very nature, currency transactions taxes involve more than one country, being levied on the exchange of the currency of one country for that of another. Thus, these are taxes that are best implemented in a cooperative manner among countries.”

4. Promoting innovative financial instruments - in search of appropriate governance arrangements

- Innovative sources of finance provide much needed additional resources for development, above and beyond the 0.7% commitments of GNI to ODA. However, the tendency to create a new institution for each financing instrument promotes the proliferation and fragmentation of the system of global governance. Wherever possible, innovative financing instruments ought to be implemented by making use of existing institutions, provided they are democratic, have proven expertise and a demonstrated capacity for effective results. Innovative instruments should be monitored for their ability to generate truly additional funds, to engage new donors, and to prioritize allocations to critical social sectors.

F. Lasting and sustainable solutions to the debt problems

1. Expanded debt cancellation

- The Doha Conference should call for expanded debt cancellation for many more countries, to help them to achieve human development goals. The implementation of debt relief should ensure resources resulting from debt cancellation are utilized in accordance with shared responsibilities of lenders and borrowers on gender equality and women’s empowerment.

2. Debt sustainability

- The Monterrey Consensus commitment to “broaden . . . participation of developing countries . . . in international economic decision-making and norm-setting” also should apply in this area via the establishment of independent bodies to determine what level of debt is sustainable. Sustainability criteria should be based on the ability of countries to meet human development targets, de-emphasize export- and GDP-based indicators to privilege budget revenue ones, and be delinked from inflexible criteria such as the CPIAs. Both endogenous and exogenous shocks and the growing levels of domestic debt in middle income countries should be taken into account when making debt sustainability assessments.

3. End harmful conditionality

- While mutual accountability and transparency are essential to any debt cancellation agreement, current conditionality goes well beyond these basic fiduciary standards into micro-management of the economies of impoverished countries. Access to debt relief should not be tied to economic policy conditions.
4. Vulture funds
   • Governments should commit to concrete steps towards changing their laws, so as to prevent vulture funds and other commercial interests from compromising the benefits arising from debt relief, and give judicial and financial assistance to debt-distressed countries in case they are taken to court. The UN should actively co-operate with other agencies to develop and strengthen the necessary binding codes of conduct that could prevent vulture funds from engaging in aggressive litigation, and profiteering from debt relief processes.

5. Cancelling Odious and Illegitimate debts
   • The evolution of the notion of odious and illegitimate debts, and the principle that they must be cancelled, must be recognized by the Doha Review.

6. A responsible financing framework for lenders and borrowers
   • Responsible lending will only be achieved via the adoption of a binding legal framework that fairly allocates the burden of irresponsible borrowing on both creditors and debtors. It would take account of both the origin and impact of the debts, and give equal treatment to both debtors and creditors. Only a framework like this will change the incentives, and thereby the behaviour, of lenders. Such a framework could assume the form of impartial and transparent processes for resolving debt crises and disputes such as, for instance, debt arbitration. The Eurodad Charter on Responsible Financing, developed by Eurodad, provides a good basis for this.
   • Responsibility on the borrowing side of the process should also be emphasized through, inter alia, parliamentary oversight, and civil society participation in the process of contracting and monitoring the use of new loans.

7. Addressing the linkages between Debt and trade
   • The Doha FFD Review should recognize these linkages and call for the design of measures that integrate them into debt-oriented solutions.

8. Addressing the ecological debt
   • The tax and aid regimes should no longer neglect the effects of profligate consumption by industrialized nations. Polluters must bear financial liability for the impact of their actions and the international tax regime must recognize a levy tax on overconsumption of natural resources.

G. Reforms of the international financial system

1. Mechanisms for dealing with global imbalances are failing
   • The asymmetric impact created by exchange rate fluctuations in developing country economies should be acknowledged in trade and investment negotiations and agreements.
   • The FFD Review Conference should explore the institutionalization of credible mechanisms, to provide for orderly coordination among hard currency issuers. Such mechanisms should ensure the exchange rate stability needed by countries proportionately most affected by such fluctuations.
- The FFD Review should encourage the adoption of regional coordination mechanisms, including regional stabilization funds, and the South-South exchange of experiences and expertise on the design and work of such arrangements. Regional monetary units can, in turn, provide a stepping-stone to a more balanced and equitable mechanism for ensuring exchange rate stability.

- There is a need for developing countries to manage their exchange rate policy as required by their trade and development needs in response to the global context. The pursuit of countercyclical fiscal, monetary and financial policies should, likewise, be encouraged as a domestic safeguard against global fluctuations and imbalances. There is also a need to curb speculative flows that generate or exacerbate the fluctuations of export-related incomes in developing countries.

2. Reform of the governance of the Bretton Woods Institutions

- The reform of voting rights in the IMF and the World Bank has to reach beyond the minimalist steps that have been concluded at the Spring meetings, and result in a substantial increase in the share of votes held by the developing countries.

- The countries of the EU, which are currently most over-represented, have to hand over shares to the developing countries. This includes a greater bundling of the European Constituencies. But the reform of voting rights ought to reach beyond a mere update of voting power to align it with economic weight.

- A new voting system in accordance with the principle of double majority (every resolution has to be approved by the majority of the member states and a majority of the share capital) currently appears a pragmatic and better approximation to the one-country one-vote principle that must prevail in the norm-setting areas that they are claiming for themselves.

- The wholly unjustified practice of the IMF Managing Director always coming from Europe and the World Bank President always coming from the USA, should be abandoned.

- Awarding credits must not empower the IMF to impose conditions on the debtor countries that impede the achievement of the international development goals or even render them impossible. The IMF ought to eventually withdraw from development financing in the narrower sense. This also implies that its Poverty Reduction and Growth Facility be phased out.

3. Avoiding financial crises requires global cross-border cooperation on supervision and regulation

- Since the same governments that agreed to the Consensus sit on the FSF, Basel Committees, and other bodies that set standards and codes, immediate steps should be taken by them to open these bodies’ membership with the goal of achieving balanced, institutionalized and full participation by developing country governments.

- Standards and codes should no longer be part of IMF and World Bank conditionality and surveillance.

- There is a need to revamp the incentives structure within rating agencies so they produce more reliable assessments and introduce greater competition among what are few players. Proposals for a registry and oversight body could be studied in the context of the FFD Review Conference.

- There needs to be greater global cooperation among supervisors and regulators in existing fora and institutions, and eventually through setting up inclusive and comprehensive fora that can provide an effective public sector counterpart to what is now a private international financial sector, spot problems early on and call for regulatory reform on emerging areas of risk.
4. Fora for policy-making and dialogue with balanced representation

- In the short term, ECOSOC should be given the political clout to play the role of a multilateral body in which international economic, financial and development policies are determined with all regions of the world being equally represented.

H. Strengthening the follow-up process

We recommend the current follow up process be replaced with a new institutional mechanism that has, at a minimum, 5 features:

1. It should meet periodically and frequently (e.g., on a yearly basis).
2. It should produce a negotiated outcome, moving from the current non-negotiated follow-up mode, to a negotiated follow-up mode. This does not diminish the importance of non-negotiating instances as a prelude to consensus-building, but the Monterrey follow up process can no longer be limited to those instances alone.
3. This institutional mechanism should be at the highest level, not only in governments, particularly including high level officials covering key economic portfolios in member countries, but also the top leadership of the international financial institutions and the World Trade Organization, and all relevant development actors.
4. Civil society should be accorded a space as has been the case from the beginning of the Financing for Development process. Their contribution to the process should be stimulated in the final phase of the Doha Conference preparatory process at the national, regional and international level as well as at the Conference itself by the provision of full access to its proceedings.
5. Accessibility to information and to negotiations for all stakeholders, including civil society, should be improved to ensure that the Financing for Development is upheld as a truly multistakeholder process.

This institutional mechanism should be backed by a strengthened UN Secretariat in Financing for Development matters and by a strengthened intergovernmental counterpart to the Secretariat, to provide the necessary legitimacy, political guidance and leadership on concrete follow-up matters. (This could be a General Assembly “Committee on Financing for Development”).

Better use could be made of the mandate and follow-up process to ensure the UN’s unique position is used to enable a structured discussion that integrates different sources of finance and more deliberately explores their interrelations. The objective of the follow-up process should be to undertake an integrated review of the six themes from Monterrey, with the participation of all the relevant stakeholders, as required in the “spirit of Monterrey.” One practical way to achieve this would be to ensure that the periodic follow-up review proposed above always includes a section devoted to exploring interlinkages between two –or even three-- selected chapters, and draws policy conclusions to then be taken up by the institutions with specialized focus.
List of Signatories of the “Civil Society Key Recommendations for the Doha Draft Outcome Document”

ACTION AID
African Development Interchange Network (ADIN)
AFRODAD
Alliance Sud (Swiss Alliance of Development Organizations)
Arab NGO Network for Development (ANND)
Association for Women's Rights in Development (AWID)
Campagna per la Riforma della Banca Mondiale (CRBM)
Canadian Council for International Cooperation (CCIC)
Center of Concern
Company of the Daughters of Charity of St. Vincent de Paul
CONCORD
Coopération Internationale pour le Développement et la Solidarité (CIDSE)
Development Alternatives with Women for a New Era (DAWN)
Dominican Leadership Conference
Elizabeth Seton Federation
ENLACE-Education and Networking for Latina Cooperation and Empowerment
EURODAD
EUROSTEP
Feminist Task Force of the Global Call to Action against Poverty (GCAP)
Global Policy Forum
Halifax Initiative Coalition
Institute of Social and Economics Studies
Institute of the Blessed Virgin Mary
INTERACTION
International Council for Adult Education (ICAE)
International Presentation Association of the Sisters of the Presentation
International Trade Union Confederation (ITUC)
International Women's Anthropology Conference (IWAC)
ISDR, India
Jubilee Netherlands
Jubilee South - Asia/Pacific Movement on Debt and Development
Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Entwicklung und Mission (KOO)
Marianists International
MS Danish Association for International Co-operation
Network of East-West Women (NEWW)
New Rules for Global Finance Coalition
NGO Committee on Financing for Development
North South Institute
Norwegian Forum for Environment and Development
OXFAM International
Partnership for Global Justice
Pax Romana
Population Action International
Sisters of Notre Dame de Namur
Society of Catholic Medical Missionaries
SOLIDAR
Southern and Eastern African Trade Information and Negotiations Institute
Tax Justice NL
Terre des hommes - Germany
Third World Institute – Social Watch
UBUNTU Forum Secretariat
UNANIMA International
Verband Entwicklungspolitik deutscher Nichtregierungsorganisationen (VENRO)
Vivat International
Voices for Interactive Choice and Empowerment
Wider Church Ministries
Women in Development Europe (WIDE)
Women's Environment and Development Organization (WEDO)
WOMNET Gender and Global Governance
World Council of Churches