

# The Development Agenda after the 2005 Millennium+5 Summit\*

## A checklist of uncompleted tasks

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It was supposed to be a historic summit meeting, and in terms of the sheer numbers of politicians who attended, it really was. 154 heads of state and government and over 900 ministers came together from the 14<sup>th</sup> to the 16<sup>th</sup> of September 2005 at the United Nations in New York, to take stock of progress so far on the implementation of the 2000 Millennium Declaration, and to decide on concrete steps towards the realisation of the Millennium Development Goals (MDGs) and the reform of the UN.

At the summit's close, they passed a 40-page outcome document (2005 World Summit Outcome) which reflects the minimum consensus within reach at the time between the 191 UN member-states in the areas of development, peace and security, human rights and UN reform. But this minimum consensus falls far short of overcoming the global co-operation deficit documented in numerous reports in the run-up to the summit. Accordingly, the immediate reactions to the summit outcomes were of disappointment. In rare unanimity, NGOs and the media but also many heads of government and ministers from North and South criticised the weak outcomes of month-long negotiations. Even the Secretary-General of the UN, Kofi Annan, expressed his disappointment to the assembled heads of state and government at the summit, saying:

*"[...] let us be frank with each other, and with the peoples of the United Nations. We have not yet achieved the sweeping and fundamental reform that I and many others believe is required. Sharp differences, some of them substantive and legitimate, have played their part in preventing that."*<sup>1</sup>

Five days later, though, he had regained his duty-optimism and high-lighted the progress made in the summit in a piece for the Wall Street Journal, concluding that the glass was "at least half full".<sup>2</sup>

Now that the dust the largest summit meeting of all time stirred up has settled, it is time to evaluate more precisely where we stand. In the following paper I hope to do so with a particular focus on the world summit's outcomes for development politics. What decisions were made despite all disagreements, and must now be translated into reality? Which issues remained unresolved right up to the summit and must now be negotiated in the coming months? And in which areas do serious disagreements remain between governments despite the pressure to negotiate? The answers to these questions should indicate which topics will define the development agenda in the coming years and where public pressure and critical monitoring by civil society is particularly necessary.

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<sup>1</sup> UN Secretary-General: Address to the 2005 World Summit. New York, 14 September 2005.

<sup>2</sup> Kofi A. Annan: A Glass At Least Half Full. In: Wall Street Journal, 19 September 2005.

## **I. Development co-operation and the Millennium Development Goals**

The Millennium Project report under Jeffrey Sachs, Kofi Annan's report "In Larger Freedom" and the numerous analyses and studies produced by NGOs in the context of the Global Call to Action Against Poverty (GCAP) demanded that governments take radical steps to realise the MDGs by 2015. The UN summit did not fulfil these expectations. Governments made hardly any new decisions, but for the most part simply "reaffirmed" old ones and "welcomed" or "took note with interest of" new initiatives which individual groups of countries launched in the run-up to or on the fringe of the summit. One can of course presume that some of these new initiatives would not have come about without the summit there to create pressure to negotiate.

There was some progress made around the summit especially in development and debt relief. However the influence that capital markets and international finance and monetary politics wielded over development was not even up for discussion by the governments in New York. The outcome document also contains only a few meaningless platitudes on world trade policy, showing once again that as far as governments are concerned, the United Nations has long ceased to be the place where disputes on trade politics are resolved – that whole side of things now happens at the WTO.

### **1. National MDG strategies up until 2006**

In order to reach the internationally agreed development goals, including the Millennium Development Goals (MDGs), governments commit themselves in the New York summit outcome document to adopt and implement comprehensive National Development Strategies.<sup>3</sup> They do not go into any further detail, leaving it unclear whether these development strategies are to be carried out in addition to the Poverty Reduction Strategies already in place in many countries, how they will relate to other development strategies such as the national strategies for sustainable development formulated in the Rio follow-up process, and how parliaments and civil society will be involved in developing the strategies. It is also unclear whether industrialised countries are also committed by this decision to adopt strategies to realise the MDGs. If so, these countries would have to concentrate in particular on MDG 8. The initiative to adopt national development strategies originates from the Millennium Project Report, which demands amongst other things that each developing country should come up with a detailed 3-5-year plan listing concrete political measures necessary for achieving the MDGs by 2015 (MDG-based poverty reduction strategies).<sup>4</sup> These strategies would also include a budget plan showing to what extent national resources could be mobilised and how high the deficit is to be filled by external financing in the form of development aid.

### **2. Timetable for increasing ODA**

In the area of financing for development, governments simply repeated at the summit what individual countries and groups of countries had already announced in the run-up to it. The EU decision on a timetable to increase ODA is particularly worth high-lighting.

With the consensus decision of the European Council in June 2005, the 25 member-states' ODA is to rise to an EU average of 0.56% of GDP by 2010 and to 0.7% of GDP by 2015. According to the European Council's calculations, this means a doubling of European ODA from around 33 billion Euros in 2003 to around 67 billion Euros by 2010, with a further increase to 92 billion Euros by 2015. German ODA would have to double from 6.005 billion

<sup>3</sup> Outcome Document, para. 22 a)

<sup>4</sup> See UN Millennium Project, 2005: Investing in Development. A Practical Plan to Achieve the Millennium Development Goals. New York: UNDP.

Euros in 2003 to 12.655 billion Euros in 2010, and almost triple to reach 17.661 billion Euros by 2015. This in practice means an annual increase of at least a billion Euros of German ODA. Other countries have set themselves even more ambitious goals, France aiming for the 0.7% goal in 2012 and Great Britain in 2013.

A central question is, of course, whether or not ODA will be increased with “fresh money”. If this is the case, it should be possible to see increases in ODA in national budgets for 2006. It is unfortunately likely, however, that governments aim to reach their goals by other means, for example by counting debt relief as aid. Donor countries agreed in the OECD that under certain conditions, debt relief could be counted as ODA. This book-keeping trick means ODA figures rise without the South getting a single extra Euro.

It is to be expected that additional debt cancellation, especially to Iraq, will significantly dress up ODA statistics. Creditor countries in the Paris Club pledged a debt cancellation to Iraq in November 2004 of \$31 billion in total, to be realised over the next four years.

Debt relief for heavily indebted countries is without doubt urgently necessary and sensible for development. But it must not become a replacement for the supply of “fresh money” necessary to fund the MDGs.

### **3. Cancelling Multilateral Debt**

The newest debt relief initiative from the recent G8 is also greeted in the New York outcome document. The heads of state and government at the G8 suggested at the July summit in Gleneagles that the IDA (daughter-fund of the World Bank), the IMF and the ADB should cancel the multilateral debts of 18 of the most heavily indebted poor countries.<sup>5</sup> These debt cancellations, which were formally confirmed at the annual IMF and World Bank meeting in September 2005, have a nominal value of \$40 billion and cover a period of 40 years.<sup>6</sup> The 18 countries will thus effectively save \$1 billion per year in debt payments. This is still not a 100% cancellation for these countries, as they will continue to pay debts back to other multilateral creditors.

Other heavily indebted countries got no debt cancellations at all.<sup>7</sup> ActionAid, Christian Aid and the British Jubilee Debt Campaign had calculated in the run-up to the summit that a total of 62 countries need a 100% debt cancellation in order to reach the Millennium Development Goals by 2015.<sup>8</sup> In addition, the IDA and the ADB will be reducing future gross aid payments by the amount of debt cancelled, and the relieved funds are to be distributed to all IDA or ADB countries according to the relevant distribution code. This does of course mean that the 18 countries in question will benefit much less from the debt relief.

In order that the IDA's and the ADB's financing capacities are not limited by the gap that reduced debt payments will leave, donor governments have agreed to make up the balance by contributing extra funds themselves. It remains to be seen and closely monitored whether governments will honour this agreement in the next replenishment rounds.

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<sup>5</sup> See G8, 2005: The Gleneagles Communiqué. Gleneagles.  
([http://www.fco.gov.uk/Files/kfile/PostG8\\_Gleneagles\\_Communique.pdf](http://www.fco.gov.uk/Files/kfile/PostG8_Gleneagles_Communique.pdf))

<sup>6</sup> The more economically relevant Net Present Value of the debts is, however, only \$17 billion.

<sup>7</sup> In principle, the G8 has also agreed to cancel the debts of a further 20 HIPC's, as soon as these countries have reached the so-called completion point in the context of the HIPC initiative. If and when this will happen is, however, entirely uncertain.

<sup>8</sup> See ActionAid/Jubilee Debt Campaign/Christian Aid, 2005: In the Balance. Why Debts must be Cancelled Now to Meet the Millennium Development Goals. London

Neither the G8 nor the New York summits gave rise to an agreement on any steps that might reach further, for example the long-demanded redefinition of debt sustainability or the introduction of an insolvency procedure.

#### **4. Solidarity Contributions on Air Tickets and the Pilot IFF Programme**

Concrete decisions on the introduction of innovative finance instruments at the New York summit were not to be expected, with the resistance of the USA, Japan and other rich countries to any form of international taxation remaining too great. In the summit's outcome document, governments simply "recognise the value of developing innovative sources of funding" and "take note with interest" of the international efforts to do so.

In this context, the "Action against Hunger and Poverty", initiated in 2004 by Brazilian President Lula da Silva, is explicitly mentioned. On the fringe of the New York summit, the 'Lula Group' which grew out of the initiative (Brazil, France, Chile, Spain, Germany and Algeria) presented a common statement which amongst other things argues for the introduction of a solidarity contribution on air tickets.<sup>9</sup> France and Chile have already announced the introduction of such a levy in 2006. In other countries, including Germany, a definitive government decision on this is still pending.

The proceeds from the air ticket contribution are, amongst other things, to go towards re-financing the International Finance Facility for Immunization (IFFIm) which was brought into being at the initiative of the British on the 9<sup>th</sup> of September 2005, a few days before the UN summit, together with Spain, Italy, Sweden, and the Bill and Melinda Gates Foundation. The IFFIm should help to raise \$4 billion on international capital markets over the next ten years to support the work of the Global Alliance for Vaccines and Immunization (GAVI). According to the British government's vision, the IFFIm should serve as a pilot scheme to demonstrate that it would also be possible to realise a "big" IFF, with a finance volume of around \$50 billion per year. The principle of 'frontloading' ODA through capital markets – development aid on credit, so to speak – is, however, perceived increasingly critically by governments and NGOs, and so far has found little support.<sup>10</sup>

The Lula Group's New York declaration does fall far behind the group's own expectations, but it can be seen as a first step towards internationally co-ordinated taxes. French President Jaques Chirac has issued an invitation to a conference in Paris in February 2006 to discuss the next steps towards a co-ordinated introduction of the air ticket contribution. Whether or not the Lula Group will continue its work with the same configuration of countries remains to be seen, given the current political crisis in Brazil and the recent change of government in Germany.

#### **5. The Paris Declaration on Aid Effectiveness**

Besides the quantitative aspects of aid, governments at the UN summit also addressed the quality of aid. In doing so they referred mainly to the Paris Declaration on Aid Effectiveness adopted by 90 industrialised and developing countries in March 2005.<sup>11</sup> The declaration contains concrete obligations to structure and co-ordinate aid more closely around the strategies of recipient countries, to reduce transaction and processing costs, to untie aid and to strengthen the accountability of donor and recipient countries to citizens and parliaments.

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<sup>9</sup> Declaration on innovative sources of financing for development. New York, 14 September 2005. (<http://www.globalpolicy.org/socecon/globaltax/aviation/2005/0914airlula.pdf>).

<sup>10</sup> see: Jens Martens, 2005: The International Finance Facility: Development on Credit? New York: GPF (<http://www.globalpolicy.org/socecon/develop/oda/2005/0721martens.htm>)

<sup>11</sup> See Outcome Document, para. 23 c)

In order to measure progress on the realisation of these obligations, the Paris Declaration includes a list of 12 targets (including the indicators that go with them) which are to be realised by 2010. To improve the transparency of financial flows and to ensure integration of aid into respective national development strategies, for example, at least 85% of ODA flows to the government sector are to be reported on the national budget of the recipient country by 2010. At least 75% of ODA is to be given in the context of one-year or multi-year plans in order to increase the predictability of aid flows for recipient countries. The proportion of ODA not tied to goods and services from companies in donor countries is to be increased steadily between now and 2010. And within five years' time, donors should be putting 25% of ODA towards programme-based approaches (as opposed to small-scale support for individual projects).

So far, only a small circle of development experts have really taken note of the Paris Declaration. At first glance it appears technocratic, but it could have tangible effects on development praxis.

## **II. Reforming the Economic and Social Area of the United Nations**

The debate about UN reform dominated the negotiations in the run-up to the summit and even overshadowed discussions on development aid. Security Council reform was at the centre of attention, and was pursued with great diplomatic pressure by the G4 (Germany, India, Japan and Brazil). Although the reform was already put on hold during the run-up to the summit because of the un-resolvable differences of interest between governments, governments did make some decisions for the economic and social area which should result in concrete institutional reforms. However, they also left many questions unanswered, which must now be negotiated after the summit. This is the case, for example, for the planned Human Rights Council and the new Peacebuilding Commission.

### **1. Economic and Social Council**

In the outcome document, governments confirm the role of the ECOSOC as the principle UN body for questions of economic and social development. The Council is to meet annually on a ministerial level. Its task is now primarily monitor follow-up of the outcomes of the major United Nations conferences and summits, including the internationally agreed development goals. It will hold a biennial high-level Development Cooperation Forum to "review trends in international development cooperation, including strategies, policies and financing, promote greater coherence among the development activities of different development partners and strengthen the links between the normative and operational work of the United Nations".

The upgrading of the currently politically insignificant ECOSOC to a sort of 'MDG Council' might be a step forwards. At the same time though, this would restrict its area of competence more closely to development issues. Its competence in the human rights area would be transferred to the new Human Rights Council (see below). Questions of economy, monetary and trade policy are in any case decided on outside the UN, as the United Nations continues to leave these issues to the IMF, the World Bank and the WTO. Consequently the governments in New York did not take up the demands either for substantial reform of these organisations or for a high-level decision-making body for economic issues to be situated within the UN, as a sort of 'Economic Security Council'. Instead, they limited themselves to a few half-hearted steps towards repositioning the ECOSOC.

Whether or not this leads at least to a gradual strengthening of the ECOSOC will depend in particular on whether governments accept its new role, and actually send their respective ministers to the annual meetings in New York or Geneva. If they do not, the postulated

renewal of the Council will only have happened on paper. The ECOSOC meeting in July 2006 will deliver the first indication either way.

## **2. Peacebuilding Commission**

The summit decided to found a Peacebuilding Commission as an international advisory body to support countries in the transition process from violent conflict to lasting peace. The Commission is to support countries in rebuilding after conflict, mobilise financial resources and formulate recommendations improving the co-ordination between all key parties. Its mandate is thus considerably vaguer than as formulated in the original suggestions made by Kofi Annan and the High-Level Panel on Threats, Challenges and Change.

Governments could reach no agreement on where the Commission should be based within the UN. The G77 would like it to be affiliated to the General Assembly, while some industrialised countries would rather have it under the Security Council and others between the Security Council and the ECOSOC. The Commission is to decide on all issues by consensus. This in other words effectively gives every member the veto. The membership of the Commission is to vary according to the conflict. Its core will consist of a Standing Organisational Committee in turn made up of Security Council members including the P5, members of ECOSOC, and the largest UN contributors of finances and troops respectively. The outcome document does not say anything about the precise number of members. Neither do the governments mention the role of civil society in the Commission's work. They do, by contrast, explicitly provide for the involvement of the World Bank, the IMF and other institutional donors.

The Commission is to be supported by a Peacebuilding Fund fed by voluntary contributions, and by a "small office" within the UN secretariat. The Commission is to start work at the latest by the 31<sup>st</sup> of December 2005 – one of the few clear deadlines given in the document. By then these as yet undecided issues of membership, mandate and positioning of the Commission within the UN must be resolved.

## **3. Human Rights Council**

In principle, governments agreed to establish a new UN Human Rights Council. But they were not able to agree on all further details and mandated the President of the General Assembly to co-ordinate negotiations on the mandate, function, size, configuration and working practice of the planned Council, to be resolved by the end of the 60<sup>th</sup> session, i.e., by the 11<sup>th</sup> of September 2006. The outcome document does not even specify whether and when the new Human Rights Council will replace the existing Human Rights Commission. It is also entirely unclear to what extent the future Council will adopt the positive aspects of the Human Rights Commission, such as the close involvement of NGOs, the Special Rapporteurs etc. As the governments currently making decisions on the reforms are the very same governments who have been responsible for the political deficits and deficiencies of the Human Rights Commission up to now, there is a danger that some of these positive elements will be lost in the course of negotiations, leaving the UN's human rights work in fact more weakened than strengthened through these 'reforms'.

Nonetheless, it is a positive signal that the summit decided to double the Office of the UN Human Rights Commission's budget over the next five years. It is, however, unclear whether this will mean extra funds, or whether the UN budget will simply be re-jigged at the cost of other areas.

### III. Conclusion

The Millennium+5 Summit undoubtedly did not give rise to the decisions necessary for improving international development and strengthening the United Nations institutionally. Yet it would be wrong to suggest that nothing at all came out of the summit. In the outcome document and in the various declarations made in the context of the summit, governments did make some concrete pledges to which they can be held account. It would be hasty to evaluate these pledges as successes at this stage, though. For the most part, they are simply political declarations of intent, which governments must implement after the summit (for example the EU ODA timetable). Some of the decisions seem so vaguely formulated that it is not even clear yet whether the final results of negotiations can be evaluated as positive or not. This is the case, for example, with the creation of the Human Rights Council.

It will be the task of civil society organisations to scrutinize and evaluate whether and how governments realise the resolutions and commitments recorded in the UN outcome document. The following check-list summarises some of the decisions particularly relevant to development which demand critical monitoring in 2006 and beyond.

- **National MDG Strategies:** Will governments adopt National Development Strategies in 2006 to realise the MDGs, and how will civil society and parliaments be involved in formulating these strategies?
- **ODA Timetable:** Do the aid budgets of the 25 EU member-states reflect the incremental increases in ODA necessary to realise the binding EU ODA timetable?
- **Cancellation of Multilateral Debt:** Will the IMF and the ADB fully implement the debt cancellation pledged for 18 of the most heavily indebted poor countries by 2006? Will donor countries provide the promised additional funds to the IDA and the ADB and which countries will benefit? Will further debt cancellations for the 20 other HIPC countries and other heavily indebted non-HIPCs follow?
- **Solidarity contributions on air tickets:** Which countries will introduce the air ticket levy? How much income will be generated and for what exact development purposes will it be put to use?
- **IFF for Immunization:** To what extent will the IFFIm mobilise extra funds on capital markets in 2006? How high are the interest and transaction costs of frontloading? For what purposes will the funds be put to use?
- **Further innovative sources of financing:** What progress will be made on realising other suggestions for innovative sources of financing, as discussed for example by the Lula Group? This question is especially interesting regarding the introduction of a currency transaction tax.
- **Paris Declaration:** Will we soon see the first interim results of the implementation of the 12 targets formulated in the Paris Declaration on Aid Effectiveness?
- **ECOSOC reform:** Will the ECOSOC meet at ministerial level in 2006? How will it go about fulfilling its task of monitoring the implementation of the internationally agreed development goals including the MDGs? How will the ECOSOC's structure and working practice reflect its thematic re-orientation?
- **Peacebuilding Commission:** How will the Standard Organisational Committee of the Commission be configured? Will northern rich countries dominate as feared? To which main UN organ will the Commission be subordinated? Which countries will it deal with in 2006? How will the Commission support these countries effectively in making a transition to lasting and peaceful development?

- **Human Rights Council:** Will the new Human Rights Council succeed in taking over the positive aspects of the Human Rights Commission's work to date? Will NGOs have the same consultative and participatory rights in the Human Rights Council as in the Human Rights Commission? What will happen to the Sub-commission for the Promotion and Protection of Human Rights? How will the transition from Human Rights Commission to Human Rights Council be organised?

These are some of the questions which will define the development agenda and debate on reforms in the economic and social field of the United Nations in the aftermath of the UN summit, in 2006. Only when these questions have been answered will it be possible to evaluate whether the Millennium+5 Summit will go down in the history of the United Nations as the summit that failed, or rather as an important interim step in the global effort to strengthen multilateral co-operation.

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Sources:

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Website:

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