



The *Doha Declaration* and Development:
What Are the Next Steps?

Financing for Development Doha Review
Conference
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1 Background

In March 2002, the United Nations held a historic development summit, the first *International Conference on Financing for Development*, in Monterrey, Mexico, to discuss innovative financial approaches to development. The need for the Monterrey Summit emerged out of the Latin American and Asian financial crises, but also in response to the perception that the world faced a general crisis of development, making it impossible for many countries to meet the Millennium Development Goals (MDGs) agreed to in 2000. The overall aim of the summit and the consensus that resulted from it was to create a blueprint for a more socially just globalization project. The *Monterrey Consensus* resolved to: make development financing a global endeavor, mobilize both domestic resources (taxes and savings) and international resources (Foreign Direct Investment [FDI] and other private flows), utilize international trade to drive development, increase official development assistance (ODA), make debt sustainable and enhance “the coherence and consistency of international monetary, financial and trading systems.”¹

Five years after Monterrey, in 2007, the General Assembly resolved to hold a follow-up conference in late 2008 in Doha, Qatar, to review the implementation of the *Monterrey Consensus*. Although it could not have been foreseen by the General Assembly at the time, the Doha Review Conference took place in the context of another financial crisis, this time global and even more serious. It was certainly on the minds of those attending the review conference that the entire project of financing development could be jeopardized by the crisis. For this reason, many speakers – especially from developing countries – argued that historical circumstances had changed dramatically since 2002, making it imperative to debate systemic reforms to the global financial system. The Doha conference – and an interactive panel sponsored by the General Assembly one month prior, were the only times since Monterrey that global economic issues had been debated in a UN Forum.

¹ *Monterrey Consensus*, paragraph 4.

2 The “Doha Declaration”

In order to assess the *Doha Declaration on Financing for Development*, it is necessary to clarify not only what new was agreed to in Doha and what follow-up mechanisms were put into place, but some of the challenges leading up to the conference itself. According to Oscar de Rojas, Director of the UN’s Financing for Development (FfD) Office, the very idea of the conference was controversial, since some factions don’t believe the UN should be directly involved in financial matters.² French President Sarkozy, speaking for the European Union (EU) and the only attending head of state from an industrialized Northern country, remarked, “Some had not wanted us even to mention the official development target here, but ... if some countries could find trillions of dollars to prop up their flagging, outmoded institutions, they must stand by their long-promised obligations.”³

It is not surprising that the resulting *Declaration* did not include much in the way of new agreements. Advocates of transforming the UN Tax Commission into an intergovernmental body to better mobilize taxes for domestic development were disappointed, although the *Declaration* did commit to “step up efforts” to enhance tax collection and combat tax evasion and capital flight.⁴ Regarding FDI, the *Declaration* refined previous language to stress that it needed to be directed to the right sectors and that an enabling environment had to be created within each country. As expected, no increases to ODA were made, but the text was made stronger regarding the need to meet previous commitments. In terms of trade, the document did stress the imperative for a successful conclusion to the Doha round of World Trade Organization talks, although these are not within the realm of the UN to influence directly. Perhaps the only area in which the *Declaration* went significantly beyond Monterrey was in linking the promotion of gender equality to women’s economic empowerment and effective and equitable development. This linkage, however, entailed no specific commitments.

² Ibid.

³ Ibid.

⁴ Declaration, Paragraphs 16 and 20.

Regarding follow-up mechanisms, the *Declaration* called decisively for the UN to “hold a conference at the highest level on the world financial and economic crisis and its impact on development.”⁵ This conference is to be organized by the General Assembly President and its modalities defined by the end of March 2009. In the section on addressing systemic issues, the *Declaration* states: “The reform of the international financial architecture should focus on providing greater transparency and strengthening the voice and participation of developing countries and countries with economies in transition in international decision-making and norm-setting.”⁶ In addition, the *Declaration* ends with an agreement to consider the need for another review conference to be held in 2013.

3 Where To Go From Here?

Coming as it did in the midst of a historic, global economic crisis, the project of the Doha Review Conference – in its negotiations, plenaries, round tables and side-events – was largely overshadowed by the crisis. With the exception of France/the EU, industrialized nations did not send heads of state or even high-level delegates to the conference. Nevertheless, it was an opportunity to respond to the crisis as a globally inclusive and representative body – rather than as a G-7 or a G-20.

The challenges of creative financing for development are now greater than ever before. The *2009 World Economic Situation and Prospects* report⁷, launched in Doha by high-level UN development officials – including Rob Vos, Director of the Development Policy and Analysis Division of the Department of Economic and Social Affairs, Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development, and Heiner Flassbeck, Chief Economist of the UN Conference on Trade and Development – predicted some of the most serious challenges to development:

- The rate of world gross production might not simply decline, but fall precipitously, an event which has not occurred since the 1930s.
- FDI will be withdrawn from ventures presumed to be high-risk and will be re-invested in dollar-based markets.
- Trade growth will decelerate rapidly as FDI flows out of the developing world.
- Plunging commodity prices, including those of food and fuel – far from signaling an easing of conditions for development – instead reflect the danger of a generalized recession or potential deflation that is also being expressed in per capita income declines throughout the world and therefore in global aggregate demand.

Looking ahead, the challenges to development are daunting. Despite reaffirmation in Doha of the basic project of the *Monterrey Consensus*, it is reasonable to ask whether industrialized countries will be willing to prioritize development during an economic crisis. Since ODA obligations are a percentage of GNP, falling production will make it easier for many developed countries to meet ODA commitments, even though the actual amounts for development aid will be less.

UN member states – particularly those from the developing world – are advised to pay close attention to the initiatives taken by the General Assembly President and the Commission of Experts on Reform of the Monetary and Financial System that he has appointed to devise a UN-based response to the crisis. This Commission will hold a series of meetings in early 2009, the aim of which is to propose a new financial architecture to present to political leaders in advance of the summit called for in the *Doha Declaration*. This proposal will encompass both regulatory and institutional reform. Its presentation will be an important opportunity to examine the impact of the economic crisis on development and to mobilize support for a response in which development is not left behind.

⁵ *Doha Declaration*, paragraph 79

⁶ *Doha Declaration*, paragraph 68

⁷ <http://un.org/esa/policy/wess/wesp2009files/wesp2009pr.pdf>

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