

**Statement by Dr. Nafis Sadik  
Special Envoy of the Secretary-General  
for HIV/AIDS in Asia and the Pacific**

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***Introduction***

To paraphrase Karl Marx – “Philosophers have described the United Nations system. The point however is to change it”. The first requirement of reform of ECOSOC, or any part of the international system, is that all constituencies recognise their common interest, that they reach a common understanding of the problems and that they generate a common will for change.

***Context:*** the most obvious threat to peace is from extremists committing random acts of great violence. In conditions of extreme inequality, large population groups feel oppressed, deprived or excluded. Such conditions encourage extremism and sow the seeds of violence. Fanatics now have

weapons at their disposal. They find troops and support among disaffected urban populations, and especially among the young.

I want to emphasise however that for most member states, the enemies of peace are poverty, hunger and disease, rather than their own citizens.

Members must not allow the war on terrorism to divide the United Nations as the Cold War did. This is not a battle of nation against nation or even ideology against ideology – it is a battle for the founding principles of the United Nations, among them: “to promote social progress and better standards of life in larger freedom” and to that end “to employ international machinery for the promotion of the economic and social advancement of all peoples”. The challenge is to create a truly global community, both because it is right, and because all countries need it. Only a global community can ensure global security.

*ECOSOC in the international system* : the modern practice of development began in the 1950s, and instantly became enmeshed in the cold war. The United Nations implementing bodies, the programmes and funds under the authority of the GA, grew up separately, with their own organisational cultures, their own bodies of practice and their own systems of governance.

Their relationships with DESA, the technical body responsible for studies and policy, and ECOSOC, the body responsible for governance, have never been quite clear or well-defined. The ultimate authority of the Secretary-general is unquestioned, but in operational matters the S-G's office and DESA are at some distance from the funds and programmes. Similarly, funds and programmes report to ECOSOC, the Second and Third Committees and the GA; but for most purposes, practical oversight stops with the Executive Boards.

Many of the specialised agencies, including WHO and ILO, actually pre-date the United Nations. They have their own systems of governance and operations and they have no formal relations with ECOSOC or the GA. Their executive heads work with the S-G on a voluntary and informal basis, so that there is little opportunity for action to develop common approaches to governance and policy.

Outside the funds and programmes, the international financial institutions have an even vaguer and looser relationship with ECOSOC and the GA. It is worth noting that the Bank, IMF and IFC were set up in 1944,

before the founding meetings of the United Nations. They were referred to as part of the “United Nations system” but it has never been clear what part they were supposed to play. They have certainly never reported to ECOSOC; they have their own separate systems of governance.

The IFI’s also have their own negotiated levels of funding. The UN funds and programmes on the other hand have always relied on voluntary funding, which can be very unreliable. I could speak at some length on this subject, from long experience – but I will only say that no fund or programme has ever had a sufficient level of guaranteed income to allow it to do its work properly. In fact the voluntary-funding system has led to great inefficiencies; competition for funding from the same group of donors; “mission creep” and programme overlap. Special funds and programmes have been created for specific narrow needs, usually in response to donor demands, rather than the real requirements of developing countries. The United Nations system imposes a bewildering variety of priorities and reporting demands on programme countries. Despite goodwill on all sides, attempts at co-ordination may actually increase rather than reduce bureaucracy and confusion. Really, it can hardly be called a system at all.

This is a very ineffective way of funding development; it will remain so until funding and governance come together in a rational way.

All countries have a common interest in building a consistent, stable, reliable, international regime for transferring resources for development, a regime which makes the most effective use of limited resources; has the capacity through its demonstrated effectiveness to generate more resources, and is less vulnerable to the swings of the economic weathervane or the vagaries of fashion in development theory. We would all like to build a system in which assistance is driven less by the changing concerns of individual large donors and more by our common concern to improve national self-reliance, diminish programme countries' reliance on external assistance, and eventually eliminate the need for aid altogether.

We would like ECOSOC to be the leader in this effort, but saying will not make it so. Countries must commit to a real change in systems of funding and governance for development. "Follow the money" is a good place to start.

## *Proposals for reform: political will*

I will make four suggestions:

- First, a shared response to ECOSOC reform starts with a frank and open discussion of the whole system of financing for development. There is a need for real dialogue among the IFI's Boards of Directors, ECOSOC members and the Executive Boards of the different funds and programmes. This should not be too hard to arrange – they are often the same people. All your countries are represented on all these governing bodies.
- Second, reform should look outside the United Nations system. Financial transparency is in the interest of all countries, but especially the less powerful. As we speak, preparations are going ahead for the next G-8 meeting, where the eight most powerful economies will make decisions affecting *every* economy. The WTO is similarly dominated by the bigger interests, leaving no place for real economic dialogue. Can ECOSOC become that forum? The security council recently discussed HIV/AIDS: members recognise that social issues are security issues. By the same token, economic issues are also matters of security.

- Third, there are a number of proposals for reforming the system of financing for development, including the Tobin tax and similar mechanisms. The aim is to generate a guaranteed flow of resources for development, which would be relatively painless for the richer countries while conferring a great benefit on the poorer ones. In 2000 at the Monterey Summit, countries agreed on levels of financing for the Millennium Development Goals. The summit explicitly recognised the links between the war on poverty and the war on terror. Given the lack of progress towards the MDGs, there should at the very least be an urgent discussion in ECOSOC on practical proposals to implement the Monterey agreement.
- Finally, whatever conclusion is reached should be accountable for all sides. Proposals for reform of financing for development usually stress the need for accountability on the recipient side; but I have never seen an equal commitment on the donor side. In the current crisis, I believe it is time for the richer countries to stand up and be counted. It is in their interests, and in the common interest. It is the ultimate test of the political will of the international community to realise the high purposes for which the United Nations exists.