CONCEPT NOTE

Financing Development to achieve the MDGs

The Government of Qatar is pleased to host a follow-up meeting in partnership with the President of the General Assembly to facilitate country progress towards achieving the MDGs. The focus of the meeting will be on financing for the MDGs in the lead up to the 2008 Financing for Development conference. The meeting with cover domestic resource mobilization, increased external financing, and innovative sources of private financing. The meeting will focus on the following Specific areas:

- How to translate existing commitments into action to increase the flow of predictable development assistance to developing countries;
- Review developing country efforts to prepare and implement scaled up strategies to achieve the MDGs, including increasing domestic resources for the MDGs; and,
- Innovative financing sources for the MDGs and other internationally agreed goals.

One year after the World Summit, the President of the General Assembly convened a day long event in November 2006 to bring together governments, the private sector, civil society and the UN system as the key partners in implementing the MDGs. Participants discussed progress to achieve the MDGs in different parts of the world and explored options to accelerate progress, including by sharing examples of successful Quick Impact Initiatives that could provide lessons for scaling up, and presenting a ambitious development strategies aligned with the MDGs.

In 2000 the member states of the United Nations signed the Millennium Declaration, which led to the adoption of the Millennium Development Goals (MDGs) to eradicate poverty, fight hunger and disease, promote gender equality and access to education, stimulate investments in basic infrastructure, and combat environmental degradation. Five years later at the UN World Summit in 2005 countries reaffirmed their commitment to the MDGs. Despite these commitments, there has been mixed progress regionally and across the Goals.

Achieving the MDGs requires concerted action from national governments, development partners, civil society and the private sector. Based on commitments made at the UN World Summit in 2005, many countries are in the process of developing practical strategies to achieve the MDGs. Implementation will depend on several factors including whether or not adequate financial resources are available for scaling up, especially in low income countries. The Financing for Development Conference in Monterrey, Mexico, held in 2002 adopted an operational framework to increase resources available for development. This included a focus on increasing domestic resources for the MDGs as well as greater development assistance in keeping with international commitments. The next Financing for Development meeting is scheduled to be held in Qatar in 2008.

Since Monterrey, a number of important commitments have been made with regards to development finance. In early 2005, the members of the OECD Development Assistance Committee (DAC) adopted the Paris Declaration on Aid Effectiveness, which sets concrete benchmarks for improving the quality and coherence of official development assistance. A few months later all member states of the European Union resolved to reach the internationally agreed target of 0.7 percent of GNI in official development assistance by 2015 with an interim target of reaching 0.51 percent by 2010 (0.33 and 0.17 percent, respectively, in the new member states). And, at the Gleneagles Summit in July 2005 the Group of Eight committed to doubling official development assistance to Africa by 2010.

Africa and the Millennium Development Goals

UNITED NATIONS

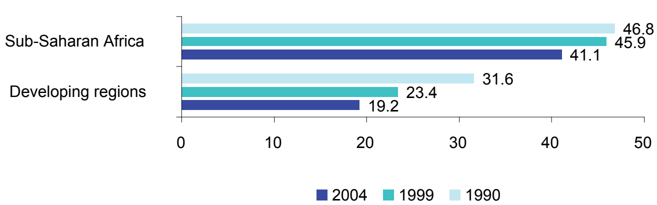
2007 UPDATE

At the midway point between their adoption in 2000 and the 2015 target date for achieving the Millennium Development Goals, sub-Saharan Africa is not on track to achieve any of the Goals. Although there have been major gains in several areas and the Goals remain achievable in most African nations, even the best governed countries on the continent have not been able to make sufficient progress in reducing extreme poverty in its many forms.

POVERTY & HUNGER

- While the proportion of people living on one dollar a day or less has declined from 45.9 per cent to 41.1 per cent since 1999, reaching the MDG target of halving the extent of extreme poverty by 2015 requires that the current pace is nearly doubled.
- At the same time, despite a high regional population growth rate of 2.3 per cent a year, the rising number of extreme poor has levelled off, increasing only marginally from 296 million in 1999 to 298 million in 2004.
- Progress for children has been excruciatingly slow towards the target of halving the extent of hunger, as the proportion of under-fives who are underweight declined by not much more than one tenth between 1990 and 2005, from 33 per cent to 29 per cent.

Proportion of people living on less than $1 a day, 1990, 1999 and 2004 (Percentage)

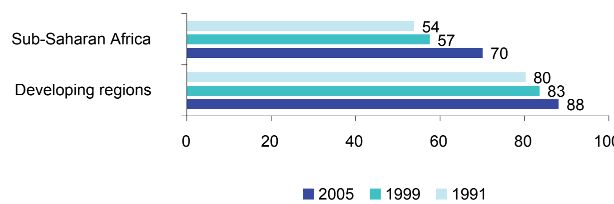


EDUCATION

- There has been progress towards universal primary education, with enrolment increasing from 57 per cent in 1999 to 70 per cent in 2005 – but a gap of 30 per cent remains, and the number of school age children is increasing daily.

In 2007, there are 348 million youngsters in sub-Saharan Africa under the age of 14, up from 237 million in 1990. The number is expected to reach 403 million in 2015.

Total net enrolment ratio in primary education, 1990/1991, 1998/1999 and 2004/ 2005 (Percentage)

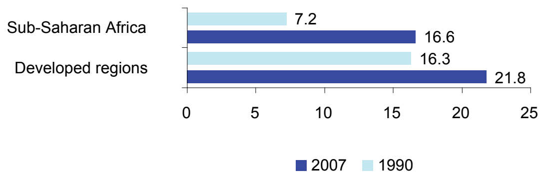


Photos by Adam Rogers/UNCDF

GENDER EQUALITY

- Although the share of parliamentary seats held by women has increased substantially, from 7 per cent in 1990 to 17 per cent this year, the share of women who earn a salary, aside from farming, still stood at less than one-third in 2005.

Share of women in single or lower houses of parliament, 1990 and 2007 (Percentage)



CHILD MORTALITY

- Under-five mortality rates dropped from 185 per 1,000 live births in 1990 to 166 per 1,000 in 2005 – hardly making a dent in the objective of a two-thirds reduction by 2015, and now at twice the rate in the developing world as a whole. One positive step: due to extensive vaccination campaigns, measles cases and deaths on the sub-continent fell by nearly 75 per cent between 1999 and 2005.

MATERNAL HEALTH

- Maternal health remains a regional and global scandal, with the odds that a sub-Saharan African woman will die from complications of pregnancy and childbirth during her life at 1 in 16, compared to 1 in 3,800 in the developed world.

AIDS & OTHER DISEASES

- The number of people dying from AIDS continues to mount, reaching 2 million in 2006. Although prevalence rates have leveled off, the number of new cases, especially among women, as well as the number of people with advanced HIV infection continues to grow and is rising faster than treatment services are being scaled up.
- There is no evidence that the very high rate of new TB cases in sub-Saharan Africa is starting to level off.

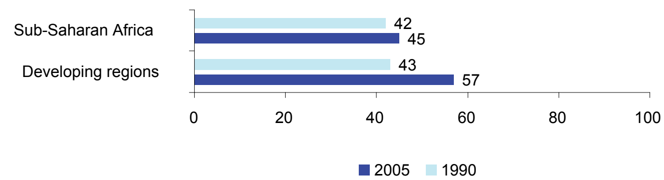
ENVIRONMENTAL SUSTAINABILITY

- Only 42 per cent of people in rural areas had access to clean water, according to the latest 2004 data, and 63 per cent of the entire population lacked access to basic sanitation facilities – down only barely from 68 per cent in 1990, and far from the target of cutting this proportion in half by 2015.
- The effects of climate change, which are already being felt, will only make achievement of the MDGs on the sub-continent more difficult. According to projections by the Intergovernmental Panel on Climate Change between 75 and 250 million people will be exposed to an increase of water stress. Without adequate preparation, the impact could be devastating to rural economies and the livelihoods of the poor.

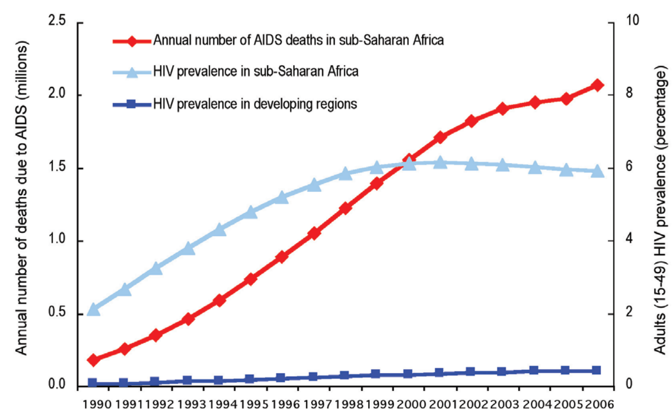
UN photo by Fred Noy

Photo by Adam Rogers/UNCDF

Maternal health: Proportion of deliveries attended by skilled health care personnel, 1990 and 2005



HIV prevalence in adults aged 15-49 in sub-Saharan Africa and all developing regions (Percentage) and number of AIDS deaths in sub-Saharan Africa (Millions), 1990-2006



A WINDOW OF OPPORTUNITY

While it is well known that the continent is the only region in the world where the number of extreme poor has risen over the past fifteen years, it may be less well known that African countries have experienced major improvements in key development fundamentals.

- Fuelled by improved economic policies and rising commodity prices, annual economic growth has averaged close to 6 per cent for the last three years. This growth has been spread fairly evenly among countries, and the IMF now envisages a short-term trend rate moving toward 7 per cent per year.
- There is a downward trend in the number of civil conflicts.
- Export receipts have improved current-account balances in many countries, and recently granted debt relief has reduced macroeconomic imbalances in the poorest nations.
- African enterprises are generating stronger domestic investment and productivity gains.
- Many governments in the region have continued to become more transparent, less corrupt and more democratic.
- Yet this progress remains fragile, as it is driven in large measure by a boom in commodity prices. African countries continue to depend on few primary commodities for export and lack the essential public investments in agriculture, health, education and infrastructure that are needed to strengthen capacity for production and trade, sustain high growth rates and create employment.

SOME SUCCESS STORIES

Countries across Africa are demonstrating that rapid and large-scale progress towards the MDGs is possible when strong government leadership and good policies are combined with adequate financial and technical support from the international community. Recent examples include:

- In one year Malawi's voucher programme for fertilizers and seeds has led to a doubling of agricultural productivity during the 2006/7 growing season.
- Ghana is successfully implementing a national school feeding programme using locally produced foods.
- Kenya, Tanzania, Uganda and many other countries have abolished fees for primary schools resulting in dramatic increases in enrolment during the space of a few years.
- In 2006 Zambia cancelled fees for basic rural health services and Burundi introduced free medical care for mothers and children.
- With support from the Red Cross Red Crescent, WHO, UNICEF and the US Centers for Disease Control, African countries such as Niger, Togo and Zambia have successfully launched national campaigns for measles vaccination and distribution of long-lasting insecticide-treated anti-malaria bed nets. These campaigns were rolled out nation-wide within a period of two weeks and led to at least a halving of malaria incidence.
- In Niger, hundreds of thousands of people in rural communities greatly improved their livelihoods and reduced their vulnerability to droughts through large-scale reforestation driven by national policy reforms.
- Senegal is on track to achieving the water and sanitation goals through a national investment programme financed with donor support.
- Many African governments, with growing donor support, are now taking to national scale the lessons of the Millennium Villages – that local leadership and a combination of interventions can transform poor communities in a short period of time.

Percentage of children 12-23 months old who received at least one dose of measles vaccine

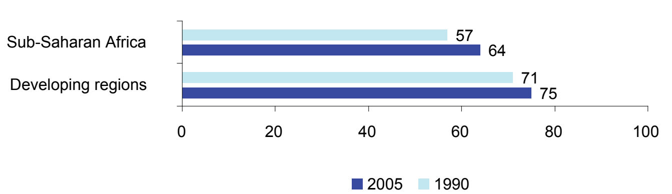


Photo by Adam Rogers/UNCDF

MEETING COMMITMENTS: THE GLOBAL PARTNERSHIP FOR DEVELOPMENT

Most African countries are ready to replicate and scale-up these successes, but they require more and better-quality official development assistance to finance public investments in the MDGs. Yet, while aid to sub-Saharan Africa increased during the first few years of the Millennium, it has remained virtually unchanged since 2004, if one excludes one-off debt relief and humanitarian assistance.

Donors need to accelerate their plans to scale up assistance, to maintain the credibility of their 2005 pledge to double aid to Africa by 2010. Moreover, donors need to issue country-by-country timelines for how they are going to increase aid, so that African governments can plan for essential investments and prepare supporting macroeconomic frameworks.

Not only the developed but also many developing countries are granting duty free access to least developed countries in Africa, in accord with the Millennium Declaration principle of creating an environment "conducive to development and the elimination of poverty". But even the African LDCs suffer from supply-side constraints and often unreasonable rules of origin on their products. On a broader scale, progress on the Doha round of talks to create a development-friendly world trade regimen has stalled and must move forward.

Despite the lack of progress towards the MDGs, the Goals remain achievable in most African countries. Yet time is running out to make the needed practical investments. Existing commitments made and reaffirmed by world leaders at the G8 Summit in Gleneagles and the 2005 World Summit are sufficient to meet the Goals. At the midway point of 2007, these commitments must be urgently translated into practical plans with systematic follow-through.

UN photo by Eskinder Debebe

The Millennium Development Goals

1. Eradicate extreme poverty and hunger
- Reduce by half the proportion of people living on less than a dollar a day.
- Reduce by half the proportion of people who suffer from hunger.

2. Achieve universal primary education
- Ensure that all boys and girls complete a full course of primary schooling.

3. Promote gender equality and empower women
- Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015.

4. Reduce child mortality
- Reduce by two thirds the mortality rate among children under five.

5. Improve maternal health
- Reduce by three quarters the maternal mortality ratio.

6. Combat HIV/AIDS, malaria and other diseases
- Halt and begin to reverse the spread of HIV/AIDS.
- Halt and begin to reverse the incidence of malaria and other major diseases.

7. Ensure environmental sustainability
- Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources.
- Reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation.
- Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020.

8. Develop a global partnership for development
- Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.
- Address the special needs of the least developed countries, landlocked countries and small island developing States.
- Deal comprehensively with developing countries' debt.
- In cooperation with developing countries, develop and implement strategies for decent and productive work for youth.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies.

Statistical analysis and charts in this publication are an advance excerpt from The Millennium Development Goals Report 2007, based on the most up-to-date and comprehensive statistics available on global and regional MDG progress. More than 20 UN funds, programmes and agencies and other international organizations, including the World Bank and the OECD, contribute to this annual report, which is coordinated and published by the UN Department of Economic and Social Affairs, Statistics Division.

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EMERGING TRENDS IN OFFICIAL DEVELOPMENT ASSISTANCE AND ITS IMPACT ON FINANCING POVERTY AND HUNGER ERADICATION IN LATIN AMERICAN AND THE CARIBBEAN

Background paper prepared by ECLAC and presented at the Regional Consultations on the Economic and Social Council Annual Ministerial Review on Key Challenges of Financing Poverty and Hunger Eradication in Latin America and the Caribbean

Brazil, 17-18 May 2007

Introduction

The current view of development finance underscores the importance of scaling up official development assistance (ODA) in order to move forward with basic development objectives, including the Millennium Development Goals (MDGs). Recognition of this need has not, however, prevented current and expected levels of ODA from falling short of the Monterrey commitment of 0.7% of donor countries' gross national income (GNI).

Given the difficulties involved in moving towards the Monterrey target, new innovative financial instruments such as global taxes, global funds and voluntary private donations have been proposed to supplement traditional ODA flows. These are double-dividend instruments with a significant revenue-raising potential.

Some of these instruments (e.g., global taxes), approach developing countries and, in particular, middle-income economies, from the point of view of donor countries. Even though this is a welcome change inasmuch as it promotes South-South cooperation, it must not overshadow the status of middle-income countries as recipient nations.

Middle-income countries such as those of Latin America and the Caribbean face significant constraints in their efforts to achieve a self-sustaining financial capacity that will enable them to foster economic growth and reduce poverty. This situation is aggravated by the fact that ODA flows are increasingly channelled towards the poorer developing economies.

Latin American and Caribbean countries are not free from a number of the challenges that also affect lower-income countries. Increases in the level and effectiveness of ODA flows could have a significant impact on the capacity of these countries to reach the Millennium Development Goals.

This document analyses the challenges for development finance posed by current ODA trends. It also presents and examines the new financial instruments being proposed. The focus is on the Latin American and Caribbean context.

The first section presents the stylised facts of poverty and hunger in the Latin American region and an assessment of the progress achieved towards meeting the MDG1.[1] The second section presents a brief overview of current thinking with regard to development finance and its challenges. The third section discusses the current status and trend of ODA flows. The fourth section deals with innovative sources of finance.

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1 The first objective is to eradicate extreme poverty and hunger. It contemplates in particular halving between 1990 and 2015 the proportion of people whose income is less than US1$ a day and the proportion of people who suffer from hunger. See, The Millennium Development Goals Report. United Nations, 2006.

1. Stylized facts of poverty and hunger in Latin American [2]

Latin American and Caribbean countries are, on average, on the right track to meet the MDG1 targets. According to the latest ECLAC estimates the percentage of poor people in the region declined from 44% in 1997-2002 to 39.8% in 2005, while the extreme poverty rate has declined from 19.4% to 15.4% of the total. For 2006 ECLAC projections point to a further decrease in the rate of extreme poverty to 14.7% reflecting a reduction of 7.8 percentage points with respect to the levels of the 1990's. Approximately 41.8 million of the extremely poor live in urban areas and almost 39.3 million reside in rural areas[3] .

Poverty and hunger will remaning significant issues for the region. Even though the average rate of poverty and indigent have shown a decline, in absolute terms the poor population is still too high reaching 205 million in 2006 (126 million non-indigent and 79 million indigent respectively).

For its part the number of undernourished also declined from 59 to 52 million people between 1900-1992 and 2001-2003.[4]However, even if the region succeeds in meeting the hunger reduction target, population growth projections indicate that, in 2015, Latin America and the Caribbean will still have more than 40 million undernourished inhabitants. Of greater importance is the fact that the countries with the highest rates of undernourishment and extreme poverty are also the ones that will continue to post the highest rates of population growth in the coming decade.

Despite the importance of ODA flows to pursue MDGs objectives, Latin American economies have been losing relative importance as recipient countries. As will shown in the following sections, despite the fact that upper middle income countries in Latin American and the Caribbean concentrate 60% of total poor and 50% of indigent population these countries show a declining trend in ODA flows and receive a very small share of ODA close to 0.8% of the total.[5]

Extreme poverty rates in the region differ considerably across countries. In Bolivia, Guatemala, Honduras, Nicaragua and Paraguay, more than 30% of the population lives below the extreme poverty line. At the other end of the spectrum in Argentina, Chile, Costa Rica and Uruguay, extreme poverty or indigence rates are below10% (see table 1 below).[6]

As things stand, two upper middle income countries, Brazil and Chile, have already achieved the target of halving, between 1990 and 2015, the proportion of people whose

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[2] This section is based on "The Millennium Development Goals: A Latin American and Caribbean Perspective" United Nations 2005 and the Social Panorama of Latin America and the Caribbean (ECLAC, 2006).

[3] The fact that the two figures are so similar in a region in which 75% of the total population lives in urban areas, reflects the existence of higher extreme poverty rates in rural areas (33%) than in urban areas (10%).

[4] FAO. (2006) The State of Food Insecurity in the World 2006 (Rome: FAO).

[5] For 2001-2005

[6] The cross-country differences in indigence rates are closely associated with a number of economic and social variables, such as per capita GDP, average years of schooling, mean household size and the total fertility rate. By way of example, in Chile, Costa Rica and Uruguay (the countries with the lowest extreme poverty rates), the mean household size is less than four persons and the total fertility rate is below 2.5. In contrast, in some of the countries with the highest poverty rates (such as Guatemala, Honduras, Nicaragua and Paraguay), mean household size is nearly six persons and the total fertility rate is 3.5 or higher.

income is less than one US$ dollar a day. Seven other countries (Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Panama and Peru) are poised to do so by the announced target year. The rest of the non-compliant countries, with the exception of two upper middle countries Argentina and Uruguay, nonetheless show improvements in poverty reduction.

Table 1

LATIN AMERICA (18 COUNTRIES): INDICATORS FOR FOLLOW-UP TO THE FIRST MILLENNIUM DEVELOPMENT TARGET [a]

Country	Year	Extreme poverty rate (H) [a]	Mean distance from indigence line (I) [b]	Extreme poverty gap ratio (PG) [c]	First quintile's income share [d]	Progress towards the target, [e] 2006 (%)
Argentina	2005[f]	9.1	0.40	3.4	5.1	-5.9
Bolivia	2004	34.7	0.53	15.0	2.2	32.5
Brazil	2005	10.6	0.44	4.3	3.2	100.0
Chile	2003	4.7	0.36	1.7	4.9	100.0
Colombia	2005	20.2	0.42	8.3	3.5	69.0
Costa Rica	2005	7.0	0.47	2.9	4.2	66.2
Ecuador	2005[f]	21.2	0.36	7.9	5.1	78.9
El Salvador	2004	19.0	0.43	8.1	4.1	67.6
Guatemala	2002	30.9	0.35	10.7	4.8	52.2
Honduras	2003	53.9	0.49	26.3	3.8	31.9
Mexico	2002	11.7	0.28	3.6	5.9	84.8
Nicaragua	2001	42.4	0.45	19.0	3.7	42.2
Panama	2005	15.7	0.42	6.9	3.3	73.1
Paraguay	2005	32.1	0.46	13.1	3.8	19.2
Peru	2004[g]	18.9	-	....	4.3	73.5
Dominican Republic	2005	24.6	0.46	10.4	3.4	...
Uruguay	2005[f]	4.1	0.23	1.0	8.8	-1.5
Venezuela (Bolivarian Republic of)	2005	15.9	0.42	7.4	4.3	2.9

Source: United Nations, *The Millennium Development Goals: A Latin American and Caribbean Perspective* (LC/G.2331-P), J.L. Machinea, A. Bárcena and A. León (coords.), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), June 2005.

[a] Percentage of population under the extreme poverty line. This is one of the official indicators for the corresponding Millennium Development Goal.

[b] Distance between mean income of indigent persons and the indigence line, expressed as a fraction of the indigence line (the higher the value of the indicator, the worse the situation).

[c] Corresponds to indicator H multiplied by indicator I. This is one of the official indicators for the corresponding Millennium Development Goal.

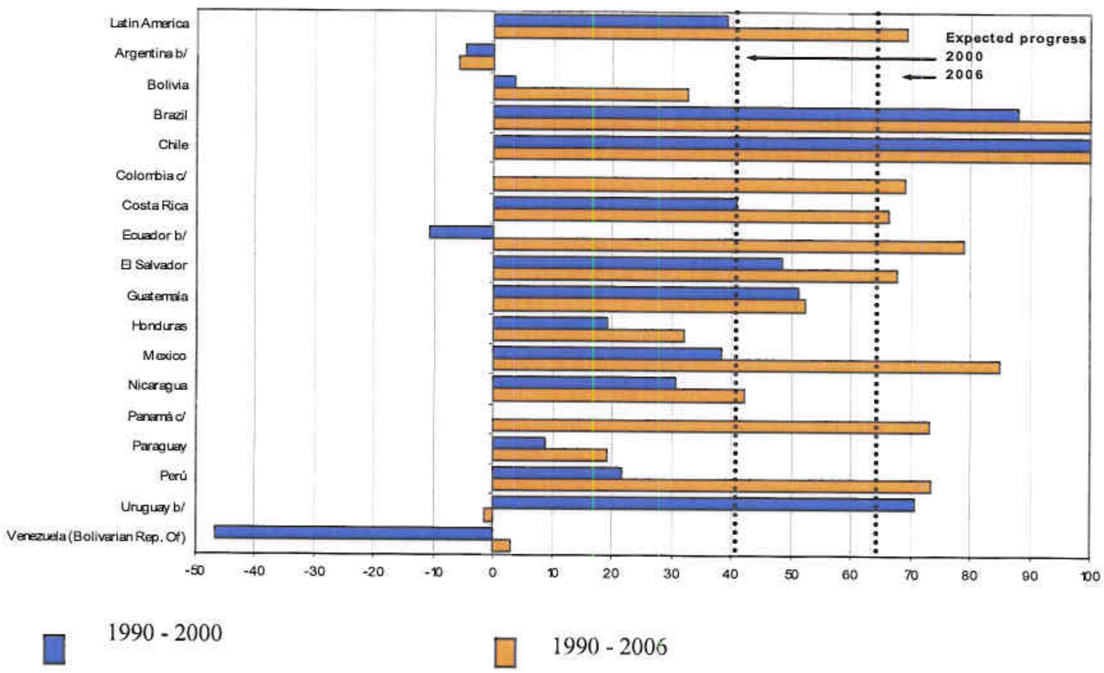
[d] Proportion of income received by the poorest fifth of all households. This is one of the official indicators for the corresponding Millennium Development Goal.

[e] These figures refer to the national total, except in the cases of Argentina, Ecuador and Uruguay, where they correspond to urban areas. The percentage of the required progress that has been achieved is calculated by dividing the reduction (or increase) in indigence in percentage points by half of the 1990 indigence rate.

[f] Urban areas.

[g] Figures provided by the National Institute of Statistics and Informatics (INEI) of Peru.

Figure 1
LATIN AMERICA (17 COUNTRIES): PROGRESS MADE, IN PERCENTAGE TERMS, IN REDUCING EXTREME POVERTY BETWEEN 1990 AND 2006 [a]



Source: Economic Commission for Latin America and the Caribbean (ECLAC, 2006), on the basis of projections derived from national household surveys .

a Progress is calculated as a percentage by dividing the reduction (or increase) in indigence, expressed in percentage points, over the relevant period by one half of the 1990 indigence rate. The dotted lines represent the percentage of progress expected by 2000 (40%, left-hand line) and 2004 (56%, right-hand line).

b Urban areas.

c In Colombia, the level of indigence in 2000 was the same as it was in 1990. As a result the progress made in percentage terms is equal to 0%. In the case of Panama, information was not available at the aggregate level for 2000.

Given the differences in the magnitude of the challenge and the progress made by the countries up to 2005, it is clear that the very countries with the highest levels of extreme poverty and lowest per capita incomes are precisely those that are facing the most difficulties. Moreover, if current trends hold, these nations will probably fail to meet the target by 2015.[7]

Guatemala is estimated to have reduced extreme poverty by almost 10 percentage points. However, Bolivia, Honduras, Nicaragua and Paraguay have made considerably less progress (between 10% and 33%) than the 56% they would need to have achieved in order to be on track to reach the target. In order to do so, over the next 10 years (2006-2016), these four countries would have to reduce extreme poverty by between 15 and 25

[7] The per capita GDP of these countries is close to half the regional average (Paraguay) or considerably below it (Bolivia, Honduras and Nicaragua).

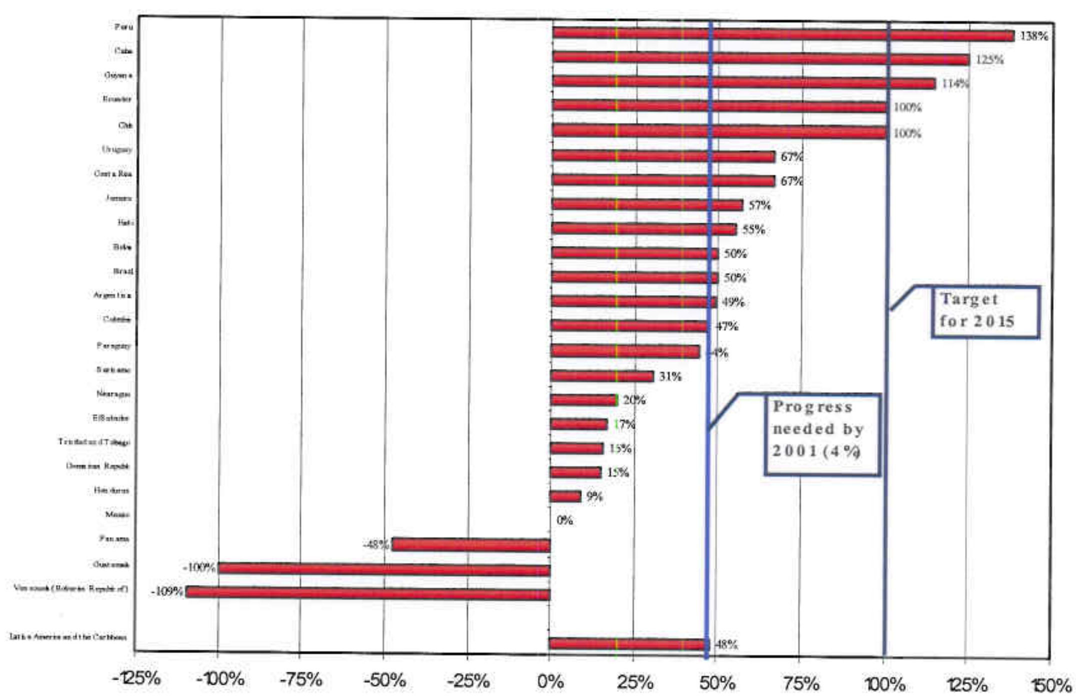
percentage points). Upper middle-income countries such as Argentina, Uruguay and Venezuela also face significant challenges.

In relation to the target of halving, between 1990 and 2015, the proportion of people who suffer from hunger, 5 out of 24 countries of Latin America have reduced undernourishment (utilized as a proxy of hunger).

In the early 1990s, about 13% of the Latin American and Caribbean population suffered from undernourishment. By the start of the current decade, this proportion had dropped to approximately 10%, representing a decrease of 6.6 million in the number of undernourished people (from 59 million to 52 million). At that point, according to the Food and Agriculture Organization (FAO) estimates, the population with insufficient access to food was concentrated primarily in three upper-middle income countries (Brazil (15.6 million), Mexico (5.2 million), and the Bolivarian Republic of Venezuela (4.3 million)) one lower middle-income country (Colombia (5.7 million)) and one least developed country (Haiti (3.8 million)). These five countries accounted for almost two thirds of the total undernourished population in the region.

Figure 2

LATIN AMERICA AND THE CARIBBEAN (24 COUNTRIES): CHANGES IN THE UNDERNOURISHED POPULATION BETWEEN 1990-1992 AND 2000-2002, EXPRESSED AS THE AMOUNT OF PROGRESS MADE TOWARDS THE TARGET FOR 2015



Source: Food and Agriculture Organization of the United Nations (FAO), *The State of Food Insecurity in the World 2004*, Rome, 2004.

As can be seen in figure 2, one upper middle-income country (Chile) and three lower middle income countries (Cuba, Ecuador, Guyana and Peru) made the most progress in the 1990s. Moreover all of them have already met the target. Nine countries (Argentina, Bolivia, Brazil, Colombia, Costa Rica, Haiti, Jamaica, Paraguay and Uruguay) including four upper middle-income countries (Argentina, Brazil, Costa Rica and Uruguay) have made considerable headway, reducing undernourishment by about 60% with respect to the 1990-1992 level. Six others which include both lower and upper middle-income countries (Dominican Republic, El Salvador, Honduras, Nicaragua, Suriname and Trinidad and Tobago) have also registered improvements, but to a much lesser degree than the previous group and are unlikely to meet the target by 2015. Lastly, undernourishment increased over this period in two of the upper middle-income countries (the Bolivarian Republic of Venezuela, and Panama) and one lower middle income country (Guatemala). As a result, these countries have less of chance of reaching the target.

2. The current approach to development finance and its challenges for development

The Monterrey Consensus and the Millennium Development Goals provide good examples of the efforts made by the international community to reinforce its commitment and policies to promote economic and social development. While the Goals set specific targets and timetables for the struggle against poverty and hunger, the Monterrey Consensus defines new targets for ODA.

The Consensus espouses the idea that financing for development requires a holistic and interconnected approach. It also emphasizes the need for the full participation of all stakeholders in order to achieve better harmonization and coordination of donor countries' policies, together with an improvement in the coordination of ODA flows and the domestic policies of recipient countries.

Despite donor countries' commitment to make concrete efforts towards raising their ODA levels to 0.7% of their gross national product (in 2005, 16 of the 22 donor countries agreed to meet the 0.7% target by 2015), currently only five of them have reached or exceeded the 0.7% threshold.[8]

Implementation of financial commitments by donor countries has been a slow and uneven process. For example, in 2006 the average donor country's ODA disbursements amounted to 0.30% of its gross national income (GNI). In order to reach the 0.7% target, ODA disbursements must increase in real terms by 11% annually.[9] This contrasts with current ODA forecasts, which indicate that flows will taper off in 2007 and that by 2010 they will still have reached no more than 0.36%.[10]

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[8] Denmark, Luxembourg, Netherlands, Norway and Sweden have surpassed the 0.7% target. Belgium, Finland, France, Ireland, Spain and the United Kingdom have set specific timetables for meeting the 0.7% target by 2015.

[9] Since the International Conference on Financing for Development (Monterrey, 2002), ODA disbursements have increased by only 5% annually in real terms.

[10] On the basis of OECD (2007).

Current ODA levels will not suffice to finance achievement of the targets associated with the Millennium Development Goals. In view of the difficulties hampering increases in ODA, new proposals for innovative ways of financing development and supplementing ODA flows are being devised. In general, these new financing mechanisms comprise a wide variety of instruments ranging from the implementation of global taxes to global funds and private voluntary donations.[11]

One of the positive characteristics of these instruments is that they are double-dividend tools in the sense that, at the same time that they collect revenue, they also provide global public goods. The successful implementation of new financial instruments is premised on the fact that the bulk of the financing burden will be borne by developed countries. It also presupposes that developing countries should improve the effectiveness of their allocation and spending decisions. In this sense, aid monitoring and good governance are preconditions for the effectiveness of such assistance.

The new instruments do not rely exclusively on the unrequited transfer of funds from developed/donor to developing/recipient countries, that is, on the traditional way of providing ODA. Global taxes, for example, entail the participation of both developed and developing countries in raising revenue. Developing countries will remain recipients, but under this new scheme, both developed and middle-income developing countries become donors, which puts more emphasis not only on developed-developing country relationships, but also on developing-developing country cooperation. In this context, the task of securing the necessary funding to achieve internationally agreed goals and objectives, including those contained in the Millennium Declaration, is viewed as a shared responsibility of developed and developing economies.[12]

The idea of incorporating middle-income countries into the set of donors countries stems from the fact that middle-income economies possess knowledge and expertise which can be of benefit to countries with relatively lower income levels. It also has to do with the fact that the main financing gaps in terms of the Goals are those found in lower-income countries. According to the Millennium Development Goals Report to the Secretary-General (United Nations, 2006), some of the lower-income countries, in particular those located in Sub-Saharan Africa, have an estimated financing gap of over 20% of GDP. By contrast, it is estimated that, in the case of middle-income countries such as those of Latin America and the Caribbean, a financing gap exists only in a few countries and, even in those instances, it is less than 10% of GDP.

Incorporating and engaging developing countries more fully in the attainment of fundamental development objectives such as those set out in the Goals is a welcome initiative. It provides an opportunity for middle-income countries to play a more active part in the decision-making process regarding the distribution of the funding burden and the allocation of resources.

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[11] A good example of these proposals is provided by the 2004 Report of the Technical Group on Innovative Financing Mechanisms: Action Against Hunger and Poverty.

[12] It is worth noting that some middle-income developing economies, including China, India, the Republic of Korea and Turkey, and some oil-producing countries provide some ODA flows, albeit on a minor scale (4% of the total for 2005).

At the same time, however, the greater emphasis now being placed on directing ODA flows to the poorer developing economies should not eclipse middle-income countries' continuing need for ODA flows. The vast majority of all reported aid (96.4% of the total for 2001-2005) goes to low-income countries (including the least developed, those classified as "other low-income nations", and lower-middle-income countries). For the period 2001-2005, the least developed nations and low-income countries received, on average, 52.4% of reported aid. Middle-income countries received 47.6% of the total. Within this last category, lower-middle-income countries received 44%, while upper-middle-income countries received just 3.6% of the total.[13]

This current ODA distribution is justified in terms of financing gaps and unsatisfied needs of lower middle-income countries. However, middle-income countries and, in particular, upper-middle-income countries such as those of Latin America and the Caribbean also face important challenges, including persistent poverty and inequality levels, vulnerability to external shocks and impending pressures from globalization and economic integration. In the case of Latin America and the Caribbean, some upper-middle-income countries which receive a negligible share of total ODA have made insufficient progress towards meeting the first Millennium Development Goal. Moreover, upper-middle-income countries account for 60% of the total poor population and 50% of the indigent population,[14] while the category of middle-income countries as a whole accounts for 96% of the poor population and 92% of the region's indigents.

Aid by itself is insufficient to achieve basic development goals. Traditional aid flows must be channelled to expand and improve countries' capacities to benefit from the improvement of trade related and other capacities allowing these countries to benefit from the increased global movement towards the free trade of goods and services.[15]

With this in mind aid should be seen as a complement to other initiatives such as the Doha round which grant provisions allowing developing countries greater flexibility in terms of obligations and time frames to overcome the adjustment costs to international integration. These include measures that reduce or ease the rules and obligations that developing economies have to meet; provisions providing for longer time-frames for the implementation of obligations; and provisions for technical assistance (WTO, 1999c, p.225).[16]

At the same time, Latin American and Caribbean countries must work to promote high and stable rates of economic growth, which play a key role in the struggle against poverty and hunger. Unfortunately, the pace of growth in the Latin American and Caribbean region has been disappointing over the last 25 years, even though it has

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[13] The percentages were computed using assigned ODA income levels as total ODA.

[14] For the purposes of this document Argentina, Brazil, Chile, Costa Rica, Mexico, Panama, Uruguay and Venezuela are considered upper middle income countries as well as the majority of Caribbean countries. The totality of middle income countries exclude Haiti and Nicaragua. The former is classified as least developed and the latter as a low income country.

[15] United Nations Millenium Project. Investing in Development: A Practical Plan to Achieve the Millennium Development Goals, New York, 2005.

[16] See, WTO. Special and Differential Treatment. Sypnosis of WTO Agreements and Related Topics. MM/LIB/SYN4. 23 October 2000 for a detailed list of the provisions of the WTO Agreements on Special and Differential Treatment.

improved since 2002, with the rate in Latin America averaging 2.2% between 1990 and 2002 and 4.1% between 2003 and 2006.

According to ECLAC estimates, and assuming that income distribution will remain constant throughout the relevant period, Latin America's per capita GDP will have to grow by 2.9% annually during the next 11 years in order to meet the target of halving extreme poverty by 2015.[17] This rate is equivalent to total GDP growth of 4.3% per year, a figure quite similar to the growth rate achieved in the last four years.[18]

3. The current status of development funding

Development funding is provided mainly through ODA and, to a lesser extent, under debt relief initiatives.[19]

3.1. ODA flows

ODA flows trended upward from 1980 to 2005, rising from US$ 27 billion to US$ 73 billion, on average. In 2005, ODA flows provided by the Development Assistance Committee (DAC) totalled US$ 107 billion and according to initial estimations declined to US$ 104 billion in 2006.

ODA flows reached an average of 0.33% of the GNI of DAC member countries in 2005. While short of the 0.7% target, this is nonetheless the highest figure since 1997 and similar to the level attained in 1992. Differentials across countries are significant. Some countries' ODA disbursements exceed 0.80% of their GNI, while others donate less than 0.25% (see figure 3).

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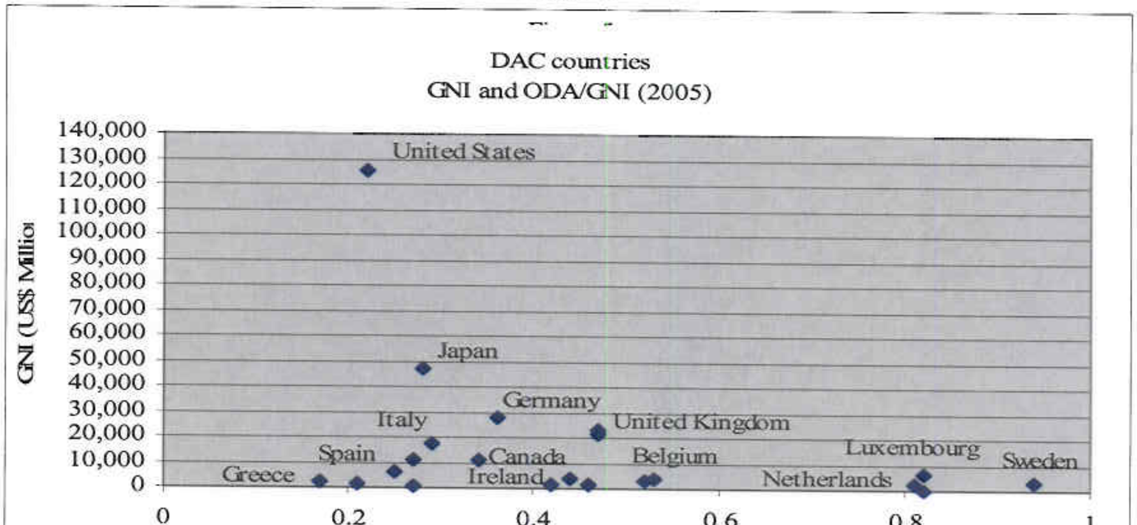
17 See ECLAC (2004) for a brief description of the method used to prepare the projections presented below. This method differs slightly from the one originally developed in ECLAC/IPEA/UNDP (2003).

18 This growth rate is consistent with the information provided by the World Bank (2004), according to which a 2.4% annual increase in per capita GDP up to the year 2015 would reduce extreme poverty to 61% of the 1990 level and would thus be insufficient to meet the target.

19 ODA flows include bilateral grants, bilateral loans and contributions to multilateral institutions. Bilateral grants are the largest source, amounting to 78% of total flows in 2005. Within this category, technical cooperation, debt forgiveness and humanitarian aid are the biggest components (32%, 12% and 10% , respectively).

Figure 3



Source: On the basis of OECD (2007)

The regional distribution of ODA by individual donor indicates that for the biennium 2004-2005, 16 out of the 22 donor countries channel the majority of their gross aid disbursement to sub-Saharan Africa. Two donors Australia and New Zealand distribute their aid mainly to other Asia and Oceania. Austria and the United States focus the bulk of their aid in the Middle East and North Africa and in particular to Iraq.[20] Greece centers its efforts on Europe and Spain in Latin America.

The available evidence shows a decline in DAC donors ODA as percentage of GNI from 0.33% in 2005 to 0.30% in 2006. More than half DAC member countries reduced their ODA disbursements as a percentage of GNI with respect to 2005. The level of dispersion among DAC member countries ODA commitments did not vary.

On the recipient side, ODA flows are mainly concentrated in the lower-income group strata. Least developed and low-income countries have been able to maintain, on average, overall ODA shares above 30% and 17%, respectively, since the 1980s (see table 2).[21] Middle-income countries have also managed to maintain a share equivalent to roughly 49%, on average, for the same period. Within this group, lower-middle-income countries have seen a gain in their share from 39% to 44% of the total between 1980 and 2005.[22] In contrast, upper-middle-income countries' ODA shares have shrunk (9% and 3.6% of the total, respectively, for the same period).

The Latin American and Caribbean region's share of ODA has declined since the 1980s from 11.4% to 7.7% of the total in 2001-2005. In 2005, the region's share dropped further as a consequence of the priorities set by DAC on debt relief.

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20 Iraq received in 2005, US$ 21.4 billion or 32% of registered ODA (i.e., assigned ODA) for that year.

21 Countries with a per capita GNI of US$ 3,256 and 10,065 in 2004 classify as upper middle income countries. Countries with a per capita GNI of US$ 826 and 3,255 are considered lower middle income countries. Countries with a per capita GNI of less than US$ 825 are low income countries. The rest are least developed countries. The computations presented above are based on assigned bilateral ODA and do not include the multilateral contributions to ODA flows nor unassigned ODA flows by income levels.

22 The share of lower middle income countries experienced a significant increase from 2004 to 2005 (39% and 53% of the total) due to the debt relief granted to Iraq and Nigeria.

When the Latin American countries are divided into lower- and upper-middle-income categories, it becomes clear that the lower-income countries receive the bulk of the ODA channelled to Latin America. In fact, upper-middle-income countries account for an insignificant portion of Latin America's total ODA, and their share is dropping over time.

When measured in terms of its regional GNI, ODA flows to Latin America and the Caribbean have shown a declining trend in the last 15 years, slipping from 0.39% in 1990 to 0.19% in 2005 and falling even more sharply in the last biennium (see figure 4). This trend is also apparent when comparing ODA to other financial flows, as ODA flows declined from 11% of the total in 1980-1990 to 4.6% in 2001-2005. The countries receiving the largest amounts in 1990-2005 included Nicaragua (16%), Dominica (15%), Bolivia (6%) and Honduras (6%).

Table 2

TOTAL ODA AND ITS REGIONAL DISTRIBUTION BY INCOME GROUPING, 1980-2005

(Millions of US dollars)

	1980-1985		1986-1990		1991-1996		1996-2000		2001-2005		2001		2002		2003		2004		2005 d/	
Total ODA a/ (1+2)	26915.4		44700.7		58881.4		52625.1		73199.8		52,435		58,292		69,085		79,410		106,777	
1. Contribution to multilateral institutions	8,614		13,217		17,635		16,508		20,791		17,312		17,540		19,330		25,127		24,644	
2. Bilateral ODA (3+4)	18,301		31,484		41,247		36116.9		52409.3		35,124		40,752		49,755		54,282		82,133	
3. Unassigned	4,663		7,975		10,251		10,636		12,865		9,536		10,438		12,496		15,612		16,244	
4. Assigned by country income levels	13,638	100.0	23,509	100.0	30,996	100.0	25,481	100.0	39,544	100.0	25,588	100.0	30,314	100.0	37,259	100.0	38,670	100.0	65,890	100.0
Least developed countries	4,777	35.0	8,391	35.7	9,404	30.3	7,752	30.4	13,374	33.8	7,766	30.3	10,365	34.2	16,513	44.3	15,964	41.3	16,265	24.7
Other low-income countries	2,381	17.5	3,990	17.0	5,585	18.0	4,920	19.3	7,345	18.6	5,719	22.3	5,906	19.5	5,563	14.9	6,128	15.8	13,408	20.3
Middle-income countries b/	6,480	47.5	11,128	47.3	16,007	51.6	12,810	50.3	18,825	47.6	12,104	47.3	14,043	46.3	15,183	40.8	16,577	42.9	36,217	55.0
Lower-middle-income countries	5,258	38.6	9,375	39.9	13,828	44.6	11,660	45.8	17,418	44.0	11,153	43.6	12,687	41.9	13,718	36.8	14,954	38.7	34,580	52.5
Upper-middle-income countries	1,222	9.0	1,752	7.5	2,180	7.0	1,149	4.5	1,407	3.6	950	3.7	1,357	4.5	1,465	3.9	1,623	4.2	1,638	2.5
Latin America and the Caribbean c/	1,549	11.4	2,777	11.8	3,177	10.3	2,467	9.7	3,035	7.7	2,910	11.4	2,988	9.9	3,299	8.9	3,000	7.8	2,979	4.5
Lower-middle-income countries	1,188	8.7	2,097	8.9	2,219	7.2	2,215	8.7	2,718	6.9	2,718	10.6	2,716	9.0	2,897	7.8	2,722	7.0	2,534	3.8
Upper-middle-income countries	361	2.6	680	2.9	958	3.1	252	1.0	318	0.8	192	0.8	272	0.9	402	1.1	278	0.7	445	0.7

Source: Organisation for Economic Co-operation and Development (OECD), Statistical Database, 2007.

Notes:

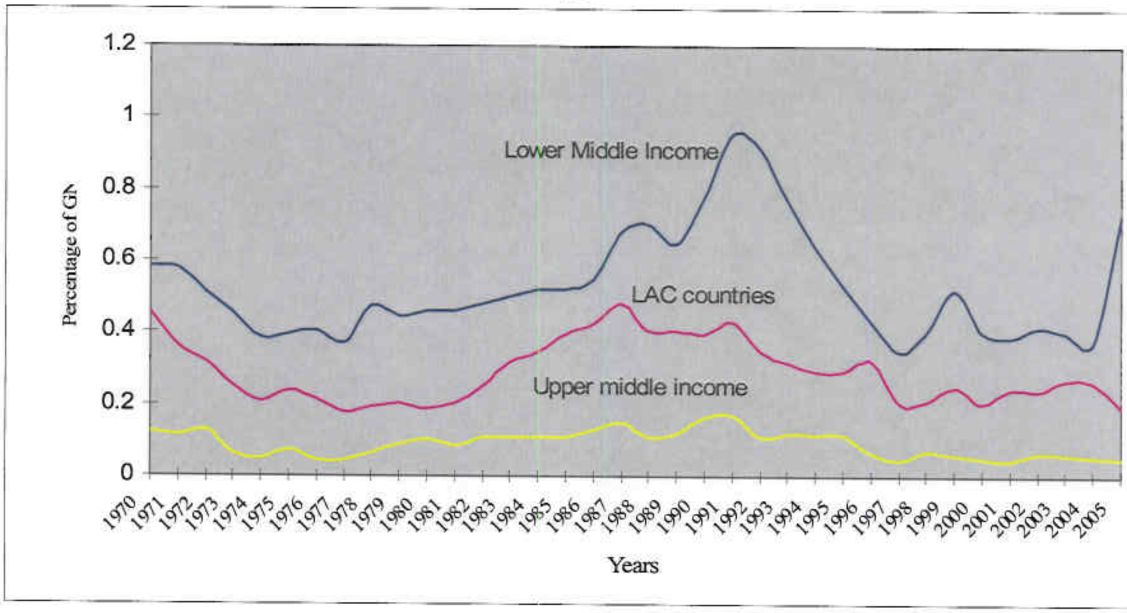
a/ Total ODA flows correspond to the amounts reported by donor countries. Bilateral ODA includes a portion which is not assigned by country income level. In some cases, this portion may represent more than 25% of total bilateral ODA. All percentages are computed with respect to ODA flows which are assigned by income levels.

b/ Represents the sum of lower- and upper-middle-income countries.

c/ The disaggregation into lower- and upper-middle-income countries does not include Haiti, Nicaragua or, in some years, Honduras, as well as some of the non-independent territories.

d/ The figures for 2005 reflect the unusually large increases in ODA to Iraq (classified as a lower-middle-income country) and Nigeria (classified as a low-income country). These increases are the result of Paris Club debt relief operations.

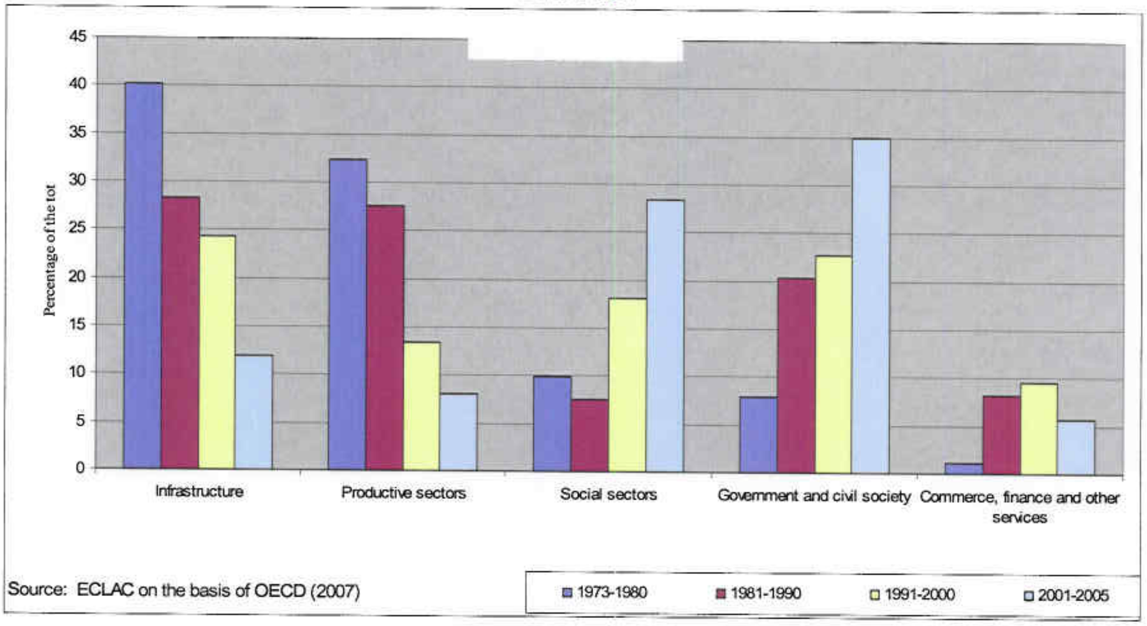
Figure 4
ODA AS PERCENTAGE OF GNI IN LATIN AMERICA AND THE CARIBBEAN
1970 - 2005



Source: Organisation for Economic Co-operation and Development (OECD), Statistical Database, 2007.

At the sectoral level, the data show a change in the orientation of ODA. On the one hand, there has been a decline in the significance of infrastructure and production sectors as ODA recipients, with their share going from more than 70% of total ODA in 1973-1980 to 35% in 1990-1995 and to roughly 17% in 2001-2005. On the other, social sectors gained ground, moving from 10% of the total in 1973-1980 to more than 25% in 2001-2005. This is mainly due to contributions to the health sector and education. Government and civil society also saw a major rise in ODA receipts. This category's share, which was 8% of the total in 1973-1980, has been rising steadily and reached 35% of the total in 2001-2005 (see figure 5).

Figure 5
SECTORAL DISTRIBUTION OF ODA IN LATIN AMERICA AND THE CARIBBEAN
1973-2005



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Organisation for Economic Co-operation and Development (OECD), Statistical Database, 2007.

3.2 Debt relief initiatives for heavily indebted countries

The HIPC initiative was launched in 1996 to assist countries having a per capita GNP equal to or less than US$ 695 that were shouldering an unsustainable debt burden. Unsustainability was measured by the net present value of the debt-export and debt-government revenue ratios and was defined as existing when those ratios were in excess of 200%-250% and 280%, respectively. The sustainability criteria were revised and reduced to 150% of exports and 250% of government revenue in 1999.[23]

HIPC initiatives have focused on reducing the burden of debt service by forgiving debt and providing a longer time frame for the repayment of the remainder. A more recent proposal (the Gleneagles commitments, July 2005) calls for the forgiveness of all debt owed to three multilateral agencies (the International Monetary Fund, the World Bank and the African Development Fund).

As can be seen in table 3, the HIPC initiative managed to reduce both the debt stock and debt burden. It should be pointed out, however, that the reductions in the debt burden have had a low impact, given the fact that the HIPC initiative was initially applied to debt

[23] The HIPC initiative granted debt relief to the world's poorest and most indebted countries to reduce the constraint on economic growth and poverty reduction. In order to qualify for this initiative, countries had to have a three-year proven reform record. In 1999, developed countries introduced the enhanced HIPC, which, besides lowering the sustainability threshold, also provides greater debt relief and access to it. Currently 28 countries benefit from the HIPC initiative.

levels that were very high by international standards and extremely difficult if not impossible to repay.

Indeed, between 1990-1995 and 2001-2005 the debt stock declined from 150% and 233% to 107% and 120% of GDP for all HIPC and Latin American HIPC countries, respectively. The debt burden for all HIPC countries declined by roughly three percentage points of GNI between 1990-1995 and 1996-2000 (the latter period covers the first four years following the launch of the first HIPC initiative). The enhanced HIPC initiative of 1999 lowered debt service by approximately 1 percentage point of GDP between 1999 and 2005.

For their part, Latin American HIPC countries show marked differences in behaviour.[24] Bolivia has not benefited a great deal from HIPC, since its debt service ratio has remained fairly constant on average since 1996. Guyana and Nicaragua, however, have shown significant changes in their debt service ratios since that year. Finally Honduras seems to have benefited mainly from the enhanced HIPC initiative of 1999. Any assessment of these results should, however, take the fact into consideration that these countries still maintain very high debt stocks, as their initial starting points were very high by international standards.

Table 3
DEBT SERVICE AND GRANTS AS PERCENTAGES OF GNI, 1980-2005
(Averages)

	1980-1989	1990-1995	1996-2000	2001-2005	2005
Debt stock					
HIPC countries	95.2	149.8	125.2	107.5	96.1
Latin American HIPC countries	167.8	232.9	144.4	120.4	101.6
Bolivia	125.6	79.0	69.2	68.9	71.3
Guyana	311.2	460.6	209.1	185.4	162.0
Honduras	76.9	131.5	105.8	79.4	65.9
Nicaragua	157.5	260.3	193.5	147.8	107.3
Debt service					
HIPC countries	6.2	8.3	5.3	4.0	3.0
Latin American HIPC countries	11.0	18.8	10.2	6.2	4.8
Bolivia	12.4	6.3	6.0	6.2	6.0
Guyana	19.8	41.7	16.0	7.9	4.0
Honduras	7.7	13.0	11.1	5.7	5.0
Nicaragua	3.9	14.0	7.6	5.1	4.0
Grants					
HIPC countries	6.1	14.0	9.3	11.4	10.7
Latin American HIPC countries	3.2	15.3	7.5	7.7	8.6
Bolivia	2.9	5.5	3.5	6.0	3.0
Guyana	3.1	22.4	12.3	6.0	10.0
Honduras	2.5	6.9	3.3	4.5	11.6
Nicaragua	4.3	26.5	10.8	14.2	9.8

[24] Haiti is also an HIPC country but, since it has just recently reached the decision point, it is still too early to assess the effects of debt relief initiatives.

Source: World Bank, Global Development Finance (GDF) database, 2007.

The recent Gleneagles proposal would further reduce the HIPC debt service to between US$ 1 billion and US$ 2 billion per year (which amounts to 0.01% of the OECD economies' GDP) (Arslanalp and Henry, 2003 and 2006). While this is a welcome initiative, its implementation would yield no more than the equivalent of 1% of the estimated additional financing needed to achieve the Millennium Development Goals.

In the particular case of HIPC countries, the level of grant flows, a major component of ODA, has declined from 14% of GNI in 1990-1995 to 11% in 2001-2005. In the case of Latin America HIPC countries, the drop has been even more pronounced (from 15% of GNI to 8% of GNI for the same period) (see table 3 above).

Developing countries have also begun to play an active role in helping to build a more equal, less asymmetrical world. In the Arab region, the GCC countries provided a total of $US 13.7 billion in development aid during the period 2000-2003. In fact, aid from Saudi Arabia, the largest donor, reached 1.3% of its GDP in 2003, far exceeding the target of 0.7% of GDP to which most developed countries had committed to and are yet to realize. Brazil has supported the Heavily Indebted Poor Countries (HIPC) Initiative by granting debt relief to such countries, which by the end of December 2004 owed Brazil a total of US$ 1 billion. Brazil has also granted relief to its other debtors, mainly in Latin America, for another US$ 150 million.

4. Innovative financing mechanisms

The current levels of funding provided by development initiatives such as ODA fall short of the amounts required to meet agreed international development objectives, including the Millennium Development Goals. The most recent computations indicate that the amount of ODA required to meet these goals for all developing countries in 2006 is of the order of US$ 135 billion and will increase to US$ 152 billion in 2010, and US$ 195 billion in 2015. Given the current levels of ODA for 2006 (US$ 104 billion), this means that an additional increase in ODA of around US$ 90 billion will be required by 2015.[25]

Closing the financial gap will require determined efforts by developed countries in order to increase the financial flows channelled through ODA. Since this has proven to be a difficult task, recommendations have been made to supplement ODA with new innovative sources of finance.

Global taxes and global funds are two of the main such innovations now under discussion (see tables 5 and 7 for a detailed description of these instruments). Global taxes would be levied on currency transactions, the arms trade and pollution. These are double-dividend instruments, since, at the same time that they collect revenue for developing economies, they also accomplish another important objective, namely, the provision of global

[25] United Nations Millenium Project. Investing in Development: A Practical Plan to Achieve the Millennium Development Goals, New York, 2005.

public goods. The proposals regarding global funds, for their part, include the creation of special drawing rights (SDRs) for development and an International Finance Facility (IFF).[26]

According to some of these proposals, development funding is a shared responsibility of developed and developing economies. This marks a change in attitude, inasmuch as, traditionally, this type of funding has been regarded as the sole responsibility of developed economies. Under the new proposals, the funding burden to be borne by developing economies is placed on the middle-income countries among them.

In this regard, there are three issues that need to be addressed: First, what is the revenue-raising potential of the new financial instruments? Second, what is the revenue-raising potential –and, more generally, the role-- of middle-income countries in this new scheme? Third, what benefit will these countries derive from undertaking this new responsibility?[27] The following two sections provide tentative answers with a focus on Latin American countries.

4.1 Global taxes

A currency transactions tax was initially proposed to constrain speculative behaviour.[28] Within the framework of the Goals, however, the tax is seen strictly as a revenue-raising device. The proposed tax is small (ranging from 0.01% to 0.02%), and would be levied on spot, forward and future transactions, swaps, and the purchase or sale of a number of other derivatives, would provide a double dividend, since it would raise funds and, at the same time, should help to reduce foreign-exchange speculation. Currently, Belgium is the only country that has passed legislation on such a tax (see table 5).

There is a consensus that the proposed currency tax rate will not have distortionary effects on real transactions. At the global level, the latest available data indicate that the daily average total turnover of foreign-currency transactions reached US$ 2.4 trillion for 2004.[29] According to preliminary computations, this implies that a 0.01% tax could yield up to US$ 60 billion in revenue and a 0.02% tax could yield up to US$ 120 billion per year.[30] Most of the revenue-collecting potential (76% of the total) is concentrated in seven economies: United States, United Kingdom, Japan, Singapore, Germany, Hong Kong Special Administrative Region and Australia.

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26 Private remittances and voluntary contributions also fall under the umbrella of innovative financial mechanisms. These instruments will not be discussed here, however, as the focus of this report is on official development initiatives. Report of the Technical Group on Innovative Financing Mechanisms (September, 2004); Atkinson (2005).

27 Beyond the need to implement global taxes and funds and the commitments required in order for these taxes to be operable, some of the main concerns focus on their feasibility, the amount of revenues they would generate, and the types of collection and distributional mechanisms to be used.

28 The original argument is found in Tobin (1978). The proposed tax rates range from 0.05% to 0.25%.

29 This is computed by the Bank for International Settlements net of local inter-dealer double counting. See BIS (2005).

30 These estimates are calculated under the assumption of the respective tax rates being applied across the board on all foreign-exchange transactions.

Table 4
LATIN AMERICA
REVENUE ESTIMATES FOR A TAX ON FOREIGN-EXCHANGE TRANSACTIONS, 2004
(Billions of US dollars)

			Tax rate 0.25% a/	As % of GDP	Tax rate 0.02%	As % of GDP	Tax rate 0.01%	As % of GDP
	Daily average transactions	Yearly average transactions	Yearly average revenue collection		Yearly average revenue collection		Yearly average revenue collection	
Argentina	0.7	174	0.44	0.28	0.03	0.02	0.02	0.01
Brazil	3.3	825	2.06	0.34	0.16	0.03	0.08	0.01
Chile	2.4	608	1.52	1.60	0.12	0.13	0.06	0.06
Colombia	0.8	197	0.49	0.51	0.04	0.04	0.02	0.02
Mexico	14.6	3,641	9.10	1.33	0.73	0.11	0.36	0.05
Peru	0.3	76	0.19	0.27	0.02	0.02	0.01	0.01
Total	22.1	5,520	13.80	0.69	1.10	0.06	0.55	0.03

Note: a/ the 0.25% tax rate represent one of the upper bounds of the tax rates proposed for the currency transactions tax as a device to reduce currency speculation

It is included in the table above purely for comparative purposes (see footnote 20).

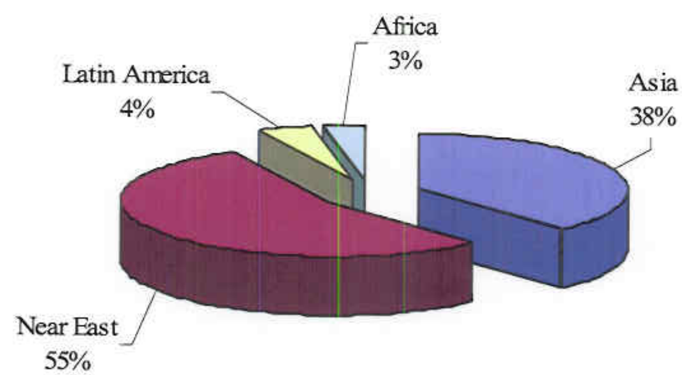
Source: ECLAC, on the basis of the Bank for International Settlements (2005).

In the case of Latin American countries for which data are available (Argentina, Brazil, Chile, Colombia, Mexico, Peru), the volume of currency transactions is so much smaller that such a tax's revenue-collecting potential would, for all intents and purposes, be relatively insignificant. In concrete terms, the potential would be equivalent to US$ 0.6 billion per year if for example a 0.01% tax were applied (table 4). In relation to the global revenue potential of the tax (US$ 60 and US$ 120 billion for a 0.01% and 0.02% tax rates(table 5)), the Latin American revenue potential represents 0.01% of the total.

One proposal for distributing the revenues is for developed countries to direct 80% of the revenue on foreign exchange transactions to development cooperation. Given the current regional distribution of ODA, own estimations show that the Latin American and Caribbean countries would receive somewhere between US$ 2 billion and US$ 5 billion per year from this tax, or 0.1%-0.2% of their combined GDP. This is roughly equivalent to the current level of ODA flows for Latin America and the Caribbean.

Taxation of the arms trade is another compulsory mechanism by which countries could raise revenue to combat poverty and hunger. In 2005, the value of all conventional arms transfer agreements amounted to US$ 44 billion, with developing nations accounting for 68% of all conventional arms transfer agreements. Tax revenues from such a levy are estimated at US$ 11 billion on the basis of a 25% tax rate. In the developing world, the brunt of the tax burden would be placed on the Near East and Asia. Latin America would contribute little to the revenue-raising potential of this tax.[31]

Figure 6
CONTRIBUTION TO ARMS TAX REVENUE BY REGION (PERCENTAGE OF TOTAL)
2002-2005



Source: On the basis of regional arms delivery data provided by Library of U.S.

Source: Congressional Research Service (CRS), *CRS Report for Congress. Conventional Arms Transfers to Developing Nations, 1998-2005*, Washington, D.C., Library of the United States Congress, 2006.

[31] According to the United States Congressional Research Service (2006), the value of total arms deliveries from 2002 to 2005 to the developing world is equal to US$ 80 billion. Out of which Asia, the Near East, Latin America and Africa received the equivalent of US$ 31, 44, 3.2 and 2.7 billion respectively. These computations overestimate somewhat the contribution to the tax revenues since the proposal for arms tax refers to the taxation of heavy conventional weapons.

Latin American economies' regional arms deliveries represented only 0.2% of their combined GDP for 1998-2005. Own computations show that the tax would yield revenues equivalent to just 0.05% of their combined GDP if applied on all conventional arms and an even smaller amount if limited to heavy conventional weapons.

Viewing Latin America from the perspective of a recipient region and taking into account the current distribution of ODA, preliminary estimations show that the region could receive an amount equivalent to US$ 440 million, or 0.02% of its current GDP.

The third type of tax being proposed under the rubric of innovative sources of finance is the global pollution tax. This instrument should be designed so that it would be levied on high-income countries' production of goods and services that generate environmental externalities through the use of hydrocarbon fuels such as carbon dioxide and chlorofluorocarbons (CFCs), which are two main examples of common environmental pollutants. The tax could generate a level of revenue equivalent to US$ 50 billion.

Carbon emissions taxes seek to achieve "the lowest-cost emission reductions across all fossil carbon sources."[32] By changing the relative prices among different fuels, this kind of tax increases the efficiency of energy use while at the same time encouraging the development of alternative energy sources. Three types of carbon taxes have been proposed in the literature: the pure carbon tax, an environmentalist price-effect carbon/energy tax and an environmental trust fund tax.

Energy taxes have been introduced by some countries. New Zealand has introduced a tax on carbon emissions which will be implemented in 2007. France has introduced an aviation tax on plane tickets to finance a global health fund (the International Drug Purchase Facility).[33] This tax was implemented in July 2006 in France and is being enforced in Brazil, Chile and Gabon (see table 6).[34] These countries are expecting to raise US$ 300 million from the tax.[35]

32 See Muller (1995); Dower and Zimmerman (1992) and Oates and Portney (1991).

33 The functions of IDPF include: (i) the negotiation of the best possible prices for drugs through international tenders calling for large amounts of the drugs in question, within a framework of long-term contracts and rigorous quality standards; (ii) funding of drugs for beneficiaries of programmes executed by the Global Fund and other multilateral institutions.

34 The French tax is levied on all public air transport companies. The tax rate, which is assessed on the number of passengers boarded and tons of freight and mail loaded in France, is equivalent to: € 3.92 for destinations within France and Europe; € 7.04 for destinations to other States; and € 1.17 per ton of freight or mail. These rates are applicable to flights undertaken in 2007.

35 The global pollution tax is similar to the financial transactions tax in that its burden falls mainly on developed economies. However, the issue of allotment and distribution is dealt with by deciding in advance to channel the resources from the tax to combat the spread of malaria, tuberculosis and the HIV/AIDS virus (diseases mainly found in low-income countries, with Sub-Saharan Africa accounting for 63% of all cases), which is the objective of target 6 of the Millennium Development Goals.

Table 5
THE EXISTING CONSENSUS ON GLOBAL TAXES

Source	Brief description	Potential to fund development	Double dividend	Disadvantages	Requirements	Implications
Currency transactions tax	Tax on foreign-exchange operations covering a range of different transactions (spot, forward, derivatives); applied on bank settlements of such transactions.	There are different yearly estimates. US$ 60 billion for a 0.01% rate. US$ 120 billion for a 0.02% rate. US$ 602 billion for a 0.1% rate. US$ 1.505trillion for a 0.25% rate.	Reduces foreign-exchange speculation. It is however agreed that a 0.01%-0.02% tax rate would have an insignificant impact on foreign-exchange transactions. A higher tax rate is a pre-requisite for a double-dividend effect.	Variable revenue depending on the fluctuation of foreign-exchange transactions. Administrative costs of operating the tax. Distributional effects on economic sectors and households.	General agreement of high-income countries. Consistency with national tax legislation. Closing loopholes.	Suppression of tax havens. Tax reform legislation. The possible creation of an international administrative organization.
Arms tax	Tax levied on heavy conventional weapons. The current proposal is to include the seven categories of conventional arms used by the United Nations.	A 25% tax has a revenue-earning potential of US$ 11 billion a year.	Increase the price of arms and discourage the rise in military spending.	Can be viewed as a regressive tax. Developing economies spend more on arms relative to their resources than developed economies do. As a result, they would bear the weight of the tax and experience an outflow of resources which would undermine the objective of the tax (i.e., the transfer of resources to developing economies). Also, national defence is, by its nature, a public good and does not respond to the general cost laws of markets. Higher arms costs may simply increase the tax burden rather than decrease arms production. Revenue can be unreliable.	General agreement of the Governments to tax themselves.	
Global environmental tax	A tax on goods or services which generate a negative externality. The most common example is the pure carbon tax. This tax corrects for the gap between the socially optimal level of activity and the private optimum. It internalizes economic externalities and allows prices to reflect the full extent of social and environmental costs.	US$ 200 billion if universally applied and US$ 100 billion if levied on high-income countries only.	Reduces hydrocarbon use and carbon emissions, which improves the global environment.	Distributional effects may not be proportional to earned income and thus may not benefit developing countries.	General agreement. In particular the agreement of hydrocarbon producing countries.	

Source: Atkinson (2004, 2005).; Addison et al. (2005); Aryeety (2004 a and b); Clunies Ross (2004); Report of the Technical Group on Innovative Financing Mechsnisms (2004); Global Policy Forum (2007); Williamson (2006).

Table 6
RECENT GLOBAL TAX PROPOSALS

Country/Group/Organization	Dates	Proposal	Status
Belgium	July 2004	Currency-transactions tax. The tax provides for a two-tier system and is intended to raise revenue and prevent financial crises.	Legislation on the currency transactions tax was passed by the parliament.
Lula Group	January2004-September 2005		
Brazil, Chile, France and United Nations	January 2004	Setting up of technical group on innovative financing mechanisms.	
	September 2004	"Action against hunger and poverty." Proposal for taxes on financial transactions and arms trade.	100 countries sign the New York Declaration on Action against Hunger and Poverty.
Spain, Germany and Algeria join the group.	September 2005	Bring global taxes to the negotiating table at the World Summit to be held in September 2005. Proposal narrowed down to a solidarity contribution of plane tickets.	Declaration on Innovative Sources of Financing for Development. Some countries commit to a tax on airline tickets in 2006.
United Nations University (UNU)/World Institute for Development Economics Research (WIDER)	September 2004	Analysis of existing alternative financing proposals. The proposals are centred on global taxes.	
Landau Report (France)	December 2004	Proposals on international taxes on carbon emissions, financial transactions, arms and profits of multinational corporations.	
European Union	June-September 2005	Contribution based on airline tickets on a voluntary or compulsory basis.	
New Zealand	May 2005	Introduction of a tax on carbon emissions.	To be implemented by 2007.
France	March 2006	Air-ticket solidarity contribution to finance a global health fund.	Brazil, Chile, Congo, Côte d' Ivoire, France, Jordan, Luxembourg, Mauritius, Nicaragua, Norway and Cyprus announced the implementation of the airline ticket tax.

Source: Katarina Wahlberg (2005) Progress on Global Taxes? Global Policy Forum, December 2005.

4.2 Global funds

A proposal to create the International Finance Facility (IFF) was launched by the Treasury and Department for International Development of the United Kingdom in 2003. The IFF is designed to raise development aid from US$ 50 to 100 billion per year between 2004 and 2015.

These resources are to be provided through four- or five-year disbursement programmes that will be monitored under detailed IFF conditionality. This proposal seeks to promote high relative rates of return on investments in order to help put an end to poverty (the first target of the Goals), improve prosperity and heighten participation in the world economy. While the destination of funds is to be decided by donor countries, the focus of IFF is on low-income countries.

This Facility can be a useful complement for the compulsory taxation proposals. It must, nonetheless, specify more clearly whether and how other countries, apart from low-income nations (i.e., middle-income countries), would benefit. [36]

An alternative to IFF would be to raise funds by issuing new special drawing rights (SDRs). The assumption is that, if SDRs are issued frequently enough, the allocation of US$ 25 billion-US$ 30 billion could make a significant contribution to progress towards the development goals.

Currently, the SDR-for-development proposal centres on using this facility for the provision of global public goods, including the improvement of the environment, the prevention of disease, an increase in literacy, and the provision of humanitarian aid.[37] One variant of the proposal advocates periodic SDR injections prefaced on the International Monetary Fund (IMF) Board of Governor's approval in 1997 of a special one-time allocation of SDRs. This approach calls upon rich countries to make their shares of SDRs available to developing countries.[38]

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[36] Also, in parallel with the identification of conditionality provisions, IFF should outline mechanisms to avoid the effects of a contraction in aggregate demand or a reduction in financial flows after the year 2015 (see table 7).

[37] The SDR is a potential claim on the freely usable currencies of IMF members. Holders of SDRs can obtain these currencies in exchange for their SDRs in two ways: first, through the arrangement of voluntary exchanges between members; and second, by the IMF designating members with strong external positions to purchase SDRs from members with weak external positions

[38] Under this proposal for the creation of development SDRs, high-income countries would make part of their regular SDR allocations available to the Global Fund for the provision of public goods, and IMF would periodically issue development-oriented SDRs to low-middle-income countries (which include some Latin American countries).

Table 7
THE EXISTING CONSENSUS ON GLOBAL FUNDS

Source	Brief description	Potential to fund development	Double dividend	Disadvantages	Requirements	Implications
International Finance Facility	Temporary financing mechanism to increase ODA by bridging the gap between pledged and required resources to meet the Millennium Development Goals. The associated financing mechanism would consist in the borrowing of funds by the Facility through the purchase of bonds issued on the international market that have been collateralized by long-term donor commitments (lasting up to 15 years). These aid flows would be disbursed where most needed (i.e., to low-income countries) under disbursement programmes of 4-5 years in length monitored under detailed IFF conditionality.	IFF would be designed to raise development aid from US$ 50 billion to US$ 100 billion per year between 2004 and 2015.	The global funds would complement the global tax proposals. It would not require as much political unanimity as global taxes would.	High administrative costs of implementation. Among the various innovative financial instruments, the IFF is the close to traditional forms of development funding.	Requires the participation of a few (but not all) high income countries.	Measures needed to avoid a contraction in aggregate demand and reduction in financial flows after 2015.
special drawing rights (SDRs) for development	The SDR-for-development proposal centres on using this facility for the provision of global public goods, including the improvement of the environment, the prevention of disease, an increase in literacy, and the provision of humanitarian aid.	Allocation of between US$ 25 billion and US$ 30 billion.	Reduction of volatility in the financial system. Would permit the existence of deficits without inevitably bringing on a crisis.	Among the various innovative financial instruments, SDRs are close to traditional forms of development funding.	Agreement of industrialized countries to donate their SDR rights for development purposes.	

Source: Atkinson (2004, 2005).; Addison et al. (2005); Aryeety (2004 a and b); Clunies Ross (2004); Report of the Technical Group on Innovative Financing Mechsnisms (2004); Global Policy Forum (2007); Williamson (2006).

Conclusion

Despite the agreements framed in the Monterrey Consensus, traditional ODA flows are well below the target set out, and they are not expected to significantly increase in the future. Current levels of aid will not suffice to finance the effort needed to achieve basic development goals including the Millennium Development Goals. Hence, various proposals for innovative ways of financing development have been put forward. Good examples include the Hunger Fund and the Action Against Hunger and Poverty initiative proposed by the Technical Group on Innovative Financing Mechanisms under the sponsorship of Brazil, Chile, France, Spain, and with the support of the Secretary-General of the United Nations.

These innovative mechanisms are geared towards supplying stable and predictable official aid flows to developing countries. Their implementation is technically feasible, and they should be viewed as being complementary to traditional ODA. Their revenue-raising potential is satisfactory (above US$ 200 billion annually)[39], and they are double-dividend instruments in the sense that they would not only raise income but would also contribute to the delivery of public goods.

The use of global taxes as a way of raising resources for development implies that developing countries, particularly middle-income countries, are considered as ready to join the ranks of donor nations. Middle-income Latin American and Caribbean countries are increasingly viewed in this light.

While this is a welcome initiative, since it will stimulate South-South cooperation, care must be taken in considering the proposition that middle-income economies should be regarded as recipient countries, since middle-income countries economic performance can also benefit from effective and efficient ODA.

In general, total ODA flows are mainly concentrated in lower-income countries. Within the category of middle-income countries, lower-middle-income nations have maintained a constant share, while upper-middle-income countries have lost ground in terms of their relative share of ODA. Latin American and Caribbean economies have, overall, followed a similar pattern.

On average, for the period 1980-2004, the ODA shares of countries in the region held fairly steady at between 11% and 8% on average of total ODA flows. The significant drop (to 4.5%) seen in 2005 reflects the Paris Club debt-relief component of ODA, which was granted mainly to Iraq and Nigeria.

The trend observed in the Latin American and Caribbean regional average masks an asymmetrical pattern in terms of the region's upper–middle-income economies and its lower-middle-income nations. The former saw a definite drop in their already small

[39] This computation was carried out using a currency transactions tax rate of 0.01% as a benchmark,

share, from an average of 3% in 1980-1995 to 0.9% after 1996. With a few exceptions, the latter's share has remained since 1980 within the vicinity of 7%.

As the Latin American and Caribbean economies converge towards the global upper-income bracket, it is expected that their share of ODA will decline over time.

It should be remembered that the Latin American and Caribbean countries have made progress, albeit at an uneven pace, towards attaining basic development goals. Nonetheless, not only lower-middle-income countries but also most of Latin America's upper-middle-income economies have persistently shown high levels of poverty and have lagged behind in terms of the progress made in this respect. Indeed, upper-middle-income Latin American countries, which receive a negligible share of ODA, contain more than half of the region's poor and extremely poor population. This is indicative of the fact that that the middle-income countries of Latin America still lack a self-sustaining financial capacity to fund development efforts.

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Buitenlandse
Zaken

**Report on Results, Resources and Partnership (RRP) meeting
The Hague, March 15 and 16, 2007**

Introduction

This paper is based on the discussions on RRP in The Hague on March 15-16, 2007. It develops the Swedish/Dutch paper that was presented at the SLM (Senior Level Meeting) of the OECD/DAC of December 2006 and at the Third Round Table on MfDR (Management for Development Results) in Hanoi in February 2007. The meeting in The Hague clarified the objectives and organisation of the RRP process. For this purpose, the Netherlands and Sweden invited some donor agencies (World Bank, OECD/DAC Secretariat, DfID, UNDP) and partner countries (Ghana and Tanzania). The concept will be further developed in discussions with other donors and partner countries, and through lesson-learning from early RRP processes.

General concept of RRP

The acronym of RRP stands for Results, Resources and Partnership to reflect the three objectives of RRP, which originate in the Monterrey Consensus and the pledges made at three major events in 2005:

- the Millennium+5 Summit in New York where the MDGs were reconfirmed.
- the High Level Forum on Aid Effectiveness where the Paris Declaration was agreed.
- the G-8 meeting in Gleneagles where the need for scaling up aid was reconfirmed and the EU commitments on scaling up.

RRP aims to support the delivery of these pledges in partner countries, to simplify local aid management and coordination processes, to reduce the burdens on partner countries and strengthen partner country ownership, leadership and capacity, in accordance with the country development model. RRP will not create new conditions or additional processes at country level for partner countries or donor agencies and will seek to eliminate unnecessary conditionality and processes. Instead, RRP formulates guiding principles to inspire coordination mechanisms as currently practised with the aim to reduce coordination costs by strengthening the national planning and budget systems, to the extent that these systems are not only determining policy implementation for the government but for donors as well. The national institutional arrangements for political supervision and decision making will be fully respected as these functions are linked to the handling of the national budget within the policy, thereby strengthening domestic accountability. This will also be instrumental to mutual accountability.

Over the next year, efforts will be intensified to work with 5 countries in strengthening their Results, Resources and Partnership processes. The guiding principles for the particular type of actions to be supported at the country level in each of the three areas are spelled out below

Results

Results should be prioritised and defined by partner countries. In many countries, the national Poverty Reduction Strategy (PRS) is the central document for defining results. While PRSs are becoming more results focused, many of them still do not fully integrate the MDGs. National strategies that integrate the MDGs will be the main focus for both partner countries and donors. Sector strategies, creating the link between national development targets and policy execution should be at the heart of the national strategy and national budget (MTFF). Both the partner country as well as donor agencies will monitor progress using the government's monitoring matrix linked to the PRS or similar documents (like a Performance Assessment Framework). Good practice suggests that the number of indicators should be limited (no more than 20 to 25), they should be SMART (Specific, Measurable, Agreed, Realistic, Time bound), and the links to the MDGs should be clear. Whether the indicators are progress, action and outcome indicators is not particularly important, but in practice a combination of the three types of indicators works best.

Monitoring progress should be based on the principle of Management for Development Results. This means that there will be no automatic financial reward or punishment with regard to the achievement of results. All parties should learn from results and monitoring what is realistic and how implementation of the strategies could be improved.

The RRP pays specific attention to the costing of both national and sector strategies, since a rigorous costing exercise creates the operational link between results and resources and also helps link planning to budgeting processes. The costing should be based on different scenarios of external resources, among which at least one scenario based on needs in order to achieve the MDGs and one scenario based on an assessment of the currently available and planned resources. Past experiences of countries has shown that costing has not automatically led to higher resource allocations. However, there are cases where a strategy that is costed in a proper manner, creates trust with donor agencies and therefore has lead to increasing financing. Strategies that lay out the intended results, the resources required and how additional funds will be utilised provide an important basis for the scaling up of domestic and external resources.

Resources

RRP aims at increasing long-term predictability, bringing aid on budget, and reducing transaction costs. Predictability of aid is important for partner countries since this will support them in long-term planning and better budgeting for revenues and expenditures. This applies both to budget support as to other aid modalities. As donors need to deliver on predictability, RRP will identify the constraints to predictability for donors. Increasing the share of aid delivered as budget support would also be a priority to help reduce transactions costs and better integrate development finance with domestic programs and systems.

The first RRPs will test the feasibility of a joint commitment by donors to control total 'programmable'[1] aid between specified upper and lower bounds from now to 2015. This will enable partner countries to decide on plans and absorptive capacity issues. Some long-term indications are important to support long-term confidence-building and planning, but it is likely that certainty and firm commitments will not be available for more than 3-4 years ahead. The projections should be revised annually in order to roll-forward the commitments

[1] With regard to predictability and scaling up, RRP focuses on 'programmable' aid at the national level. The exact definition of programmable aid is yet to be developed by the OECD/DAC. It covers bilateral aid that can be programmed in forward looking allocations in a multi annual way. It is not humanitarian aid, debt relief or scholarships. Regular budget support, project aid or sectoral programmes are all forms of 'programmable' aid.

and reduce future uncertainty as far as possible. Aggregating these individual bands, the rolling ranges could balance out individual donor variability.

At the country level, it will be important for donors and partner governments to assess key constraints to making aid more predictable and to explore solutions. Options include a pooled fund at the country-level to diminish the variability of decisions by donors with respect to budget support (the proposition that the budget support decisions were often taken as filling-gap options at the end of FY). This assessment and the development of effective solutions will complement on-going efforts by the OECD/DAC to work at the agency level to better understand constraints to aid predictability.

Some of the challenges of planning aid revolve around current allocation models within donor countries that rely on annual reviews of governance indicators. A move to longer term aid projections and disbursement schedules should include revisiting this approach.

RRP will not prescribe a single approach to resource management for all countries. Donors and partner countries may make use of the flexible fiscal and macro-space analysis methodology used in the WB study 'Fiscal Policy for Growth and Development (February 2007), which applied the fiscal space methodology in 12 lower and middle income countries and came with some concrete recommendations. The methodology could be very well used in identifying the resources needed from domestic and external sources (including the private sector and vertical funds), while maintaining economic growth and macroeconomic stability. Inter-sectoral linkages/synergies will be included in the macro-framework.

Partnership

The RRP process should be led by partner countries, using or adapting existing donor coordination mechanisms. As a first step, the partner country will need to clearly identify the areas where they would like to reinforce their country model and where they would like to see more effective donor support. Donor agencies will have to be accountable to the partner country and hold each other accountable through peer pressure and by creating coherence in the donor behaviour between the local level and headquarters. This will help donor agencies in complying with the agreements made in the Paris Declaration.

RRP is not a process that will lead to an executing agency for the implementation of the Paris Declaration. Harmonisation fora already exist in many countries and progress on the implementation at country level is already being monitored by the OESO/DAC Secretariat. However, the RRP process will support the Paris Declaration and prevent free riding by developing closer donor coordination and harmonisation on key issues, and action on Paris principles that have a local priority. It will monitor its own process on a global level.

It is envisaged that the RRP process will lead to annual meetings, led by partner governments, at which short documents prepared by the government will be agreed, covering Results, Resources, and actions on Paris principles.

Next steps in the RRP process

In-country implementation of RRP will start in the next few months in Ghana and Tanzania. In Ghana RRP will key off the local results roundtable that the government is organising. In Tanzania, the government and the donors will jointly identify RRP gaps in the coming weeks.

Other partner countries are also invited to initiate the RRP process. Additional research will also be necessary in some areas, especially the cross-cutting area of capacity strengthening in the context of results, resources and partnerships. In the coming months, the Netherlands and Sweden will visit other Development Partners as well as partner countries to inform them on the RRP process with the aim of broadening the number of countries working on the RRP principles.

The Hague, March 2007

Unclassified **DCD/DAC/RD(2006)15/RD4**

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STRENGTHENED RESULTS ORIENTATION AND PREDICTABILITY OF SCALING UP OF RESOURCES AT COUNTRY LEVEL

ROOM DOCUMENT 4

DAC Senior Level Meeting, 5-6 December 2006

This room document is presented by the Swedish and Dutch delegations and is for DISCUSSION at the SLM dinner on 5 December.

Contact: Mr. Jeroen Verheul [jeroen.verheul@minbuz.nl].

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STRENGTHENED RESULTS ORIENTATION AND PREDICTABILITY OF SCALING UP OF RESOURCES AT COUNTRY LEVEL

A Joint Swedish-Dutch paper on Results& Resource Processes

Introduction

1. This paper is about implementation of recent agreements. It recognises the importance of the MDG agenda in setting clear cut objectives for development, reconfirmed last year. It builds on the Monterrey commitments for scaling up of aid, last year reconfirmed by the Gleneagles summit. It uses the guidance for partnership as initially formulated in Rome and reconfirmed last year in Paris[1]. The consensus, embodied in statements and agreements reached at those occasions must be translated into practice by partner countries and donors. The agenda before us is therefore the agenda of making commitments work. Thus we will have to move beyond statements and arrange for implementation.

2. The paper proposes to increase the focus on the results agenda, the resources framework and the partnership arrangements which are required. It should be done by strengthening existing processes at country level and by establishing a Results and Resources process (R& RP) under leadership of partner countries. The global level is not the starting point for this paper, but an issue that will be dealt with in relation to the process described in this paper.

3. The R&RPs will focus on strengthening three cross cutting processes that are at the core of the country development model: results, resources and mutual accountability. Many country led and donor supported initiatives exist to strengthen these processes in most partner countries (PRSs, MTEFs, PEFA, etc.). However, given their technical complexity and steep capacity requirements a sustained long-term commitment is required. The aim of the R&RPs is to accelerate progress by bringing increased attention and resources to bear upon these processes.

- The focus on <u>results</u> will clarify outcomes to be achieved at the country level and assess progress to date building on PRS processes and national monitoring systems. It will recognize the importance of reinforcing the consensus around core results with relevant stakeholders. Building on existing monitoring systems will be needed in order to deepen the evidence base for further policy refinement and implementation.

- The emphasis on <u>resources</u> will build on existing planning and budgeting systems to identify resource gaps needed to achieve the desired results. This will require the analysis from a stability and growth perspective of the macro economic and fiscal sources of finance; the costing of results to be achieved for priority interventions; and finally the arrangements to ensure availability of resources required over the short- to medium-term. The aim will be to strengthen domestic processes to shift from input guided result setting towards performance and program budgeting.

[1] In the Paris Declaration **partner countries and donors** have both committed themselves to jointly assess through existing and increasingly objective country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness (§ 50) and work together in a participatory approach to strengthen country capacities and demand for results based management (§ 46). Further, **partner countries** have committed to strengthen the linkages between national development strategies and annual and multi-annual processes(§ 44) and endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies and that these frameworks should track a manageable numbers of indicators for which data are cost-effectively available(§ 45). **Donors** have committed to link country programming and resources to results and align them with effective partner country assessment framework (§ 46) and provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules(§ 26)

- The R&RP will strengthen the implementation of the Paris Declaration at country level. It will further develop mutual accountability mechanisms by helping to streamline local donor coordination efforts, reducing transaction costs incurred by these processes, defining the partnership arrangements between partners at the local level and providing for an overview function to monitor these partnership arrangements, preferably with some form of independent feed back.

Rationale

4. Too often commitments have not been followed by concrete steps to implement promises. Donors have not yet translated their commitments to scale up aid into country-level commitments, and both donor and partner country implementation of the Paris Declaration appears to show uneven progress. It is therefore imperative to establish concrete mechanisms and identify necessary prerequisites to strengthen the implementation of commitments made. The stakes are high, both for donors and partner countries.

5. As ambitions have grown, new avenues will have to be explored to live up to them. Living up to promises requires a broad participation in development processes. Achievement of results and delivery of required resources should mobilize public and private actors that can contribute to development, not just donors. Macro-economic and fiscal space may provide the analytical framework to determine the contributions to both results and resources from both private and public domains. Emerging donors, global (vertical) funds and programmes, NGOs, private foundations and investors must be included.

6. This paper calls for strengthening country orientation on results and improved predictability of resource processes to provide for follow up to commitments and ambitions mentioned above. It builds on the proposal presented by the World Bank at the OECD/DAC meeting of June 27, 2006 which was a joint effort from the Bank, UNDP and the DAC Secretariat. The next steps include a presentation at the SLM dinner session, inviting participants to comment on the paper and provide advice on practical ways forward. At the Hanoi Third Round Table on Managing for Development Results (5-8 February 2007) a round of consultations with our development partners will take place, again inviting for comments. During the spring meeting of the Development Committee a final paper could be submitted for approval, including a proposal for the initial stage of activities at country level.

7. This paper is only a first draft. Some elements will be explored, others need more work to be done. At the DAC Senior Level Meeting, agreement is sought amongst donor partners to agree in principle on the proposal to make the R&RPs an integral component of the dialogue between donors and development partners. It is a call to meet the challenge to deliver on MDGs and Monterrey commitments. It is a guide to make Paris a success. It is an attempt to strengthen country specific development processes, together with facilitating global management of aid. Those two processes, the global one and the country specific one, must work hand in hand for managing to achieve results.

Proposal

8. Defining a strengthened process of interaction between donors and partner countries does not have to start from scratch. The traditional form of Consultative Group meetings has provided a wealth of information about how to organise a meaningful process. Experiences to date, however, indicate that those meetings lacked mutual commitment, measurement of progress, toughness of content. They also indicate that CG's were too heavily focussed on pledging, did not provide clear guidance for next steps and lacked regularity, flexibility and focus. Progress has been made in several countries in developing annual mechanisms for assessing results of the PRS, reviewing levels of aid resources and bringing in new

13. We expect R&RPs defined in this way to provide the appropriate mechanism to live up to the commitments of Gleneagles, New York and Paris at country level. It places country ownership and leadership at the center of the process and aims to strengthen existing country mechanisms. It will provide partner country governments with a tool for better managing and monitoring the results and resources, so they will have a better overview of progress in the implementation of the PRS. It will lead to more effective aid at the country level, in line with the principles of harmonisation and alignment.

14. It is proposed to start with R&RPs based on this model in a small number of countries. Although it is the final aim to have R&RPs introduced in all low income countries, it is suggested to start in those that show a keen interest in participating. However some other key features would be necessary like solid performance, well defined PRSs and well developed donor alignment and harmonization.

15. It is foreseen that R&RPs will build on existing structures available in partner countries. This will have two consequences. First, it indicates that there will be no blueprint nor will the process be identical for all countries. However, some basic elements need to be catered for as the need to aggregate data arises. Second, it implies that there is no need to have the R&RP fully fleshed out at the outset. We may have a picture of what we would like to achieve with a full R&RP, but the partner country, dependent on the burden on its existing capacity, may only gradually approach to the final stage.

Information Note: 'Financing Development to achieve the MDGs'

1. The follow up meeting to the first informal thematic debate of the General Assembly, 'Financing Development to achieve the MDGs' will take place, on 17-18 June 2007 at the Sheraton Hotel in Doha Qatar. Participants are encouraged to stay at the Sheraton during the period of the meeting.

2. This meeting is distinct from the meeting on the "Follow up to the International Conference on Financing for Development to review the Implementation of the Monterrey Consensus", to be held in Doha in the second half of 2008. Consultations on this event are currently being facilitated by the Permanent Representatives of Egypt and Norway.

3. Assistant Director of Sales, Shaher Mohammed Abu Haikal can assit you with arranging bookings at the Sheraton Doha Resort & Convention Hotel, Al Corniche Street, PO Box 6000, Doha, Qatar. (Tele: +974.485.4440; fax: +974.483.8771; Shaher.Abu-Haikal@Sheraton.com).

4. Rasha Kayali (Liaison Officer for the Government of Qatar) can assist you with any queries regarding preparations and logistics for the meeting (Office tel: +974 4435132 ; cell: +974 6606818; Email: rasha@mofa.gov.qa). Please copy Mr. Yasser Abdullah (Office of the President of the General Assembly, abdullahy@un.org) into any correspondence with Ms. Kayali.

5. Enquires from the Office of the President of the General Assembly should be directed to Mr. Yasser Abdullah (office: 001 212 963 1235 cell: 001 917 957 8412 Email: abdullahy@un.org)

6. A list of invitees to the meeting is attached.

List of Invitees
Follow-up to the General Assembly's Informal Thematic Debate
"Financing Development to Achieve MDGs"
Doha 17, 18 June 2007

H.E. Mr. Ban Ki-moon, Secretary-General of the United Nations, New York
H.E. Nkosazana Dlamini Zuma, Minister of Foreign Affairs, **South Africa**
H.E. Fayza Aboul Naga, Minister of International Cooperation, **Egypt**
H.E. Margareth Sitta, Minister of Education, **Tanzania**
H.E. Erik Solheim, Minister of International Development, **Norway**
H.E. Kwadwo Baah-Wiredu, Minister of Finance and Economic Planning, **Ghana**
Rt Hon Hilary Benn, Secretary of State for International Development, **United Kingdom**
H.E. Pier Luigi Bersani, Minister of Economic Development, **Italy**
H.E. Hina Rabanni Khar, Minster of State for Economic Affairs, **Pakistan**
Hon. Zakhia Meghji, Minister for Finance, **Tanzania**
H.E. Heidemarie Wieczorek-Zeul, Federal Minister for Economic Cooperation and Development **Federal Republic of Germany**
H.E. Dr. Issa Mbaye Samb, Minister of Health, Hygiene and Sanitation, **Senegal**
H.E. Gunilla Carlsson, Minister for International Development Cooperation, **Sweden**
Maïtre El Hadj Diouf, Minister of National Hydrographical Network, **Senegal**
H.E. Brigitte Girardin, Minister for Cooperation, Development & Francophony, **France**
H.E. Goodall Gondwe, Minister of Finance, **Malawi**
H.E. James Musoni, Minister of Finance, **Rwanda**
H.E. Ambassador Dalius Čekuolis, President of ECOSOC, United Nations, New York
H.E. Bert Koenders, Minister for Development Cooperation, **Netherlands**
H.E. Mamadou Lamine BA, Minister of Planning, Sustainable Development and International Cooperation, **Senegal**
President James Earl Carter, Jr., Founder, the Carter Center
Dr. Ahmed Mohamed Ali, President of Islamic Development Bank
Sir Suma Chakrabarti, Permanent Secretary, Department for International Development
Abdulwahab A. Al-Bader, Director General, Head of Kuwait Fund for Arab Economic Development
Dr. Glenn Denning, Director, MDG Center, Nairobi
Ms. Alice Albright, Vice President and Chief Financial & Investment Officer of the GAVI Alliance
Mr. Abdulatif Y. Al-Hamad, Head of Arab Fund for Economic and Social Development
Mr. Thorleif Enger, President, Yara International ASA
Mr. Kim Hak-Su, Executive Secretary for ESCAP, United Nations, New York
Mr. Abdoulie Janneh, UN Under-Secretary-General and Executive Secretary for ECA, United Nations,

Mr. Donald Kaberuka, Head of African Development Bank
Mr. Danny Leipziger, World Bank
Dr. Julian Lobb Levyt, The International Finance Facility for Immunization
Ms. Elizabeth Littlefield, Chief Executive Officer, Consultative Group to Assist the Poor
Mr. José Luis Machinea, Executive Secretary for ECLAC, United Nations, New York
Mr. Richard Manning, Head of OECD Development Cooperation
Mr. Richard Miller, Executive Director, Action Aid UK
Mr Jamie Drummond, DATA, London
Mr. Vikram Nehru, World Bank
Ms. Thoraya Obaid, UN FPA Executive Director, Under-Secretary-General
Mr. José Antonio Ocampo, Under Secretary General for DESA
Mrs. Sadako Ogata, Japan International Cooperation Agency
Mr. Mark Plant, PDR, Multilateral Aid, International Monetary Fund
Mr. Rodrigo de Rato, Managing Director, International Monetary Fund
Ms. Judith Rodin, President, The Rockefeller Foundation
Mr. Ziad Abdel Samad, President, Arab NGO Network for Development
H.E. Sha Zukang, Incoming Under Secretary General for DESA, United Nations
Mr. Rajiv Shah, Director, Agriculture Development and Financial Services for the Poor
Gates Foundation
Mr. Ramesh Singh, Chief Executive, Action Aid International
Ms. Patty Stonesifer, Chief Executive Officer, Gates Foundation
Ms. Mervat M. Tallawy, Executive Secretary for ESCWA
Mr. Timothy Wirth, President, United Nations Foundation
Mr. Sulaiman Jasir Al Herbish, Director General, OPEC Fund for International Development, Vienna

MINISTRY OF FOREIGN AFFAIRS

Financing Development

to Achieve the Millennium Development Goals

17th – 18th June, 2007

Doha, Qatar

Financing Development to Achieve the Millennium Development Goals
17th – 18th June, 2007
Doha, Qatar

SUNDAY , JUNE 17TH , 2007	
Time / Hall	***Events***
10:00 –10:30	***Opening Session*** • ***Welcoming Remarks, Government of Qatar*** • ***Opening Statement: UN GA President***
10:30 –11:30	***Discussion on Financing to achieve the MDGs*** • ***Domestic resources mobilization, including by Least Developed Countries***
11:30 – 12:00	***Coffee Break***
12:00 –13:30	• ***2007 mid-point to achieve MDGs: progress and challenges ahead*** • ***Delivering on commitments: scaling-up, predictability, and effectiveness***
13:30 –15:00	**Lunch and Press Conference**
15:00 –18:00	***Continued discussion on Financing to achieve MDGs*** • ***Multilateral aid*** • ***New and emerging donors*** • ***Primary Education***

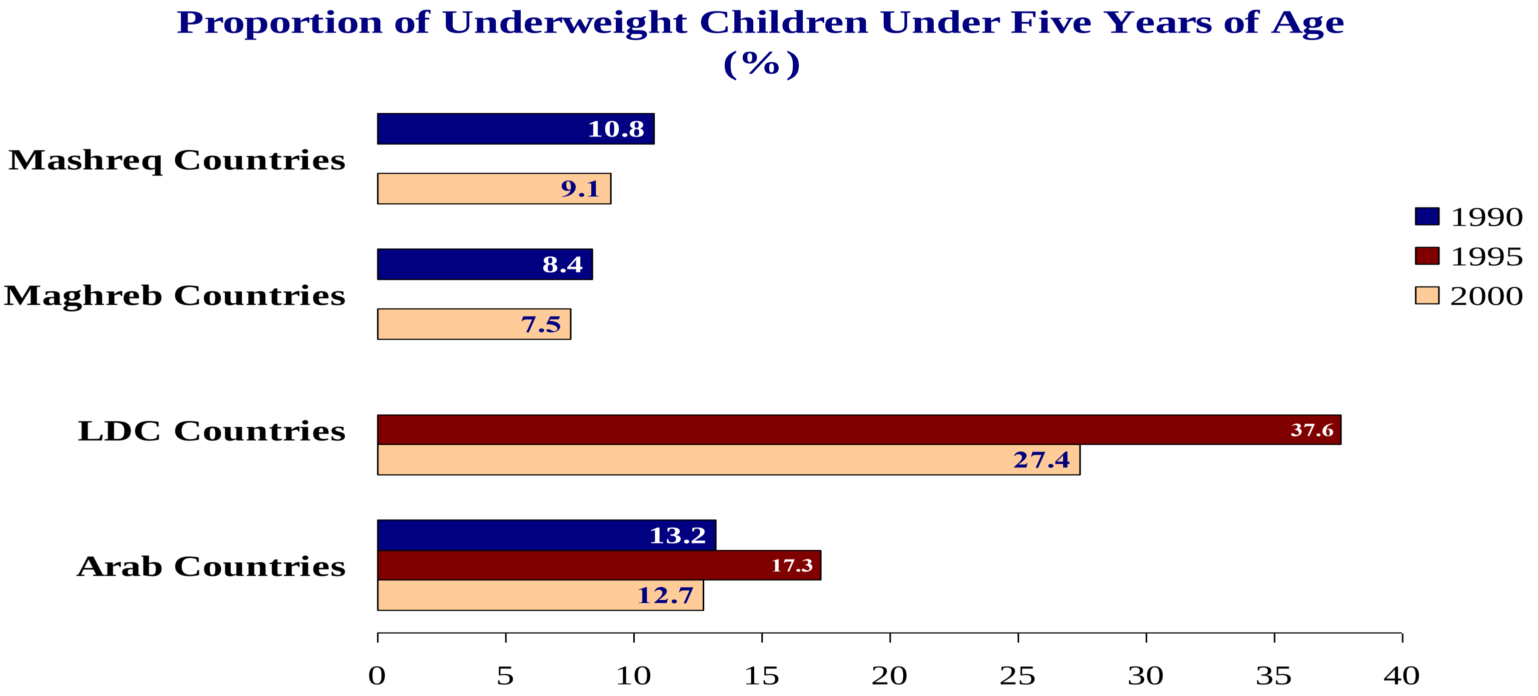
MONDAY, JUNE 18TH , 2007	
Time / Hall	***Events***
10:00 –11:00	***Discussion on successful examples of scaling up for the MDGs.*** • ***Water and sanitation*** • ***Millennium Villages***
11:00 –11:30	**Coffee Break**
11:30-13:00	***Continued discussion on successful examples of scaling up for the MDGs.*** • ***Other examples of progress*** • ***The Way Forward to 2015*** • ***Closing***
13:00 –15:00	**Lunch and Press Conference**

MDGs in the Arab Region 2007:

Progress and Challenges

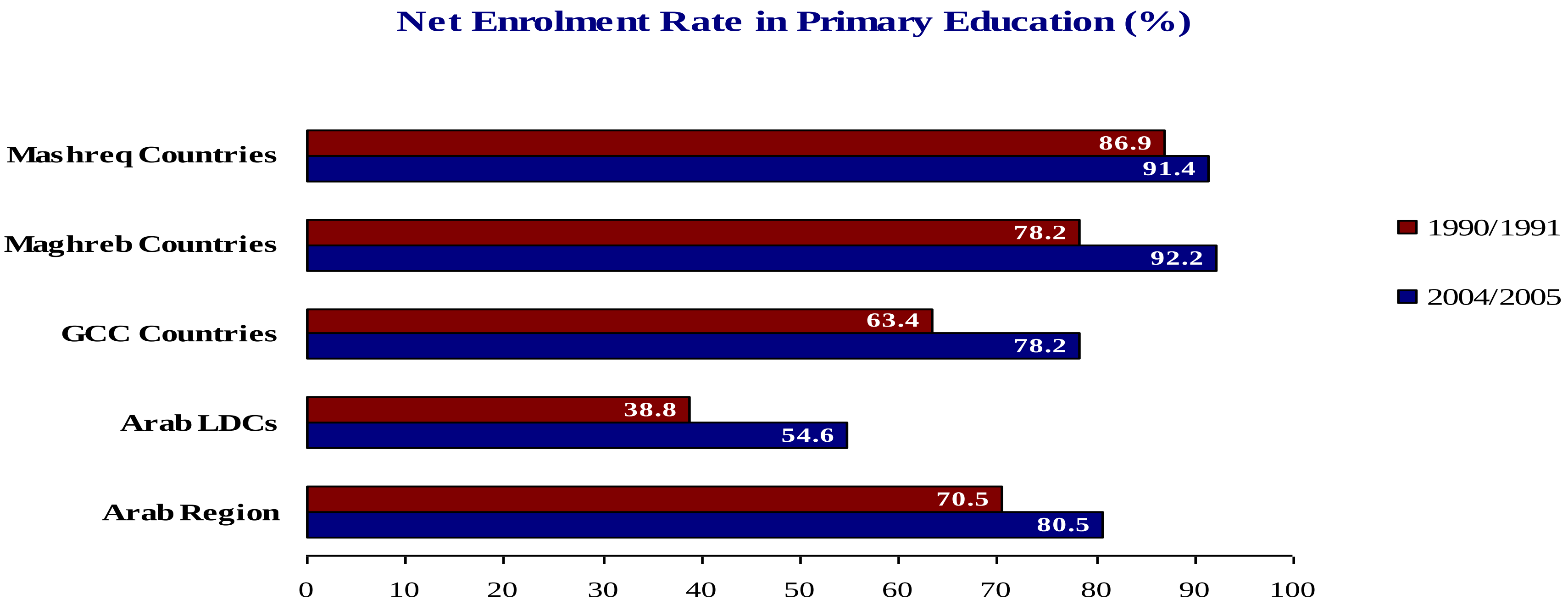
Tarik Alami,
Officer In Charge
Economic Analysis Division
UN ESCWA

ERADICATE EXTREME POVERTY AND HUNGER



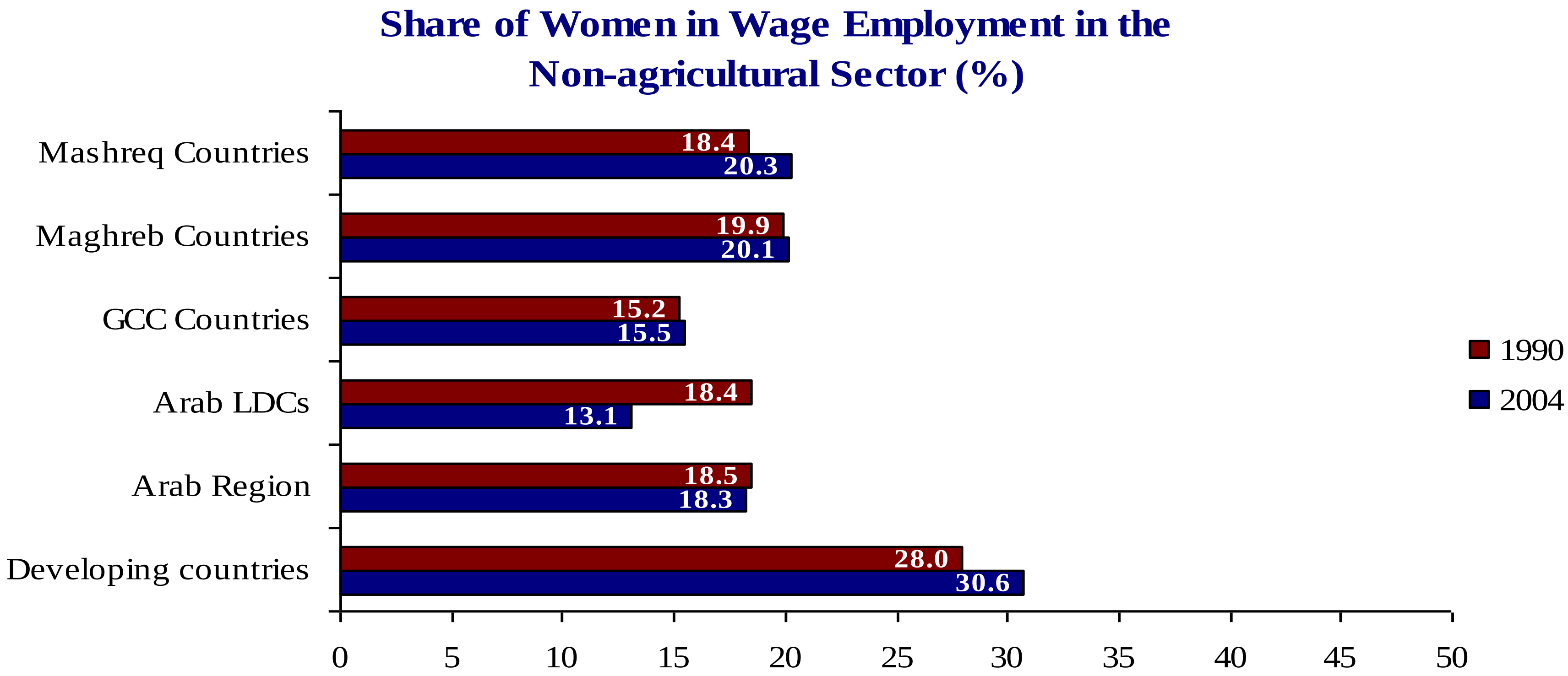
- Arab region as a whole has not made significant progress in reducing income poverty
- Despite notable progress, malnutrition in Arab LDCs remains severe

ACHIEVE UNIVERSAL PRIMARY EDUCATION



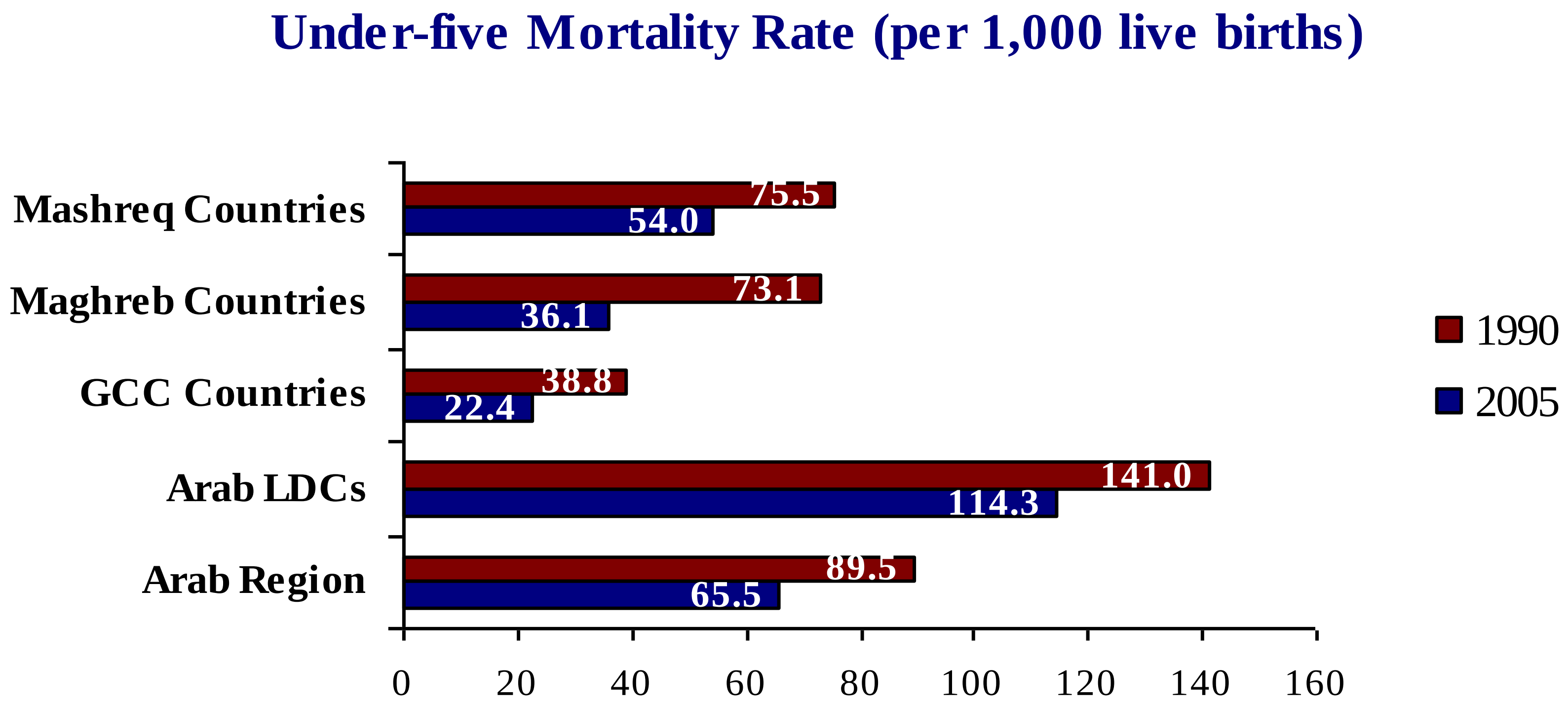
- Almost two thirds of the more than 7.5 million out-of-school children in the region live in the Arab LDCs
- Most subregions are on track towards reaching gender parity at the primary level
- Youth literacy between 1990 and 2006 increased from 66.6% to 83.4%

PROMOTE GENDER EQUALITY AND EMPOWER WOMEN



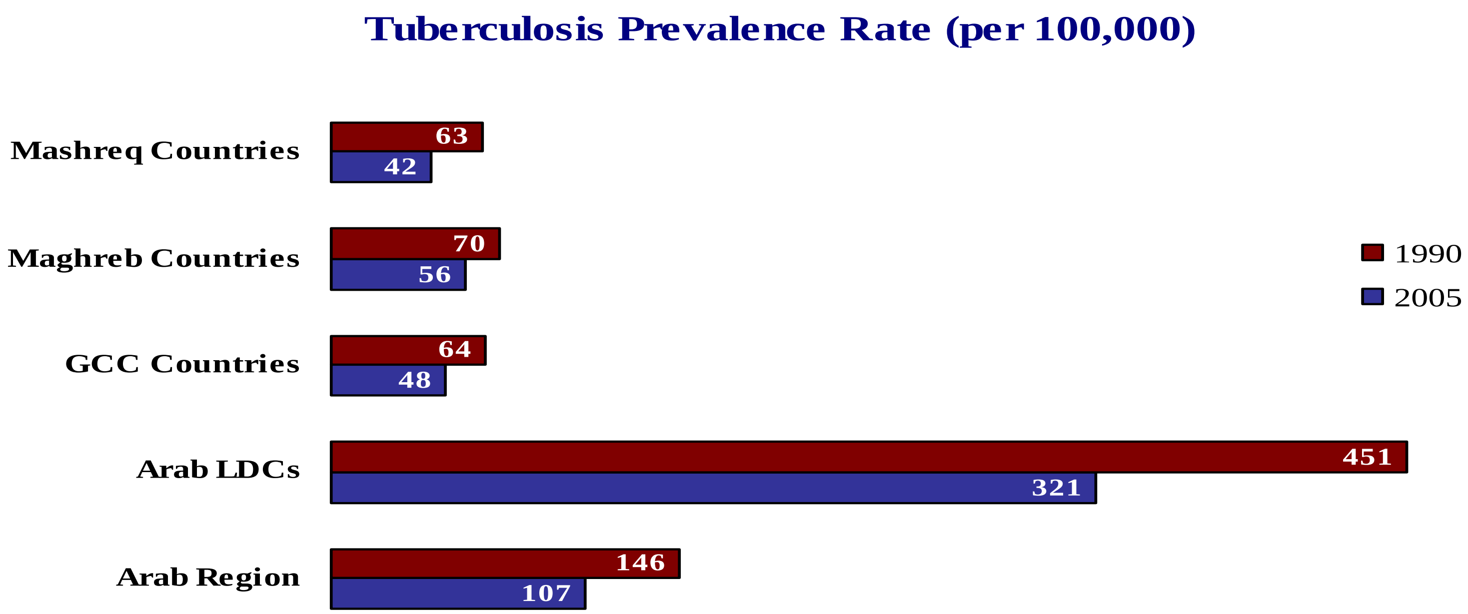
- Gains in education attained since 1990 have not been translated into higher female participation rates in non-agricultural labour markets
- By April 2007 women held, on average, only 8.7% of the region's national parliamentary seats, a figure among the lowest in the world

REDUCE CHILD MORTALITY and IMPROVE MATERNAL HEALTH



- In the Arab LDCs, more than one in ten children die before reaching the age of five – around 5 times as much as in the GCC countries
- One of the main factors is the low measles immunization rate of only 62.3% (2004)
- Maternal mortality ratio in Arab region decreased by 34% between 1990 and 2000, partly due to a considerable increase in births attended by skilled health personnel

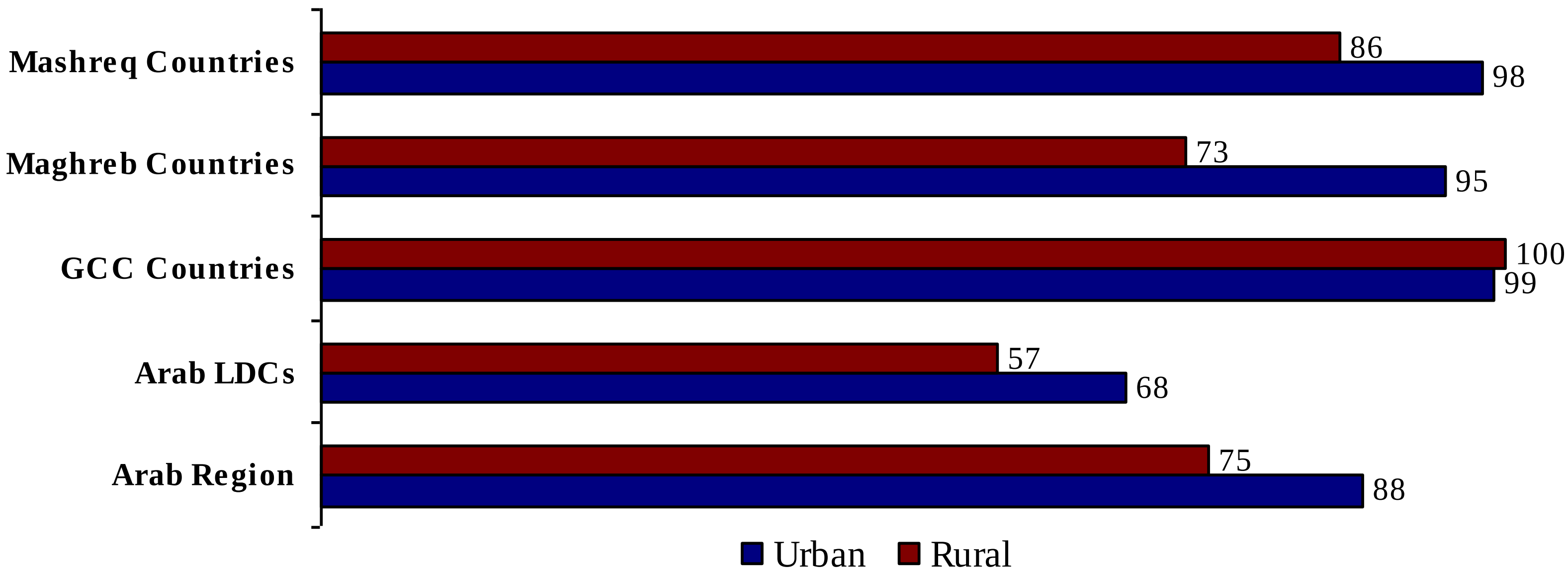
COMBAT HIV/AIDS, MALARIA,TUBERCULOSIS, AND OTHER DISEASES



- It is estimated that in 2005, 240,000 people developed tuberculosis and 43,000 died from it
- Prevalence of HIV/AIDS is relatively low in Arab region but the epidemic has been on the rise in many countries, particularly in the Arab LDCs
- Malaria has been almost eliminated in the majority of Arab countries but remains highly endemic in the Arab LDCs, where on average 3,313 cases per 100,000 were reported in 2005

ENSURING ENVIRONMENTAL SUSTAINABILITY

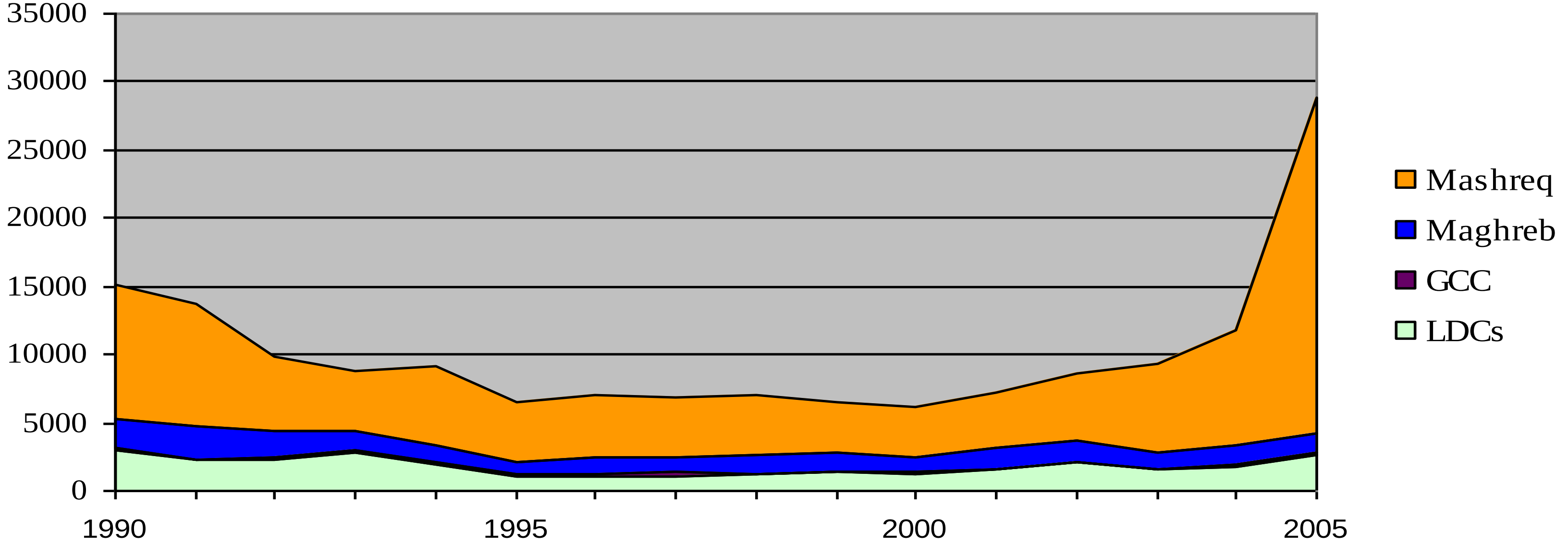
Proportion of Population Using Improved Drinking Water Sources, 2004
Urban vs. Rural
(in %)



- Seven Arab countries are among the ten water-scarce countries in the world
- In Arab LDC’s only around one quarter of rural population has access to improved sanitation facilities
- Total carbon dioxide emissions in the region soared to 1.2 trillion metric tons in 2003, an 81% increase since 1990

DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Official Development Assistance to Arab Countries, 1990 - 2005
(Net real flows, millions of US $)



- Recent increase in ODA to region is mainly due to large debt forgiveness grants to Iraq
- In 2005, official development aid to each of the Arab LDCs, except Sudan, was below the level of 1990
- Labour markets in most Arab countries characterized by widespread underemployment, very high rates of youth unemployment (2005: total of 25%, 34% for young females), and low employment-to-population ratio

CHALLENGES I

- Subregional disparities
  - For most targets, Arab LDCs lag far behind other subregions
  - Progress in Arab LDCs since 1990 has been slower than in other subregions, especially in poverty and health
  - Arab region as a whole can only achieve MDGs if progress in Arab LDCs is accelerated → requires additional resources
  - Some Arab countries, such as Egypt and Morocco, have made great strides since 1990 (MDGs as priority areas)

- Conflict
  - Violent conflicts impede any progress towards MDGs in several Arab countries; situation particularly severe in Iraq, Palestine, Somalia, and Sudan
  - Negative impact on neighbouring countries and region as a whole (e.g. through influx of refugees, reduced private investment, pressure on public infrastructure)

CHALLENGES II

- Gender
  - Despite progress on educational front, labor force participation low and female unemployment rates high → requires policy initiatives to reduce bias against hiring women
  - Barriers to full economic participation include lack of access to productive resources and credit through institutional constraints (inability to conclude contract in own name, inheritance laws, etc.)
  - Social factors hinder participation in political and public life (need to raise awareness through community-based initiatives)
- Water scarcity
  - Given water scarcity and taking into account long-term population growth, the lack of integrated water resource management (IWRM) policies in Arab countries presents a challenge
  - Need to turn to non-conventional water resources: 1) seawater desalination (Gulf countries) and 2) agricultural drainage re-use (Syria, Iraq, and Egypt)
  - Lack of tools for monitoring, evaluating, and managing internationally shared aquifers in the Mediterranean countries

Millennium Villages

Glenn Denning
Director
The MDG Centre
East and Southern Africa
Nairobi, Kenya

Outline

- The MDG Centre, East and Southern Africa
- Millennium Villages: the Concept
- Millennium Villages: the Impact
- "One Season"

The MDG Centre

- Established in July 2004 by the Earth Institute (Columbia University) and the UN Millennium Project
- Provides scientific, technical and policy support to Governments and other stakeholders to achieve the MDGs in Africa
- Two centres: Nairobi and Bamako
- Operate in 12 countries across Africa & Cambodia
- Millennium Villages, Quick Impact Initiatives and National Development Strategy

Our Unique Contribution

Bridging the Gap between Global Commitments and Local Action

- Mission driven by achievement of the MDGs
- Identify and promote best practice and policies
- Integrated cross-sectoral approach
- Multiple scales: village, district, national, regional and global
- Facilitate and support wider dialogue and practical contributions from diverse stakeholders
- Cross regional learning
- Primary focus on rural development in Africa
- Rapid response capability

Our Partners

- **Rural communities:** in **M**illennium Villages across 12 countries
- **Governments**: national ministries and local authorities.
- **United Nations Organizations**: UNDP and the broader UN family, working mainly through the UN Country Teams.
- **Donors:** both bilateral and IFIs in the focus countries.
- **Businesses:** World Economic Forum, its members and other businesses.
- **Civil Society**: NGOs and CBOs at multiple levels.
- **Science communities**: Earth Institute/CU, CGIAR.

What is a Millennium Village?

Integrated rural development deploying **practical interventions** at a scale and speed to achieve the **Millennium Development Goals**

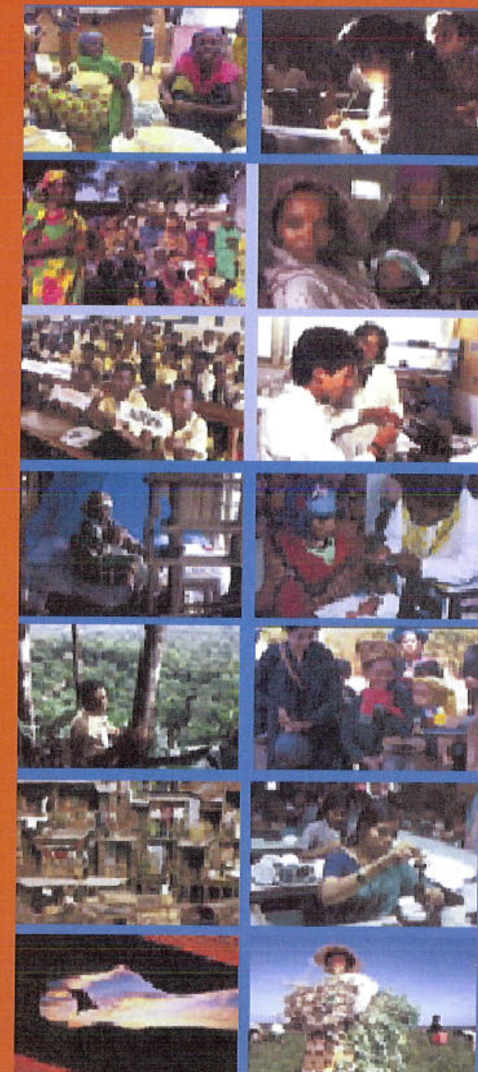
The Goal

To improve peoples' lives

To inform and support national and sub-national growth and development strategies and to provide a model for sustainable investments leading to an *economic transformation* in rural areas and achievement of the MDGs

Defining Elements of MV Approach

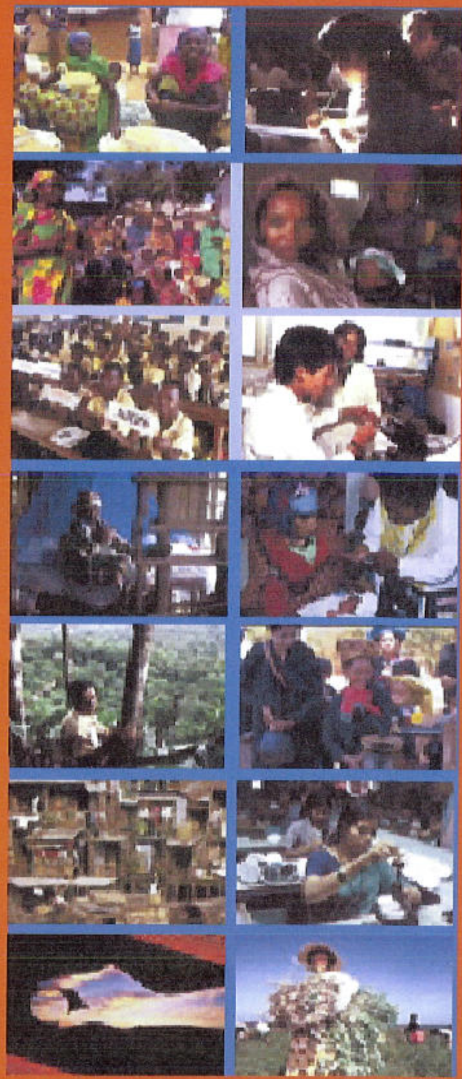
- Uses an **integrated multi-sectoral approach** focusing on practical interventions
- Applies the **best science, knowledge and experience** available
- Encourages and benefits from **community ownership and leadership**
- Implements through a **partnership** of communities, Government, UN, development partners, private sector, NGOs and broader civil society
- **Invest** not more than $110/person/year, of which ODA comprises about $50-70/person/year
- Driven by a **rural economic transformation** ("growth") goal within a 5-10 year time frame



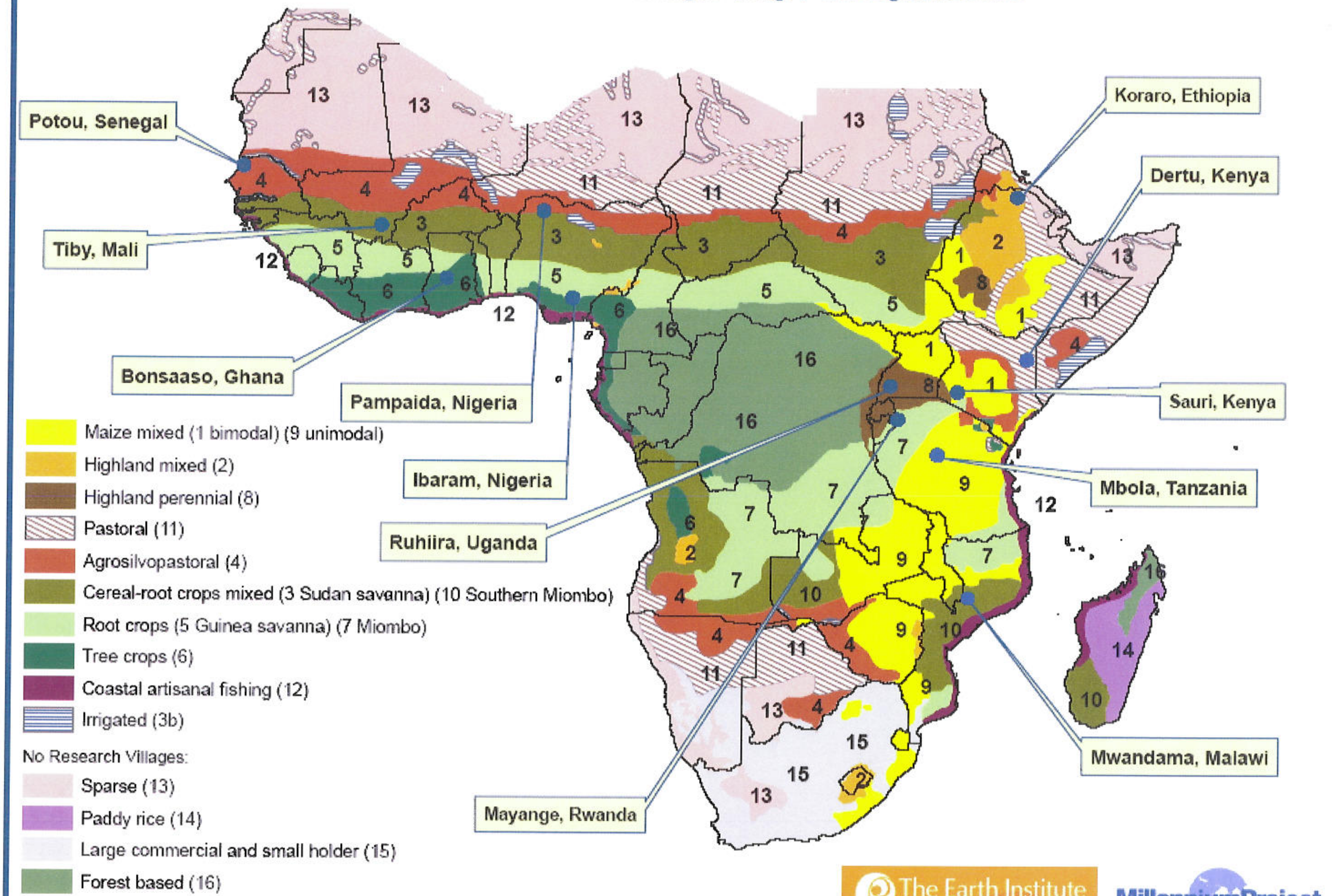
Rural Economic Transformation

from sub-subsistence to market economy

- **Meet basic human needs**: enough food, clean water, basic health, basic education, shelter, gender equality, clean environment
- **Generate agricultural surpluses** for trade or sale (African Green Revolution)
- **Diversify on-farm enterprises** to improve labour productivity and income
- Free up labour for **off-farm employment**
- **Accumulate capital and invest**
- Complementary investment in **urban development** and **national infrastructure**



Millennium Research Villages & Agro-Ecological Zones



Adapted from Dixon et al. 2001. Farming Systems and Poverty. FAO

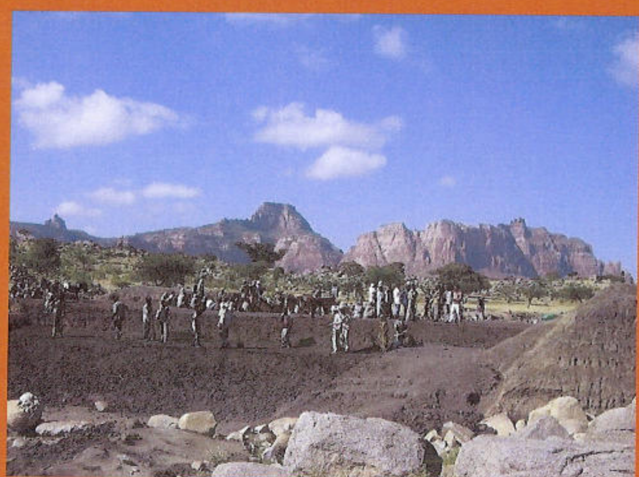
The Earth Institute AT COLUMBIA UNIVERSITY

MillenniumProject

December 12, 2005

Koraro Cluster (Ethiopia)

- 33,000 LLITNs distributed; 160 CHWs trained
- 11 clinics supported with staff, equipment and drugs
- 11,900 farmers trained; 7,344 ha planted fields with improved varieties and fertilizer
- 18 safe water points constructed; 1 dam completed, two under construction
- 7 schools renovated



Dertu Village (Kenya)

- Responded to disastrous flood with food and medicine (partnering with WFP, KRC, and GoK)
- Livestock production and marketing: 36,000 animals vaccinated/treated; 1,000 bails of hay produced
- Health outreach: 3,000 LLITNs; facilities; mobile diagnosis and drug provision; emergency transport
- 29 pit latrines built
- School meals and textbooks for 400
- Village and District Millennium Advisory Committee

DFID Department for International Development

SCALING UP IN EDUCATION

- THE VIEW FROM DFID

Gary Jenkins
Scaling Up Coordinator, DFID

SCALING UP IN EDUCATION - THE VIEW FROM DFID

- DFID’s priorities for scaling up
- Case Study: EDUCATION FOR ALL
- Translating commitments into action
- Questions

DFID PRIORITIES
FOR SCALING UP 2005 - 2015

- use a **country-led approach**.
- deliver **long-term predictability** as a basis for planning by partner countries.
- ensure that **fragile states** will be included in scaling up and work towards more balanced international aid allocation.
- use the scaling up process to **increase aid effectiveness** (especially predictability, harmonisation/ alignment and accountability).
- determine a clearer division of labour between multilateral agencies
- collective action to tackle long-term global challenges such as climate change, conflict, pandemic diseases. If ignored, these could undermine efforts to achieve the MDGs.

WHAT HAS DFID BEEN DOING SINCE 2005 ?

Third White Paper (2006): Making Governance Work for the Poor

- **We will** increase our budget to 0.7% of GNI by 2013 (0.51% by 2010)
- **We will** commit at least half of all future bilateral aid to essential public services: education, health (including HIV+AIDS) water and sanitation, and social protection
- **We will** spend at least £8.5 billion on education between 2006 and 2015.

New Health Strategy (June 2007)

Plans for Water/Sanitation, Aid-for-Trade, Fragile States

Work on innovative financing mechanisms (IFFIm, Advance Market Commitments)

International coordination: DAC+World Bank meetings

Aid allocation ….

EDUCATION FOR ALL: THE PROBLEM

- **77 million primary aged children worldwide not enrolled in schools**
- **44 million (57%) are girls**
- **18 million teachers needed (UNESCO). Plus quality improvements**
- **$9 billion additional aid needed to reach MDG.**
- **To complete primary school by 2015, must enrol by 2008**

EDUCATION FOR ALL: DFID SUPPORT

- Initiative launched in Maputo (April 2006). Follow-up in Brussels "Keeping our Promises on Education" (May 2007) and G8 Summit in Heiligendamm.

- **Country-led:** support long-term education sector plans by governments
- 17 African countries have developed 5-10 year plans for 25 million children
- Asian and other African countries preparing plans.

- **Predictability:** UK will spend £8.5 billion on education 2006-2015
- Estimate enough to get 15 million children through better primary schools

- **Fragile states:** 5-10 preparing plans.

- **Aid effectiveness:** Fast Track Initiative (FTI) supported by 15 donors. Coordinates technical and financial support.

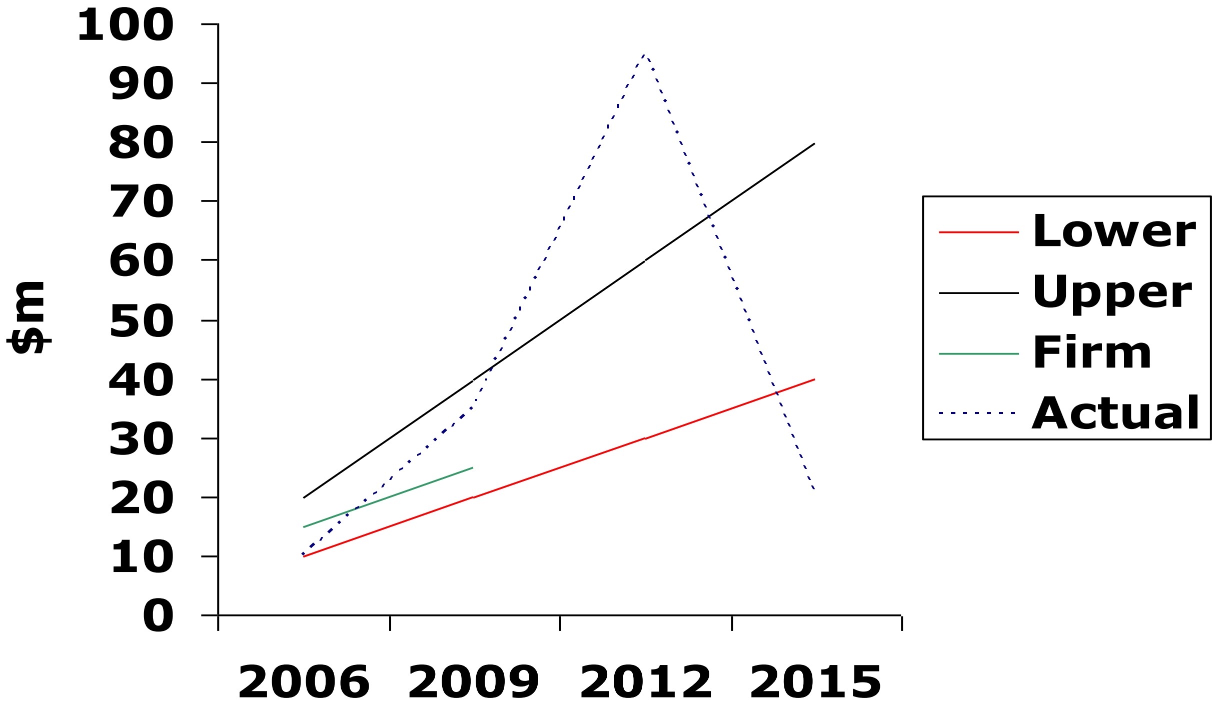
- Challenges: HIV+AIDS, post-conflict countries, children with disability, gender equality.

"RESULTS RESOURCES AND PARTNERSHIP"

- "Not another donor-driven process!"
- **Country-led** process for scaling up
- **Deliver** donor commitments at Monterrey, New York, Gleneagles, Barcelona, Paris …
- **Simplify** existing processes

RRP: WHAT DOES IT MEAN?

"The first RRPs will test the feasibility of a joint commitment by donors to control total 'programmable' aid between specified upper and lower bounds **from now to 2015**, with firm commitments made for the next 3-4 years"



RRP: WHAT DOES IT MEAN?

- "A **limited number (20-25) of results** should be prioritised and defined **by partner countries** (based on PRS or equivalent strategies) and monitored".
- "The RRP process will be **country-led** and support the Paris Declaration by developing closer donor coordination and harmonisation on key issues, and **action on Paris principles** that have a local priority."
- "It is envisaged that the RRP process will lead to **annual meetings, led by partner governments**, at which **short documents prepared by the government** will be agreed, covering Results, Resources, and actions on Paris principles."

QUESTIONS

- Which DFID priority is most important for developing countries?

- Is RRP interesting for developing countries?

- Which aspect of RRP is most important for developing countries?

The Role of Multilateral Agencies

Financing Development to Achieve

The Millennium Development Goals Meeting

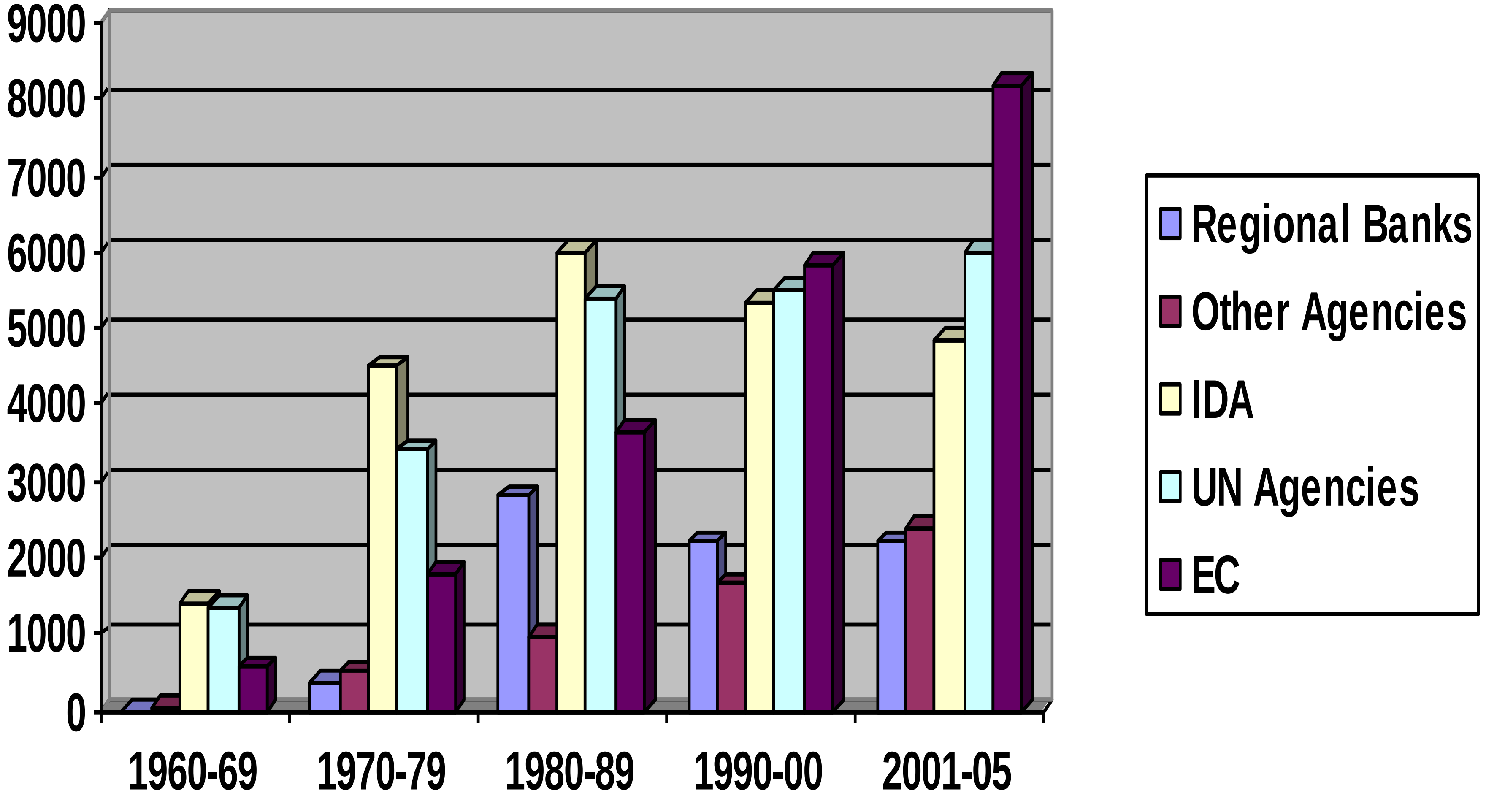
Doha, Qatar
June 17-18, 2007

Outline of the Presentation

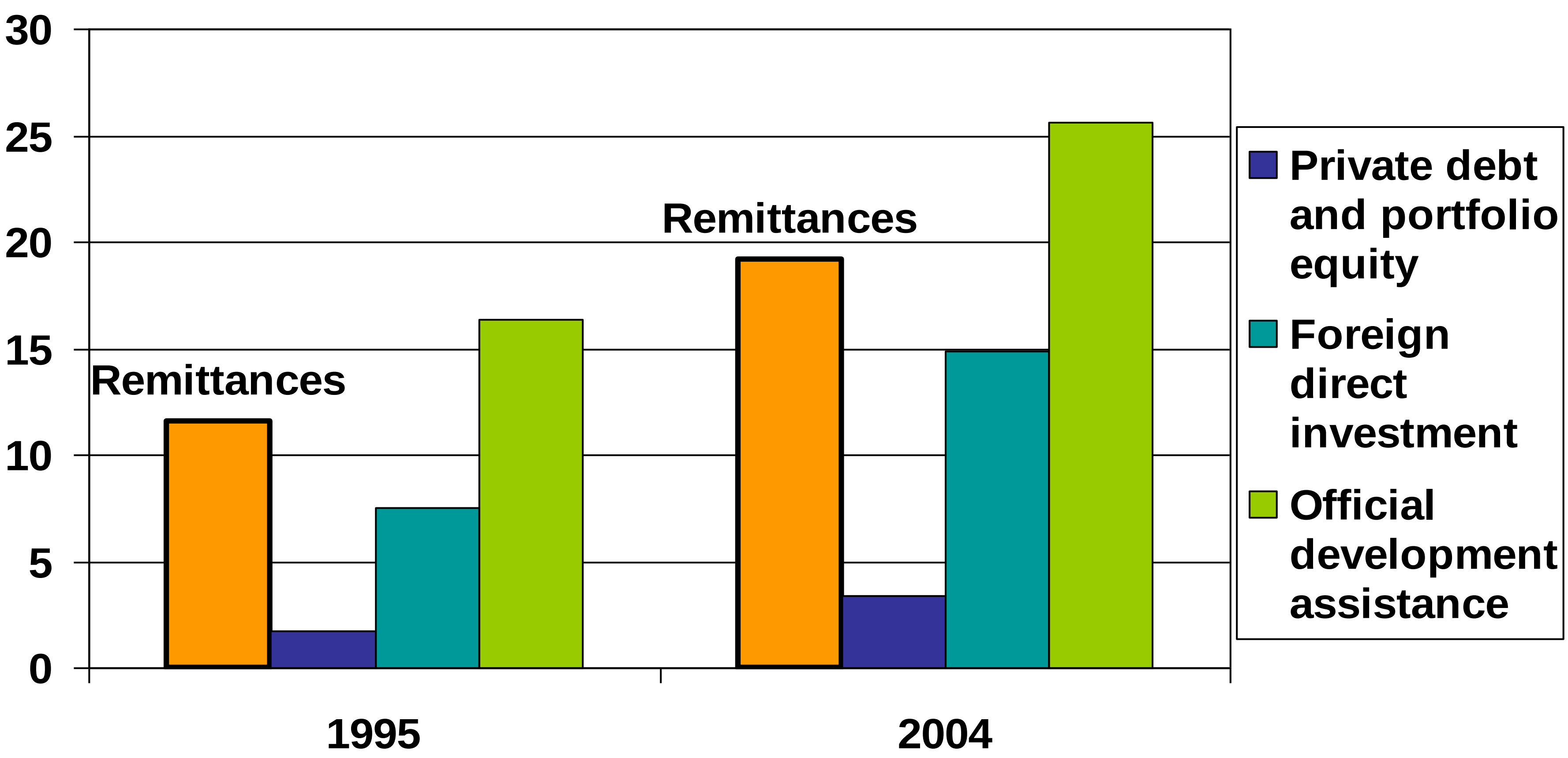
1. Aid architecture: some key features.
2. Other financial flows.
3. The roles of and challenges facing the multilateral system.

Multilateral ODA by channel

(net disbursements, $ million at 2004 prices, 1960-2005, period averages)



Private Flows to Sub-Saharan Africa (billions US$)



Entry of Many New Actors

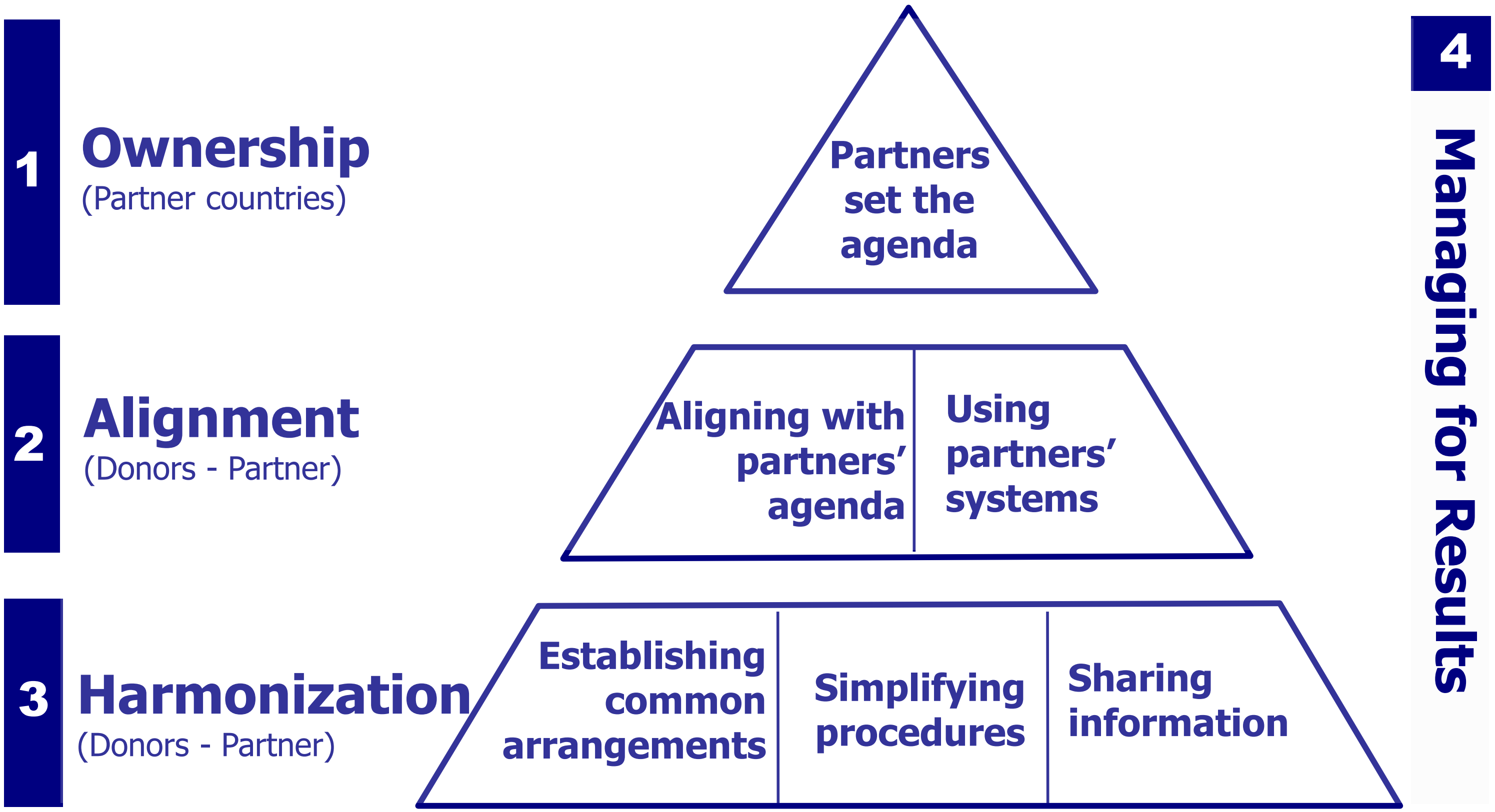
- China’s commitments in Africa are more than any other donor

- International private philanthropy (Gates Foundation) providing significant funding

Proliferation of Donors

- The number of bilateral donors has grown from 5-6 in the mid-1940s to at least 56 today
- There are currently over 230 international organizations, funds, and programs - in addition to NGOs and private philanthropy.

Paris Declaration on Aid Effectiveness: From donor-led to country ownership



Main Areas of Effort in the Paris Agenda Towards Accra

- Improve predictability of aid.
- Enhance division of labor among development partners.
- Rely more on country systems.
- Increase use of sector-wide approaches.
- Progress in untying aid.
- More decentralization of decision making.

Three Key Roles for the Multilateral System

- **Finance**
  - Private flows remain highly concentrated
  - Even well performing countries often face constraints in mobilizing resources.
- **Knowledge**
  - Aid alone cannot bridge gaps in knowledge and capacity that keep countries from applying successful best practices.
- **Policy coordination to address global challenges**

Challenges to support and strengthen the role of multilateral institutions

- Financial support to MDBs concessional arms.
- Efficiency of MDBs delivery services to better tailor individual client demand.
- Improving coherence, harmonization and cooperation among multilateral players.
- Considering options for strengthening voice/participation in multilateral institutions.

Thank you for your attention

Implementing G8 Commitments on Aid Volume and Predictability

Presentation by Simon Scott
Development Co-operation Directorate, OECD

Doha, Qatar, 17 June 2007

OECD

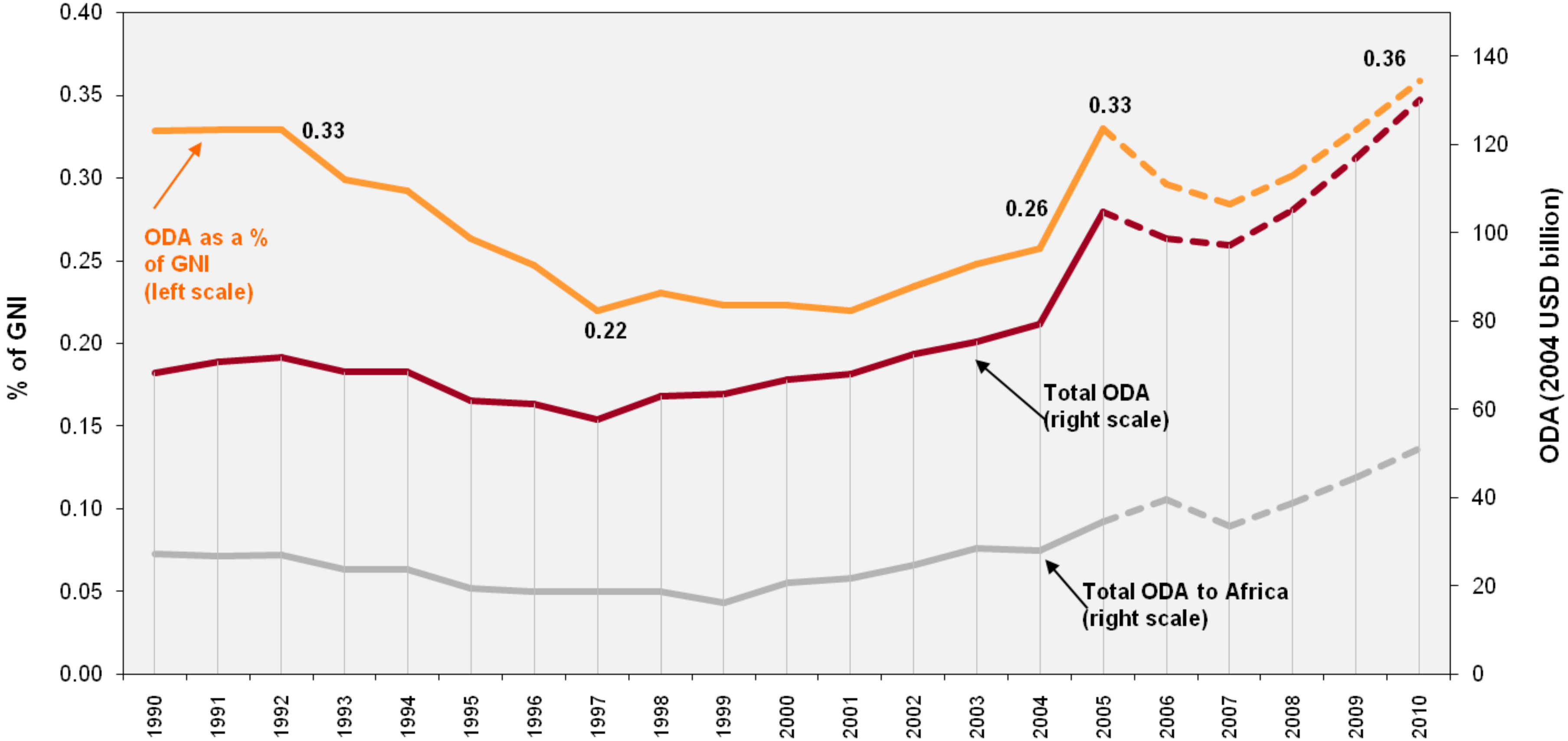
The G8 Commitments

- Total EU aid: 0.56% of GNI by 2010
- Japan: $10 billion increase by 2010
- Canada, Australia: double aid by 2010
- US: no overall target, but big increases in bilateral programmes - MCA, PEPFAR etc.

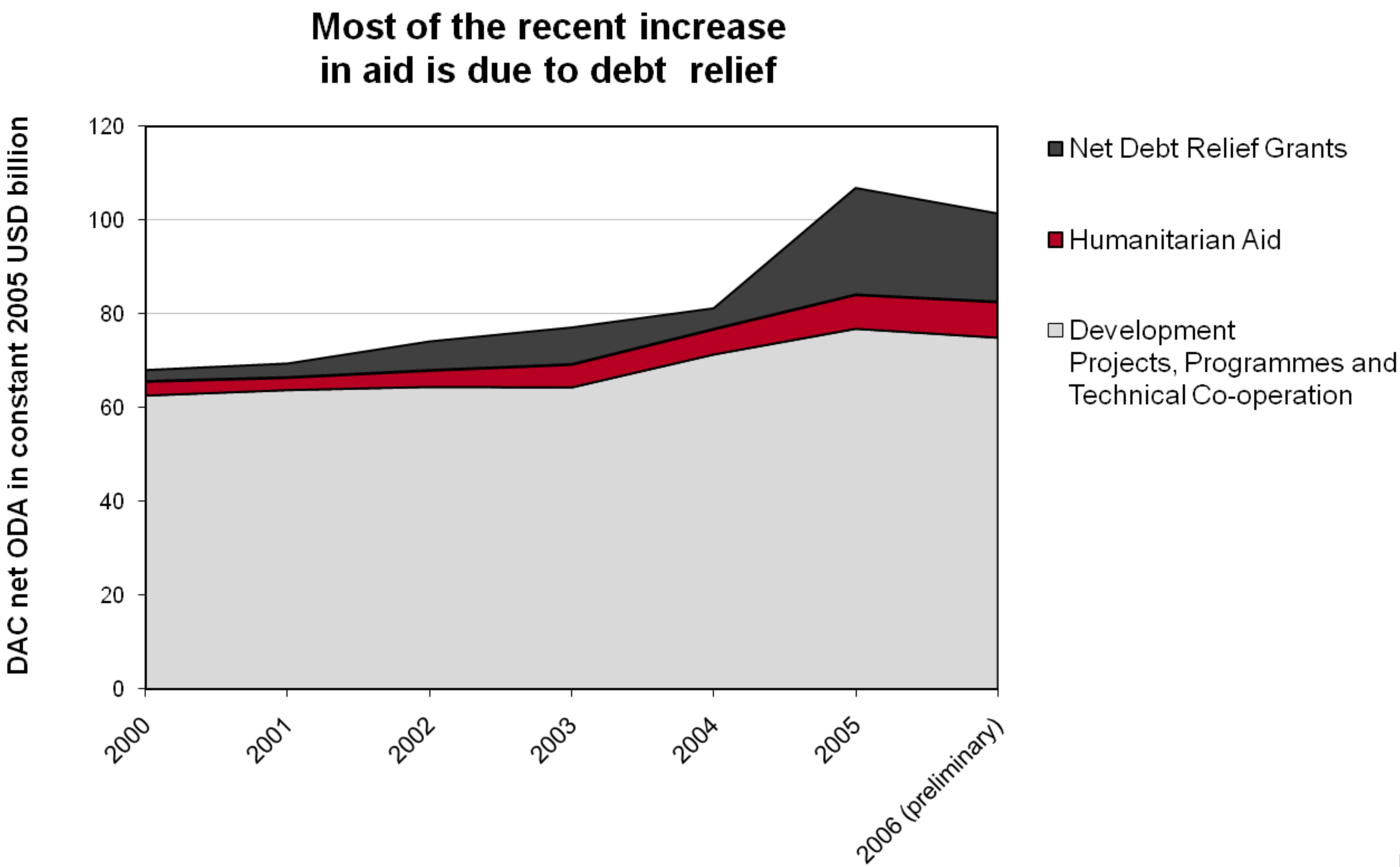
Adding it up…

- Total aid should rise from $80bn in 2004 to $130bn in 2010
- Half the increase is promised for Africa (G8 and Millennium+5 summit)

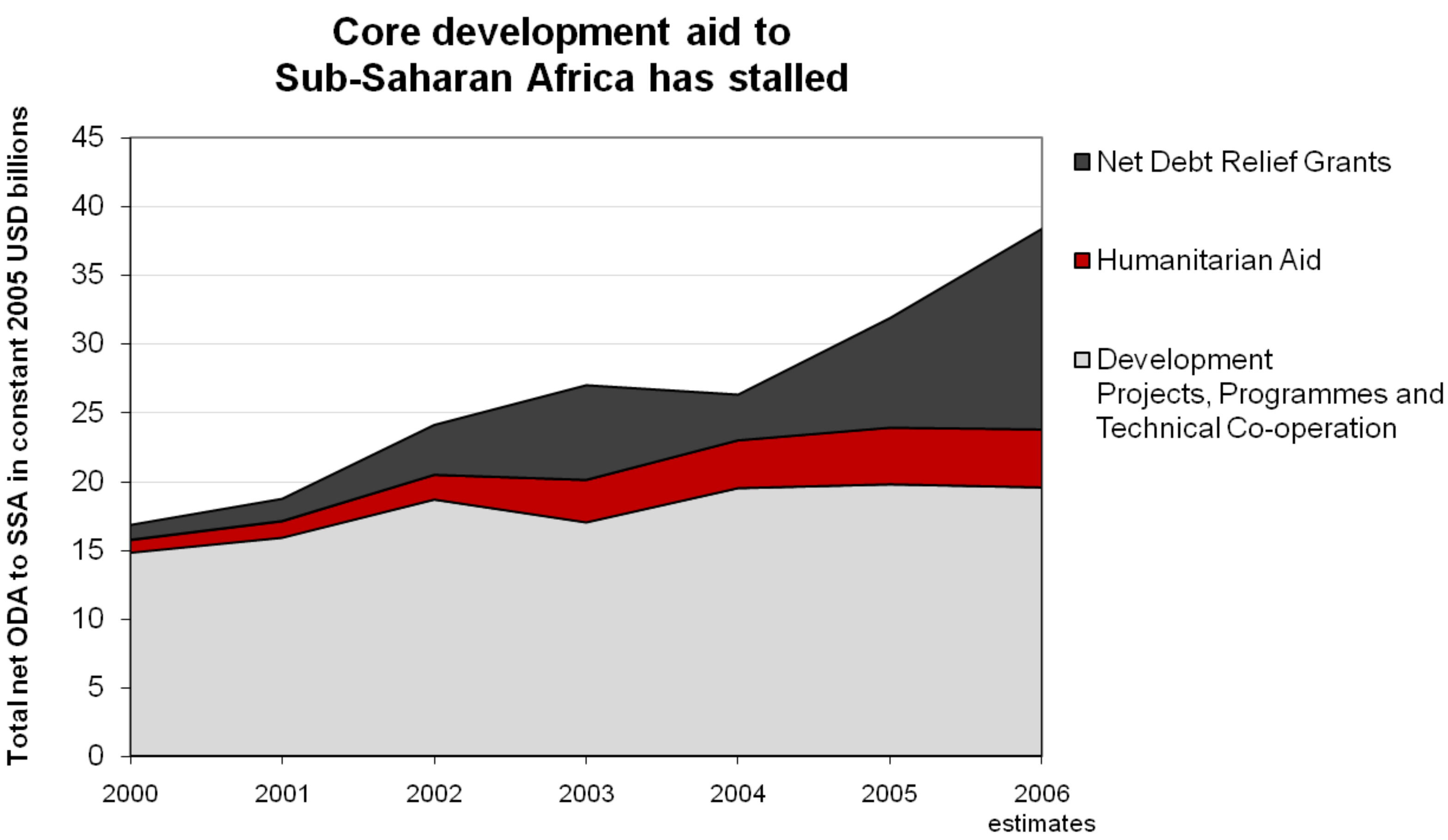
Long-term Trend in DAC ODA



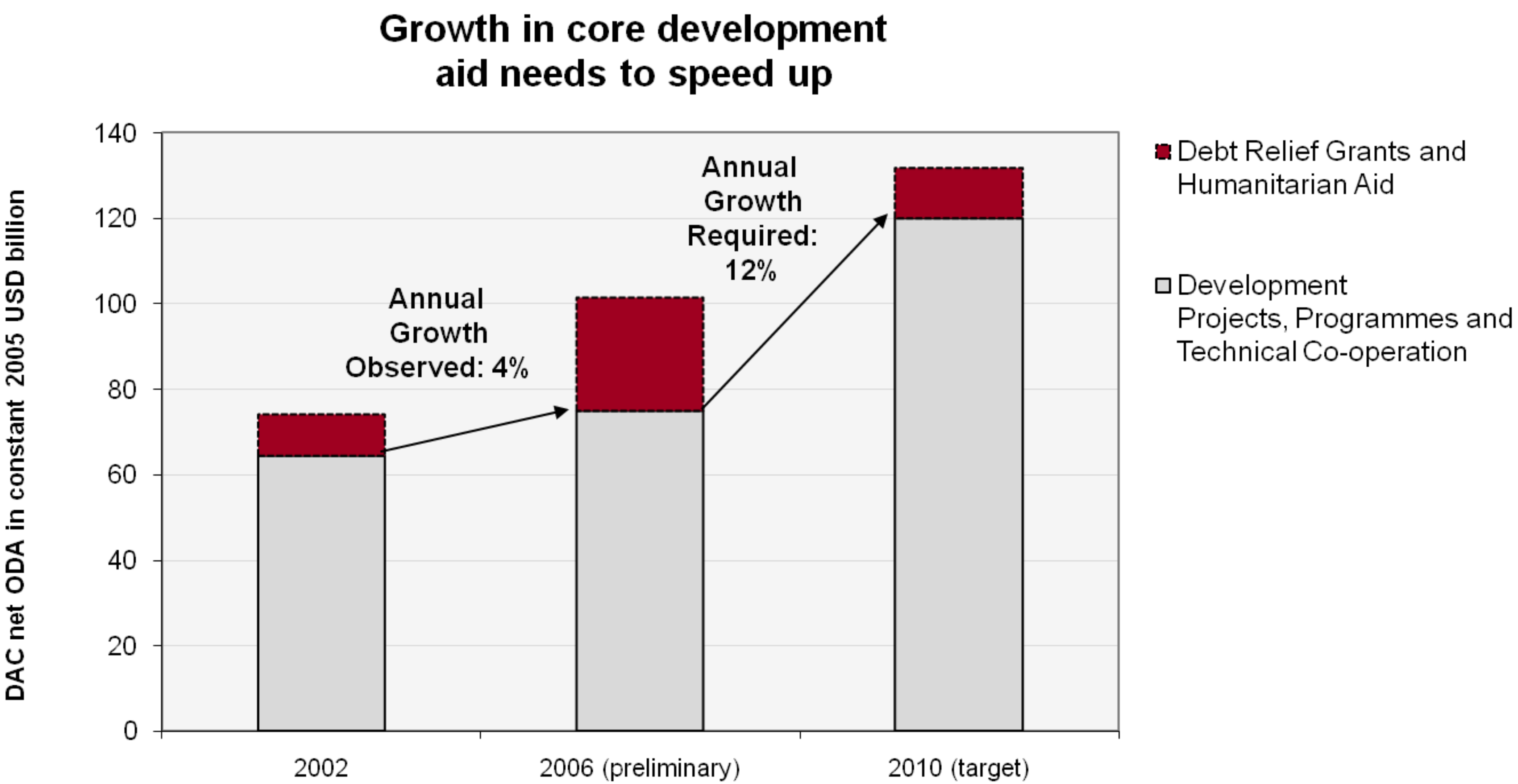
Analysing Recent Trends



Aid to Africa



How Are We Doing?



Some Hopeful Signs

- Germany increased aid by $750m at Heiligendamm
- New sources of financing – airline taxes, IFFIm
- More aid to health promised
- China becoming a major donor

Thank You

for your attention.

17 June 2007

Statement of H.E. Ms. Sheikha Haya Rashed Al Khalifa, President of the 61st Session of the General Assembly, at the Follow-Up Meeting "Financing Development to Achieve the MDGs"

Excellencies, and distinguished delegates thank you for coming to this important event and for your contributions. I would also like to thank and all those involved with arranging this meeting and the State and people of Qatar as our generous hosts.

This meeting is timely and important because it is taking place at the midpoint between 2000 and 2015 – when we have committed to achieving the MDGs – but also because it is a staging post to the Ministerial meeting on Financing for Development taking place in Doha in 2008.

By hosting this meeting the government of Qatar is making an important contribution to the process, and galvanizing international support for the achievement of the MDGs.

The meeting has helped to raise awareness about the need for delivering on commitment and making additional contributions among the emerging donors in the Middle East. There has also been a frank exchange of views between donors and partner countries about the challenges ahead and how these can be best addressed.

Many speakers have elaborated on the need for the donor community to meet the international commitments that have been made on financing development; and also for developing countries to meet their commitments – made within a framework of mutual accountability – to put in place inclusive and accountable governance structures and sound policies.

The Monterrey Consensus looked at financing development from many angles: domestic and external resources, public and private, and also governance frameworks that influence the ability to mobilize resources, and how those resources are allocated.

There is a need to increase aid in line with the Gleneagles and other pledges, and also improve its quality in line with the Paris Declaration.

Aid delivered in line with donor priorities and not in line with country priorities – including through multilateral channels – will be less effective at reducing poverty, will constrain national policy space, and will undermine domestic accountability.

While this meeting has reaffirmed the importance of delivering the commitments on aid, it is also an opportunity to emphasize a key message. Notwithstanding uneven progress between and within regions, and on the Goals themselves, it is still within our grasp to achieve the MDGs. The MDGs can be met if the right policies are put in place and supported by sufficient resources.

I outlined many of the successful examples of scaling up in my introductory statement. During the meeting we also heard in presentations from ESCWA, DFID, the World Bank, Millennium Villages and the OECD about the progress already made and challenges ahead to achieve the MDGs by 2015. I would personally like to thank the presenters for their important contribution.

I would also like to emphasis that the United Nations has been helping governments to develop ambitious, MDG-based national development strategies, and supporting practical initiatives to scale-up to meet the MDGs.

In summary, the MDGs can be met if political will is displayed on all sides. While the Monterrey Consensus outlined many areas in which progress must be made, an important area in the foreseeable future is meeting the existing international commitments on aid.

It is my personal hope that the Financing for Development meeting in Doha next year will be successful in re-focusing attention on this most pressing global challenge. In the remainder of my Presidency of the General Assembly I will continue to work on this important issue to ensure that the international community lives up to the high expectations of many people in developing countries.

Statement by Mr. Adolf Kloke-Lesch,
Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany, on behalf of the European Union,
on the occasion of the thematic debate
"Financing Development to achieve the MDGs"
(Doha, June 17.-18., 2007)

Madame President,

I have the honour to speak on behalf of the European Union.

The Candidate Countries Turkey, Croatia and the Former Yugoslav Republic of Macedonia, the Country of the Stabilisation and Association Process and potential candidate Serbia as well as the Republic of Moldova align themselves with this declaration.

First of all, I would like to thank the Government of the State of Qatar for its hospitality in hosting this important event.

We are gathering here in Doha at mid-point between the Millennium General Assembly of 2000 and 2015, the due date for delivery of the Millennium Development Goals (MDGs). With half the time passed we ask ourselves: where do we stand? Are we on track? Well, the picture is mixed, there is light and shadow.

Regionally, there is good progress especially in Latin America, China and India while the challenges remain huge in South-Asia and in Sub-Saharan Africa which remain off track on all the goals.

As to the global achievement on the MDGs, we will probably meet the poverty reduction target, whereas progress on some other MDGs is very slow, with MDG 4 -child mortality- lagging behind the most. According to the 2007 World Bank "Global Monitoring Report", only 32 out of 147 countries were on track with this goal in 2005. I could also cite education, where we have not made sufficient progress to achieve equal enrolment rates of girls and boys, and where today's projections forsee net enrolment worldwide to reach only around 87% by 2015. So we must do more.

The Intergovernmental Panel on Climate Change has told us where we stand on climate and ecological sustainability. While the news is bad enough for the world as a whole, Africa is already, and will be even more, the continent most severely affected by global warming. The effects of climate change will be an additional challenge in meeting the MDGs.

On HIV/AIDS, we did manage to stop or even reverse the spread of the pandemic in some countries. But if we want to win the battle against HIV/AIDS and the other pandemics globally we need to increase our efforts now. The G8 countries have shown in Heiligendamm that this is possible. The 60 billion dollars committed to the fight against AIDS, tuberculosis and malaria over the coming years are a clear demonstration that key development issues are high up on the political agenda and command the attention of world leaders.

Resource mobilization is a complex process though, involving all stakeholders, not just donor country governments. In line with the primary responsibility for development which rests with the governments of developing countries, effective and sustainable domestic resource mobilization in developing countries is essential and most effective within a framework of good financial governance and transparency. I think the Extractive Industries Transparency Initiative (EITI) which more and more countries have joined should be mentioned here as highly laudable example. Lasting domestic resource mobilization also requires a stable environment, conducive to economic growth and respectful of human rights. In our context here this is all the more relevant as many MDGs are intimately related to human rights.

Focussing again on Africa, we see that – driven by political and economic reforms – growth in many countries is accelerating and thus helping tackle the pressing challenges the continent faces. What we now need is a vigorous impetus to ensure that this growth translates into meeting the Millennium Development Goals.

The national effort is complemented by trade, foreign investment, official development aid (ODA) and debt relief. The current favourable global economic situation including record growth in many countries also in Africa could facilitate all forms of resource mobilization. This opportunity should be utilized to the largest extent possible. Also in order to make best use of increased resources, we need mechanisms for scaling up and improving aid effectiveness especially at country level in line with the Paris Declaration on aid effectiveness. This includes a diligent and comprehensive needs assessment as well as effective development cooperation structures.

Madame President,

The European Union supports developing countries in all four areas, and on ODA we are particularly proud to have collectively not only achieved, but exceeded already in 2005 the ODA target of 0,39% of gross national income – a target for 2006 which was agreed in Barcelona on the eve of the Monterrey Conference in 2002. In 2005 the European Union has set new ambitious targets for 2010 and 2015. The European Union is currently providing 57 % of global ODA and is committed to reach the target of 0, 7 % of gross national income by 2015. I am pleased to note that we are seeing continuing real and very substantial increases in ODA on our way to meet these targets. Against the global trend in 2006, the combined ODA of the EU actually rose by 2.7 % in real terms from USD 55.7 billion in 2005 to USD 58.9 billion. The larger donor community is also well aware of the need of increased efforts. This is the message from the G8 summit in Heiligendamm, which reaffirmed the commitments made in Gleneagles and as already mentioned made significant additional commitments to fight HIV/AIDS and other pandemics. All this is part of a global effort to mobilize resources for achieving the MDGs. This global effort also includes South-South cooperation which – I hope – sooner rather than later will become an integral part with shared values and principles of cooperation for development.

Concerning additional sources of financing, we are pleased to note, that in the shortest possible time, three innovative financing mechanisms have been launched, resulting in an impressive mobilization of resources for development. One is the International Finance Facility for Immunisation (IFFIM), which provides substantial support through GAVI for vaccination and immunisation of children. Another is the air-ticket solidarity levy, which finances sustainable access to affordable drugs to fight HIV/AIDS, tuberculosis and malaria through UNITAID. The third is the Advanced Market Commitments initiative as an attempt to accelerate research for new and effective vaccines which will benefit the poorest countries. Many developing countries and industrialized countries have joined these initiatives.

Also, finding innovative ways of leveraging remittances as an effective source of finance for development – whilst fully respecting their nature as private flows – has attracted increasing attention over the last few years and is bound to continue doing so, as the numbers of migrants continues to grow. Once again in this field, the European Union is building upon successful experiences and strategies, such as simplifying and reducing transaction costs, improving access to financial services and – on a voluntary basis – creating public-private alliances with the aim of carrying out community-based projects and fostering local entrepreneurship.

Madame President,

I hope the discussions at this meeting will give a further impulse to the Financing-for-Development process on the way to the FfD Conference here in Doha in 2008 and strengthen our collective will to reach the MDGs.

Thank you.

United Nations Nations Unies

THE PRESIDENT OF THE GENERAL ASSEMBLY

LE PRESIDENT DE L'ASSEMBLEE GENERALE

17-18 June 2007

"Financing Development to Achieve the Millennium Development Goals"

Statement by Paul Ladd, UNDP

Thank you Mr. Chair, Excellencies, Delegates, and all those involved with arranging this meeting. Thank you especially to the State and people of Qatar as our generous hosts.

This meeting is timely and important because it is taking place at the midpoint between 2000 and 2015 – when we have committed to achieving the MDGs – but also because it is a staging post to the Ministerial meeting on Financing for Development taking place in Doha in 2008.

Other participants have elaborated on the need for the donor community to meet the international commitments that have been made on financing development; and also for developing countries to meet their commitments – made within a framework of mutual accountability – to put in place inclusive and accountable governance structures and sound policies.

The Monterrey Consensus looked at financing development from many angles: domestic and external resources, public and private, and also governance frameworks that influence the ability to mobilize resources, and how those resources are allocated.

In the short to medium term external public flows will be especially important in supporting the capital accumulation process that underpins development. There is a need to increase aid in line with the Gleneagles and other pledges, and also improve its quality in line with the Paris Declaration. UNDP agrees, and is concerned, that aid delivered in line with donor priorities and not in line with country priorities – including through multilateral channels – will be less effective at reducing poverty, will constrain national policy space, and will undermine domestic accountability. Efforts are also needed to broaden and deepen debt relief to those still servicing unpayable debts, especially where these were contracted by undemocratic and unaccountable regimes.

Beyond these aid commitments, the international community has the responsibility to put in place supportive and coherent international policies for development – on trade, investment and capital flows, the environment, migration, technology development and transfer, intellectual property rights, and responding to crises. Many of the international policies in place currently are incoherent and undermine growth and sustainable human development.

In the long term, sustainability of the development effort implies relying primarily on domestic resources. This will mean putting in place progressive, equitable and efficient tax policies, improving revenue collection, and national and international actions to combat tax evasion and capital flight.

While this meeting has reaffirmed the importance of meeting the commitments on aid, UNDP believes that this meeting is also important because it gives an opportunity to emphasize a key message. Notwithstanding uneven progress between and within regions, and on the Goals themselves, it is still within our grasp to achieve the MDGs. The MDGs can be met if the right policies are put in place and supported by sufficient resources.

UNDP responds to the requests of governments to develop ambitious, MDG-based national development strategies, as requested at the 2005 World Summit, paying attention to basic rights and gender equity. We focus on building national capacities to lead the development process, and support practical initiatives to scale-up to meet the MDGs. In doing this work we have seen the leadership of developing countries displayed through many successful initiatives:

- Ghana is successfully implementing a national school feeding programme using locally produced foods, and reaching about 1 million children
- Malawi, Tanzania, Uganda and Kenya have abolished fees for primary schools, with enrolment increasing to 85% in Tanzania, at the same time as improving teacher training and classroom capacity
- Zambia has cancelled fees for basic rural health services, and Burundi has introduced free medical care for mothers and children
- Senegal has put in place a national investment programme in water and sanitation, and is on course to reach the relevant parts of MDG 7
- Finally, the Millennium Villages have shown that through focusing on concrete interventions it is possible to deliver rapid results within a defined geographical area

In summary, the MDGs can be met if political will is displayed on all sides. While the Monterrey Consensus outlined many areas in which progress must be made, an important area in the foreseeable future is meeting the existing international commitments on aid.

We therefore hope that the Financing for Development meeting in Doha next year will be successful in re-focusing attention on this most pressing global challenge.

"SCALING UP FOR THE MDGs"

Remarks by Takeshi OSUGA

Director for Global Issues Cooperation Division

Ministry of Foreign Affairs of JAPAN,

18th June, 2007, Doha, Qatar

Mr. Chair,

Distinguished Delegates,

I would like to share with you some of Japan's recent experiences in foreign aid that we consider to be good examples of scaling up for the MDGs.

Firstly, let me touch upon Japan's efforts on different sectors included in the 8 goals and 18 targets of the MDGs.

(Primary Education)

Education has always been the top priority in our own nation building efforts and we apply this to our aid policy also. Japan's ODA allocated to education sector amounts to nearly 5 billion USD for 6 years 2000 – 05 and is placed in the 2nd place just after France. Yesterday, our colleague from the Netherlands made a comprehensive remarks on Education for All – First Track Initiative (FTI). We are happy to join this Initiative by contributing 2.5 million USD this year to the 2 funds under the FTI, and to become the co-chair of FTI in 2008.

(Water and Sanitation)

Japan has also been the leading donor in the water and sanitation sector by providing approximately 40 % of all bilateral aid during 5 years 2000 – 04. In March 2006, at the meeting of World Water Forum held in Mexico, we have announced a new initiative called "Water and Sanitation for Broad Partnership Initiative (WASABI)". In addition, last December, we initiated the adoption of the UN General Assembly resolution to make the year 2008 the "International Year of Sanitation". We are delighted to see other donors, in particular our European colleagues, paying more and more attention in this sector recently.

(Millenium Village Initiative)

As many of our colleagues in the UN already know, community empowerment is at the heart of human security concept Japan has been promoting for years in the context of development and humanitarian assistance. For that reason we have committed to assist the pilot phase of the African Millenium Village Project, promoted by Earth Institute of Columbia University by providing the seed money from UN Trust Fund for Human Security through UNDP. This Trust Fund is designed to finance pilot projects that "provides concrete and sustainable benefits to people and communities threatened in their survival, livelihood and dignity".

(Debt relief)

Japan has been strongly supporting the harmonized approach to the debt issue. Vis-à-vis the HIPCs: Heavily Indebted Poor Countries and others, we are committed to the debt reduction totaling more than 19 billion USD for 37 countries. In our view, debt relief should not be underestimated as important tool of international assistance. In order for the debt reduction measures to be truly effective, I sincerely hope that our effort is coupled with the strengthened capacity in public financial management of the indebted governments.

(Trade)

In order to achieve the objectives of the WTO Doha Round, which is considered as a development round, improvement of market access is not enough. We should work on comprehensive measures including the capacity building of developing countries in the area of trade. In December 2005, just before the WTO Ministerial Meeting in Hong-Kong, Japan announced "Development Initiative" aiming at supporting developing countries in all phases of trade, namely "produce ", "sell" and "buy". We have extended our duty free, quota free measures, and are promoting One Village One Product Campaign. With regard to Africa, Japan is taking initiatives such as "Asia-Africa Trade and Investment Conference", "Asia-Africa Business Forum" and "Enhanced Private Sector Assistance for Africa" in collaboration with relevant international organizations such as UNDP, UNIDO and AfDB.

(Other sectors)

Japan is taking initiatives in other sectors related to the Millenium Development Goals and targets. One of our priorities is health sector committing ourselves to 5 billion USD for 5 years 2005 – 09. We are committed also to distribute 10 million bed nets with insecticide, considered to be the most efficient measure to fight against malaria. It is estimated that 10 million bed nets can prevent the lives of 160 thousand children in Africa. Other sectors that we're taking tackling include agriculture through development of new varieties of rice and irrigation system, but I would limit myself to go into details.

Now I would like to share our views on what really needs to be done to scale up for the MDGs.

As I stated yesterday, the quantity and the quality of aid should go hand in hand. For the sake of quantity, for example, vertical funds have proven to be a very effective tool for collecting funds. Also, bilateral aid is a necessary means for many donor countries, especially for those equipped with strong implementing agencies such as JICA, Japan International Cooperation Agency in our case, in order to convince their domestic constituency, the tax-payers, by raising the national visibility of aid. Earmarked funding to multilateral agencies, mentioned by our colleague of OECD DAC yesterday is also inevitable for the same reason from the donors' point of view.

All these modalities of aid contribute to augment the amount of international assistance but risk to deteriorate aid effectiveness it they are not implemented in a harmonized and coordinated manner. If we prioritize multilateral, pooled, non-earmarked and cross-sectoral modalities for the sake of quality of aid, we risk not being able to mobilize all the potential resources for the achievement of the MDGs.

How can we mobilize to the maximum the financial resources and at the same time preserve the quality of aid? I have two answers to this question.

My first answer is "enhanced ownership of the recipient, backed up by good governance". International assistance can only be effective when it's combined with the effort of the developing countries to strengthen its governance. Foreign aid can only be effective with transparent, accountable and predictable public institutions in the political, economic and social sector of the recipient country. Fight against corruption is important. I also talked earlier about the need to synergize debt relief measure with good public financial management. In our view, how to assist developing countries in the capacity building related to governance should be placed at the center of the scaling up for the MDGs.

My second answer is to adopt "human centered approach". Both the donors and the recipient governments should try to focus more on the real impact of the financial resource they mobilize on the final beneficiaries, the most vulnerable people and communities. Human security does not contradict with national security or state sovereignty but it complements the ownership of the recipient government to provide its people with services related to the MDGs. Human security approach implies more focus on communities, multi-sectoral and cross-sectoral measures to cope with various threats in a comprehensive way, promoting partnership with local civil society and NGOs. We believe that these are all key elements in keeping up the quality of aid at the grass-root level. Japan has been promoting this approach with its bilateral aid and through the UN Trust Fund for Human Security in collaboration with UN development and humanitarian agencies. In concluding my remark, I would like to invite others to join.

Thank you very much.

18 June 2007

**Statement of H.E. Ms. Sheikha Haya Rashed Al Khalifa,
President of the 61st Session of the General Assembly,
at the Follow-Up Meeting "Financing Development to Achieve the MDGs"**

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17-18 June 2007

"Financing Development to Achieve the Millennium Development Goals"

Statement by H.E. Ahmad bin Abdullah Al-Mahmoud, Minister of State for Foreign Affairs, Member of the Council of Ministers

HE President of the United Nations General Assembly
HE President of the ECOSOC- UN
Excellencies
Ladies and Gentlemen

I have the pleasure on behalf of the government of the State of Qatar, to express sincere thanks to all participants in the meeting on Financing Development to achieve the MDGs, for their positive and constructive spirit that prevailed in our deliberations in the past two days.

Discussions during the two-day meeting have, as a matter of fact, reflected that many developing and least developed countries, especially those in the African sub-Sahara, are off-track in achieving any of the MDGs.

We hope that these discussions have contributed in developing our ideas and views regarding the best practices and experiences in two major pivots namely, the challenges in the way of realizing MDGs, and thinking of the best practices and experiences in this field. It was illogical, however, to reach and develop specific and final attitudes and formulate foundations that contribute in deepening our understanding and defining our march to bring views closer together and attain more harmonization in vision in order to work out practical arrangements that support and boost the constructive participation which was one of the salient features of the international conference on financing development. We are keen to ensure that such feature will continue to serve the development process at international, regional and national levels.

Ladies and Gentlemen,

Our meeting has resulted in certain facts that should be examined and considered because they will have a great impact in achieving the MDGs:

- Discussions indicated that some of the first seven MDGs may be realized but perhaps their realization will not have a deep impact.
- Several African countries have made remarkable success concerning a number of MDGs.

- ODA declined by 5% and reaching the 0.7% target is still far away. The average aid presented by OECD members until 2006 was 0,3% in spite of the fact that countries like Denmark, Sweden, Norway and the Netherlands bypassed the set percentage of 0,7%.
- The increase referred to in 2006 is attributed to debt relief of two big countries, more than that it emanated from increases, in real terms, in ODA.
- There were FDI flows but they were limited in most cases to a number of the emerging countries.
- The developing countries should be supported and assisted in developing and implementing their national development strategies in a manner that enables them to achieve the MDGs. This should be done through coordinated and progressive support to realize their plans to achieve the MDGs.
- Country – ownership of development plans should be stressed and underlined.
- With the entry of new actors and donors, coordination and harmonization among all partners should be encouraged.

Distinguished Guests,

I do not want to go into details of the discussions during this meeting in the past two days, but I would like to urge all the participants to work together and extend aid and support to all countries and the African sub-Saharan least developed countries in particular, in order to achieve the MDGs.

With this spirit we look forward to see you all next year in Doha, so as to make big steps towards wider scopes in development and to promote the spirit of participation among the peoples of the world.

May Allah Al-Mighty bless us all to work for the welfare and prosperity of mankind at large.
Thank you.

THE PRESIDENT
OF THE
GENERAL ASSEMBLY

7 June 2007

Excellency,

We are honored that you have confirmed your participation at the meeting in Doha entitled "Financing Development to achieve the Millennium Development Goals" on 17 and 18 June 2007. This meeting is part of the continuous efforts of the United Nations to foster development worldwide.

As we reach the midway point to 2015, concerted global action is necessary in order to achieve the Millennium Development Goals. We are looking forward to an interactive discussion in Doha on this important issue. The meeting will bring together Member States, including at Ministerial level, and representatives from the United Nations, Bretton Woods and regional institutions, as well as foundations and non-governmental organizations. In this regard, your personal contribution on the theme set out in your invitation letter would be most appreciated and contribute to a productive debate. You are also encouraged to contribute to the various interactive sessions during the meeting.

The nominated head of delegation from Least Developed Countries are eligible for travel and accommodation support. May we take this opportunity to remind these participants to provide details of their nomination to Mr. Yasser Abdullah, who will then authorise the Qatari authorities to issue air tickets. Further details are set out in the attached information note and program.

We are looking forward to seeing you in Doha.

Please accept, Excellency, the assurances of my highest consideration.

Haya Rashed Al Khalifa
President of the General Assembly

Ahmad Bin Abdullah Al-Mahmoud
Minister of State for Foreign Affairs

Information Note: 'Financing Development to achieve the MDGs'

1. The follow up meeting to the first informal thematic debate of the General Assembly, 'Financing Development to achieve the MDGs' will take place, on 17-18 June 2007 at the Sheraton Hotel in Doha Qatar. Participants are encouraged to stay at the Sheraton during the period of the meeting.

2. This meeting is distinct from the meeting on the "Follow up to the International Conference on Financing for Development to review the Implementation of the Monterrey Consensus", to be held in Doha in the second half of 2008. Consultations on this event are currently being facilitated by the Permanent Representatives of Egypt and Norway.

3. Assistant Director of Sales, Shaher Mohammed Abu Haikal can assit you with arranging bookings at the Sheraton Doha Resort & Convention Hotel, Al Corniche Street, PO Box 6000, Doha, Qatar. (Tele: +974.485.4440; fax: +974.483.8771; Shaher.Abu-Haikal@Sheraton.com).

4. Rasha Kayali (Liaison Officer for the Government of Qatar) can assist you with any queries regarding preparations and logistics for the meeting (Office tel: +974 4435132 ; cell: +974 6606818; Email: rasha@mofa.gov.qa). Please copy Mr. Yasser Abdullah (Office of the President of the General Assembly, abdullahy@un.org) into any correspondence with Ms. Kayali.

5. Enquires from the Office of the President of the General Assembly should be directed to Mr. Yasser Abdullah (office: 001 212 963 1235 cell: 001 917 957 8412 Email: abdullahy@un.org)

6. A list of invitees to the meeting is attached.

MINISTRY OF FOREIGN AFFAIRS

Financing Development

to Achieve the Millennium Development Goals

17th – 18th June, 2007

Doha, Qatar

Financing Development to Achieve the Millennium Development Goals
17th – 18th June, 2007
Doha, Qatar

SUNDAY, JUNE 17TH, 2007	
Time / Hall	***Events***
10:00 –10:30	***Opening Session*** • ***Welcoming Remarks, Government of Qatar*** • ***Opening Statement: UN GA President***
10:30 –11:30	***Discussion on Financing to achieve the MDGs*** • ***Domestic resources mobilization, including by Least Developed Countries***
11:30 – 12:00	***Coffee Break***
12:00 –13:30	• ***2007 mid-point to achieve MDGs: progress and challenges ahead*** • ***Delivering on commitments: scaling-up, predictability, and effectiveness***
13:30 –15:00	**Lunch and Press Conference**
15:00 –18:00	***Continued discussion on Financing to achieve MDGs*** • ***Multilateral aid*** • ***New and emerging donors*** • ***Primary Education***
MONDAY, JUNE 18TH, 2007	
Time / Hall	***Events***
10:00 –11:00	***Discussion on successful examples of scaling up for the MDGs.*** • ***Water and sanitation*** • ***Millennium Villages***
11:00 –11:30	**Coffee Break**
11:30-13:00	***Continued discussion on successful examples of scaling up for the MDGs.*** • ***Other examples of progress*** • ***The Way Forward to 2015*** • ***Closing***
13:00 –15:00	**Lunch and Press Conference**

THE PRESIDENT
OF THE
GENERAL ASSEMBLY

State of Qatar

4 June 2007

Excellency,

In our letter of 7 May 2007, we welcomed your delegations 'participation' at a meeting entitled "Financing Development to achieve the Millennium Development Goals" scheduled to take place on 17 and 18 June 2007, in Doha. We also requested, at your earliest convenience, that you could communicate to the Office of the President of the General Assembly a confirmation of your level of participation in order to facilitate arrangements.

It is also our pleasure to present to you some additional information to facilitate requests for visas. The Permanent Committee for Organizing Conferences Ministry of Foreign Affair, Qatar requests that participants forward a copy of their passport details and their country of departure to Ms. Fatima (pcoc@mofa.gov.qa tel: 974-4431539 fax: 974-4435836 / 974-4435140).

Visas can then be collected from a Qatari Embassy from the country of departure to Doha. For those countries without a Qatari Embassy visas will be available for collection at the airport in Doha. All further detail regarding logistics have been previously send to delegations and have also been posted on the President of the General Assembly's website at http://www.un.org/ga/president/61/follow-up/financingmdgs.shtml.

To facilitate ministerial participation from Least Developed Countries we are pleased to inform you that a limited amount of funding is available to cover travel and accommodation. Enquires on this matter should be directed to Mr. Yasser Abdullah (Finance Officer, Office of the President of the General Assembly abdullahy@un.org, tel:001 212 963 1235, cell: 001 917 957 8412).

Please accept, Excellency, the assurances of my highest consideration.

Haya A. Khalifa

Haya Rashed Al Khalifa
President of the General Assembly

Ahmad Bin Abdullah Al-Mahmoud
Minister of State for Foreign Affairs

All Permanent Representatives and
Permanent Observers to the United Nations
New York

THE PRESIDENT
OF THE
GENERAL ASSEMBLY

7 May 2007

Excellency,

I have the honour to inform you about a follow-up to the informal thematic debate, 'Partnerships to achieve the Millennium Development Goals', which took place in the General Assembly on 27 November 2006. At that debate the Government of the State of Qatar kindly offered to host a follow-up meeting, in Doha, Qatar.

The follow-up meeting entitled '**Financing Development to achieve the MDGs**', will take place on 17 and 18 June 2007. The meeting is part of the continuous efforts of General Assembly to foster development worldwide. It has a special significance as we reach the mid-point for the implementation of the Millennium Development Goals. So far progress has been mixed. To achieve the MDGs by 2015, concerted global action is required by all stakeholders.

The meeting could also serve as an input to the preparatory process of the 'Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus', to be held in Doha in the second half of 2008.

In light of the importance to all Member States of achieving the Millennium Development Goals by 2015, I trust Member States will ensure full and active participation at this event, including as appropriate, through the participation of Ministers, in particular those responsible for international development, planning and international cooperation. I would be grateful if you could communicate to me at your earliest convenience the level of you country's participation, in order to facilitate the appropriate arrangements. A preliminary agenda for the meeting is attached.

Please accept, Excellency, the assurances of my highest consideration.

Haya Rashed Al Khalifa

All Permanent Representatives and
Permanent Observers to the United Nations
New York