Working Paper for the Helsinki Process
Report of the Track on “Global Economic Agenda”

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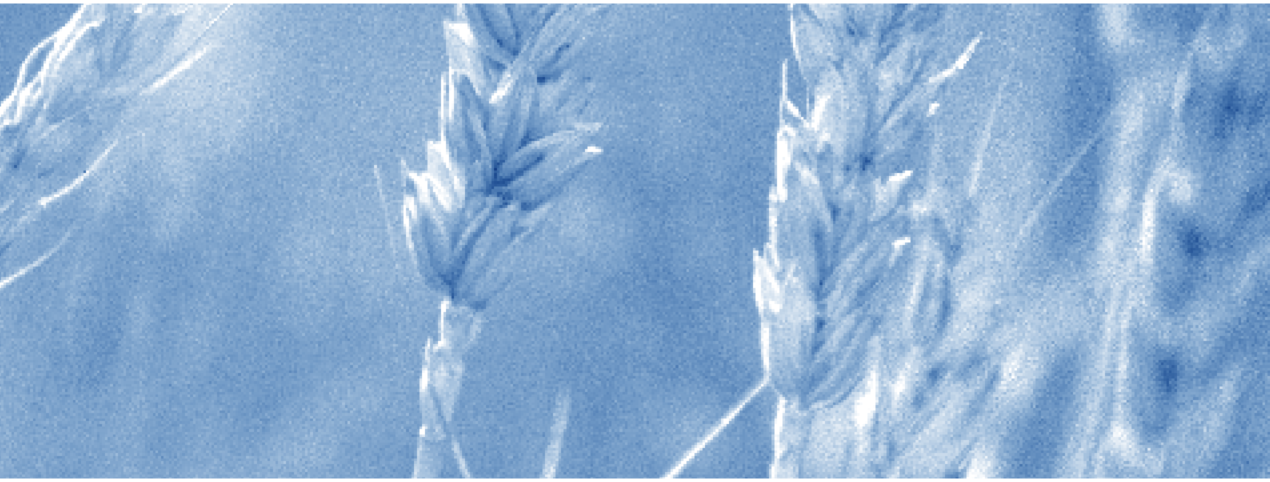
MOBILISING RESOURSES FOR THE MILLENNIUM DEVELOPMENT GOALS



MOBILISING RESOURCES FOR THE MILLENNIUM DEVELOPMENT GOALS

Report of the Helsinki Process
on Globalization and Democracy

Track on "Global Economic Agenda"

CONTENTS

EXECUTIVE SUMMARY

MOBILISING RESOURCES FOR THE MILLENNIUM DEVELOPMENT GOALS

The world is at a critical juncture between the opportunity to come together to pursue a common agenda or break into opposing groups based on differences in income, interests, religion, or race. Globalization exacerbates this tension between *opportunity and threat.* Both the reality and the perception of globalization embody these tensions, for globalization contains forces within it for both good and ill. The most keenly felt tension is the sense that globalization creates greater inequality in an already unequal world. The fact that the wealth of a minority of people is growing rapidly while billions live in abject poverty is one of the major ethical challenges facing humanity today. If the world is unequal, then it must be undemocratic. To make a difference in the face of these enormous forces, there is a need to think in terms of *transformational change* in order to reverse the current patterns of inequalities at the global and national levels. As a result, *globalization and democracy* come together as simultaneous challenges.

The drivers of transformational change consist of value components and instrumental elements. *The value component has to do with the power of common aspirations and ethical principles to bind actors to common purposes.* The instrumental component provides incentives for individual, institutional and corporate efforts to improve productivity growth, jobs, incomes and resources available for realizing human aspirations and specific goals for human security as well as for enhancing the capacity and dignity of the individual. Responsibility rests with each individual as a citizen of our communities and nations, and all of us as global citizens, to contribute to human solidarity. Small and medium enterprises, large corporations, private sector associations, labor unions and other organized aspects of the private sector have a vital role to play and major benefits to be reaped from a global society of healthy, educated, productive workers. Local, national and global public institutions are also key actors in the common enterprise of improving the human condition in all societies.

Transformational change that vaults societies forward to a different level and quality of life requires simultaneous, significant participation of the three major elements of society: *the private sector, the development state and civil society.* Without the full engagement of these three engines of change, the end result over the next decade will be an extrapolation of existing conditions or at best incremental improvement which fails to give global society a new sense of itself as just, open and fair

Achieving the MDGs by 2015 in all countries will require a major unified effort by the international community along with each of the three main sources of transformational change: the private sector, the development state and civil society. Business as usual will not suffice. Nor will mere incremental efforts translate into the qualitative shifts required. Only simultaneous, substantial effort on multiple fronts will generate the high yield outcomes necessary to achieve the MDGs by 2015. The promise of the MDGs is the intrinsic synergy among health, education, gender equality, the environment and poverty reduction which generate high returns to simultaneous investment. This inter-sectoral synergy is a source of dynamism that can be realized by moving forward toward all the MDGs simultaneously.

The new global agenda requires global policy leadership to press the priority of the intersectoral nature of the agenda and provide guidance for the inter-institutional relationships most conducive to implementing that agenda. *Issues at the interface* are the essential issues that generate the synergies and high yield outcomes on which success depends. Political guidance at the highest level is necessary to provide a framework for complementary rather than competitive relationships among the major international institutions responsible for the principal domains of global agenda. If the world anticipates transformational effects from this agenda, the relationship among the international institutions cannot be left to market forces or bureaucratic coordination. Nor is this a matter for ministers of finance alone. Global political leadership at the highest level is required to push the intersectoral and policy coherence elements of this agenda which are so contrary to business-as-usual modes of national governance, which tend to follow turf-driven division of labour stand-offs rather than coordination and cooperation.

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GLOBAL ECONOMIC AGENDA

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PREFACE

Global development has an impact on people's lives, increasing the feeling that global problems are uncontrollable and unpredictable. The current trend is not inevitable, however; instead, genuine solutions can be created for problems if the collaboration is wide enough.

The Helsinki Process on Globalisation and Democracy is in search of novel and empowering solutions to the dilemmas of global governance and offers a forum for open and inclusive dialogue between major stakeholders. The process promotes solution-oriented co-operation between governments, civil society organisations and the corporate sector. Innovative, extensive and goal-oriented collaboration is needed, because conventional international processes are no longer able to provide answers for the problems brought on by globalisation.

The Helsinki Process was created at the initiative of the Finnish Government in co-operation with the Tanzanian Government. The project was launched in December 2002 in Helsinki at a conference on the problems of global governance and the future of North–South relations. The aim of the Helsinki Process is to promote democracy and equality in international relations by promoting the involvement of Southern perspectives and the civil society in forming global policies. To succeed, the global community not only needs innovative and revised tools for decision-making, but also values to guide their use.

The activities of the Helsinki Process are divided into two, interlinked processes. The public profile and impact of the Helsinki Process is defined by a high-level advisory group, called the Helsinki Group. It is co-chaired by the Foreign Ministers of Finland and Tanzania, Erkki Tuomioja and Jakaya Kikwete, respectively. The Helsinki Group has 22 members and it aims to generate and crystallise ideas on how to improve the present governance of globalisation.

The deliberations of the Group are supported by three Tracks. The Tracks are New Approaches to Global Problem Solving, Global Economic Agenda and Human Security. They work rather independently of the Helsinki Group, but they have also the task to feed into the Group's work pertinent policy ideas and proposals in their own areas. The aim of the Tracks has been to develop feasible, practical and strategic policy responses to the deficits of global governance, financing of the Millennium Development Goals and addressing the new and emerging human security concerns. The policy proposals are tested among the stakeholders in order to ensure the political feasibility of the proposals.

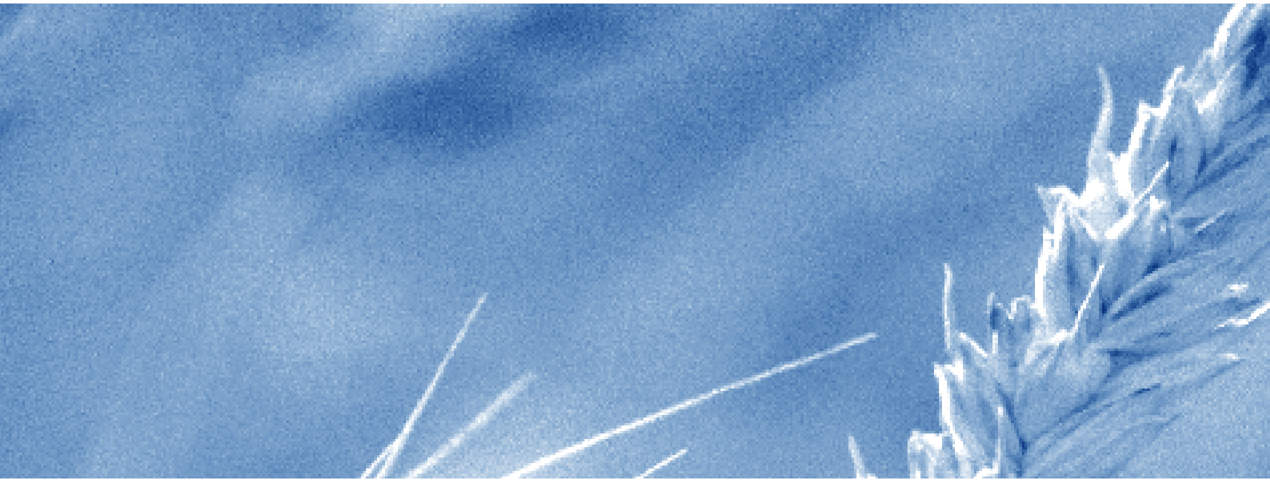
This publication, “Mobilising Resources for the Millennium Development Goals”, is one of three Track reports. This one is the report of the “Global Economy” Track. This report is based on a variety of papers commissioned by the Track and on a longer paper, “The Planet at Risk: Mobilizing Resources for Global Human Security”. Readers are encouraged to consult these papers which are available on the website: www.helsinkiprocess.fi. This report is also based on Track meetings in Helsinki in October 2003, in Geneva in March 2004 and in Pretoria in October 2004 for which the papers above served as background and focal points for discussion. The members of the Track are Fantu Cheru (convenor), Colin Bradford (adviser), Tony Addison, Anna Tibaijuka, Aida Opoku-Mensah, Regina Amadi-Njoku, Maureen O'Neil, Martti Hetemäki, Knut Sörlie, Anthony Hill and José Olivio Miranda Oliveira.

Given the nature of the process, not every member of the track would agree with every word or the precise phrasing of every recommendation in this report. But the Report does reflect a broad consensus among the members on what could and should be done to strengthen the capacity of international community to solve global problems.

The Track was greatly aided and encouraged by Ilkka Saarinen, Pasi Hellman and Laura Torvinen of the Ministry for Foreign Affairs of Finland; by Flora Musonda from the Tanzanian Secretariat of the Helsinki Process; and by Sami Lahdensuo, Pauliina Arola and Jaakko Iloniemi from the Finnish Secretariat of the Helsinki Process.

This report feeds into the work of the Helsinki Group, which is launching its report in the summer of 2005, and the Helsinki Conference (7-9 September 2005), which is to mobilise political will and to find strategies for implementation of the recommendations made in the Helsinki Process.

Fantu Cheru
Convenor
Track on Global Economic Agenda
Helsinki Process on Globalisation and Democracy



1. TOWARDS AN ETHICAL GLOBALIZATION REGIME: GLOBAL ASPIRATIONS AND GUIDING PRINCIPLES

The world is at a critical juncture between the opportunity to come together to pursue a common agenda or break into opposing groups based on differences in income, interests, religion, or race. Globalization exacerbates this tension between *opportunity and threat*. Both the reality and the perception of globalization embody these tensions, for globalization contains forces within it for both good and ill. The most keenly felt tension is the sense that globalization creates greater inequality in an already unequal world. The fact that the wealth of a minority of people is growing rapidly while billions live in abject poverty is one of the major ethical challenges facing humanity today. If the world is unequal, then it must be undemocratic. As a result, *globalization and democracy* come together as simultaneous challenges.

To make a difference in the face of these enormous forces, there is a need to think in terms of *transformational change* in order to reverse the current patterns of inequalities at the global and national levels. In this respect, the Millennium Development Goals (MDGs) provide a powerful organizing framework for international actions to change the current patterns of globalization and generate forces for greater democracy, equity and security. At the core of a transformative development agenda is the need to strengthen the global commitments to humane governance. The agenda must be focused on strengthening global ethics and responsibilities by bringing the principles of human development and social protection into the concept of global economic governance.

The emphasis on the 'rights-based dimension' of development can be used to identify new and significant entry points for the actions of development agencies, governments, the private sector, and civil society actors who seek to strengthen the capacity of poor people to attain secure and sustainable livelihoods. The purpose of this report is, therefore, to identify and connect the value and instrumental components of transformative change and to mobilize national governments, the private sector and civil society to create a just world order where each human being is allowed to fully enjoy his or her civil, political, economic, social and cultural rights. Moreover, the *report focuses on actions necessary for mobilizing sufficient resources to finance the achievement of the MDGs*. If economic recovery in poor countries is to become a realistic prospect, the meager financial resources available at their disposal will have to be supplemented by substantial inflows of foreign capital, above and beyond current levels of official development assistance.

The Millennium Development Goals (MDGs) agreed to by 189 national governments and embraced by the major international institutions articulate specific goals to be reached by 2015 in poverty, health, education, gender equality, environment and international cooperation. The fact is that everyone aspires to live in a world in which all people have access to health care, education, gender equality, a sustainable environment, nutrition, decent work and adequate income. *The MDGs are a mirror at the global level of human aspirations at the local level, everywhere*. These goals embody what everyone wants for our local communities and for ourselves and our immediate families as well as for the human community as a whole.

Given the current state of the human condition, achieving the MDGs by 2015 would constitute transformational change. Achieving the poverty goal of reducing by half the proportion of people living in absolute poverty between 1990 and 2015 (MDG #1) would by itself constitute a major accomplishment, diminishing significantly global inequality. Similarly, achieving the three MDG health goals-on infant and child mortality, maternal mortality, and HIV/AIDS and other categories of diseases such as Tuberculosis and Malaria-would bridge the health gaps in low income countries, especially those in sub-Saharan Africa. This would have a dramatic impact on the wellbeing of poor people and their ability to participate in productive activity. However, poor country governments simply lack the resources to extend health services enough to control and avert preventable and treatable diseases, such as HIV/AIDS, tuberculosis and Malaria, and the millions of deaths that result from them every year.

Reaching the health MDGs requires international effort to mobilize resources to support more publicly funded research into diseases that primarily affect the poor; expanding access to essential medicines and basic water supply and sanitation; and strengthening health delivery systems in poor countries. The more developing countries are supported to fight against the diseases that plague their populations today, the greater the security of the developed world from communicable diseases. Infectious diseases are spreading faster due to international travel and global action is increasingly being called for.

Looming in the background of these issues of analysis and action are concerns regarding the nature of global governance, a topic that will be dealt in length by the Track on "New Approaches on Global Problem Solving" of the Helsinki Process. It is common knowledge that global decision-making in economic and social affairs has become much less democratic, participatory and transparent as the resources, mandate and influence of the UN eroded as the power and mandate of the IMF, World Bank and WTO expanded. As a result, developing countries' policy autonomy has been narrowed by loan conditions, trade rules and structural adjustment programs. Recent efforts to shift policy control to developing countries – the PRSP as being a case – have not been accompanied by democratization of multilateral financial institutions. An important element of a 'transformative' agenda is the need to reform the decision-making system in international institutions like the IMF, the World Bank and the regional development banks so that the developing countries can have a fair say in the policies and processes of these institutions that so much determine the course of their economies and societies.

While recognizing the importance of these international financial architecture reforms, the strategic decision taken here has been to focus on *key specific actions* that would be expected to significantly contribute to achieving the MDGs. Also, highlighted here are some *elements of global governance* which are thought to be specifically linked to the actions proposed in this report. It is not that reforms in the international financial architecture are not thought to be important and even helpful to the action agenda proposed here, but rather that the broader ideas for systemic change in the international financial system have been put forward elsewhere and do not necessarily benefit from being repeated here.

ETHICAL NORMS AND PRINCIPLES FOR A NEW GLOBAL ECONOMIC AGENDA

The drivers of transformational change consist of value components and instrumental elements. *The value component has to do with the power of common aspirations and ethical principles to bind actors to common purposes.* The instrumental component provides incentives for individual, institutional and corporate efforts to improve productivity growth, jobs, incomes and resources available for realizing human aspirations and specific goals for human security as well as for enhancing the capacity and dignity of the individual. Responsibility rests with each individual as a citizen of our communities and nations, and all of us as global citizens, to contribute to human solidarity. Small and medium enterprises, large corporations, private sector associations, labor unions and other organized aspects of the private sector have a vital role to play and major benefits to be reaped from a global society of healthy, educated, productive workers. Local, national and global public institutions are also key actors in the common enterprise of improving the human condition in all societies.

Guiding *ethical principles* are necessary to frame issues clearly. Ethical principles reflect commonly accepted international *human rights* instruments. The promotion of human rights is of particular relevance in the context of globalization and its potential for excluding and marginalizing weak members of the international community and people with limited power to influence economic decisions. *Human rights afford protection against such exclusion and marginalization.* Moreover, international human rights agreements codify the rights of the poor and the obligations and duties of governments to respect, protect, and fulfill these rights.

• ***Human Dignity and Human Freedom:*** protecting human dignity and expanding human freedom entails expanding human liberties, opportunities and capabilities. Deprivation in human freedom relate to the inability to avoid *hunger, poverty, treatable illnesses and premature mortality* as well as the denial of civil and political liberties. The aim of economic globalization should be to reinforce human dignity and expand human freedoms, not the other way around.

• ***Responsibility and Accountability:*** Individuals, organizations and governments have responsibilities to respect, promote and fulfill all human rights for all. International financial institutions and private commercial banks are not exempt from general international human rights regulations and must become accountable to the public. Lack of accountability undermines democracy's substance, if not its form. Such accountability requires *mechanisms for arbitration* when weaker governments have grievances.

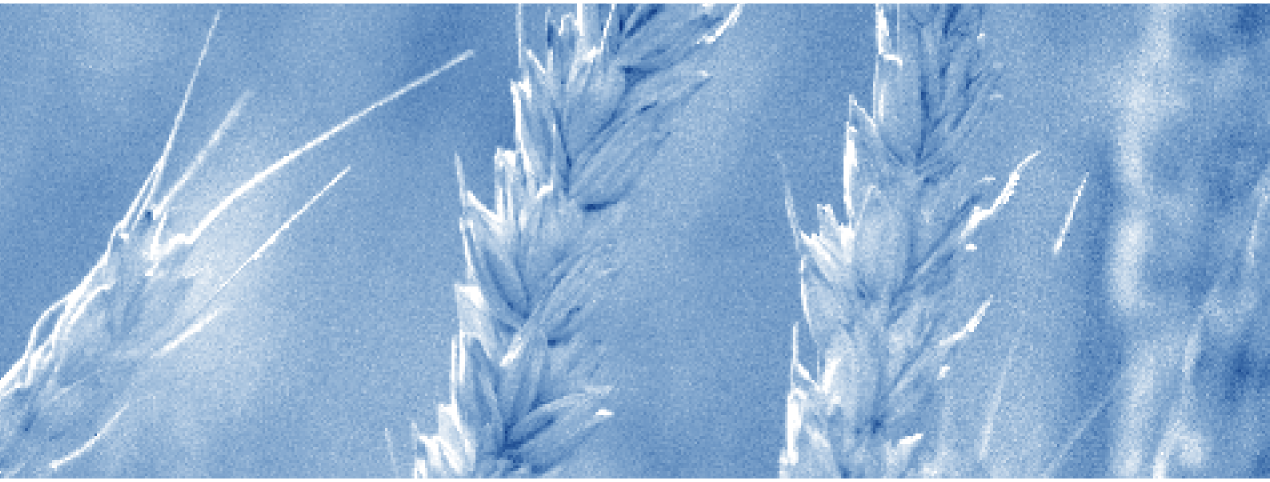
• ***Inclusion of Marginalized Voices:*** An essential principle of the international human rights framework is that every human person and all peoples are entitled to participate in, contribute to and enjoy civil, economic, social, cultural and political development in which all human rights and fundamental freedoms can be fully realized. This means that participation is not simply something desirable from the point of view of ownership and sustainability, but rather *participation is a right*. The inclusion of marginalized voices in the discussion of global economic agenda is not only a practical necessity, it is fundamental to the achievement of a just and democratic global order.

· ***Democratic Treatment and Equality in Sharing Losses:*** Inflation, exchange rate volatility, capital flow surges and hemorrhages, and financial crisis hurt the poor disproportionately. Yet global mechanisms and national programs are inadequate to protect the poor from financial shocks and to compensate them for the impact of them on the poor. For globalization to be fair and more democratic there must be policies, programs and mechanisms designed to protect the poor from the *disproportionate burden they bear of the costs of globalization.*

· ***Policy Choice for Self-determination:*** In reforming the global economic agenda to achieve a more fair, equal and democratic world, special emphasis needs to be placed on preserving and enhancing the *policy options* open to developing nations to choose their own development path consistent with their values, institutions, history and national priorities. At present, their policy choice is narrowed by loan conditions, structural adjustment programs, trade rules and their financial dependency on developed countries. There is an urgent need to enlarge the range of country policy options and choice. Such expression can best be undertaken by elected local representatives and not by external donor officials.

· ***Sustainability and a Commitment to Protect Common Heritage Resources:*** Development processes should respect the rights of future generations as well as the present. The prevailing economic logic conspicuously ignores the human consequences of resource depletion. *Sustainability relies on the conservation of the life support functions of the ecosphere which cannot be replenished by technology or replaced though economics.* This is considered natural capital. Each generation should inherit a natural capital stock equal to that which the preceding generation inherited and humankind must learn to live on the annual production or interest generated by the existing stocks of natural capital.

These ethical principles are driving forces in determining the concerns and conclusions of this report. They shape and motivate the actions necessary to finance the achievement of the MDGs by 2015. However important this achievement would be, the *reforms in processes and institutions* vital to these efforts themselves are important dimensions of the trajectory of transformational change. If the global governance institutions and processes were working well, the current tensions would not be as acute as they are. Therefore, after defining (II) the current context in more detail, this report will identify the (III) sources of transformational changes among the private sector, the developmental state, and societal actors before specifying (IV) key priority actions required to mobilize resources for achieving the MDGs, concluding with some (V) recommendations for those global governance reforms which will enhance the effectiveness of the mobilization effort.



II. THE CONTEXT FOR ACTION: WHAT IS WRONG

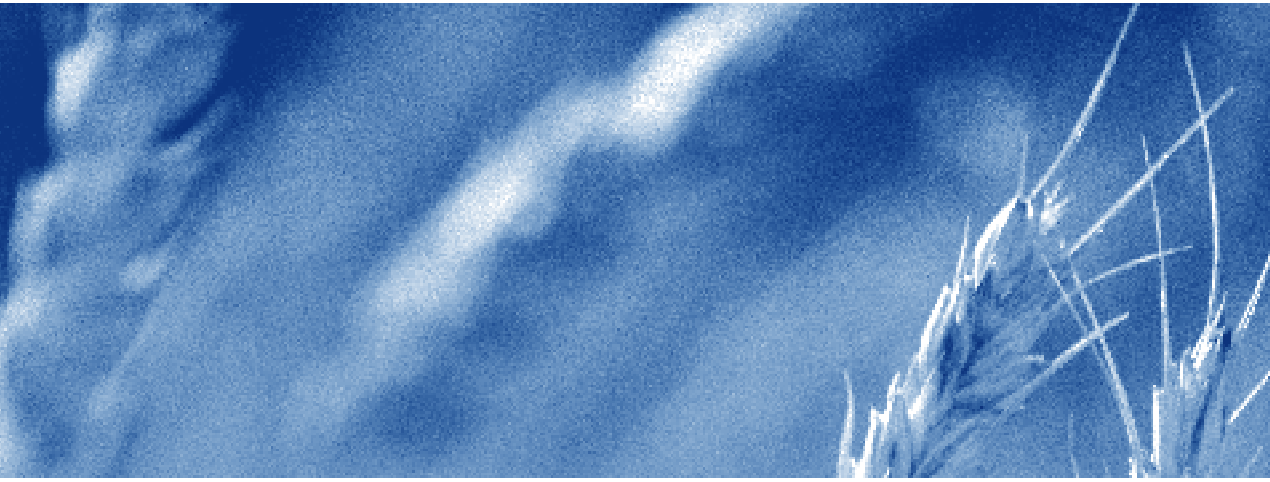
Today, there are 6 billion people in the world; roughly one half of the world's populations live on less than $2 per day. This creates a divided, unequal world in which the distribution of the benefits of global growth seems unfair. Not only is the economy failing to generate decent work and sustainable livelihoods for the global majority but the poor have unequal access to healthcare, education, credit, land, natural resources, clean air, clean water, sanitation, and institutions to sustain their lives. To put it differently, the poor lack human capital (skills), natural capital (resources), and social capital (networks and institutions) as well as financial capital (savings, credit, machinery, and housing) necessary for productive lives for themselves and their families. This disparity in income and access has created the sense of a polarized world. The rise of terrorism as a global threat has only put more pressure on limited resources and tended to crowd out the social and economic aspects of human security as priorities on the international agenda. These patterns cannot continue. They give rise to the call for transformational change.

The prevalence of wide scale human deprivation in the midst of a world of plenty can be avoided and the fight against mass poverty won. But this requires significant policy changes on the parts of governments both in the developed and developing countries. To correct the current global imbalance, the first priority is for the *democratic deficits* to be rectified by political, judicial and institutional reforms within countries in which the voices of the poor are not heard and their interests are not served. *Local values and priorities need to drive policies and resource allocation rather than global policy regime setting national development strategies.* Economic reforms following one-size-fits-all models are too narrow and too rigid to achieve transformational change. In contrast to the Washington Consensus on economic reform, the Monterrey Consensus on the MDGs and the financing for development efforts to achieve them embodies a *multisectoral development strategy* which is more promising as a catalyst for transformation. The complexity and intersectoral linkages of the multisectoral MDG agenda provide many *more dimensions for choices* regarding sequencing, timing, and priorities to infuse implementation strategies with local values, preferences and variants than the previous paradigms for economic policy reform.

Since the MDGs echo human aspirations of all, there is more congruence between local, national, regional and global programs for achieving them and less sense of an external agenda imposing constraints on national and local decisions. The MDG agenda can be home-grown rather than imported. A city in Paraguay recently adopted the MDGs as their urban policy program. As a result, the internal mobilization of political support and financial resources is more energizing than trying to create consensus on adjustment and stabilization efforts supported by international agencies. *The infusion of local and national input into the MDG effort drives the global response rather than a global mandate overpowering the local, as in the past.*

DECENT WORK

"Decent work" means work which meets peoples' aspirations. First, there should be enough work for those who want it. This implies that employment is a policy priority. Decent work should provide a decent income. This implies a concern for wage policy, poverty reduction and equality. Decent work involves respect for the basic rights of workers and employers, and adequate conditions of work. This implies freedom of association, collective bargaining, and enforcement and accountability mechanisms to assure compliance. Basic universal principles such as gender equality, solidarity and democracy should be respected, assuring that the voice of those who work and seek work will be heard in negotiation and dialogue. Finally, under the notion of decent work, work should be fulfilling and contribute to the development of people and communities. Decent work therefore encompasses provision for those left out = because of sickness, old age, or disability.



III. SOURCES OF DYNAMISM: IMPETUS FOR TRANSFORMATIONAL CHANGE

Transformational change that vaults societies forward to a different level and quality of life requires simultaneous, significant participation of the three major elements of society: *the private sector, the development state and civil society.* Without the full engagement of these three engines of change, the end result over the next decade will be an extrapolation of existing conditions or at best incremental improvement which fails to give global society a new sense of itself as just, open and fair.

The Private Sector: Business leaders are increasingly interested in shaping global investment, trade, and production in ways that generate social goods such as employment, income growth, environmental benefits, productivity improvements and distributional outcomes which create greater equality and broader participation in the gains from globalization. In developing countries, domestic small, medium and large enterprises are the main engines for job-creation, decent work and growth. Foreign investment and enterprises are extremely important supplements to domestic private sector dynamism by enhancing investment, technological change, competitiveness and export potential. But, it is more the case that internal dynamism attracts external resources than that foreign investment jump-starts domestic growth. Foreign private sector actors, whether banks, businesses, or investors, have a major stake in developing the missing markets for their services, products and finance, which go wanting due to lack of institutional infrastructure, policy reform and political commitment in poor countries. As a result, the entrepreneurs, executives and leaders from developing countries *and* industrial economies have an immense common stake in poverty-reduction, income equality and job growth due to the enormous market potential opened up by transformational change. *Without the private sector, transformational change is dead in the water; without transformational change, the private sector (foreign and domestic) are condemned to slower growth trajectories failing to realize the potential of missing markets.*

The Public Sector: the development state: Unrealized market potential in developing countries means, more often than not, market failure; that is, business can not rely on market signals alone to guide investment and business decisions. Government failure is also an obstacle to private sector growth. As a result, society and the private sector have a stake in strengthening, not weakening, of the public sector capacity to govern and to support the functioning of the market. Successful developing countries have been those who have shaped a constructive, mutually supportive relationship between the public and private sectors, rather than ones that have opted either for the primacy of the market or the primacy of the state.

The *development state* is one that has the administrative, legal, and regulatory capacity to support the market and the private sector. It is a capable state rather than crony-capitalist state; it is one that thrives on private-public partnerships rather than fears them or is captured by them. The development state is one pushing for financial system reform to benefit small, medium and large enterprises through broad access to credit and legal frameworks to enforce contracts that buttress capital markets supported by supervisory and regulatory agencies for transparency and accountability. The development state is one that pushes for education and heath systems which create a productive and skilled workforce and invests in institutional and physical infrastructure which complements private sector dynamism. The development state is a strong, democratic state which reflects local values and priorities and drives the development thrust from inside outward rather than a weak, submissive state that permits external forces to drive internal priorities and outcomes.

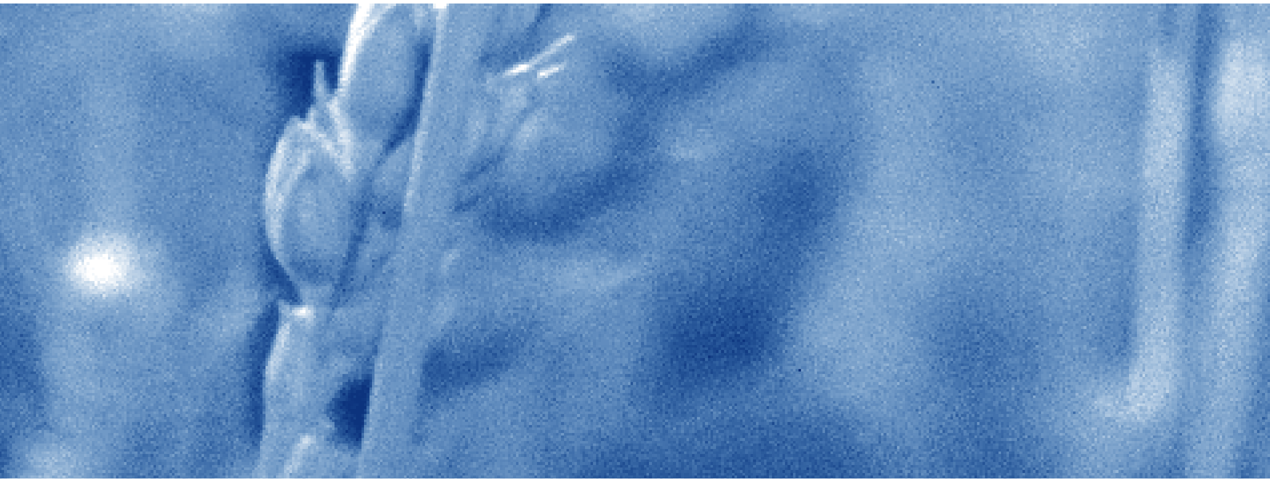
Civil Society: Civil society has created new vehicles, modalities and channels for organizing, articulating and transmitting the interests and priorities of communities and sectors to private and public authorities. Civil society organizations (CSOs) have become the indispensable third party to the dialogue and decision-making necessary for nation building and for development. It is through public-private partnerships (PPPs) that the development state can engage with the

PUBLIC-PRIVATE PARTNERSHIP IN THE WATER SECTOR IN GUINEA

In 1989, the Government of Guinea let in private operators into the water sector through a PPP between the state-owned water company and the private company with loan and guarantees from the World Bank. At the time, only 2 out of 10 inhabitants in cities had access to clean water. In 2001, 7 out of 10 urban inhabitants have access to clean water. The private company had the capital, competence and motivation to deliver water to as many people as possible.

private sector in more dynamic development arrangements and through partnerships with civil society that both the private and the public sector can be more responsive, efficient and effective in implementing developmental change.

It is very clear that a transformative development agenda requires a unified, compassionate and people-centered approach by governments, international organizations, the private sector and civil society actors. The main economic engines for growth, then, are domestic private sector savings and investment, human capital formation and skills, and the development state, capable of selective intervention both to create the economic environment for private sector investment and growth but to create the conditions of human security of the individual so that people may be healthy, educated, secure and productive members of society. Productivity is the central dynamic factor in economic growth; it is the productivity of labor, in the end, which drives economic outcomes, enhanced by capital and institutional infrastructure, *People-centered human development is an economic as well as a social agenda, not a trade-off;* people are the convergence point for the interests of the private sector, the public sector and civil society. It is this convergence point on the individual which makes the MDGs a powerful local, national and global framework for action.



IV. KEY PRIORITIES FOR ACTION: WHAT NEEDS TO BE DONE?

Achieving the MDGs by 2015 in all countries will require a major unified effort by each of the three main sources of transformational change: the private sector, the development state and civil society. Business as usual will not suffice. Nor will mere incremental efforts translate into the qualitative shifts required. Only simultaneous, substantial effort on multiple fronts will generate the high yield outcomes necessary to achieve the MDGs by 2015. The promise of the MDGs is the intrinsic synergy among health, education, gender equality, the environment and poverty reduction which generate high returns to simultaneous investment. This inter-sectoral synergy is a source of dynamism that can be realized by moving forward toward all the MDGs simultaneously.

PUBLIC-PRIVATE SECTOR DYNAMICS

Economic growth remains a crucial determinant of poverty reduction, job growth, and greater income equality. Since the private sector accounts for at least 80 percent of domestic savings and investment in most developing countries, since net private capital flows now outstrip net official development assistance (ODA), and since less than 15 percent of total ODA now finances job generation and GDP growth, the need to catalyze private sector engagement, mobilize private resources and support private sector dynamism are critical to achieving the MDGs. Without the domestic private sector, progress toward the MDGs will be severely constrained. But private sector growth can not be fostered without the pro-active effort by the development state and the participation of civil society. Among the policies that national governments must adopt to spur private-sector led growth are the following:

(a) Creating a policy environment supportive of entrepreneurship and private sector development by Strengthening the legal and regulatory environment *and by ensuring* that public expenditure is more efficient and transparent. This requires changing organizational culture in government aimed at development promotion and facilitation rather than regulation and control.

(b) Develop long-term vision: Governments must develop clear policy framework and long-term vision of the socioeconomic and political fabric of the country, with democratic governance as a common framework for formulating and implementing policies The framework must also define clear policies on the role of different societal actors in achieving the vision: the state, the bureaucracy, civil society, and the private sector;

(c) Combating corruption through public sector reform and by strengthening the accountability institutions, such as the Anti-Corruption Bureau, the Auditor-General, customs and excise departments. Not only does corruption hamper economic development, but it also undermines democracy and destroys the credibility of government.

(d) Broadening the tax base to strengthen the financial foundations of the public sector including public debt management, capacitating the development state and reducing crowding out of private investment by the public sector;

(e) Financial system development that focuses on institutional and legal development of the banking system, extending its reach to poor communities and the informal sector, and that creates greater financial security, reducing risk through adequate oversight and supervisory mechanisms;

(f) Expand poor peoples access to productive resources: work specifically in slums, rural villages and poor communities to secure land tenure and title, to create microfinance and banking institutions that capture savings and capitalize assets of the poor so there is a dramatic *improvement in the access of the poor to credit;*

(g) Encourage public-private partnerships for infrastructure development in critical sectors such as energy, transportation and communications where the private sector is more efficient and the public sector has a role as regulator, guarantor and steward;

(h) Strengthen parliamentary oversight of economic policy, national budgets and institutional development to hold governments accountable for improved resource mobilization for development as a means of creating pressure to increase domestic savings and public revenues while controlling public indebtedness. This Strengthened domestic private sector and internal financial system can be used as a foundation to maximize the contribution of private capital flows to national development goals, and as a framework for attracting *foreign direct investment* rather than expecting FDI to drive domestic growth.

Despite this domestic effort as the cornerstone of the overall effort, domestic resources in poorer countries will not be sufficient to generate the jobs, economic growth and social investment necessary to achieve the MDGs. New sources of external finance will be necessary, both internal and external. The new consensus reached in Monterrey in March of 2001 on financing for development highlighted Goal # 8 identifying the importance of the *development partnership of industrial country actions* for achieving the MDGs and creating a new concept for formulating policy on external resources for achieving national and global goals: policy coherence.

STRENGTHENING POLICY COHERENCE

A transformative development agenda requires, at the very least, significant progress in improving policy coherence by developed countries. *Policy coherence* is based on the notion that the *total* amount of resources available to developing countries is the metric for measuring external finance, whether these accrue from trade, debt reduction, foreign investment, private capital flows, remittances or official aid. For example, if agricultural subsidies on developing country commodity exportable is $365 billion a year, and foreign aid is $55 billion a year, then the external resources available to developing countries could be six times the level of foreign aid if industrial countries would do away with agricultural subsidies. *This new metric creates a compelling logic that a failure to act on agricultural subsidies, for example, requires compensatory proportional action on debt reduction or aid to make up for the short-falls in action on trade.* Industrial countries themselves have embraced the concept of policy coherence, which now is a powerful new framework for mobilizing external resources for the MDGs in the decade ahead. As a result, industrial country actions on trade, debt and aid must be looked at together. The key actionable areas in policy coherence are the following:

· *Agricultural trade reform*

Trade cannot facilitate development unless fundamental reforms are made to the underlying global trade structure. Achieving the MDGs would require, at the very least, the introduction of mechanisms to achieve fair and stable prices for commodities and improving market access for exports from developing countries. Without action on agricultural subsidies by industrial countries, the development partnership inaugurated in the Monterrey Consensus is dead.

One of the ways in which poor countries can try to benefit from globalization is to increase their share of global trade. However, the benefits from such integration tend to be distributed unevenly, and adverse forms of integration into the global economy may increase rather than reduce poverty. Despite the elimination of many of the barriers that have restricted international trade in goods, significant barriers to trade still persists-often to the detriment of the poorest countries.

The main issues of interest to developing countries are on the agenda of the Doha Development Round of trade negotiations currently underway. These include basic issues of market access to industrial country economies, terms of trade between developing country exports and imports from industrial countries, commodity price volatility and trade patterns, phasing-out export subsidies and trade-distorting domestic support measures in agricultural by industrial countries, including especially cotton, and special and differentiated treatment for poorer countries.

But it is now three years since Doha and development dimensions have been ignored in the subsequent negotiations. For example, the July 2004 WTO package failed to reflect the special and differential treatment that the Doha Declaration promised to developing countries. If the WTO talks continue on their present trajectory, they are unlikely to deliver the development benefits promised in Doha. Developing countries have made clear that without action on agricultural subsidies, they will not proceed with the Doha Round nor agree to its conclusions. This strong stance by developing countries in the international trade negotiations is a reflection of notion borne out by empirical research that trade is a key to growth which is central to poverty reduction; *policy coherence requires that without action on trade, actions on debt and aid will have to be proportionately greater.*

In addition to rewriting the current trade rules, new international effort is needed to strengthen the supply capacity in the commodity sector of commodity dependent countries-especially in the area of production, marketing, and diversification to enhance value-added through processing and manufacturing based on commodities. This must be complemented by domestic measures to overcome structural impediments to production. These include: lack of access to land, security of tenure, terms of tenancy, lack of credit, storage and transport infrastructure bottlenecks. Thus, even if there is market access for these countries, this 'supply constraint' prevents them from being able to take advantage of the access.

· *Support for a full cancellation of poor countries debt*

The debt of poor countries has become sufficiently large that most new official aid flows do little more than off-set the interest and principal payments on previous debt. In this situation, it is difficult for additional aid to have an economic or social impact, and debt payments by poor countries crowd out private investment and public expenditure on education and health. A series of piece-meal debt relief initiatives by the developed countries, while reducing some debt, have failed to bring permanent solution to the debt problem of the poorest countries. Significant debt reduction is necessary for the recovery and resumption of growth in many indebted countries and for achieving many of the Millennium Development Goals.

Full cancellation of the debt of poor countries by industrial countries is now politically feasible, economically necessary and socially responsible. The UK, under the leadership of Prime Minister Tony Blair, has proposed a 100% debt cancellation as a way out of this conundrum. His proposal has received widespread support by other governments, international NGOs, and analysts. It was considered seriously at the last G-7 summit in the United States in July 2004 and at the IMF-World Bank ministerial level Development Committee meeting in the fall of 2004. This is an actionable item that deserves the full support of the international community. It must be made clear, however, that debt cancellation can make a huge difference in developing countries only when there is greater policy coherence between the trade-aid-debt-capital flow-macro policy aspects of developed countries.

· Support IMF gold sales to finance debt Cancellation

The G-7 governments should support the idea of selling a portion of the IMF gold reserve and use the proceeds to either expanding HIPC debt relief or reactivating a compensatory finance facility in the IMF to be accessed by debtor developing countries which have completed the HIPC completion point and continue to follow a sound economic policy path but which have experienced exogenous financial, trade or natural disaster shocks.

The gold reserves of the IMF are valued at $35 an ounce, the value of gold when the Bretton Woods Institutions were created immediately after the Second World War. The current price of gold is over $350 an ounce. There is precedent for using IMF gold for debtor country relief in an operation in 1999-2000 involving Mexico and Brazil and the HIPC initiative. The head of the IMF has agreed that the precedent paves the way for further use of gold-for-debt. The decision now is up to the G-7 countries. The current value of the IMF's gold reserves is roughly $20 billion. Either through revaluation or sale, some of these reserves could very feasibly be deployed for either additional debt relief through an expansion of HIPC or for a compensatory financing arrangement to buffer high performing debt-reducing countries from external shocks. Gold-for-debt also has wide support, and has been discussed in the Development Committee in the fall of 2004 linked to the debate on Iraqi debt. This action can move forward with additional push from international actors.

· Establish an independent Debt Arbitration mechanism

The establishment of an independent debt arbitration panel is an effective mechanism for debt negotiation in which the debtors as well as creditors have rights as well as obligations.

Debt workout mechanisms must be guided by principles that are acceptable to both debtors and creditors. The intention is not to make sovereign debt restructuring an easy option, but rather to allow debtors with unsustainable debt burdens to reach agreement with creditors on a restructuring without unnecessary dislocation and loss of asset values. Debtors cannot be forced to starve themselves or their children to be able to pay. The main features of a sovereign insolvency resolution mechanism should be based on the elements of arbitration, sovereignty, the right to be heard and equal treatment, each with foundations in international law.

Whereas each of these actions on domestic resources, trade, and debt seem feasible, they may fall short of the quantum jump in resource mobilization necessary to achieve the MDGs. If that is so, then the logic of policy coherence requires that publics, parliaments and governments in industrial countries take the necessary steps to scale-up their commitment to increased official development assistance (ODA) to fill the financial gap created by a failure to act on the other instruments of financial resources.

DOUBLING OF CURRENT ODA LEVEL

If trade and private finance supplement domestic resource mobilization and debt relief buttresses the development state, ODA is the instrument for improving human security and people-centered development, as well as providing budgetary, balance of payments and private sector support. ODA is the most flexible and direct external instrument for achieving the MDGs. In the end paying for the international component of achieving the MDGs has to come from somewhere; if it does not come from private finance, trade enhancement, or debt reduction, aid is the instrument of last resort.

Several sources have estimated that at least of doubling of ODA from $50+ billion to over $100 billion is necessary to reach the MDGs, along with increased domestic resource mobilization within developing countries. This is an achievable goal, but it will require concerted efforts by industrialized country governments, parliaments, civil society groups and the private sector. *Civil society groups, parliaments and political leaders in industrial countries, acting under the logic of policy coherence, have to use increased commitments of official development assistance (foreign aid) as the resource of last resort in scaling-up the mobilization of resources to achieve the MDGs, if and as actions on domestic resources, trade and debt are insufficient.* Two critical ingredients are necessary:

• ***Empowering parliaments to take a lead on ODA***

Parliaments are the key to aid. Parliaments need to be better informed regarding the unprecedented consensus behind the MDGs and the degree to which it constitutes a more results-oriented, more effective, and higher returns strategy for improving the human condition than previous formulations. Many parliaments, especially in Europe, are fully conversant on the MDGs; some parliaments are out of the loop. Governments need to use the MDGs as the framework for presenting their proposals on trade, debt and aid to their parliaments. Private sector groups and NGOs need to press parliaments for concerted actions across the trade-debt-aid spectrum and across the MDG sectoral range.

Moreover, environment, health, education, gender and poverty reduction advocates need to join forces to support the entire MDG agenda, not just single sectoral interests. Communications, linkages and partnerships among parliaments through existing networks such as the Inter-Parliamentary Union (IPU) and the Parliamentary Network on the World Bank (PnoWB) need to be intensified and broadened to engage all parliaments in the implementation of the new global agenda embodied in the Millennium Declaration and the MDGs. In assisting individual parliaments in industrial countries in making difficult budgetary decisions, the broader the menu of options for international cooperation the more likely that specific opportunities present themselves for increasing ODA in the context of specific industrial country politics and parliamentary practice. Therefore, the broader the menu of types and sequence of development financing the better.

EXPLORE NEW AND INNOVATIVE SOURCES OF DEVELOPMENT FINANCE

In addition to increased effort by industrial countries in mobilizing increased official development assistance, governments and parliaments in donor countries need to consider alternative sources of development finance listed below, as well as measures for making better use of aid such as aid harmonization and assigning specific aid modalities to fit different aid needs.

The International Finance Facility: The IFF, proposed by the United Kingdom, suggests the opportunity of scaling-up to *the doubling of* ODA resources at the front end of the coming decade to 2015 rather than ratcheting up gradually over the period. This would have the advantage of jump-starting the level of resources allocated to the MDGs earlier on while requiring countries to borrow now to finance the increase and to pay back later after 2015. This option may not work for all industrial countries but several are finding it a useful mechanism for meeting global challenges.

The international travelers' tax for financing global public health: After September 11th, in order to cover the additional costs for airport security, international travelers pay an international security fee on top of their airfares. Recent threats from SARS and Ebola have made clear that global health is threatened by rapid con-

BEST PRACTICES IN AID HARMONIZATION

The Rome Declaration on Harmonization and alignment of aid commits donor countries to respect the development priorities of partner countries and to harmonize efforts with other donors' assistance on the basis of the partner countries' own procedures. In addition, the Declaration encourages donor countries to take concrete steps toward untying development assistance.

The governments of Denmark, Finland, Ireland, the Netherlands, Norway, Sweden, and the United Kingdom have taken the lead by endorsing a joint action plan on harmonization. One such example is a common guide for joint-financing arrangements. A definite step towards untying aid, the Danish government decided that as of January 1, 2004, the rules contained in the EU procurement directives are to be applied when goods, services and construction projects are purchased by Denmark for development assistance purposes.

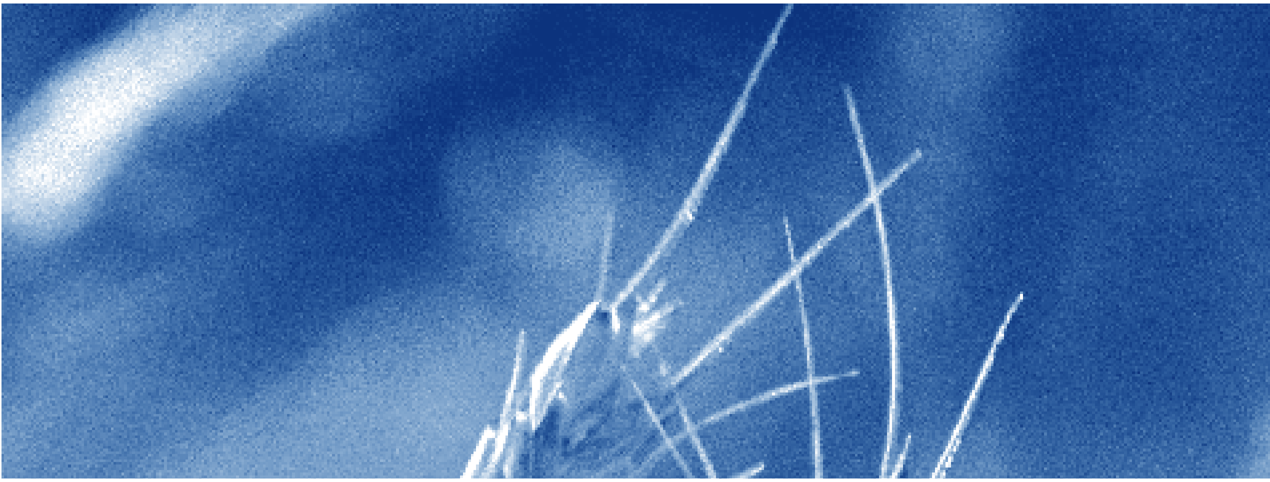
tagion of disease internationally by various means including air travel. The global health agenda is central to global human security in terms of poverty-reduction, productivity, stability and peace. But personal health protection alone suffices to extend the justification for the international security fee to an international travelers' charge for global health security.

In addition to the above, adequate and predictable funding from the international community is critical to expanding treatment and prevention programs over the long term. This should include international effort to deepen the funding levels of existing multisectoral global health funds, such as the Global Fund to fight TB, Malaria and HIV/AIDS and other public-private partnership initiatives; enhancing the capacity of poor countries to mobilize additional domestic resources and to invest them wisely and efficiently with the aim of expanding access to basic services; and finding a lasting solution to the debt burden which is diverting resources away from national development efforts.

The global premium savings bond. In Bangladesh, Ireland and the UK, a savings bond with a high rate of return to selected purchasers determined by a random lottery, has attracted strong support. Global premium savings bond sales in the UK have reached $34 billion. Proceeds could be channeled to an MDG global fund which could be a source of loans to developing countries that could complement the IFF. It is an imaginative way to raise more development finance for the MDGs using a private capital market instrument. It is illustrative of alternative, innovative ways of generating resources without recurring to national budgets in industrial countries.

Global natural resources taxation: The current fiscal system is gradually leading to a social and environmental impasse as it places an emphasis on labor and services, while the use of natural resources is largely exempt from taxes. As a result, many industrialized countries today consume natural resources at a pace which by far exceeds the resource limits of the globe. Political decision-makers worldwide should consider shifting their tax regimes from labor and services to use of natural resources. Part of this revenue in the North should be used to support education and health services in the South in order to achieve many of the goals stated in the Millennium Development Goals.

In addition to these alternative sources of development finance, there are ways of getting greater results from traditional development assistance by carefully crafting different types of assistance to different end uses and by increased international coordination efforts to harmonize aid operations and practices, thereby improving aid effectiveness. Aid in post-conflict situations in failed states can be tailored to the specific circumstances which are different from those requiring budgetary support for macroeconomic policy reform and financial sector development, for example, or program assistance for specific sectors such as health, education or the environment. The mix of grants and loans will also be a function of the nature of the investment. In addition, there is a concerted effort under way among the bilateral and multilateral donors to intensify aid harmonization. The Rome Declaration of 2003 is the agreed framework for moving the aid harmonization agenda forward and needs political backing in all donor countries.



V. COMMON ACCOUNTABILITY: TOWARD A MOBILIZATION MOVEMENT; HOW TO GET IT DONE?

Global Policy Leadership: The new global agenda requires global policy leadership to press the priority of the intersectoral nature of the agenda and provide guidance for the inter-institutional relationships most conducive to implementing that agenda. *Issues at the interface* are the essential issues that generate the synergies and high yield outcomes on which success depends. Political guidance at the highest level is necessary to provide a framework for complementary rather than competitive relationships among the major international institutions responsible for the principal domains of global agenda. If the world anticipates transformational effects from this agenda, the relationship among the international institutions cannot be left to market forces or bureaucratic coordination. Nor is this a matter for ministers of finance alone. Global political leadership at the highest level is required to push the intersectoral and policy coherence elements of this agenda which are so contrary to business-as-usual modes of national governance, which tend to follow turf-driven division of labor stand-offs rather than coordination and cooperation.

The mechanism appropriate for this kind of role in the international system must by its nature reflect the entire international community. There may be many alternative mechanisms for achieving a high degree of representativeness. But it seems safe to say that the G-8 is not sufficiently global in its membership to constitute a legitimate forum for implementing the new global agenda since it does not involve developing countries in its membership.

An illustrative alternative would be the G-20 which consists of the G-8 plus Australia and the EU Presidency (when not a G-7 member) and ten of the largest developing countries: China, India, Korea, Indonesia, Turkey, Saudi Arabia, South Africa, Brazil, Mexico and Argentina. The G-20 has been meeting at finance minister level since 1999. Elevating the G-20 to head of state level is being promoted by Canadian Prime Minister Paul Martin, among others. Its legitimacy rests on the demography, diversity and more democratic representation of the world than the G-8; the G-20 represents over 60 per cent of the world's population as opposed to 14 per cent for the G-8.

The elevation to head of state level of the G-20, or the formation of a similar, more representative body, is a necessary step in providing more legitimate political leadership and strategic guidance to address the intersectoral and inter-ministerial dimensions of the new global agenda required to achieve the MDGs by 2015. It would generate the momentum and the resources necessary to implement the new global agenda.

POLICY COHERENCE AND GLOBAL MONITORING

The G-20 type global strategic guidance requires follow-through and follow-up. There needs to be three components to the on-going process of global governance *beyond global political leadership: a policy coherence* component involving OECD member governments; *a monitoring and evaluation component* tracking progress by both industrial and developing countries; and a *consultation component* involving diverse organizations from civil society, the private sector, and parliaments. These three components are needed to complement the summit process of political leadership to create a movement for the mobilization of policies, resources, and efforts to transform globalization for the benefit all.

Policy coherence must happen at two levels: within the OECD and between the UN agencies and the Bretton Woods institutions. The current division of labor which assigns 'hard issues' of finance and economics to the Washington institutions, and 'soft' issues of social development to the UN system is no longer tenable because it is out of synch with current insights into how development actually works.

Policy Coherence within the OECD: *Industrial country governments need to support a process within the OECD that leads to periodic assessments of their national trade-debt-aid efforts and to accountability for achieving policy coherence either through positive reinforcing actions in each domain or by additional increases in ODA to off-set backsliding or failure to act positively on trade or debt.*

The OECD Development Assistance Committee (DAC) is already the primary forum for industrial country donor coordination. It is the source in 1996 of the seven International Development Goals (IDGs) which now are the MDGs and plays a proactive role in the international community including in promoting policy coherence in OECD member countries through peer review of all donor country policies, not just aid policies.

The annual spring High Level Meeting (HLM) of OECD country development cooperation ministers is the highest level policy making body in the donor community. The DAC High Level Meeting is usually followed by the annual OECD Ministerial meeting which gathers delegations composed of a variety of OECD ministers depending on the issues on the agenda. The DAC HLM could be charged with preparing the review of policy coherence in development policies (trade, investment, debt, and aid.) of OECD member countries to be reviewed periodically at OECD Ministerial meetings. Critical issues from the OECD Ministerial could then be referred on to the G-20 Ministerial to be put before G-20 Heads of State in a timely way. *This sequence could become the primary path for pressing forward the policy coherence component of the global agenda.*

Policy Coherence between UN Agencies and the Bretton Woods Institutions: The global agenda is composed of issues at the interface, whether in the social-environmental-poverty-growth agenda for developing countries or the policy coherence agenda for industrial countries. This requires *now for the first time priority attention to the inter-institutional relationships* necessary to assure that the intersectoral synergies are identified, acted upon and fully exploited. This intersectoral agenda of the MDGs requires that new relationships be forged between the UN agencies, the WTO, the IMF, the World Bank, and the regional development banks for Africa, Asia, Eastern Europe and Latin America.

Global Monitoring: Monitoring of progress toward the MDGs goes forward in multiple channels. At the IMF-World Bank annual spring and fall meetings, ministers of finance from industrial and developing countries meet in the Development Committee and the International Monetary and Finance Committee (IMFC). For the spring meetings, the World Bank prepares the World Development Indicators Report (WDI) which uses the MDGs as a framework for organizing the statistical compendium and highlights the global aspects of tracking progress toward achieving the MDGs. The IMF-World Bank Development Committee itself has played a continuous role in reviewing, revising, and reinforcing the MDG agenda twice a year since the Monterrey Consensus Conference in 2002. Parliaments of developing and industrialized countries should be part of the global monitoring and evaluation process as a way of exercising oversight over their own national governments and over the international institutions as well.

The United Nations system is charged by the Secretary General to assure that every five years between now and 2015 individual country reports are prepared assessing the degree to which each developing country is on track or not in achieving the MDGs by 2015. In the UN General Assembly in the fall of 2005 the Secretary General will provide his first of three assessments of global progress toward the MDGs based on these national reports. The decade ahead is all there is left of the twenty-five year period for achieving the MDGs from 1990 to 2015.

The most important track, without doubt, is the set of national monitoring and evaluation (M&E) exercises undertaken by the developing countries themselves. However, many developing countries are hampered by low capacity and weak statistical institutions to undertake comprehensive monitoring of development outcomes. The strengthening of national statistical systems and institutions is the most important element in the global M&E exercise because they have spillover effects in buttressing the policy process in developing countries and strengthening national ownership and control over their own development trajectories.

We strongly recommend that Industrial countries and multilateral agencies should increase the resources and intensify the effort to strengthen national statistical capacity within developing countries both to improve policy making and increase national ownership of development strategies and programs and to provide a national capacity for self-assessment of progress toward achieving the MDGs.

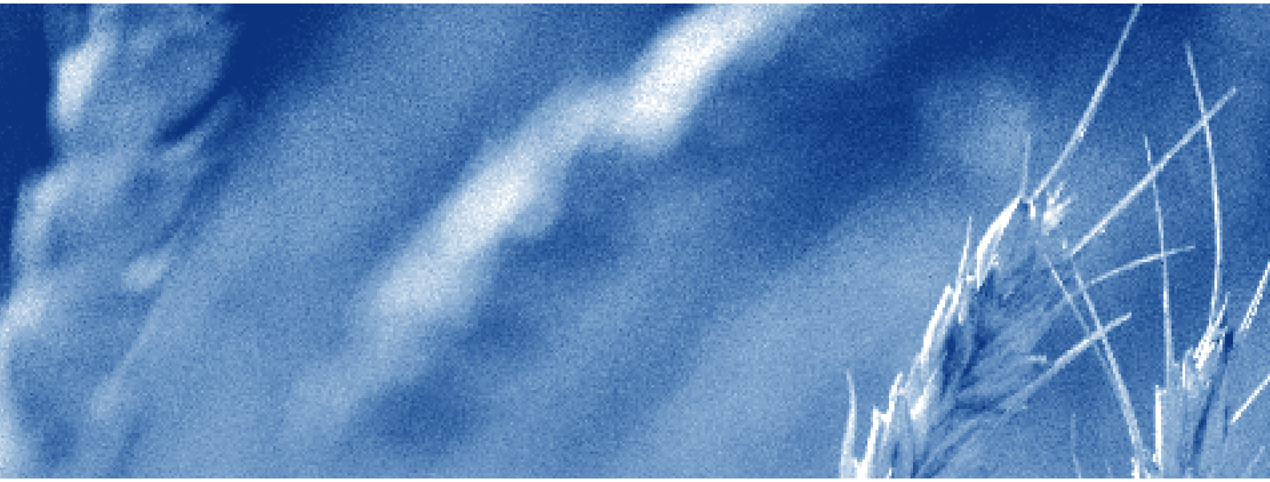
INTERNATIONAL COMMUNITY: MECHANISMS FOR A MOBILIZATION MOVEMENT

Political Leaders	G-20 Heads of State G-20 Ministers	***Global Strategy*** Agenda Setting for Heads
Industrial Countries	OECD Ministerial OECD DAC	***Policy Coherence*** Agenda Setting for Ministerial
Developing Countries	IMF-WB Dev Committee UNGA 2005-10-15 National Monitoring	***Global Monitoring***
International Institutions	G-20 Summits Chief Executives Board	***Inter-institutional Relations*** Management Follow-up
Society	World Social Forum World Economic Forum IPU and /or PNoWB	***Engagement of*** Civil Society Private Sector Parliaments
Key Priority Actions	Helsinki Process	Follow-Through

BUILDING A GLOBAL MOVEMENT FOR HUMANE GOVERNANCE

The framework for considering specific instruments for *mobilizing the resources needed to achieve the MDGs put forward here is the notion of a mobilization movement coalescing interests and instruments into one comprehensive and integrated effort* to change the course of globalization into processes, forces and patterns which benefit all humanity rather than the few. To achieve this vital goal, diverse mechanisms in the global system and different elements of society need to be *marshaled and connected* so that action on one instrument, whether trade, debt, investment or aid, each contribute to the achievement of the broad global agenda embodied in the MDGs. An important dimension of this mobilization effort is the need to ensure that the voices of the marginalized majority are included in the discussion of the global economic agenda. The major benefit of having a single global agenda of internationally agreed upon goals, targets and indicators is that it is a way of keeping the implementation phase and the mobilization effort *unified* so as to realize the intrinsic synergies embedded in the new global agenda.

In this unified agenda, the central principles are policy coherence for industrial countries and intersectoral development strategies and programs for developing countries. No single MDG is achieved without the others. The environment-health-education-gender-poverty-growth MDG linkages are central for developing countries, just as are the trade-debt-aid-capital flows policy coherence linkages are central for industrial countries.



VI. CONCLUSION: THE HELSINKI PROCESS AS A CONTINUOUS PROCESS

The Helsinki Process is one in which process is more important than product. The fundamental purpose of the Helsinki Process is to spur action by identifying key priorities in the global agenda necessary to achieve the MDGs and by creating connections between actors and advocates, policy-makers and parliamentarians, private sector and public sector leaders, and between local, national and global actors to implement that agenda. The Helsinki Conference in September 2005 is one event in which leaders will gather to promote the overall agenda and to push specific issues within it. In different venues in different locations involving a variety of actors, the Helsinki Process has already facilitated forward movement on several key issues, such as debt cancellation and the sale of IMF gold to finance the HIPC trust fund. There have also been contacts with UK officials on the cancellation of debt idea and how, when and where to get it enacted. There has been collaboration between US and Canadian think tanks on how to advance the G-20 to head of state level. More needs to be done. Other similar endeavors are contemplated as vital steps in the Helsinki Process conceived as a means of action rather than as a series of reports. It is hoped that the Helsinki Process on globalization and democracy, like the Helsinki Process on human rights in East-West relations before it, may have an on-going life in continuously convening, convincing, and coalescing interests and actors in implementing the new global agenda for achieving the MDGs by 2015.

VII. SUMMARY OF KEY PRIORITIES FOR ACTION

ACTIONS BY DEVELOPING COUNTRIES

· ***Creating a policy environment supportive of entrepreneurship and private sector development*** by *strengthening the legal and regulatory environment*, ensure that public expenditure is more efficient and transparent. This requires changing organizational culture in government aimed at development promotion and facilitation rather than regulation and control.

· Governments must develop clear policy framework and ***long-term vision of the economic and political fabric of the country***, with democratic governance as a common framework for formulating and implementing national policies. The framework must also define clear policies on the role of different societal actors in achieving the vision: the state, the bureaucracy, civil society, and the private sector.

· ***Combating corruption*** through public sector reform and by strengthening the accountability institutions, such as the Anti-Corruption Bureau, the Auditor-General, customs and excise departments. Not only corruption hampers economic development, but it also undermines democracy and destroys the credibility of government.

· ***Broadening the tax base*** to strengthen the financial foundations of the public sector including public debt management, capacitating the development state and reducing crowding out of private investment out by the public sector;

· Develop ***financial system*** that focuses on institutional and legal development of the banking system, extending its reach to poor communities and the informal sector, and that creates greater financial security, reducing risk through adequate oversight and supervisory mechanisms;

· Work specifically in slums, rural villages and poor communities to secure land tenure and title, to create microfinance and banking institutions that capture savings and capitalize assets of the poor so there is a dramatic ***improvement in the access of the poor to credit;***

· Encourage ***public-private partnerships for infrastructure*** development in critical sectors such as energy, transportation and communications where the private sector is more efficient and the public sector has a role as regulator, guarantor and steward;

· ***Strengthen parliamentary oversight*** of economic policy, national budgets and institutional development to hold governments accountable for improved resource mobilization for development as a means of creating pressure to increase domestic savings and public revenues while controlling public indebtedness; and use this strengthened domestic private sector and internal financial system as a foundation and a well-designed policy that maximizes the contribution of private capital flows to national development goals as a framework for attracting *foreign direct investment* rather than expecting FDI to drive domestic growth.

ACTIONS BY INDUSTRIALIZED COUNTRIES

· ***Agricultural Subsidies and Trade:*** *Trade cannot facilitate development unless fundamental reform is made to the underlying global trade structure which is unequal. Achieving the MDGs would require, at the very least, the introduction of mechanisms to achieve fair and stable prices for commodities and improving market access for exports from developing countries. Without action on agricultural subsidies by industrial countries, the development partnership inaugurated in the Monterrey Consensus is dead.*

· ***Full Debt Cancellation.*** *Cancellation of the debt of poor countries by industrial countries is now politically feasible, economically necessary and socially responsible. Significant debt reduction is necessary for the recovery and resumption of growth in the poorest countries and for achieving many of the Millennium Development Goals.*

· ***Gold-for-Debt.*** *Utilize part of the IMF stock of gold reserves as a means of either expanding HIPC debt relief or reactivating a compensatory finance facility in the IMF to be accessed by debtor developing countries which have completed the HIPC completion point and continue to follow a sound economic policy path but which have experienced exogenous financial, trade or natural disaster shocks.*

· ***Debt Arbitration.*** *The establishment of an independent debt arbitration panel is an effective mechanism for debt negotiation in which the debtors as well as creditors have rights as well as obligations.*

• ***Development Assistance*** *Publics, parliaments and political leaders in industrial countries, acting under the logic of policy coherence, have to use increased commitments of official development assistance (foreign aid) as the resource of last resort in scaling-up the mobilization of resources to achieve the MDGs, if and as actions on domestic resources, trade and debt are insufficient.*

• ***New Sources of Development Finance*** *In addition to increased effort by industrial countries in mobilizing increased official development assistance (ODA), governments and parliaments in donor countries need to consider alternative sources of development finance, such as the International Finance Facility (IFF), the international travelers' global health security fee, the global premium savings bond, global natural resources taxation, and other innovative instruments, as well as measures for making better use of aid such as aid harmonization and assigning specific aid modalities to fit different aid needs.*

ACTION AT THE GLOBAL LEVEL

• ***Summits for Global Leadership*** *The elevation to head of state level of the G-20, or the formation of a similar, more representative body, is a necessary step in providing more legitimate political leadership and strategic guidance to address the intersectoral and inter-ministerial dimensions of the new global agenda required to achieve the MDGs by 2015.*

• ***Policy Coherence within OECD governments:*** *Industrial country governments need to support a process within the OECD that leads to periodic assessments of their national trade-debt-aid efforts and to accountability for achieving policy coherence either through positive reinforcing actions in each domain or by additional increases in ODA to off-set backsliding or failure to act positively on trade or debt.*

• ***Policy Coherence between UN agencies and the Bretton Woods Institutions:*** *Policy coherence agenda also requires that new relationships be forged between the UN agencies, the WTO, the IMF, the World Bank, and the OECD, among others in order to ensure that the intersectoral synergies are identified, acted upon and fully exploited.*

• ***National Statistical Capacity Building.*** *Industrial countries and multilateral agencies should increase the resources and intensify the effort to strengthen national statistical capacity within developing countries both to improve policy making and increase national ownership of development strategies and programs and to provide a national capacity for self-assessment of progress toward achieving the MDGs.*

THE GLOBAL ECONOMIC AGENDA COMMISSIONED AND WAS GREATLY ASSISTED BY THE FOLLOWING PAPERS, ALL DELIVERED TO THE TRACK IN MID-2004:

· Addison, Tony and Mavrotas, George. World Institute for Development Economics Research, United Nations University. *"Development Financing through ODA: Trends, Financing Gaps, Key-Issues & Challenges."*

· Addison, Tony and Mavrotas, George. World Institute for Development Economics Research, United Nations University. *"Foreign Direct Investment, Innovative Sources of Development Finance and Domestic Resource Mobilization."*

· Birdsall, Nancy and Deese, Brian. Center for Global Development. *"Beyond HIPC: Secure Sustainable Debt Relief for Poor Countries."*

· Birdsall, Nancy and Vaishnav, Mihail. Center for Global Development. *"Getting to Home Plate: Why Smarter Debt Relief Matters for the Millennium Development Goals."*

· Cheru, Fantu and Bradford, Colin Jr. *"The Planet at Risk: Mobilizing Resources for Global Human Security."*

· Khor, Martin. Third World Network. *"The Commodities Crisis and the Global Trade in Agriculture: Present Problems and Some Proposals."*

· Pettifor, Ann. New Economics Foundation. *"Globalisation, Debt and the "Hoover Effect": International Structural Changes That Have Led to the Poor Financing the Rich."*

· Raffer, Kunibert. University of Vienna. *"Debt Workout Mechanisms: Debt Arbitration."*

· Solimano, Andrés. United nations Economic Commission for Latin American and Caribbean. *"Remittances by Emigrants: Issues and Evidence."*

· Tipping, David C., Adom, Daniel and Tibaijuka, Anna K. United Nations Human Settlements Programme. *"Achieving Healthy Urban Futures in the 21st Century: New Approaches to Financing and Governance of Access to Clean Drinking Waterand Basic Sanitation as a Global Public Good."*

· Vandemoortele, Jan and Rathin, Roy. United Nations Development Programme, Poverty Group. *"Making Sense of MDG Costing."*

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ISBN 952-99499-3-6
Publisher: Finnish Ministry for Foreign Affairs
Producer: Crisis Management Initiative ry
Layout: Hiekka Graphics
Printed at Nelita