



Economic and Social Council

Provisional

28 July 2008

Original: English

Substantive session of 2008

High-level segment

Provisional summary record of the 13th meeting

Held at Headquarters, New York, on Monday, 30 June 2008, at 3 p.m.

President: Mr. Merorès (Haiti)

Contents

Opening of the Development Cooperation Forum

Opening statement by the President of the Economic and Social Council

Statement by the Secretary-General of the United Nations delivered by the Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs

Introduction of the report of the Secretary-General

Keynote address by the European Commissioner for Development and Humanitarian Aid

Corrections to this record should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent *within one week of the date of this document* to the Chief, Official Records Editing Section, room DC2-750, 2 United Nations Plaza.

08-40541 (E)



The meeting was called to order at 3:10 p.m.

Opening of the Development Cooperation Forum (E/2008/69 and E/2008/CRP.2)

Opening statement by the President of the Economic and Social Council

1. **The President** said that in holding the first Development Cooperation Forum, the Council was inaugurating what would become a standing high-level policy dialogue among developed and developing countries and the whole spectrum of those engaged in development cooperation under the aegis of the United Nations. At its establishment in 2005, world leaders had assigned to the Forum the responsibility to review trends in development cooperation, promote consistency in the activities of the various development partners so that they would more effectively achieve all internationally agreed development goals, identify gaps in and obstacles to development cooperation, and coordinate United Nations activities and policies.

2. The Forum was being launched at a time when development cooperation was becoming dramatically more complex with the emergence of new actors and new approaches, making the realization of the global partnership for development all the more pressing. As the target date for the realization of the Millennium Development Goals fast approached, the Forum would be a powerful new mechanism spurring the development partners to maintain their commitments.

3. The Forum was in a unique position to help improve the quality of aid, coming as it did soon after the twelfth United Nations Conference on Trade and Development and its broad commitments to extend the benefits of globalization to people living in poverty, and some months before the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, that would be held in Doha to review progress in the core areas of the Monterrey Consensus and also before the Accra High-Level Forum on Aid Effectiveness. The various global and high-level preparatory meetings for the Development Cooperation Forum in 2007 and 2008 had focused on issues such as country-level management of development cooperation, trends in development cooperation, aid effectiveness, the expectations for the Forum of Member States and other stakeholders and local and national contributions to aid quality and effectiveness.

4. The particular added value of the Development Cooperation Forum was its multipartite nature, engaging the entire range of development actors: governments, intergovernmental and financial organizations, non-governmental organizations, the private sector and international and regional organizations. It had a unique voice because it reflected so many different perspectives and because it provided a platform for a frank and stimulating debate on issues. It had a heavy schedule of work, including both keynote/addresses and parallel interactive round tables on a wide range of development cooperation themes, as well as exchanges of views on national development strategies. A special policy dialogue on aid effectiveness would determine the input of the Forum to the Accra and Doha meetings. Thought would also have to be given to the future role the Forum should play in areas such as scaling-up aid, accountability, aid effectiveness, science and technology for development and the impact of international economic and development policies and global crises on development. The Forum should use its time to come up with bold, innovative ideas that would have a resounding impact.

Statement by the Secretary-General of the United Nations delivered by the Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs

5. **Mr. Stelzer** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs), delivering a statement on behalf of the Secretary-General, expressed the hope that the Forum would become the principal venue for the review of and dialogue on international development cooperation. With its inclusive participation, broad ownership and interactive discussions, and with its focus on effective support for the achievement of all the internationally agreed development goals, the Forum would occupy a special niche. Building on a number of preparatory events that had engaged a range of policymakers and practitioners, the Forum would be able to bridge the distance between the global discussions and the useful sharing of experience on how development cooperation worked at the country level.

6. The challenges already discernable a year earlier — the fragmentation and complexity of the international aid architecture, the inconsistency of aid allocations with agreed criteria, and the difficulties

countries were experiencing in assuming full ownership of their national development strategies — had been compounded more recently by spiralling food and energy prices and climate change. Clearly, the global partnership for development needed strengthening: donors should move quickly to scale aid up to the 0.7 per cent target and reverse the decline in official development assistance (ODA), and should do so in a predictable manner, enabling multi-year planning by programme countries.

7. The Forum could help by identifying the obstacles that prevented programme countries from realizing the full potential of development assistance. Although it was generally recognized that without national ownership of development policies there would be little progress towards sustainable development, many countries urgently required coordinated international support to build the needed capacities to negotiate, coordinate, manage and evaluate aid. Another obstacle was that development assistance did not always go to the countries or the sectors where it was most needed: the decreasing levels of aid for economic infrastructure and production, particularly in agriculture, were very worrisome. In addition, aid continued to be burdened with conditionalities, which undermined national autonomy, distorted aid allocations and did little to improve economic performance.

8. Financial and technical assistance would have a clear impact only if it was aligned with national priorities, preferably through direct budget support. Stronger mutual accountability was one route towards a more balanced relationship between donor and programme countries. There had been a significant global trend towards additional sources of development cooperation, especially South-South cooperation and private philanthropy. The voice of the Forum would have a special legitimacy, anchored as it was in the rich set of views and perspectives of the whole spectrum of development cooperation actors.

Introduction of the report of the Secretary-General (E/2008/69)

9. **Mr. Stelzer** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs), introducing the report of the Secretary-General on trends and progress in international development cooperation, said that three key messages could be drawn from the report. First, none of the internationally

agreed development goals had been put at the centre of either development cooperation strategies or national poverty reduction strategies, and aid did not go systematically where it was most needed. Aid for infrastructure and agricultural development, for instance, so critical for the reduction of poverty, had declined, even though the current food crisis underscored its importance in developing countries. The capacities of governments to coordinate, manage and oversee aid were also crucial for the effectiveness of aid.

10. Secondly, the quality of aid and its effectiveness had to be improved. The Paris Declaration on Aid Effectiveness had sought to identify the key principles of international development cooperation, such as country ownership, mutual accountability and management for results, and the development of monitorable indicators, but had not dealt with several issues of key concern to programme countries, such as conditionality, whose adverse impact was compounded by tied aid.

11. Thirdly, South-South and triangular cooperation were helping to diversify the sources of financing. Almost all South-South development cooperation was in the form of project finance and technical assistance, with little or no conditionality attached, making it more attractive than tied aid; and the bulk was provided in the form of concessional loans, diminishing the risk of unsustainable debt. The countries involved must better identify the lessons to be learned from South-South and triangular cooperation, while Southern donors must discuss policy more with the governments. It would also be important to agree internationally on a definition of what constituted aid, including concessional financing.

12. The Development Cooperation Forum should advance the work being done on each of those three sets of issues. It could analyse and foster exchange of experiences on how national development strategies, aid policies and allocation practices could better achieve sustainable results. It could help improve aid quality and effectiveness and strengthen mutual accountability at the global and country levels. It could launch processes to help assess the scale, scope and effectiveness of assistance provided by sources other than the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), at the same time addressing major problem areas like fragmented aid-giving, the

proliferation of different aid disbursement procedures and the unpredictability of aid flows. Another important function of the Forum would be to serve as the place where the implications of emerging issues could be discussed. In all its efforts, the Forum should serve to strengthen the voice of programme countries, non-DAC development cooperation contributors and other partners such as parliamentarians and civil society, in an inclusive global dialogue on key issues.

Keynote address by the European Commissioner for Development and Humanitarian Aid

13. **Mr. Michel** (European Commissioner for Development and Humanitarian Aid), speaking on the theme, “A new vision for development cooperation in the twenty-first century”, observed that despite the growth of an active global partnership for development following the adoption of the Millennium Development Goals, the extent to which the Goals had been achieved fell alarmingly below expectations. At the same time, it was encouraging that some countries — those with well-funded, consistent, activist and systematic policies — were managing notably to roll back poverty and make headway on health, education and equality between men and women. The vision was there, so was the knowledge of how to attain it. But neither donors nor developing countries — each with their own decisive responsibilities in the matter — were doing enough to bring it about.

14. The great gatherings of 2008 — the Accra High-Level Forum on Aid Effectiveness, the high-level event on the Millennium Development Goals to be held in New York and the Doha Review Conference on Financing for Development — must therefore mark a decisive turning point: 2008 must again give all involved a genuine opportunity to shift their strategies and refocus their development policies. Convinced of this, the member States of the European Union had 10 days earlier adopted extremely ambitious conclusions. In terms, first, of the volume of aid, the European Union had reconfirmed its financial commitments through 2010 and 2015, and member States were pledged to set up multi-year timetables showing the budgetary feasibility of the commitments. It should be noted that the European Union was by far the most important partner for the developing countries, contributing up to 60 per cent of global aid; and that it would be responsible, moreover, for 90 per cent of the increase in international aid during the period

2006-2010, as well as 90 per cent of the additional aid to Africa promised by the G8 Summit in 2005. Such a situation was hardly acceptable and was certainly not well regarded by public opinion in Europe. A more equitable sharing had become imperative.

15. The quantity of aid was not the only consideration; its effectiveness was an unavoidable central issue. The multiplicity of donors, the emergence of new actors, the complexity of the challenges, a bureaucratic tendency to follow increasingly dysfunctional rules and procedures had resulted in a technocratic, conservative approach that left little room for true policymaking. The increasingly complex international architecture of aid was inscrutable and aid was not dispensed realistically, forcing the partner countries to follow constantly changing rules depending on the donor. All donors agreed that there had to be a better division of work, but egocentric reflexes prevented them from doing so. The fragmentation and overlapping of aid projects was untenable, as was the proliferation of new vertical funds which rarely resulted in an overall increase of the actual funding. Official development assistance had been “balkanized”, contrary to the universally proclaimed principles of appropriateness and alignment.

16. The Paris Declaration instead provided a clear framework for changing the way of doing things, and should make it possible to move finally from words to action. The Accra summit must be very political and very frank, and signal a clean break. It would fail unless four requirements were met: a division of work must be speedily achieved; donors must make use of the country systems as their ideal instrument for budgetary, sectoral and general aid; aid management must be results-based, which meant that one could not demand country ownership of development strategies and bold country policies while imposing a priori conditionalities that limited the Government’s margin of action and policy choices; and lastly, aid must be made predictable, through multi-year planning of financial flows and realistic medium-term budgeting of aid disbursements.

17. An immediate rapid-impact response was also needed to achieve the MDGs. To that end, the heads of State and Government of the European Union had drawn up an agenda for action, based, inter alia, on the work of the MDG Africa Steering Group. The agenda established a number of midterm objectives for 2010,

aimed at achieving the MDGs by 2015, and identified examples of sectoral actions to be undertaken by the European Union in order to meet those midterm objectives, also detailing the amount by which European Union aid in the various sectors would need to be increased as a result.

18. The situation was urgent, since the developing world was experiencing two acute crises. The first one, a food crisis, was seriously affecting the world's poorest people, undermining the progress achieved in previous years. In response to that crisis, Europe had significantly increased its budget in the short term, earmarking US\$ 550 million for 2008. Resources should also be made available in the medium term to help developing countries cope with the effects of rising prices and prepare for the next harvest. The challenge was to implement policies that would increase agricultural productivity and production over the long term. The ability of poor countries to meet that challenge hinged on a host of interacting factors, including the organization of production and distribution; access to land, inputs and seeds; energy and transport prices; and the effects of climate change. Debate on topics such as the advisability of promoting biofuels needed to be clarified without further delay, and the ideological deadlock on genetically modified organisms had to be broken.

19. The other crisis was that of climate change, on which immediate action was required. While the poorest countries were the hardest hit, the main contributors to the build-up of greenhouse gases were developed countries, and increasingly emerging countries, and it was therefore incumbent on those countries to take immediate, collective action, not only to spearhead efforts to reduce emissions but also to help poor countries adapt to climate change. Strong support from the countries most vulnerable to climate change would be essential if agreement were to be reached at the United Nations Climate Change Conference in Copenhagen. To that end, it was necessary to provide additional, innovative funding to help those countries adapt to climate change. He therefore renewed his call for the issuance of a global bond, based on the carbon market. Funds would be raised against future revenues from the auctioning of carbon emission rights in Europe to frontload assistance in combating climate change.

20. While he was frustrated by the international community's inability — at a time when its technical,

financial and human resources were greater than ever before — to lift a large part of the world out of poverty, poverty that was made worse by the combined effect of climate change and the food crisis, he was also confident that the political will existed to fully grasp the challenges faced and take the qualitative leap forward required to meet them.

21. **Mr. Elwarfally** (Observer for the Libyan Arab Jamahiriya) said that in a globalized economy, the conceptual framework for development was lagging behind technology and its products, and major problems were still being tackled from the same conceptual basis as in the industrial age. It was therefore important for the Forum to convene scientists and scholars to work on redefining the development concept. Moreover, the Forum should have sole authority over an international development fund pooling the donations received from all countries, and donors should not be able to attach conditions to economic development aid. The international development fund should allocate economic assistance loans or donations according to criteria based on the new definition of development.

22. **Mr. Blake** (Observer for Antigua and Barbuda), speaking on behalf of the Group of 77, said that the Forum would make a real difference in strengthening the operations of the United Nations system, especially the Economic and Social Council, and that the meeting was important in setting the framework for the Development Cooperation Forum. One great advantage of the Forum was that it would bring together different perspectives, integrate those perspectives and address cross-cutting issues. He wished to know whether the statement by the European Commissioner for Development and Humanitarian Aid reflected a new comprehensive position on the part of the European Union, and if so, when it would be translated into operational action on the ground. Furthermore, he wondered how the Commissioner, having described so clearly the past difficulties regarding aid effectiveness, could conclude that the proposals for the Accra High-Level Forum on Aid Effectiveness did not need to be re-examined, even though that Forum was to focus on financial effectiveness rather than development effectiveness.

23. **Mr. Akram** (Pakistan) said that, while he agreed with most of the points raised by the Commissioner, if the Forum was to be effective, there needed to be clear parameters for its objectives. They should not be so

broad as to lead to incomprehension nor so narrow as to replicate the work of other United Nations bodies. He proposed that it should have four fundamental aims: to ensure the effective delivery and impact of development cooperation and international assistance; to focus on funding, both in terms of level and quality; to address governance at the country, donor community and United Nations level; and to achieve a harmonization of practices, budgets and priorities, avoiding duplication and building synergies. The United Nations system and Bretton Woods institutions taken together epitomized the “balkanization” of international development cooperation, and if coherence was not achieved, development cooperation would continue to flow in different directions and the “new donors” now emerging in the area of international development cooperation would be unlikely to join it, because their cooperation did not suffer from the conditionality that so often characterized the United Nations system and some bilateral programmes. It was necessary to take time to identify the problems, propose solutions and work both within and outside the system to achieve the results that everyone hoped to see.

24. **Mr. Adams** (New Zealand) said that his delegation agreed with the President that the Development Cooperation Forum should be a forum for robust debate rather than for formal statements and it would therefore be important to allow more time for discussion and agreement, which would require the focus and discipline to which the representative of Pakistan had referred. While agreeing with many of the points made by the European Commissioner for Development and Humanitarian Aid, including the frustration with the over-emphasis on managing risk in development programmes through bureaucratic approaches and the opinion that, though the Paris Declaration was not perfect, its fundamental principles should be preserved, he could not agree with the Commissioner on exceptionalism for agriculture; many developing countries would benefit greatly from more market approaches in that area. Lastly, he agreed with the Commissioner that the only way to address the proliferation of donors was to strengthen ownership by developing countries, and in that respect the budget support approach was key.

25. **Ms. Morris** (Society of Catholic Medical Missionaries), also speaking as a partner with Church World Service, said that the Development Cooperation

Forum had a vital role to play with regard to governance of the international development cooperation architecture, since it was the only universal multilateral forum with the mandate, legitimacy and authority to discuss international development cooperation approaches and policy. No other institution or forum, including the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) and the Bretton Woods institutions, could match the Forum as a neutral forum where development cooperation issues could be discussed, with a focus on developing countries. She therefore recommended that the Forum should hold workshops on focused issues between its biennial meetings and that policy papers should be developed.

26. **Mr. Michel** (European Commissioner for Development and Humanitarian Aid), responding to the comments of the observer for the Libyan Arab Jamahiriya, said that, while he respected the points made, it was clear that any donor country or body must be politically accountable before its parliament and public opinion for how the funds allocated were used. Development policy could not be treated in isolation from the normal rules of institutional democracy.

27. Regarding the question raised by the observer for Antigua and Barbuda, he stressed that his statement did not represent a new position. The European Union had committed itself to a development aid target of 0.56 per cent of GDP by 2010 and 0.7 per cent by 2015, and, following a reduction in European development aid in 2007, the Council of the European Union had reconfirmed those commitments and asked the European Commission to regularly assess the state of progress in achieving the targets.

28. Replying to the concerns raised by the representative of Pakistan, he referred to the four considerations mentioned in his statement. The need to ensure the effective delivery of aid related to the quantitative aspect, while the need to avoid duplication corresponded to the point made about the division of work, which he acknowledged was not always easy to achieve. When donors proposed to work together as a consortium, procedural, regulatory and even political difficulties were sometimes encountered, since each donor had its own priorities, agenda and history. Progress was however being made.

29. Referring to the Paris Declaration, he noted that, while there was room for further clarification and minor amendments to deal with specific concerns, the fundamental principles were perfectly adequate and needed to be maintained, since if the debate was reopened, no further progress would be made. The time had come for action, since best practice, and what should or should not be done, had already been established. Co-responsibility was also needed, since the governments of developing countries had major political responsibility for many development-related issues requiring internal decisions.

30. Referring to the points made by the representative of civil society, he agreed that the Forum was very useful for looking at issues in a new way. However, while the Forum had great legitimacy, so had OECD and any other democratically constituted body, and it would not therefore be right to say that one had more legitimacy than another.

The meeting rose at 4.30 p.m.