

# **Building a Common Future**

## **United Nations Work on Financing for Development**

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## I. Introduction

### This Handbook

This handbook has been developed to encourage participation of all those who have an interest and/or stake in the Financing for Development debate. The list of stakeholders is broad and diverse. It includes government officials and policy makers of both Northern and Southern countries; development practitioners working in country aid agencies and multilateral development organizations; members of the private sector working both domestically and trans-nationally; development practitioners working with non-governmental and civil society organizations; and last but not least, grass-roots people whose lives, communities and realities lie at the core of the Financing for Development (FfD) discussion. The United Nations FfD debate provides a forum in which all these voices may be heard. The inclusion of all views and concerns is essential if the process is to be successful and to enjoy greater legitimacy and credibility on the international stage.

Although the FfD debate affects a wide range of actors, the complexities and technical aspects of the debate threaten to limit participation to a handful of experts. This handbook is intended to provide background information on the process and a basic introduction to some of the issues involved. It is intended as a tool to encourage discussion and further exploration and to facilitate participation of all stakeholders in the debate, to suggest ways that groups or individuals can get involved, and to present the issues in simple and accessible language. With this in mind, we encourage readers to refer to the glossary of terms and acronyms provided at the end of the book.

Overall, the handbook will:

- place the FfD debate in the context of global development
- provide an introduction to the process
- outline the scope and agenda of the debate

- provide contact information for organizations working on development issues
- provide a glossary of terms and acronyms used in the FfD dialogue.

## Financing for Development: The UN Debate

For four decades, development financing -- how to pay for social and economic progress in poor countries -- has been a central and contentious topic of discussion at the United Nations. The debates have been marked by a North-South polarization so deep that official consideration of a UN conference on development financing has been repeatedly postponed.

Yet the changing economic landscape has brought renewed attention to this perennial issue. The East Asian financial crisis, which began in 1997, drew attention to the importance and growing interdependence of economies; to quote a favorite UN phrase, "globalization brings great opportunities and great risks." During the 52nd UN General Assembly (GA) of 1997-98, diplomats agreed on a landmark resolution to reinitiate dialogue on Financing for Development, culminating in the convening of a conference or other high-level forum by 2001. Significant progress was made during talks held in the spring of 1999, and the chances for a productive meeting and forward-looking outcome appear good.

## II. Spending For Development

Despite record improvements in living conditions for most people over the past fifty years, the needs that drive development financing are vast. According to the most recent UN Human Development Report, nearly 1.3 billion people live on less than a dollar a day, and close to 1 billion cannot meet their basic consumption requirements. In 1997 more than 850 million adults were illiterate, including 100 million people in the industrialized countries who were functionally illiterate. In addition, it is estimated that 840 million are malnourished and 2.6 billion lack access to basic sanitation.<sup>1</sup>

The situation has deteriorated drastically in countries hit by the economic crises that have spread through many countries, including Mexico, Brazil, Argentina and the South East Asian region. Although economies appear to be recovering, the cost to people remains high and includes rising poverty, unemployment, reduced schooling and public services, as well as increased social stress and fragmentation. In Indonesia alone, an estimated 40 million people (20 percent of the population) have fallen into poverty as a result of the economic crisis.<sup>2</sup>

While absolute poverty persists, inequality both within and among countries has increased. The richest 20 percent of the world's populations earn 86 percent of world gross domestic product (GDP), compared with the poorest 20 percent, which earn 1 percent. The process of globalization continues to accelerate at an ever increasing pace, bringing substantial benefits and opportunities to the few but leaving many more behind. It is estimated that the richest 20 percent of the world's population hold 82 percent of the shares of exports of goods and services in the world economy, while the poorest 20 percent hold 1 percent. Likewise, use of the Internet, which has revolutionized the way we think and learn about the world, is available almost exclusively to the world's rich: the richest 20 percent make up 93.3 percent of users, while the world's poorest 20 percent comprise only 0.2 percent of users.<sup>3</sup>

The UN's Human Development Report attempts to measure human poverty, based on indicators such as life span, lack of education and lack of access to resources. Although

important improvements have been made in the areas of health, education and income, the Report indicates that global inequality is growing and there is still much work to be done.

<b>A Balance Sheet of Human Development, 1990-1997</b>	
Global Progress	Global Deprivation
<b>HEALTH</b>	
In 1997, 84 countries enjoyed a life expectancy at birth of more than 70 years, up from 55 countries in 1990. The number of developing countries in the group has more than doubled, from 22 to 49.	During 1990-1997 the number of people infected with HIV/AIDS more than doubled, from less than 15 million to more than 33 million. Around 1.5 billion people are not expected to survive to age 60.
<b>EDUCATION</b>	
During 1990-1997 the gross primary and secondary enrollment ratio increased from 74% to 81%.	In 1997 more than 850 million adults were illiterate. More than 260 million children are out of school at the primary and secondary levels.
<b>FOOD AND NUTRITION</b>	
The per capita daily supply of calories rose from less than 2,500 to 2,750, and that of protein from 71 grams to 76. Despite rapid population growth, food production per capita increased by nearly 25% during 1990-1997.	The availability of water is 60% of 1970 levels, threatening food security of the poorest of the poor.
<b>INCOME AND POVERTY</b>	
During 1990-1997 real per capita GDP increased at an average annual rate of more than 1%. Real per capita consumption increased at an average annual rate of 2.4% during the same period.	Nearly 1.3 billion people live on less than a dollar a day, and close to 1 billion cannot meet their basic consumption requirements. The share in global income of the richest fifth of the world's people is 74 times that of the poorest fifth.
<b>WOMEN</b>	
During 1990-1997 the net secondary enrollment ratio for girls increased from 36% to 61%. Between 1990 and 1997 women's economic activity rate rose from 34% to nearly 40%.	Nearly 340 million women are not expected to survive to age 40. One quarter to one half of all women have suffered physical abuse by an intimate partner.

CHILDREN	
Between 1990 and 1997 the infant mortality rate was reduced from 76 per 1,000 live births to 58. The proportion of oneyearolds immunized increased from 70% to 89% during 1990-97.	Nearly 160 million children are malnourished. More than 250 million children are working as child laborers.
ENVIRONMENT	
Between 1990 and 1997 the share of heavily polluting traditional fuels in the energy used was reduced by more than twofifths.	Every year nearly 3 million people die from air pollution more than 80% of them from indoor air pollution and more than 5 million die from diarrhoea diseases caused by water contamination.
HUMAN SECURITY	
Between two thirds and threequarters of the people in developing countries live under relatively pluralist and democratic regimes.	At the end of 1997 there were nearly 12 million refugees.

*(Taken from Human Development Report 1999, United Nations Development Program)*

The concept of development encompasses environmental protection, social development, the advancement of women, human rights, poverty reduction, and economic growth. Development financing is put to a wide variety of uses, depending on the type of financing and the particular country or area in which funds are being spent. For instance, private foreign direct investment may pay for a factory in a developing country, which employs people and raises incomes, but domestic resources or external assistance are probably needed to construct elementary schools. Decisions about spending also depend on the type of financing available: local groups, national governments, private companies and international agencies all have access to different amounts and types of resources.

The relative importance of different types of financing varies dramatically among developing countries. On average, international private sector investment contributes the largest share of capital for development, roughly 50-60 percent, with national domestic savings accounting for 35-45 percent, and official development assistance adding an extra 10-12 percent. Other sources play important roles as catalysts or innovators of development, but represent a fraction of total development financing.

Different approaches to development have, in the past, profoundly divided development thinkers and currently lie at the heart of many development debates: should development have, as its primary goal, economic growth through the integration of communities into the international market economy, or should the development process have at its base goals of environmental and social sustainability?

Development through global economic integration and growth has the potential to produce greater wealth in a short amount of time. Although initially this wealth will most likely

benefit a small section of the community, this idea predicts that it will eventually "trickle down" to the larger population through new sources of employment, rising incomes and availability of improved technology and infrastructure. The downside to this orientation has been that development based solely on economic growth is unsustainable, both environmentally and socially. A paradigm for development, long practiced by the United Nations, states that development must begin with a concern for social well being, including the environment in which we live. According to this approach, development takes place through investment in human capital (health, education) and small-scale community development projects. Such an approach, it is argued, will produce slower economic growth, but the end results will be more sustainable and socially equitable.

While this summary provides a brief outline of two major schools of thought on development questions, it must be remembered that the larger development debate remains diverse and complex. Also, there is a growing tendency for policy makers and development practitioners to draw from both of the above approaches as they see fit. The confines of this handbook do not allow an exhaustive discussion of development issues, but readers should be aware that a large body of materials addressing this subject is available. (See bibliography for further reading.)

### **III. The United Nations Financing Dialogue**

#### **UN Conferences and The Agenda For Development: Emerging Development Objectives**

The United Nations has already had a major impact on the wider development dialogue, thanks to the major UN development conferences of the 1990s (environment, population, social development, women, housing and food). Taken as a whole, these conferences helped shift the definition of many of today's development objectives from solely economic indicators of progress to include standards of poverty reduction, social development and environmental sustainability.

The influence of these objectives extends beyond the UN system: James Wolfenson, President of the World Bank, recently pointed to the Commitments of the Copenhagen Summit for Social Development as guidelines which the joint World Bank/International Monetary Fund Development Committee aims to follow. Recent reports of the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD/DAC) adopted development goals based on UN conference targets. Juan Somavia, current Director General of the International Labor Organization and former President of the Economic and Social Council, described this development agenda as the "only common response of the international community to the disorderly system of globalization."

Building on the UN conferences of the 1990's, the UN General Assembly adopted The Agenda for Development in May 1994. The Secretary-General described the Agenda as a major step in articulating an international consensus on the diversity of views concerning the fundamental goals of and requirements for economic and social development. It provides an action-oriented synthesis of the multifaceted agendas that were addressed by the major United Nations conferences of the 1990s, forging a coherent program out of their interrelated Declarations and Programs of Action. In particular, the Agenda highlights a new commitment to international development based on partnerships rather than on competing interests.<sup>4</sup>

The clarity of purpose generated by these UN processes has put the need for financing development into sharper focus.

### **UN Conferences of the 1990s**

World Summit for Children 1990  
Earth Summit 1992  
International Conference on Population and Development 1994  
Fourth World Conference on Women 1995  
World Summit for Social Development 1995  
Second UN Conference on Human Settlements (HABITAT II) 1996  
World Food Summit 1996

### **The Financing for Development Process**

During the 52nd General Assembly (GA) (1997-98), delegates unanimously decided to launch a process that would convene a "high-level international intergovernmental forum" to discuss development financing within three years. Ambassador Richardson of the US said, "we are taking the first step in a multi-year process which, if successful, will launch a new global partnership for development."

The resolution (A/52/179) calls for consideration of the convening of a "summit, an international conference, a special session of the General Assembly, or other high-level international intergovernmental forum on financing for development," no later than the year 2001. The resolution also called for the convening of a resumed session of the GA's Second Committee for two days to solicit views of Governments. This session was held in March of 1998.

In preparation for the high-level meeting, the resolution also asked UN bodies to organize a series of briefings and discussions to draw on all areas of development financing. The Secretariat was asked to prepare a report based on contributions from both member states and non-governmental actors; a survey was developed for this purpose and questionnaires were sent out to:

- National governments
- Intergovernmental bodies
- Public financial institutions
- Private sector financial institutions
- Business and industry
- Research bodies
- Policy advocacy organizations
- Other

An "Index Report"(A/53/470) was released in October 1998 which summarizes the recurring themes and was the starting point for the debate. (To obtain a copy of this report, see the UN Financing for Development website: [http://www.un.org/esa/analysis/ffd/.](http://www.un.org/esa/analysis/ffd/)) Eight key elements emerged:

1. mobilizing domestic resources for development
2. mobilizing international private financial flows for development
3. international financial cooperation for development
4. external debt (bilateral, multilateral and commercial)
5. trade and financing for development
6. innovative sources of financing
7. governance of the international monetary, financial and trade systems
8. interrelationships between themes and other special topics

Utilizing the Index Report, a future resolution called for the creation of a working group charged with examining information and making recommendations about the form, scope and agenda of the 2001 high-level meeting. This group, co-vice chaired by the Ambassadors of India and Austria, met from January to May 1999. Their report, indicating the agreed-upon results of the Working Group (document A/54/28), will be presented to the General Assembly in autumn 1999. (For further details on the content of the report see "[Elements of the Development Financing Debate: Scope](#)".)

The General Assembly will most likely pass a follow-up resolution during its 54th session. Many of the conference details, such as the specific agenda for the event, its exact dates and its location will be further developed in subsequent discussions among delegations.

## **Involvement of Stakeholders**

The preparations for the conference have consistently emphasized the importance of including a broad range of stakeholders from both within and outside the United Nations system. This reflects a recognition that any meaningful dialogue on Financing for Development must include representatives of all those involved in the development process. Efforts to provide a forum for diverse voices included two panel discussions on the "key elements" identified in the index report. These brought business leaders and nongovernmental organization (NGO) leaders together to share views and opinions.

The Working Group also organized two dialogue sessions with members of the ECOSOC-accredited NGO community. NGOs presented statements and addressed aspects of the debate. It is expected that panel discussions and NGO dialogues will continue to take place as the process moves ahead. Although the nature of the final event and the opportunity for participation by civil society has yet to be decided, these sessions provide an important opportunity for dialogue and exchange.

## **A Promising Beginning**

The beginning stages of the Financing for Development process have been characterized by a remarkable spirit of partnership and cooperation. The Working Group ended its 1999 session on an optimistic note and concluded in its final report:

*"We have an opportunity to begin the new millennium with a historic and goal-oriented collective political gesture of global solidarity for development and practical commitment to achieving it. To be successful ... the momentum that is building at the United Nations will have to be nurtured and made to include all our prospective partners. An inclusive and continuing preparatory process will increase awareness and build international support and participation, while it deepens the substance of the final event."<sup>5</sup>*

Initial success may be attributed to the fact that the debate includes a wide range of topics. The United States and the European Union (EU) have emphasized the important role of domestic resources and good national economic policies in development. The Group of 77 (G77) has called attention to a number of issues including trade, official development assistance and debt. A longer list for the agenda is found in the Annex to the Report of the Working Group, and reflects the interconnectedness of the economic, social and environmental aspects of the world.

UN General Assembly efforts are complemented by attention to development financing from the highest levels of the United Nations. Secretary-General Kofi Annan underlined their importance by including such key provisions in his reform proposals as establishing a new Office for Development Financing, proposing a mechanism for burden-sharing and greater predictability of aid, and the planned use of administrative savings to fund a "development dividend."

#### **IV. Elements of the Development Financing Debate: Scope**

During the spring 1999 meetings, the Working Group focused on the recurring themes and key elements listed in the Index Report; these discussions prepared the ground for agreement on the Scope of the high-level meeting.

The chapeau of the scope recommends:

- The high-level intergovernmental event for the year 2001 will address national, international and systemic issues relating to financing for development in a holistic manner in the context of globalization and interdependence. By so doing, the event will also address development through the perspective of finance; and
- Within this overall context, the event should also address the mobilization of financial resources for the full implementation of the outcome of major conferences and summits organized during the 1990s by the United Nations and of the Agenda for Development and in particular for poverty eradication.

Although the UN global conferences of the 1990s generated increased understanding and consensus around development issues, they were not accompanied by the necessary sources of funding to implement agreements and commitments. The Working Group agreed that any discussion of financing for development should include a consideration of how these goals could be met in concrete financial terms.

The Working Group recommended that the following five items frame the 2001 gathering:

1. Domestic financial resources;

2. International resources: trade, foreign direct investments and other private flows;
3. International financial cooperation for development, including official development assistance (ODA) and debt relief;
4. Enhancing coherence and consistency of the international monetary, financial and trading systems in support of development and avoidance of international financial crisis and excessive financial volatility, and enhancing effective participation and integration of developing countries and countries with economies in transition in the global economic system, including through capacity-building;
5. Special needs of Africa, least developed countries, small island developing States, landlocked developing countries and other developing countries with special difficulties in attracting financing for development.

### **1. Domestic financial resources**

A developing country's own savings and investments are essential contributors to development. Countries which have seen significant reductions in poverty usually have high domestic savings rates and substantial investments in people, such as education and health care. However, the poorer a country is, the less money it has of its own to spend and the smaller its capacity to use funds effectively.

A number of factors impact on a country's capacity to mobilize domestic resources for development. These include:

- internal enabling environment (incentives for private savings, tax systems, good governance and transparency, regulation of the financial sector, banking infrastructure and the legal system, etc.)
- allocation of public expenditure (building infrastructure and human development, etc.)
- external factors (risk and opportunities of globalization, financial liberalization, the role of international actions and trade, etc.)
- special issues related to LDCs and Africa (low money supply, capacity building, financing and microcredit, etc.).

### **2. International resources: trade, foreign direct investments and other private flows**

#### *Private Flows*

One significant change in UN development debates in the last twenty years is the increased importance of foreign direct investment (FDI) and other international private financial flows (IPFF). Private capital represented 85 percent of total net flows to developing countries in 1997, compared with 45 percent in 1990 and much less in the 50s and 60s. FDI jumped from \$24 billion in 1990 to almost \$120 billion in 1996, leveling off in 1997 (Global Development Finance (GDF) 1998). UN Secretary-General Kofi Annan stated:

*"... there is now universal recognition of the developmental role of private international capital flows. They have brought tremendous benefits. Big strides have been made in improving the lives of millions of people. Yet, as the recent*

*financial crisis in Asia has shown, there are huge risks involved.*<sup>6</sup>

At its best, FDI provides countries with capital and increased employment opportunities. It can also benefit less developed countries by transferring technology and increasing access to international export markets. Yet private flows tend to bypass the poorest countries; in 1997, three-fourths of all FDI went to just 10 mostly middle income countries.<sup>7</sup> And like any market-driven financing, foreign investment can be volatile and undependable, leaving poor people vulnerable when crises cause inflation to rise, salaries to plummet or businesses to collapse.

Of particular concern in the wake of the East Asian financial crisis have been short-term financial flows, especially those financial flows that focus on currencies and short-term investments rather than actual projects. Financial markets account for 40 percent of current private flows.<sup>8</sup> The collapse of currencies and economies during the East Asian crisis demonstrates that IPFF pose risks, especially in the context of imperfect banking and regulatory systems, and those who suffer have no direct control. Clearly, private flows will not provide easy or uncomplicated sources for development financing.

### *Trade*

Trade is and will continue to be one of the most important methods of financing for development. Developing countries have traditionally exported basic commodities such as minerals and agricultural products, providing an important source of foreign exchange. A country can find itself in a very vulnerable position if it relies heavily on one commodity and there is a price drop on the world market. This may threaten the entire economy. Dependence on commodity prices is changing as countries develop industrial sectors and corporations are moving to areas where labor, tax and export costs are low, although this brings new concerns. Official Development Assistance (ODA) is often given for capacity building in the area of accessing global markets, creating systems for trade liberalization and through import/export credits. The liberalization of trade and the position of developing countries in the world market is one of the major themes in the discussion of financing for development.

### **3. International financial cooperation for development, including official development assistance (ODA) and debt relief**

"Financial and human resources have generally been insufficient for the advancement of women. ... Full and effective implementation of the Platform for Action ... will require a political commitment to make available human and financial resources for the empowerment of women. ... The reformulation of policies and reallocation of resources may be needed within and among programs ... mobilization of additional resources, both public and private, including resources from innovative sources of funding, may also be necessary."<sup>9</sup>

### *Official Development Assistance*

The category of official development assistance (ODA) includes money from donor governments and international financial institutions. ODA grants and low-cost loans are a major source of funds in very poor countries with few domestic resources and little ability to attract foreign private flows. ODA also provides assistance to countries suffering from

post-conflict devastation or painful economic transitions. Aid can spur on the economic growth essential to lift large numbers of people out of poverty; a World Bank study found that in countries deemed to have sound economic policies, an increase in ODA leads to an even greater increase in economic growth. ODA also represents a transfer of technology and expertise to countries that otherwise might be excluded from global technological change.

At the United Nations, there is a consensus on the importance of ODA in strengthening human and institutional capacity, such as basic education and health care. Yet ODA has been declining throughout the 1990s as a percentage of donor countries' Gross Domestic Product (GDP), reaching its lowest level of the past forty years. At the 1992 Rio Earth summit, many developed countries pledged to devote 0.7 percent of their GDP to development aid, but today only Denmark, the Netherlands, Norway and Sweden meet or exceed this target, and most wealthy countries fall far below. The poorest countries suffer most from donor fatigue (a term used to explain the reluctance of developed countries to continue ODA), since ODA on average accounts for 48.5 percent of gross domestic investment in low income countries.<sup>10</sup>

Official development assistance also comes with its own potential disadvantages. ODA may encourage dependency, artificially inflate growth rates, prop up an unpopular regime or free up resources for corruption or excessive military spending; it may be biased by the desires or ideology of donor countries rather than the best interests of people in the recipient country. All of these problems are worthy of attention, and foreign aid programs have attracted criticism from all sides of the political spectrum. Criticism, however, doesn't mean that reducing aid is the answer. The Organization of Economic Cooperation and Development's Development Assistance Committee (OECD/DAC), the group of major donor countries, studied the limitations and shortcomings of aid, but their assessment "in no way indicated that [development] goals can be reached with less investment of aid."<sup>11</sup>

Debate within the Working Group has also emphasized a number of possible ways in which ODA could be combined with other development strategies, for example ODA may be used to allow developing countries to access global markets, for poverty reduction and to leverage greater levels of domestic or foreign private capital. Such an approach works toward the potential partnership between domestic resources, ODA, trade and FDI.

#### *Official Flows: Debt and Debt Relief*

Though most development financing involves raising funds for development, reducing the amount of money poor countries spend on servicing debt is also important. A 1998 UN report noted, "there was a net transfer of official resources out of the developing countries in 1996."The report goes on to acknowledge that even with the best domestic policies, countries in deeply indebted situations will find it impossible to escape without debt forgiveness.<sup>12</sup>

The World Bank and International Monetary Fund, in cooperation with major bilateral and multilateral donors, have introduced the Heavily Indebted Poorer Countries (HIPC) initiative to reduce debt to "sustainable" levels (up to a 67 percent reduction in net present value terms). However, critics point out that HIPC has moved slowly, and only a few countries have benefited from the initiative. Debt remains a concern for the poorest countries, for whom even levels considered "sustainable" by current standards may represent a significant drain on scarce resources.

A number of lender governments have recently adopted debt reduction plans and much support for debt relief has been generated through initiatives such as the Jubilee 2000 Campaign. Despite these efforts, the question of how debt relief will be implemented and the issue of moral hazard persist.

#### **4. Enhancing coherence and consistency of the international monetary, financial and trading systems in support of development and avoidance of international financial crisis and excessive financial volatility, and enhancing effective participation and integration of developing countries and countries with economies in transition in the global economic system, including through capacity-building**

In the wake of the East Asian financial crisis, many at the UN see a need for greater global governance of the world economy. In an address to the UN Second Committee, University of Toronto Professor G. K. Helleiner argued for an increased role for the United Nations in global economic policy. He noted that the

*"... process through which the current international monetary and financial system is attempting to respond to the challenges thrown up by the new global economy is ... tortuously (sic) slow, insufficiently participatory, overly influenced by powerful lobbies from the financial sector, and constrained by jurisdictional ambiguities and turf struggles."<sup>13</sup>*

International financial institutions such as the World Bank and International Monetary Fund (IMF) play an important role in development financing. In April 1998 the UN hosted the first ever official collaboration between the Bretton Woods Institutions and the UN to discuss "global financial integration and development." The World Bank and IMF have always had the ruling hand in development financing due to their expertise and copious resources. However the United Nations General Assembly, as the only international forum in which all countries are guaranteed an equal vote, has a unique role to play in international decision-making around financing for development.

At the first World Bank-IMF-UN meeting, several delegates cited the need for international leadership to cope with the globalizing economy, especially in the area of increasing financial flows. The UN Committee for Development Planning (CDP), a former group of independent experts who advised the UN's Economic and Social Council on development issues, has called for the creation of a "World Financial Organization," an institution that would fill the gap in regulating financial markets (portfolio investments in developing countries) by setting global standards and codes of conduct. Other proposals call for increased cooperation between Northern and Southern institutions.

In addition to the UN-Bretton Woods meetings, creative alternative forms of development funding have been discussed and are increasingly interrelated. Development finance may cross the boundaries between public and private, domestic and international. Possibilities include the use of ODA to underwrite private financing, engaging in non-traditional fund-raising activities, and alternative funding structures such as the Global Environment Facility (GEF). Microfinancing, small-scale loans for people who would not otherwise have access to credit, blurs the line between assistance and investment. Other community-based methods to finance development are having major impacts on people's lives without showing up in international statistics.

The Independent Commission on Population and Development (ICPD), after its 1996 survey of global development needs, concluded that "Relying on the faltering generosity and sagging payment morale of individual nations is no longer adequate. The globalization of economic, environmental and other problems requires both global institutions commensurate with the task and financing mechanisms scaled to global dimensions."<sup>14</sup>

Many proposals seek to tap resources in the globalized financial market for development. Economist and Nobel laureate James Tobin once suggested a tax on all short-term currency transactions to discourage speculation; the "Tobin Tax" has been proposed as a way of raising international revenues for development. Considering the volume of international transactions, a small fraction of a percentage point tax would yield substantial revenues. Other alternatives include debt swaps, tradable quotas for carbon dioxide emissions, and other charges on international activities. The Office of Development Studies at the United Nations Development Program is exploring potential funding mechanisms as well as a new paradigm for thinking about development financing as "global housekeeping" rather than just aid, since poverty reduction and environmental protection contribute to "global goods" of justice, inclusion and efficiency which are in everyone's interest.

#### **5. Special needs of Africa, least developed countries, small island developing States, landlocked developing countries and other developing countries with special difficulties in attracting financing for development**

Within the FfD discussions, there are specific countries with special concerns. These concerns take the form of high levels of external debt, extreme poverty, countries that are landlocked (having no access to seaport trading) and small island developing states, which may have difficulty competing in the global marketplace due to their size and GNP. Specific provisions need to be developed to ensure that these countries can participate in the global economy. The Working Group agreed to include the special needs of these countries into the scope of the high-level event.

### **V. The Politics of Financing for Development**

Development financing has historically been a highly political topic. Poorer Southern countries consider financing the key development issue and have consistently called for a UN conference, while Northern donor countries have resisted such a conference and prefer to focus on issues of domestic resource mobilization and good governance. Yet within North and South there is great diversity in progress and opinion on development. The least developed countries, newly industrialized countries, and those with economies in transition may all desire discussion of development financing, but their specific needs vary considerably. One of the most exciting developments during the development of the FfD process is the willingness and ability of all parties involved to work collaboratively; this has been exemplified by the joint North-South work in drafting the initial FfD resolution. Another example of this progress was the agreement, albeit with reservations, to allow the Report of the Working Group to proceed to the 54th Session of the General Assembly.

Development financing is connected to many other UN issues. Reform of the UN has been a major topic of the past few years; some fear that "reform" will become a synonym for downsizing while others hope that reform will revitalize the UN development system and solidify its financing. During the debates, some Northern countries will seek to defend their position of giving a small percentage of their wealth in aid, while the largest donors to the

multilateral development finance system have and will continue to push for reforms to increase the effectiveness of UN development activities and ensure the sustainability and fairness of financing. Representatives of developing countries emphasize that if Northern governments desire cooperation on issues such as environmental protection, they must be prepared to offer tangible support for sustainable economic development. At the same time donor governments, in order to defend the worth of ODA funding back home, seek new ways to evaluate ODA effectiveness and efficiency. These issues and others are likely to emerge during the discussions and will require recognition, negotiation and compromise so that mutually beneficial solutions can be found and agreement can be reached.

## VI. The Development Financing Challenge

Development financing debates may sound highly technical, but the core issues are anything but academic. People, particularly the poorest people, have the most to gain or lose in the search for funding for equitable, sustainable development.

Given the current interest of UN member governments in economics and development and the transitions within the global economy, this is a fertile period for learning on all sides and a propitious time for input from all quarters. Grassroots groups are concerned about the manner in which the global economy affects their lives; communicating their experiences and recommendations to global decision-makers will contribute to improved development financing. As Ambassador Insanally of Guyana, Chair of the G77, explained during the March 1998 session at the UN:

*"There is urgent need for greater advocacy for the cause of development. ... We must build a culture of support for development among all actors in the development field -- not only governments but also non-governmental organizations, business, labor and the public at large."<sup>15</sup>*

There are no easy or quick answers to the challenge of development. The long-term nature of development and its far-reaching impacts make it worth an investment of thoughtful attention and financial support.

## VII. Getting Involved

The FfD process has made important efforts to include the widest range of stakeholders in the debate. There are numerous avenues open to individuals and groups who would like to participate.

### **Ask to be added to the email update list**

Send your email address to: [FFD@un.org](mailto:FFD@un.org)

### **Contributions to the Secretariat**

Inputs and concerns may be submitted to the Secretariat in the form of concept papers or statements. Contact the Department of Economic and Social Affairs of the UN (see contacts below).

### **Contributions to national governments**

Contact your national government to find out how they are participating in the debate. Let them know what you think so they can better represent your views and concerns in the process.

### **Follow the issue on the Web**

For up-to-date information on the UN FfD process, list of upcoming meetings and relevant documents, consult the FfD website at: <http://www.un.org/esa/analysis/ffd.htm>

### **Other useful websites which cover the FfD process include:**

Quaker UN Office <http://www.quno.org>

Global Policy Forum <http://www.globalpolicy.org/>

## **VIII. Principal UN Documents on Financing for Development**

### **General Assembly Document A/54/28**

Report to the General Assembly of the Ad Hoc Open-ended Working Group on Financing for Development

### **General Assembly Resolution A/RES/52/179**

Global partnership for development: high-level international intergovernmental consideration of financing for development

### **General Assembly Resolution A/RES/53/173**

Global partnership for development: high-level international intergovernmental consideration of financing for development

### **Index Report: recurring themes and key elements A/53/470**

For copies of these resolutions, go to: <http://www.un.org/esa/analysis/ffd>

## **IX. Principal Development Yearbooks Released by the UN**

*Human Development Report*, UN Development Program

*Poverty Report*, UN Development Program

*The Progress of Nations*, UN Children's Fund

*Trade and Development Report*, UN Conference on Trade and Development (UNCTAD)

*World Economic and Social Survey*, UN Department of Economic and Social Affairs

*World Investing Report*, UNCTAD

**To obtain these or other UN publications contact:***UN Publications in North America:*

United Nations Sales Section  
Rm DC2-853  
New York, NY 10017, USA  
Telephone: +1.212.963.8302, Tollfree +1.800.2539646 (North America only)  
Fax: +1.212.963.3489  
E-mail: [publications@un.org](mailto:publications@un.org)

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Sales Office and Bookshop  
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Geneva 10  
Switzerland  
Telephone: +41.22.917.2614, Fax: +41.22.917.0027  
E-mail: [unpubli@unog.ch](mailto:unpubli@unog.ch).  
Website: <http://www.un.org/Pubs/sales.htm>

**X. Contacts**

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Email: [qunony@afsc.org](mailto:qunony@afsc.org)  
Website: <http://www.quno.org>

NGO Liaison Service (NGLS)  
United Nations, FF-346, New York, NY 10017, USA  
Telephone: +1.212.963.3125, Fax: +1.212.963.8712  
Email: [npls@igc.apc.org](mailto:npls@igc.apc.org)

Global Policy Forum  
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Email: [globalpolicy@globalpolicy.org](mailto:globalpolicy@globalpolicy.org),  
Website: <http://www.globalpolicy.org/index.htm>

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Website: [www.un.org/esa/analysis/ffd](http://www.un.org/esa/analysis/ffd)

UN Conference on Trade and Development (UNCTAD)  
Palais des Nations, 1211 Geneva, Switzerland  
Telephone: +41.22.907.12.34, Fax: +41.22.907.00.43

E-mail: [ers@unctad.org](mailto:ers@unctad.org), Website: <http://www.unctad.org/>

UN Development Program (UNDP)  
1 United Nations Plaza, New York, N.Y. 10017, USA  
Telephone: +1.212.906.5000, Fax: +1.212.906.5001  
Website: <http://www.undp.org/>

## **XI. Glossary, Acronyms and Websites**

Many of the definitions below come from *Barron's Dictionary of International Business Terms*; these are marked with an asterisk. We view these definitions only as a starting point and encourage the exploration of alternate reference sources for a full-spectrum definition of terms.

### **AD HOC WORKING GROUP ON FINANCING FOR DEVELOPMENT**

the working group of the UN General Assembly created by resolution A/53/173. The group was charged with making recommendations about the form, scope, and agenda of the coming high-level meeting on Financing for Development. This group, co-vice chaired by the Ambassadors of India and Austria, met from January to May 1999. The report, indicating the agreed-upon results of the Working Group, will be presented at the opening of the General Assembly, September 1999. For more information see UN Financing for Development website: <http://www.un.org/esa/analysis/ffd/>

### **BALANCE OF PAYMENTS (BOP)\***

a statistical sum of international transactions relating to goods, services, income on investments and financial claims. Transactions represent the transfer of ownership of something that has an economic value from residents of one country to residents of another.

### **BALANCE OF TRADE (BOT)\***

the difference between a country's total import revenue and export revenue. If export revenue exceeds import revenue, a favorable balance of trade exists, if not a trade deficit is said to exist.

### **BRETTON WOODS INSTITUTIONS**

the World Bank and International Monetary Fund were created as a result of a United Nations Monetary and Financial Conference convened in July 1944 at Bretton Woods, New Hampshire, US, and are hence referred to as the Bretton Woods Institutions. The Bretton Woods monetary system required the participating countries to maintain currencies within a percentage point of an agreed dollar value; however the system collapsed in 1973 when the United States took the dollar off the gold standard.

### **CAPITAL GOODS\***

expensive, long-lasting industrial goods that are not purchased on a regular basis, such as equipment used to produce products, e.g., the tools used to manufacture automobiles. These are goods that are used to produce other goods and are not consumer goods.

### **CAPITAL CONTROLS\***

any restriction which limits the flow of international capital.

### **COMMODITY\***

a wide range of products used in trade or commerce, especially an agricultural, mining or petroleum product, that can be transported or transacted.

#### CURRENCY SPECULATION

the buying and selling of currencies by traders with the objective of making profit. Currency speculation has accelerated dramatically in recent years due to revolutionary developments in communications technology and a decline in financial regulation. In 1980, the daily average of foreign exchange trading was \$80 billion. Today, more than \$1.5 trillion flows daily across international borders.

#### DEBT, DOMESTIC\*

a long-term national financial liability. A large domestic debt can create international monetary market uncertainties affecting the value of national currency.

#### DEBT, EXTERNAL

the international financial obligations owed by firms and governments to international financial institutions (e.g., the World Bank), governments and private banks.

#### DEBT FORGIVENESS\*

a write-off of large portions of a nation's international debt considered unpayable or unsustainable. Banks can forgive either portions of the capital or interest or some combination of the two. For more information, see Jubilee 2000 International Campaign: [www.j2000usa.org/j2000/links/world.html](http://www.j2000usa.org/j2000/links/world.html)

#### DEBT RESCHEDULING\*

method used for decreasing the debt owed by nations to international creditors. This includes partial cancellation of a debt and rescheduling of the remainder, consolidation of all international debts, the development of extended payment schedules, etc.

#### DEBT SERVICING\*

the ability to pay the principal and interest of a nation's foreign debt. The level of debt servicing is often used as an indicator of unpayable debt levels. Debt servicing can be calculated as a proportion of GDP and of total export earnings. Under HIPC debt servicing is sustainable if it is less than 20 percent of total export earnings. Debt servicing can also be measured as a proportion of total government expenditure and then compared to government spending on areas such as health and education.

#### DEVALUATION\*

an official act reducing the rate at which one currency is exchanged for another in international currency markets. This normally occurs when a chronic imbalance exists in a nation's balance of payments, which weakens the international acceptance of the currency as legal tender.

#### DEVELOPED COUNTRY\*

a nation characterized by a relatively high standard of living as measured by per capita income, life expectancy, infant mortality, literacy rates and per capita levels of education. The economy of a developed country is distinguished by a strong industrial base with a large service sector. Generally speaking, the majority of the developed countries of the world are in the Northern hemisphere.

**DEVELOPING COUNTRY\***

a nation characterized by low per capita income, life expectancy, literacy rates and per capita levels of education while having high infant mortality rates. A developing country normally has an economy that is highly agricultural with a small industrial base.

**DEVELOPMENT DIVIDEND**

sources of development funding freed up by spending reforms or cutbacks in other areas, especially in the area of military expenditures.

**DUTY\***

tax or tariff imposed on imports by the customs authority of a country. Duties are generally based on the type of produce and value of the goods.

**EAST ASIAN ECONOMIC CRISIS**

economic crisis which began in July of 1997 with the devaluation of the Thai baht. It spread to other Asian countries and other parts of the world, including Russia and Latin America, at an estimated cost to the world economy of \$260 billion. For more information, see FOCUS on the Global South website: <http://www.focusweb.org/>

**ECONOMIC AND SOCIAL COUNCIL (ECOSOC)\***

United Nations council created to coordinate its economic and social work. ECOSOC undertakes studies and makes recommendations on development, world trade, industrialization, natural resources, human rights, the status of women, population, narcotics, social welfare, science and technology, crime prevention and other issues. For more information, see UN ECOSOC website: <http://www.un.org/esa/coordination/ecosoc/>

**ECONOMIC DEVELOPMENT**

higher Gross National Product resulting in a higher standard of living achieved through economic activity. Activities may include domestic and foreign investment, trade and industrialization.

**EUROPEAN UNION (EU)**

a grouping of 15 states, the goal of the European Union is "an ever closer union among the peoples of Europe, in which decisions are taken as closely as possible to the citizen." The objective is to promote mutual economic and social progress which is balanced and sustainable, to assert a European identity on the international scene (and introduce a European citizenship for the nationals of the member states). The EU operates as a regional trade area and is introducing a common currency, the euro. For more information, see European Union website: <http://europa.eu.int/>

**FISCAL POLICY\***

use of government taxation and spending policies to achieve desired economic goals in the areas of inflation rates, interest rates, unemployment rates and economic growth.

**FOREIGN DIRECT INVESTMENT (FDI)**

investment made to acquire an interest in an enterprise operating in an economy other than that of the investor.

**FOREIGN EXCHANGE\***

all gold, special drawing rights, U.S. dollars, and all other convertible currencies held in a

country's treasury.

#### FREE TRADE\*

the unimpeded exchange and flow of commodities, goods and services between trading partners, regardless of national borders and tariffs.

#### GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)\*

a binding contract among over 100 governments. GATT was established in 1947 and has provided the legal framework for international trade with its primary mission being the reduction of trade barriers. It had an associated secretariat which was replaced by the World Trade Organization (WTO) in 1995. The WTO is based in Geneva, Switzerland.

#### GENERAL ASSEMBLY OF THE UNITED NATIONS (UNGA)

the main representative body of all member states of the United Nations. It may discuss any questions or matters within the scope of the UN Charter. It may make recommendations to UN members or the Security Council. Assembly decisions on important questions are made by a two-thirds majority of the members present and voting, and on other questions by a simple majority. Each member country may cast one vote. For more information, see UN General Assembly website: <http://www.un.org/ga/>

#### GLOBALIZATION

the increasingly free flow of trade, information, technology and even culture worldwide. Many policy-makers see globalization and the resultant growth as beneficial. Others are concerned that the benefits are enjoyed by few, while leading to increased marginalization and poverty for many.

#### GROSS DOMESTIC PRODUCT (GDP)\*

a measure of the market value of all goods and services produced within the boundaries of a nation, regardless of asset ownership. Unlike Gross National Product (GNP), GDP excludes receipts from that nation's business operations in foreign countries, as well as the share of reinvested earnings in foreign affiliates of domestic corporations.

#### GROSS NATIONAL PRODUCT (GNP)\*

a measure of the market value of goods and services produced by the labor and property of a nation. Includes receipts from that nation's business operation in foreign countries, as well as the share of reinvested earnings in foreign affiliates of domestic corporations.

#### GROUP OF 7 (G-7)\*

the seven major economic powers-Canada, France, Germany, UK, Italy, Japan and the United States. Russia is often included as a member of the G-7, then referred to as the G-7+1 or the G-8.

#### GROUP OF 77 (G77)\*

a grouping that resulted from a joint statement issued in Geneva, Switzerland in 1964 by 77 developing countries. The G-77's primary focus is serving as a caucus for articulating members' collective interests, primarily in areas of promoting economic cooperation among developing countries and in negotiations on economic matters with developing countries. G-77 has increased since 1964 to more than 125 countries.

#### HEAVILY INDEBTED POOR COUNTRIES INITIATIVE (HIPC)

an initiative launched by creditor nations and the multilateral development banks at the September 1996 Annual Meeting of the World Bank and International Monetary Fund. HIPC represents the first effort to coordinate all creditors and reductions in debt owed to multilateral institutions (international financial institutions, like the World Bank and the IMF), bilateral institutions (governments) and commercial creditors. Multilateral creditors will reduce, and review, the terms of the debt (payments will be rescheduled so that countries can make smaller payments and have a longer time to pay). The initiative aims to reduce a debtor's overall burden to a "sustainable" level; there is much debate about the definition of "sustainability." The initiative established the ability to pay as a central principle guiding debt relief operations. Poverty reduction is included along with fiscal and monetary performance as one of the measurements of a government's commitment to reform. This initiative classified 41 countries as HIPCs, 20 of which were eligible for special assistance. Six countries out of the 41 HIPC eligible countries are expected to have received actual debt relief by the year 2000. Countries receiving debt relief are expected to use the funds released for development spending, such as health and education.

Since its inception, HIPC has drawn both praise and criticism. Many feel that the criteria, which poor countries must meet in order to be eligible, along with the slow pace of the initiative, are seriously flawed. For more information, see:

World Bank website:

<http://www.worldbank.org/hipc/>

Jubilee 2000 International Campaign website:

<http://www.j2000usa.org/j2000/debt/edpac/hipc.html>

#### HUMAN CAPITAL

The wealth of a country or region, often not measured in economic assessments, in terms of the potential of its people to contribute to its economic development. Necessary underpinnings of people's ability to contribute include education, health care, nutrition and technical skills.

#### INTERNATIONAL LABOR ORGANIZATION (ILO)\*

the ILO became a specialized agency of the United Nations in 1946. It seeks to promote improved working and living conditions by establishing standards that reduce social injustice in areas such as employment, pay, health, working conditions and freedom of association among workers. Its headquarters are in Geneva, Switzerland. For more information, see ILO website: <http://www.ilo.org/>

#### INTERNATIONAL MONETARY FUND (IMF)\*

a fund established in December 1945 to promote international monetary harmony. The IMF monitors exchange rates and monetary policies of approximately 175 member nations and provides credit for member countries that experience temporary balance of payments deficits. Each member has a quota, expressed in Special Drawing Rights (SDRS), which reflects both the relative size of the member's economy and that member's voting power in the fund. Quotas also determine the members' access to the financial resources of, and their shares in, the allocation of special drawing rights by the fund. Funded through members' quotas, the IMF may supplement resources through borrowing. For more information, see IMF website: <http://www.imf.org/>

**LEAST DEVELOPED COUNTRIES (LDCs)\***

a classification developed by the United Nations designed to identify the poorest of the developing countries. Criteria include low levels of per-capita income, literacy and manufacturing share (the amount of manufacturing owned by the country itself in relation to that portion owned by external interests) of the country's total gross domestic product.

**LIBERALIZATION\***

a relaxation or decontrol within a country's economy or between countries. Liberalization includes but is not limited to aspects of trade, capital and finance.

**MARKET ACCESS\***

the openness of a national market to foreign products. Market access reflects a government's willingness to permit imports to compete in a relatively unimpeded way with goods that are domestically produced.

**MICROCREDIT**

small loans of a few hundred dollars or less. Microcredit is seen as having the potential to create employment or business opportunities and to introduce, in particular, women and those who have been economically and socially marginalized into productive activities and to build self-reliance amongst the poor. A good example of microlending is the Grameen Bank in South Asia: <http://www.grameenfoundation.org/>

**MONETARY POLICY\***

government policy set by the country's central bank aimed at controlling the economy (inflation rates and economic growth) by regulating the Money Supply and interest rates.

**MULTI-LATERAL AGREEMENT ON INVESTMENT (MAI)**

The MAI was a proposed treaty created by developed countries and multinational companies from 1995-98, within the Organization for Economic Cooperation and Development (OECD). The MAI would have been the world's first international agreement in investment. The MAI sought to establish a framework for investment liberalization and investor protection but had no content on the implications for sustainable development or national sovereignty. Following a high-profile international civil society campaign against the MAI, key governments withdrew from the negotiations, which then ended in 1998. There is now a suggestion, sponsored by the EU, to move the negotiations from the OECD to the World Trade Organization's Ministerial Conference in Seattle in November 1999. It could then become part of the WTO's mandate. Many developing countries, and a sizable number of NGOs, are vigorously opposed to such a move.

**MULTILATERAL DEVELOPMENT BANKS (MDBs)**

banks established to help finance economic development in developing countries and whose membership comprises numerous countries. These include but are not limited to: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank and the World Bank.

**OFFICIAL DEVELOPMENT ASSISTANCE (ODA)\***

(also referred to as Overseas Development Assistance, or Official Direct Assistance) resources provided to developing countries by multilateral institutions and official agencies of national, state or local government.

**ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)\***

a multilateral organization that provides a forum for discussion of common economic and social issues facing the United States, Canada, Western Europe, Japan, Australia and New Zealand. The OECD was founded in September 1960 and seeks "to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries while maintaining financial stability and thus contribute to the world economy." For more information, see OECD website: <http://www.oecd.org/>

**PRIVATE SECTOR**

business enterprises owned and run by private (non-governmental) operators.

**PROTECTIONISM\***

a government policy to protect domestic producers by reducing imports through the use of barriers to trade.

**SMALL ISLAND DEVELOPING STATES (SIDS)**

the special needs of Small Island Developing States were recognized in the 1994 Barbados Program of Action. The document recognized that "while small island developing States are among those that contribute least to global climate change and sea level rise, they are among those that would suffer most from the adverse effects of such phenomena and could in some cases become uninhabitable. Therefore, they are among those particularly vulnerable States that need assistance under the United Nations Framework Convention on Climate Change, including adaptation measures and mitigation efforts." For more information, see UN website: <http://www.un.org/esa/sustdev/agreed.htm>

**SOCIAL DEVELOPMENT**

within the UN system, work on social development is organized around four clusters related to the major themes resulting from the 1995 United Nations Copenhagen Social Summit: \_ (a) poverty eradication and employment; (b) social integration; (c) socio-economic policy and development management; and (d) intergovernmental support services and implementation. In addition, the Summit resulted in 10 Commitments made by participating member states. For a listing of the 10 Commitments and more information about Social Development within the UN, see UN Social Development website: <http://www.un.org/esa/socdev/>

**STRUCTURAL ADJUSTMENT PROGRAMS (SAPs)**

economic policy reforms designed by the World Bank and International Monetary Fund, and implemented by debtor countries in order that they might qualify for debt relief and new loans, as well as to attract foreign investment. SAPs were based on the premise that free market economic reforms that substantially reduce government economic involvement and regulation are the best reform for indebted ailing economies. SAPs have included harsh economic austerity measures, and many economists and policy makers have begun to question their appropriateness in some situations. For more information, see Jubilee 2000 International Campaign website: <http://www.j2000usa.org/j2000/debt/edpac/saps.html>

**SUSTAINABLE DEVELOPMENT\***

environmental principle of providing for the needs of the current generation without jeopardizing the environment's ability to provide for future generations. For more information, see World Watch website: <http://www.worldwatch.org/>

**TARIFF\***

a tax assessed by a government on goods as they enter (or leave) a country. May be imposed to protect domestic industries from imported goods and/or to generate revenue.

**TRADE (INTERNATIONAL)\***

international transactions involving the buying and selling of goods and services between individuals, businesses and nations.

**TRADE BARRIERS\***

various methods (e.g., tariffs, quotas, import duties) used by governments to restrict the importation of specified trade goods.

**TRANSNATIONAL CORPORATION (TNC)\***

a company that operates in a home country and has an affiliate overseas. The terms transnational corporation and multinational corporation are now used synonymously.

**TRANSPARENCY\***

the extent to which laws, regulations, agreements and practices affecting international policy-making, e.g., trade, are open, clear, measurable and verifiable.

**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)\***

a permanent organ of the UN General Assembly established in December 1964 that promotes international trade and seeks to increase trade between developing countries and countries with different social and economic systems. UNCTAD also examines problems of economic development within the context of principles and policies of international trade and seeks to harmonize trade, development and regional economic policies. For more information, see UNCTAD website: <http://www.unctad.org/>

**UNITED NATIONS DEVELOPMENT PROGRAM (UNDP)\***

a UN development fund that finances the world's largest multilateral program of grant technical cooperation which includes expert advice, training and equipment, to developing countries. For 1997-2006 the main focus of the UNDP is poverty reduction. For more information, see UNDP website: <http://www.undp.org/>

**UNITED NATIONS SECOND COMMITTEE**

one of the six committees of the General Assembly of the United Nations, whose mandate is to consider economic and financial issues.

**UNITED NATIONS SECRETARIAT**

comprises the Secretary-General and such staff as the UN may require. For more information, see UN website: <http://www.un.org/Overview/Organs/secretariat.html>

**URUGUAY ROUND**

The seventh round (1986-1993) in a series of cycles of multilateral trade negotiations under the General Agreement on Tariffs and Trade, culminating in simultaneous agreements among participating countries to reduce trade barriers.

**WORLD BANK\***

an integrated group of international institutions that provide financial and technical assistance to developing countries. The World Bank includes the International Bank for

Reconstruction and Development (IBRD) and the International Development Association (IDA). World Bank affiliates include the International Center for Settlement of Investment Disputes, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency. World Bank headquarters are in Washington, DC. For more information, see World Bank website: <http://www.worldbank.org/>

#### WORLD TRADE ORGANIZATION (WTO)\*

the WTO was established in 1995 and is intended to facilitate the implementation of trade agreements reached in the Uruguay Round (see below) by bringing them under one institutional umbrella, requiring full participation of all countries in one new trading system and providing a permanent forum to discuss new issues facing the international trading system. The WTO also mediates in trade disputes brought by member states. The next Ministerial Conference of the WTO will also be a new Round of trade negotiations and will be held in Seattle, Washington, USA in November, 1999. For more information, see WTO website: <http://www.wto.org/>

### Acronyms

CDP Committee for Development Planning  
 DAC Development Assistance Committee (OECD)  
 ECOSOC Economic and Social Council (UN)  
 EU European Union  
 FDI Foreign direct investment  
 FfD Financing for development  
 G-7 Group of 7  
 G77 Group of 77  
 GA General Assembly (UN)  
 GDP Gross Domestic Product  
 GEF Global Environmental Facility  
 GNP Gross National Product  
 HIPC Highly indebted poor countries  
 ICPD Independent Commission on Population and Development  
 IMF International Monetary Fund  
 IPFF International private financial flows  
 LDC Least developed country  
 NGO Nongovernmental organization  
 ODA Official development assistance  
 OECD Organization for Economic Cooperation and Development  
 UNCTAD United Nations Conference on Trade and Development  
 UNDP United Nations Development Program

### The Quaker United Nations Office

#### QUNO's Mission Statement

The Quaker United Nations Office seeks to manifest Quaker concerns for equality, justice and peace at the international level through its influence and work with the United Nations and UN-related bodies on issues of mutual concern. QUNO serves as a mechanism to provide a reciprocal pathway for information and interpretation of issues, policies and actions between the UN and the grassroots, including our network of Friends meetings and

organizations and other concerned constituencies.

### **QUNO Encourages Negotiations**

A distinctive contribution of the Quaker UN Program is in supporting the process of negotiation on critical issues before the United Nations. QUNO's priorities for areas of involvement reflect the traditional concerns and testimonies of the Religious Society of Friends (Quakers), and its program is conducted in consultation with Friends' organizations worldwide.

The Quaker UN Office is located in the Church Center of the United Nations. QUNO hosts lunches and gatherings held in the informal setting of Quaker House, a brownstone located on 48th Street close to Second Avenue, around the corner from the UN. This provides a 'quiet space' for off-the-record discussions. Since its establishment the Quaker House facility has served to help move important issues along on the UN agenda.

### **QUNO's Methods and Approaches to Work on Financing for Development**

QUNO's work on FfD aims to encourage participation of all stakeholders. This involves encouraging both UN country missions and actors from outside the UN system to gain an understanding of the FfD debate and to participate in the process. By holding off-the-record meetings at Quaker House, QUNO also provides informal opportunities for representatives to meet and discuss Financing for Development issues. In addition, through our global network of Quaker International Affairs Representatives and country program staff, we hope to support underrepresented voices, making the process truly participatory.

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1 UN Human Development Report 1999, UNDP, New York, p. 22

2 Ibid., p. 40

3 Ibid., p. 2

4 Kofi A. Annan, Foreword, Agenda for Development

5 Report of the Working Group on Financing for Development

6 Kofi Annan, statement, April 18, 1998

7 Global Development Finance [GDF] 1998

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