

OPINION PIECE THE URGENT NEED TO RESPOND TO THE FINANCIAL AND ECONOMIC CRISIS

by Ziad Abdel Samad
Arab NGO Network for Development (ANND)



Ziad Abdel Samad

For a human-centered development

Human-centered development provides an additional dimension to the debate on financing for development, through addressing global governance rather than limiting discussions to the financial aspects of development. Consequently, the Doha Review Conference was supposed to go beyond a simple revision of the Monterrey Consensus (2002).

The Monterrey Consensus was agreed upon at a time when the world was trying to deal with the implications of the Asian Financial Crisis that began in July 1997. Today, the emerging multi-dimensional crisis necessitates comprehensive measures, taking into consideration the main factors behind what many project as the failure in meeting the Millennium Development Goals (MDGs).

Byreconsidering the foundations of the macroeconomic policies, deregulation measures and the role of Bretton Woods institutions, the Monterrey Consensus was supposed to replace the Washington Consensus. Yet, this failed to happen.

In light of the series of crises facing the world, many perceived that the Financing for Development Review Conference in Doha would be the opportunity to bring the discussion of reforming the global system to a comprehensive multilateral process. Yet, some countries — including the US, Australia, and Canada — challenged the Conference by aiming to limit the outcomes to those recommendations resulting from the G-20 Summit (Washington, 16 November 2008). The G-20 discussed reforming the global system but always within the framework of approaches instigated by the Washington Consensus, and within which the Bretton Woods institutions would lead and monitor the implementation.

Consequently, world leaders failed to adopt in Doha an inclusive, accountable, and efficient follow-up mechanism for the implementation of the outcomes of the Review Conference that would lead towards serving a real human-centred development process.

The FfD Review Conference - Doha

The FfD Conference was an important occasion for developing countries to raise their concerns about the root causes and the impact of the global crises, and for the developed countries, which recognized the tremendous impact of the global crises, it could have been an opportunity to undertake serious measures in return.

Most of the declared positions, at least in the plenary speeches, reflected the seriousness of the "world policy turmoil" as speakers focused on the global crises as posing a major threat to development efforts with the

majority of them expressing the need to mitigate the impacts of the crises. Many stressed the need to have a holistic developmental vision.

The final Declaration of the Conference reflects on the "deep concern that the international community is now challenged by the severe impact on development of multiple, interrelated global crises and challenges, such as increased food insecurity, volatile energy and commodity prices, climate change and a global financial crisis, as well as the lack of results so far in the multilateral trade negotiations and a loss of confidence in the international economic system."

Despite that, the Review Conference failed in serving as the needed comprehensive multilateral space to address the implications of the global crisis on development. It was a missed opportunity in regards to setting concrete steps, clear follow-up mechanisms and developed plan of action towards addressing the reform of the global governance system, including trade, aid, and debt policies. The final Declaration simply acknowledges "the need for a strengthened and more effective intergovernmental inclusive process to carry out the financing for development follow-up."

It further stipulates the following: "The United Nations will hold a conference at the highest level on the world financial and economic crisis and its impact on development. The conference will be organized by the President of the General Assembly and the modalities will be defined by March 2009 at the latest."

Yet, this decision postponed the debate and left it open with a lot of ambiguity on the level of participation in the forthcoming conference, the number of countries to participate, and the scope of its agenda.

FfD and the MDGs

The Millennium Declaration reflects the main findings of a series of UN summits held during the nineties and stresses that democracy, peace and security are prerequisites to win the fight against poverty. However, eight years after its adoption, the global system still lacks democracy; the lack of transparent and participatory processes in the international financial institutions is still not properly and seriously treated; global security conditions are deteriorating while military spending still significantly exceeds the total global spending for development; and global warming is not treated with the relevant and appropriate level of political will. Accordingly, a number of studies suggest that the MDGs will not be achieved by 2015 because of the lack of serious political commitment.

Nonetheless, developing countries and poor nations should not bear alone the results of the multi-dimensional global crisis. "The developed countries

Author's Postscript:

The article was written before the recent outbreak of violence in Gaza, which will have a big impact on the efforts for economic and social reform.

Moreover, the mentioned Arab economic, developmental and social summit planned to take place in Kuwait last January did not succeed in tackling economic and social issues because discussions refocused on the dramatic implications of these events in Gaza on the political scene in the region.

have no right to direct others to what to do giving them advice and guidance directives while exempting themselves from the due contributions to the issue of development that are proportionate to their capabilities," the President of the Conference, Sheikh Hamad bin Khalifa Al-Thani Amir of the State of Qatar, said in his opening speech.

FfD and the Arab region

It is timely to recognize that the Arab region does not lack human, financial and natural resources, but it faces the lack of political will and the mismanagement of these resources. A recent report prepared by ANND on the MDGs in the Arab region indicates that the Arab region constitutes 4.9% of the world population while its gross domestic product (GDP) constitutes only 2.7% from the global GDP. The report notes that the wealth is not equally distributed among the region; the average regional per capita income is US\$3,423 which is only 57% from the world average. Yet it varies between US\$455 in Yemen and US\$54,024 in Qatar, which is a rate of 1 to 118. The report mentions that 11.5% of the inhabitants of the region from oil producing countries enjoy 46.5% of its income while 46% of the population in the region access only 26.6% of the region's income.

Human development indicators show that the socio-economic situation in the region is among the worst compared to other developing regions, despite the improvement in absolute poverty since 1990, and the growth rate is among the lowest in the world. The official unemployment rate averages around 16% while it reaches 25% in some countries.

Many regional and global analyses highlight the urgent need for democratization and modernization of political systems in the region. The UNDP *Arab Human Development Report* for 2002 and the World Bank highlighted the missing links in the region between political governance, democracy, freedom, knowledge, gender equity, and sustainable development.

Despite that, efforts are not sufficiently exerted in order to improve political conditions and economic and social indicators.

How can the Arab region cope with the situation?

The FfD Review Conference is the third global UN conference/summit to be held in the Arab region, preceded by the International Conference on Population and Development (Cairo, 1994) and the World Summit on the Information Society (Tunisia, 2005).

These global events, as well as several other regional meetings, should have served as occasions towards mobilizing political will in the region and undertaking serious initiatives responding to the regional and national needs and challenges.

The League of Arab States is preparing for an extraordinary Arab Summit on economic, social and development policies (Kuwait, 19-20 January 2009) that will bring together governments, civil society, the business sector and international organizations. Thus, Arab leaders are asked to seriously address the regional challenges and to launch an inclusive, democratic, and participatory process dealing with the tremendous challenges the region is facing. They will have to address governance and to adopt regional and national pro-poor strategies enabling them to face necessities and challenges on the way towards achieving human-centered development. They are expected to enhance Arab economic cooperation, to increase Arab ODA, and to encourage inter-Arab flows of FDI, mainly towards productive and developmental sectors. These strategies should enhance regional and fair redistribution of wealth.

Conclusions

Although the FfD Review Conference did recognize that properly addressing developmental challenges necessitates much more than the provision of sufficient financial resources, it was unable to come out with concrete commitments addressing the global crises; to agree on the steps towards reforming global governance and creating a democratic and participatory global system; or to develop a follow-up process with clear division of commitments and responsibilities.

Future efforts should therefore concentrate on the forthcoming "high-level conference" as an opportunity to set a concrete plan of action with a clear follow-up process that will address global governance and focus on meeting the MDGs by 2015. The UN Conference should seek a fair trade system that could actually serve as an engine and not as an obstacle for development and should also address debt cancellation. The modalities should take into consideration the multi-stakeholder character of the process with more democracy, inclusiveness and participation.

Most importantly, all the concerned parties should commit to the United Nations process as the relevant venue to discuss and to take the necessary measures to avoid further regression in economic and social conditions. Consequently, developing countries and civil society should insist on holding a "global summit [not just a conference] under the umbrella of the UN" tackling the global economic and financial crises. Such a summit could look for comprehensive and explicit solutions for these crises that are the root cause for more impoverishment, instability, and insecurity among the poorer nations.

Contact: Ziad Abdel Samad, Arab NGO Network for Development (ANND), PO Box 5792/14, Mazraa: 1105 - 2070, Beirut, Lebanon, telephone +961-1/319366, fax +961-1/815636, website (www.annd.org).