



## **The Doha Financing for Development Summit: Outcomes for Africa**

*5 December 2008*

At the Financing for Development conference in Doha from 29 November – 2 December, Heads of State and ministers as well as aid practitioners and NGOs from all over the world discussed to what extent the international community has followed through on the Monterrey Consensus as well as emerging issues relevant to the financing of the Millennium Development Goals (MDGs). The “Doha Deal” struck on the last day of the conference includes language on domestic resource mobilization, private sector contributions, trade, official development assistance, debt, and other systemic issues. It opens the way towards a strengthened follow-up-process and recognizes climate change as an issue relevant to financing the MDGs.

Expectations were not very high going in because of the financial crisis and the U.S. presidential transition. Although only one G20 Head of State attended (Nicholas Sarkozy) and the heads of the World Bank and International Monetary Fund stayed home, in total 47 Heads of State from across the United Nations did attend. With the financial crisis being the most important issue for the economic development of countries both in the North and the South, much of the negotiations focused on how developing countries can participate in finding a solution.

Despite the overall lack of ambition, the “Doha Deal” did include a few positive outcomes for ONE’s core issues:

- Aid quantity and quality commitments were weakly reaffirmed. The historic commitments made in Gleneagles to increase ODA by \$50 billion globally (with \$25 billion of that increase dedicated to Africa) were repeated in a contorted way, by welcoming the Hokkaido-Summit declaration that the G8 are “firmly committed to working to fulfill these commitments”. Whereas the \$25 billion for Africa was explicitly mentioned in the outcomes document, the \$50 billion global commitment was not. The big problem, of course, is that many countries are far off track with these commitments, in spite of the reaffirmation in Doha and in spite of endorsing the OECD “Aid pledge”.<sup>[1]</sup> The outcome document also mentioned that donors with agreed timetables should take “all necessary and appropriate measures” to reach them and it strongly encourages other donors to establish as soon as possible rolling indicative timetables as to how they will reach their individual commitments. Whereas the final outcome document includes detailed language on aid effectiveness, it falls short of endorsing the Paris declaration and the Accra Agenda of Action”.
- Concerning carbon finance for development, the “Doha Deal” recognizes that all countries, particularly developing countries, will incur substantial additional costs due to

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<sup>[1]</sup> In a letter to several heads of state of 28 October 2008, the Secretary-General of the OECD urged members of the OECD-DAC to not repeat the mistakes made following the recession of the early 1990s when many OECD governments let aid efforts decline. He suggested refraining from any budgetary action that is inconsistent with such commitments. This “aid pledge” was endorsed by all DAC donors before the Doha conference kicked off.



climate change and that additional resource mobilization is needed. However, it refrains from placing responsibility for these resources firmly on developed countries by referencing “resource mobilization, including by the private sector”

- On other innovative financing mechanisms, the outcome document mentions Advanced Market Commitments (AMCs), IFFIM and the air ticket tax as well as various task forces committed to exploring further innovative financing mechanisms. It goes on to encourage the scaling up and the implementation of innovative sources of finance (new and existing) as a supplement to traditional sources of finance.
- As far as new donors are concerned, the “Doha Deal” includes very general language on South-South cooperation and calls on the “new donors” to adhere to principles of aid effectiveness. On the first day the Emir of Qatar bluntly remarked that the international community has at times exaggerated expectations on what the oil exporters will finance in the development area.
- The main thrust in the area of tax evasion and capital flight area came through a number of side events. This topic was clearly on the top of the list of many NGOs. The outcome document does not upgrade the UN tax committee to an intergovernmental body, but rather requests ECOSOC to make a proposal on upgrading. In general language the Stolen Asset Recovery Initiative (StAR) is mentioned and the document calls for additional measures to prevent transfer of stolen assets.
- In the chapter on external debt, there had been positive language in early drafts suggesting a sovereign debt work out mechanism for the international community but this language was removed in the final text. Instead, the final text mentions a “debt restructuring mechanism based on existing frameworks and principles”. It speaks of “just treatment of debtors and creditors”, continued flexibility in the eligibility criteria of HIPC and MDRI, and joint responsibility for debt sustainability.
- Probably the most contentious question in Doha was about the voice of developing countries in shaping a global response to the financial crisis. It was quite a success for the developing countries to have a UN conference at the highest level on the financial crisis and its impact on development. Many other decisions, such as a strengthened follow-up mechanism were pushed to spring 2009. A follow up conference in 2013 is being considered.
- The chapter on FDI recognizes that ODA can play a catalytic role in mobilizing private flows. On trade, the “Doha Deal” reaffirms “special and differential treatment” of developing countries and urges countries to strive to reach agreement by the end of the year on modalities for the Doha Development Round. It calls for timely and full implementation of the aid for trade commitments, which are a complement not a substitute for the conclusion of the Doha Development Round.

On the fringes of the Doha conference there were lots of good discussions on innovative financing. The UK launched its Aid-for Trade Strategy and announced that it will spend £400 million annually on aid for trade by 2010. Also, the international task force on innovative



financing for health met for the first time and decided to come up with a menu of options by the time the G20 will meet in London in spring 2009. Germany, Pakistan and the Global Fund also signed a debt2health agreement, through which Germany will cancel \$40 million of Pakistan's debt and Pakistan will contribute \$20 million to the Global Fund. Subsequently, the Global Fund will increase their financing of health programs in Pakistan by that amount.